

**WIMBERLEY FIRE - HAYS COUNTY  
EMERGENCY SERVICES DISTRICT # 4**

**BASIC FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**SEPTEMBER 30, 2015**

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**Wimberley Fire - Hays County Emergency Services District # 4**  
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**CERTIFIED PUBLIC ACCOUNTANT**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners  
Wimberley Fire-Hays County Emergency Services District #4  
Wimberley, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements for the governmental activities and the aggregate remaining fund information of the Wimberley Fire-Hays County Emergency Services District #4 (the District), as of and for the year ended September 30, 2015, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

### **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 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 of 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 reasonable basis for our opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the aggregate remaining fund information of Wimberley Fire-Hays County ESD #4, as of September 30, 2015, and the respective changes in financial position in conformity 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 on pages 3 through 6 and budgetary comparison information on page 19 be presented to supplement the financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2016, on our consideration of the Districts' internal control over financial reporting (internal control) and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing; not to provide an opinion on the internal control or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance.



Belton, Texas  
January 22, 2016

Wimberley Fire-Hays County Emergency Services District # 4  
Management Discussion and Analysis

Our discussion and analysis of Wimberley Fire-Hays County ESD # 4 (the District) financial performance provides an overview and analysis of the District's financial activities for the year ended September 30, 2015. Please read it in conjunction with the Independent Auditors' Report on pages 1-2, and the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at the close of the year by \$1,486,644 (net position).
- During the year the District had total expenses of \$629,598 compared to tax revenues and other income of \$803,452, resulting in an increase in its net position of \$173,854.
- The District's investment in capital assets net of accumulated debt and depreciation totaled \$1,030,509. (accumulated depreciation was \$1,325,803)
- Long term debt in the amount of \$111,128 was added during the year..

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** The *Government-Wide Financial Statements* are designed to provide the readers with a broad overview of the District's finances, in a manner similar to a private-sector business, pages 7-8 of this report.

The *Statement of Net Position* presents information on all the District's assets, and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial health is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods. This may include uncollected taxes and other revenue or expenses that are appropriate for the current year even though cash is not received or expended until the following year.

**Fund Financial Statements** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** Governmental funds are used to account for essentially the same functions reported 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 spendable resources available at the end the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Wimberley Fire-Hays County Emergency Services District # 4  
Management Discussion and Analysis

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

The District maintains one governmental fund, the General Fund. The governmental fund financial statements can be found on pages 9-12 of this report.

**Notes to the Financial Statements** The notes provide narrative explanations or additional data needed for full disclosure in the government-wide statements and the fund financial statements. These can be found starting on page 13.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position** The District's assets exceed liabilities by \$1,486,644 as of September 30, 2015. A large portion of the District's net position reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding and net of accumulated depreciation. The District uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. (See Table I).

**Table I  
NET POSITION**

	2015	2014
Current and other assets	\$ 377,974	\$ 312,577
Capital assets, net	1,141,687	929,444
Reserved invested funds	80,993	70,769
Total assets	1,600,654	1,312,790
Current liabilities	2,882	-
Long-term liabilities	111,128	-
Total liabilities	114,010	-
Net position:		
Net investment in capital assets	1,030,509	929,444
Restricted	80,993	70,769
Unrestricted	375,142	312,577
Total net position	\$ 1,486,644	\$ 1,312,790

A portion of the District's net position represents resources that are subject to external and internal restrictions and on how they may be used. The remaining balance of the unrestricted net position may be used to meet the District's ongoing obligations to its citizens.

Wimberley Fire-Hays County Emergency Services District # 4  
Management Discussion and Analysis

**Changes in Net Position** Tax Revenues and other income totaled \$803,452 for the year, an increase of \$205,549 from the prior year. There was an increase in tax revenue and a large contribution of land that accounted for the overall increase. Expenses totaled \$629,598 for the year, an increase of \$55,651. This increase was primarily the result of increased contractual expense and an increase in insurance. (See Table II).

