BRAZOS COUNTY ESD #1
2014 – 2015

COUNTY JUDGE
DUANE PETERS

THOMPSON, DERRIG & CRAIG, P.C.
Certified Public Accountants

1598 COPPERFIELD PARKWAY, COLLEGE STATION, TX 77845 979•260•9696 F: 979•260•9683 firm@tdccpa.com

# BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1

# INDEPENDENT AUDITORS' REPORT

# AND

# FINANCIAL STATEMENTS

# SEPTEMBER 30, 2015

## TABLE OF CONTENTS


| | Page No. |
|---|---|
| Independent Auditors' Report | 1 - 2 |
| Management's Discussion and Analysis | 3 - 4 |
| Statement of Net Position | 5 |
| Statement of Activities | 6 |
| Statement of Activities - Budget and Actual | 7 |
| Notes to Financial Statements | 8 - 11 |

THOMPSON, DERRIG & CRAIG, P.C.
Certified Public Accountants

# INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Brazos County Emergency Services District No. 1

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Brazos County Emergency Services District No. 1 as of and for the year ended September 30, 2015, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 opinion.

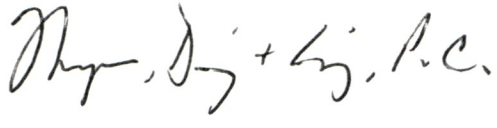
## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the District, as of September 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-4 and page 7 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.



**THOMPSON, DERRIG & CRAIG, PC**

May 24, 2016

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**
**MANAGEMENT DISCUSSION AND ANALYSIS**
**SEPTEMBER 30, 2015**

Five persons are appointed by the County Judge and Commissioners Court as Emergency Service District Commissioners District #1 for two-year terms with a three- and two-person rotation. They function as a board with regularly scheduled meetings every second Tuesday of the month as stated by an agenda posted at the county courthouse. The District maintains P.O. Box 244, Wellborn, Texas 77881 as a working address.

The District provides fire, rescue, and emergency medical services to 168 square miles of rural south Brazos County with an all volunteer staff of 28 firefighters with an average of 600 incidents per year out of the four fire stations located at 14841 South Dowling, 3030 Wingfall Street, 1601 Greens Prairie Road, and 1550 Arrington Road.

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2015. Please read it in conjunction with the District's financial statements, which begin on page 4.

FINANCIAL HIGHLIGHTS

District #1 owns or maintains thirteen trucks, and the District owns or leases the four above-mentioned fire stations.

The District operates three bank accounts and has two sources of income, namely property taxes and interest earned on their deposits in a money market account and their certificates of deposit. During 2013, the District entered into a 30-year lease for a fire station at 1550 Arrington Road at a cost of $1 per year, renewable for two five-year periods.

The District pays the insurance for the trucks and liability. The District has three long-term liabilities for tankers: a capital lease dating from 2007 requiring annual payments of interest and principal in the amount of $44,838. There are two note payables: one on the tanker purchased in October 2009 requiring quarterly payments of principal and interest in the amount of $20,250; and a second note payable originating in fiscal year 2012 for a crimson fire pumper with annual payments in the amount of $47,794.

The Brazos County Tax Assessor Office computes the tax information and notifies District #1 on the legal requirements. District #1 under current law is limited to a maximum tax rate of $0.03 per hundred dollars of taxable value. The commissioners set the effective tax rate at $0.027907 for 2014 (for the year ended September 30, 2015). The adjusted taxable value for Brazos County Emergency Services District No. 1 was $1,120,825,952 for the calendar year 2014 tax roll.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**
**MANAGEMENT DISCUSSION AND ANALYSIS**
**SEPTEMBER 30, 2015**