**Table II  
REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION**

	<b>2015</b>	<b>2014</b>
Revenues		
Taxes	\$ 629,221	\$ 590,919
Interest	571	516
Other income	173,660	6,468
Total revenues	803,452	597,903
Expenses:		
General and administrative	74,899	67,670
Operations	439,742	404,503
Depreciation	112,075	101,523
Debt service - interest	2,882	251
Total Expenses	629,598	573,947
Change in position	173,854	23,956
Net position - beginning	1,312,790	1,288,834
Net position – ending	\$1,486,644	\$1,312,790

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

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

The Governmental Accounting Standards Board (GASB) Statement 54 requires fund balances to be classified as follows:

*Non-spendable* – Amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.

*Restricted* – Amounts with restrictions that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

*Committed* – Amounts that can only be used for specific purposes and imposed by formal action of the government's highest level of decision making authority. In the case of the District it is the Board of Commissioners with other formal action needed to modify or rescind the commitment.

Wimberley Fire-Hays County Emergency Services District # 4  
Management Discussion and Analysis

*Assigned* – Amounts constrained by District management's intent to be used for specific purposes but are not formally restricted by external resources or committed by District Board of Commissioners.

*Unassigned* – Amount of the remaining fund balance not in any of the other classifications.

As the District completed the year, its general fund (as presented in the fund balance sheet on page 9) reported a total fund balance of \$434,975 (an increase from prior year of \$71,910). This increase was the result of a 6.4% increase in tax revenue and the receipt of loan proceeds.

**General Fund Budget Highlights.** Actual revenues were \$7,771 higher than the budget. Actual expenditures were \$63,715 higher than the budget, reflecting a net unfavorable variance of (\$55,944). The budget is presented in the required supplemental information section on page 19.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

At the fiscal year-end of 2015, the District had invested \$2,467,489 in capital assets (excluding accumulated depreciation of \$1,325,803), including buildings, vehicles, equipment and land.

More detailed information about the District's capital assets is presented in the Notes to the Financial Statements starting on page 17.

#### **Debt**

At year-end, the District had \$111,128 in total debt. This was the result of a new note payable for the purchase of equipment. More detailed information about the District's long-term debt is presented in the Notes to the Financial Statements starting on page 18.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The District's appointed officials considered many factors when setting the fiscal year 2015 budget and tax rates. Some of those factors include the economy and the anticipated needs of the District for operations and capital outlay in the next year.

The District adopted a general fund budget for the fiscal year ending September 30, 2016 funded through 2015 assessed property taxes of approximately \$637,782.

If the District does not incur any unforeseen expenditures or reductions in revenue, the District's management is confident they will accomplish the task of providing improved services within its available resources.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances for all those with an interest therein. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Wimberley Fire-Hays County ESD # 4, P.O. Box 1312, Wimberley, TX 78676.



**Wimberley Fire - Hays County Emergency Services District #4**  
**Statement of Net Position**  
**September 30, 2015**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 5,219
Investments	351,326
Restricted investments	80,993
Receivables:	
Property taxes, net of allowance for uncollectable	21,110
Miscellaneous	303
Prepaid assets	16
Capital assets:	
Land	192,257
Buildings	443,494
Equipment	471,784
Vehicles - unpledged	1,317,467
Office furniture and equipment	42,488
Total Capital assets	<u>2,467,490</u>
Less: accumulated depreciation	<u>(1,325,803)</u>
Total Capital assets net of accumulated depreciation	<u>1,141,687</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,600,654</u></u>
<b>LIABILITIES</b>	
Accrued interest	\$ 2,882
Noncurrent liabilities:	
Due within one year	20,851
Due in more than one year	90,277
<b>TOTAL LIABILITIES</b>	<u>114,010</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,030,509
Unrestricted net assets	
Reserved (Board designated)	80,993
Unrestricted	375,142
<b>TOTAL NET POSITION</b>	<u>1,486,644</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 1,600,654</u></u>

The accompanying notes are an integral part of these financial statements.

**Wimberley Fire - Hays County Emergency Services District #4**  
**Statement of Activities**  
**For the Year Ended September 30, 2015**

	Governmental Activities
<b>Expenses:</b>	
Communications	\$ 4,688
Appraisal and collection fees	7,122
General and administrative	74,899
Contractual services	415,456
Training	350
Station repairs, maintenance and supplies	10,299
Equipment	1,827
Depreciation	112,075
Debt service- interest	2,882
<b>Total Expenses</b>	<b>629,598</b>
 <b>General Revenues:</b>	
Tax revenues	629,221
Interest	571
Contributions	167,200
Gain on sale of assets	3,100
Grants	3,360
<b>Total General Revenues</b>	<b>803,452</b>
 <b>Change in Position</b>	 173,854
 <b>Net Position - Beginning of Year</b>	  1,312,790
 <b>Net Position - End of Year</b>	  <b>\$ 1,486,644</b>

The accompanying notes are an integral part of these financial statements.