SUMMARIZED COMPARATIVE FINANCIAL INFORMATION

| | 2015 | 2014 |
|---|---|---|
| Cash | $ 228,430 | $ 202,864 |
| Receivables | 5,088 | - |
| Prepaid expenses | 10,269 | 11,306 |
| Fixed assets | 2,876,739 | 2,858,780 |
| Less: Accumulated Depreciation | (1,512,287) | (1,326,292) |
| Total Assets | $ 1,608,239 | $ 1,746,658 |
| Current liabilities | $ 159,563 | $ 158,447 |
| Long-term debt (net of current) | 255,550 | 409,579 |
| Net position: | | |
| Restricted for debt service | 409,408 | 562,898 |
| Unrestricted | 783,718 | 615,734 |
| Total net position | 1,193,126 | 1,178,632 |
| Total Liabilities & Net Position | $ 1,608,239 | $ 1,746,658 |
| REVENUE | | |
| Tax revenue | $ 310,397 | $ 294,865 |
| Interest income | 1,587 | 2,032 |
| Other income | 12,989 | - |
| Total Revenue | 324,973 | 296,897 |
| EXPENSES | | |
| Professional fees | 2,800 | 4,980 |
| Property taxes | 2,615 | 2,775 |
| Insurance expense | 46,089 | 40,706 |
| Debt service: interest expense | 18,965 | 25,372 |
| Office expenses | 26,980 | 26,631 |
| Supplies and maintenance | 15,678 | 15,518 |
| Miscellaneous expense | 3,797 | 703 |
| Utilities | 7,560 | 8,402 |
| Depreciation expense | 185,995 | 189,186 |
| Total Expenses | 310,479 | 314,273 |
| Excess (Deficit) of Revenues over Expenses | 14,494 | (17,376) |
| Net Assets, Beginning of Year | 1,178,632 | 1,196,008 |
| Net Assets, End of Year | $ 1,193,126 | $ 1,178,632 |

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**

**STATEMENT OF NET POSITION**
**SEPTEMBER 30, 2015**

| | General Fund | Adjustments | Statement of Net Position |
|---|---|---|---|
| ASSETS | | | |
| Current assets | | | |
| Cash | $ 228,431 | $ - | $ 228,431 |
| Receivables | 2,400 | 2,688 | 5,088 |
| Prepaid expenses | 11,306 | (1,037) | 10,269 |
| Total current assets | 242,137 | 1,651 | 243,788 |
| Fixed assets | | | |
| Buildings | 669,181 | - | 669,181 |
| Equipment | 2,196,905 | (1,348) | 2,195,557 |
| Less accumulated depreciation | (1,326,292) | (185,995) | (1,512,287) |
| | 1,539,794 | (187,343) | 1,352,451 |
| Land | 12,000 | - | 12,000 |
| Net fixed assets | 1,551,794 | (187,343) | 1,364,451 |
| TOTAL ASSETS | $ 1,793,931 | $ (185,692) | $ 1,608,239 |
| LIABILITIES AND NET POSITION | | | |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | $ 753 | $ 1,500 | $ 2,253 |
| Interest payable | 4,628 | (1,176) | 3,452 |
| Current maturities of capital lease | - | 62,998 | 62,998 |
| Current maturities of long-term debt | - | 90,860 | 90,860 |
| Total current liabilities | 5,381 | 154,182 | 159,563 |
| Capital lease obligations, net of current maturities | 71,986 | (71,986) | - |
| Note payable, net of current maturities | 343,403 | (87,853) | 255,550 |
| Total non-current liabilities | 415,389 | (159,839) | 255,550 |
| Total liabilities | 420,770 | (5,657) | 415,113 |
| Net position: | | | |
| Restricted for debt service | 415,389 | (5,981) | 409,408 |
| Unrestricted | 957,772 | (174,054) | 783,718 |
| Total net position | 1,373,161 | (180,035) | 1,193,126 |
| TOTAL LIABILITIES AND NET POSITION | $ 1,793,931 | $ (185,692) | $ 1,608,239 |

See accompanying notes to the financial statements.

## BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1

### STATEMENT OF ACTIVITIES
### FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | General Fund | Adjustments | Statement of Activities |
|---|---|---|---|
| EXPENSES | | | |
| Current | | | |
| Depreciation | $ - | $ 185,995 | $ 185,995 |
| Insurance | 41,900 | 4,189 | 46,089 |
| Utilities | 7,560 | - | 7,560 |
| License & Fees | 3,510 | - | 3,510 |
| Office expense | 26,980 | - | 26,980 |
| Professional fees | 2,800 | - | 2,800 |
| Property taxes | 2,615 | - | 2,615 |
| Miscellaneous | 287 | - | 287 |
| Supplies and maintenance | 14,330 | 1,348 | 15,678 |
| Debt service | | | |
| Interest expense | 26,122 | (7,157) | 18,965 |
| TOTAL EXPENSES | 126,104 | 184,375 | 310,479 |
| REVENUES | | | |
| Property taxes and penalties | 310,397 | - | 310,397 |
| Interest income and other | 10,236 | 4,340 | 14,576 |
| TOTAL REVENUES | 320,633 | 4,340 | 324,973 |
| INCREASE IN NET POSITION | 194,529 | (180,035) | 14,494 |
| NET POSITION - BEGINNING OF YEAR (RESTATED) | 1,178,632 | - | 1,178,632 |
| NET POSITION - END OF YEAR | $ 1,373,161 | $ (180,035) | $ 1,193,126 |

See accompanying notes to the financial statements.

## BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1

### STATEMENT OF ACTIVITES - BUDGET AND ACTUAL
### FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | General Fund | Adjustments | Statement of Activities | Budget | Favorable (Unfavorable Variance |
|---|---|---|---|---|---|
| REVENUES | | | | | |
| Property taxes and penalties | $ 310,397 | $ - | $ 310,397 | $ 296,832 | $ 13,565 |
| Grants | - | 4,340 | 4,340 | - | - |
| Rent income | 2,400 | - | 2,400 | - | 2,400 |
| Other income | 6,250 | - | 6,250 | - | 6,250 |
| Interest income | 1,586 | - | 1,586 | 1,000 | 586 |
| TOTAL REVENUES | 320,633 | 4,340 | 324,973 | 297,832 | 22,801 |
| EXPENDITURES | | | | | |
| Depreciation | - | 185,995 | 185,995 | - | (185,995) |
| Administrative expenses | 6,125 | - | 6,125 | 4,000 | (2,125) |
| Debt service | | | | | |
| Interest payments | 26,122 | (7,157) | 18,965 | 50,000 | 31,035 |
| Principal payments | - | - | - | 123,634 | 123,634 |
| Miscellaneous | 287 | - | 287 | 1,000 | 713 |
| Utilities | 7,560 | - | 7,560 | 5,500 | (2,060) |
| Insurance | 41,900 | 4,189 | 46,089 | 37,000 | (9,089) |
| Office expense | 26,980 | - | 26,980 | 22,500 | (4,480) |
| Professional fees | 2,800 | - | 2,800 | 8,600 | 5,800 |
| Fire department operating expenses | 14,330 | 1,348 | 15,678 | 33,000 | 17,322 |
| TOTAL EXPENDITURES | 126,104 | 184,375 | 310,479 | 285,234 | (25,245) |
| REVENUES OVER (UNDER) EXPENDITURES | 194,529 | (180,035) | 14,494 | 12,598 | (2,444) |
| NET POSITION - BEGINNING (RESTATED) | 1,178,632 | - | 1,178,632 | 1,178,632 | - |
| NET POSITION - END OF YEAR | $1,373,161 | $ (180,035) | $1,193,126 | $1,191,230 | $ (2,444) |

See accompanying notes to the financial statements.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**
**NOTES TO FINANCIAL STATEMENTS**
**SEPTEMBER 30, 2015**

## Note 1 – Creation of District

Brazos County Emergency Services District No. 1 (the District) was created after a public election held in 1990 under the provision of Section 48-d of Article III of the Constitution of Texas and the Texas Safety and Health Code, Chapter 775. The district was established to provide fire protection services to residents of the district.

## Note 2 – Significant Accounting Policies

Basis of presentation - The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below

Reporting Entity – These financial statements present the District (a special-purpose governmental entity).

Basic financial statements – These financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, net assets, revenues and expenditures/expenses.

The District has only one fund, as described below:

*General fund* - The General Fund is the general operating fund of this District. This fund includes all the available operating revenues and accumulates reserves for future operating activities.

Basis of Accounting – The financial statements of the District are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Expenditures are recognized when the related liability is incurred.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures of assets, liabilities, revenues and expenditures. Accordingly, actual results could differ from those estimates.

## Note 3 – Deposits

At year end, the carrying amount of the District's bank deposits was $228,430. Deposits are categorized to give an indication of the level of risk assumed at year end. Categories are as follows:

Category 1 – Insured or collateralized with securities by the District or its agency in the District's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agency in the District's name.

Category 3 – Uncollateralized.

At September 30, 2015, the District's deposits were all in Category 1.

## Note 4 – Expenditures

The District expends funds for the purchase and maintenance of fire equipment for Brazos County Volunteer Fire Department No. 1, for the construction and maintenance of fire stations used by the department, and for debt service.

## Note 5 – Property taxes

Property taxes are collected and remitted to the District by the Brazos County Tax Assessor Collector. Taxes are levied annually on October 1, and are due one half by November 30, and one half by June 30, or in full by January 31. Delinquent tax payments throughout the year are recognized in the year received.

During the year ended September 30, 2015, the District levied an ad valorem tax at the rate of $0.027907 per $100 assessed valuation, which resulted in a tax levy of $308,211 on the taxable valuation of $1,120,825,952 for the tax year.

## Note 6 – Restatement of Beginning Net Position

During the year ended September 30, 2015, an error was discovered in accumulated depreciation from the prior year, resulting in a restatement of beginning net position in the amount of $32,196, with an equal change (decrease) in accumulated depreciation.

## Note 7 – Fixed Assets

Fixed assets are recorded at cost if purchased or recorded at fair market value if donated. Fixed assets are depreciated using the straight-line method over estimated useful lives ranging from seven to forty years. Depreciation expense for the year ended September 30, 2015 totaled $185,995.

## Note 8 – Commitments

In April 2012, the District entered into a lease for a fire station at 1550 Arrington Road in College Station for $1 per year expiring in 2042 and renewable for another 10 years. This below-market value lease is for a building approximately 2,000 square feet valued at $165,410 at the inception of the lease, and this amount was recorded as a fixed asset being depreciated over the 30-year life of the lease.

## Note 9 – Capital Lease

The District leases certain equipment under an agreement that is classified as a capital lease. The cost of the equipment under capital lease included in the Statement of Net Position as fixed assets is $350,809, with related accumulated amortization of $280,648. Amortization of the leased equipment under capital assets is included with depreciation expense in the accompanying Statement of Activities.

The future minimum lease payments required under the capital lease and the present value of the net minimum lease payments as of September 30, 2015, are as follows:

| Year Ending September 30 | Amount |
|---|---|
| 2016 | $ 65,978 |
| Total minimum lease payments | 65,978 |
| Less: Amounts representing interest | (2,980) |
| Present value of minimum lease payments | 62,998 |
| Less: Current maturites | 62,998 |
| Long-term capital lease obligation | $ - |

## Note 10 – Notes Payable

The District financed the purchase of a new tanker in October 2009 for $452,727. The note bears interest at 4.25% and requires quarterly payments of principal and interest in the amount of $20,250, and matures in 2016.

In fiscal year ending September 30, 2012, the District also purchased a new 2011 fire pumper for $379,623. The note bears interest at 3.375%, and requires an annual payment of $47,794. This note is secured by the fire pumper and matures during fiscal year ending 2022.

Future maturities of both notes are as follows:

| Year ending September 30, | | |
|---|---|---|
| 2016 | $ | 90,860 |
| 2017 | | 39,163 |
| 2018 | | 40,485 |
| 2019 | | 41,852 |
| 2020 | | 43,264 |
| Thereafter | | 90,786 |
| | $ | 346,410 |

## Note 11 – Related Party Transactions

The District currently utilizes a firm owned by the Recording Secretary – Treasurer of the District for the performance of bookkeeping services. The amount paid to this firm by the District for such services during the fiscal year ended September 30, 2015 was $20,000.

## Note 12 – Subsequent Events

Management has evaluated subsequent events through May 24, 2016, the date the financial statements were available to be issued.

Brazos County Emergency Services District 1
(BCESD1)
PO BOX 244
WELLBORN TX 77881-0244
MYOFFICEVIRTUAL (JAMIE BOYD) – 979-217-8080

June 15, 2016

BRAZOS COUNTY COMMISSIONERS
ATTN: CANDY GALLEGO
200 S TEXAS AVE
SUITE 310
BRYAN TX 77803

RE: AUDIT REPORT FOR FISCAL YEAR 2014-2015

Ms. Gallego:

Please find enclosed two (2) copies of the Brazos County ESD #1 Auditors Report for Fiscal Year 2014-2015. One is designated for County Judge Peters, and the other is for Commissioner Wasserman.

I appreciate your time and attention into this matter.

Thank you very much.

Sincerely,



Jamie Boyd
Recording Secretary-Treasurer
Brazos County ESD 1
admin@MyOfficeVirtual.com

encs

CC: Lynn Elliott, President - Commissioner BC ESD #1
*Charlie Robertson, Chairman Commissioner BC ESD #1*

Brazos County Emergency Services District #1
(BCESD1)
PO BOX 244
WELLBORN TX 77881-0244
MYOFFICEVIRTUAL (JAMIE BOYD) – 979-217-8080

June 15, 2015

BRAZOS COUNTY COMMISSIONERS
ATTN: CANDY GALLEGO
200 S TEXAS AVE
SUITE 310
BRYAN TX 77803

RE: AUDIT REPORT FOR FISCAL YEAR 2014-2015

Ms. Gallego:

Please find enclosed two (2) copies of the Brazos County ESD #1 Auditors Report for Fiscal Year 2014-2015. One is designated for County Judge Peters, and the other is for Commissioner Wasserman.

I appreciate your time and attention into this matter.

Thank you very much.

Sincerely,

Jamie Boyd
Recording Secretary-Treasurer
Brazos County ESD 1
admin@MyOfficeVirtual.com

encs:

CC: Lynn Elliott, President - Commissioner BC ESD #1
Charlie Robertson, Chairman Commissioner BC ESD #1