**Wimberley Fire - Hays County Emergency Services District #4**  
**Governmental Funds Balance Sheet**  
**September 30, 2015**

	<u>General Fund</u>	<u>Total Governmental Fund</u>
<b>ASSETS</b>		
Cash	\$ 5,219	\$ 5,219
Investments	351,326	351,326
Receivables		
Property taxes, net of allowance for uncollectible	21,110	21,110
Miscellaneous	303	303
Prepaid assets	16	16
Reserve investments	80,993	80,993
<b>Total assets</b>	<u>\$ 458,967</u>	<u>\$ 458,967</u>
<b>LIABILITIES</b>		
Accrued liabilities	<u>\$ 2,882</u>	<u>\$ 2,882</u>
<b>Total liabilities</b>	<u>2,882</u>	<u>2,882</u>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Unavailable revenue- property taxes	<u>21,110</u>	<u>21,110</u>
<b>Fund Balance</b>		
Assigned	80,993	80,993
Unassigned	353,982	353,982
<b>Total fund balance</b>	<u>434,975</u>	<u>434,975</u>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<u>\$ 458,967</u>	<u>\$ 458,967</u>

The accompanying notes are an integral part of these financial statements.

**Wimberley Fire-Hays County Emergency Services District #4  
 Reconciliation Of The Governmental Funds Balance Sheet  
 To The Statement Of Net Position  
 September 30, 2015**

Total fund balance (deficit) – governmental funds \$ 434,975  
 Amounts reported for governmental activities in the statement  
 of net position are different because:

Capital assets used in governmental activities are not financial  
 resources and therefore are not reported in the fund. These  
 assets consist of:

Land	\$ 192,257	
Buildings	443,494	
Equipment	471,784	
Office Furniture and equipment	42,488	
Vehicles - unpledged	1,317,467	
Accumulated depreciation	<u>(1,325,803)</u>	
Total capital assets		1,141,687

Long-term debt is not considered due in the current period and, therefore  
 not reported in the governmental fund. (111,128)

Some revenues in governmental funds are deferred because they are  
 not collected within the prescribed time period after year-end.  
 On the accrual basis, those revenues would be recognized regardless  
 of when they are collected. (Deferred Inflow of Resources) 21,110

Net position of governmental activities (page 7) \$ 1,486,644

The accompanying notes are an integral part of these financial statements

**Wimberley Fire - Hays County Emergency Services District #4**  
**Statement of Revenues, Expenditures And Changes in**  
**Governmental Funds**  
**For the Year Ended September 30, 2015**

	General Fund	Total Governmental Fund
<b>Revenues:</b>		
Tax revenues	\$ 628,392	\$ 628,392
Interest and other contributions	571	571
Grants	3,360	3,360
<b>Total Revenues</b>	632,323	632,323
<b>Expenditures:</b>		
Communications	4,688	4,688
Appraisal and collection fees	7,122	7,122
General and administrative	74,899	74,899
Contractual services	415,456	415,456
Training	350	350
Station repairs, maintenance and supplies	10,299	10,299
Equipment	1,827	1,827
Debt service- principal	-	-
Debt service- interest	2,882	2,882
Capital outlay	157,118	157,118
<b>Total Expenditures</b>	674,641	674,641
<b>Excess of Revenues Over Expenditures</b>	(42,318)	(42,318)
<b>Other Financing Sources (Uses)</b>		
Sale of assets	3,100	3,100
Proceeds from the issuance of debt	111,128	111,128
<b>Total Other Financing Sources (Uses)</b>	114,228	114,228
<b>Net Change in Fund Balance</b>	71,910	71,910
<b>Fund Balance, Beginning of Year</b>	363,065	363,065
<b>Fund Balance, End of Year</b>	\$ 434,975	\$ 434,975

The accompanying notes are an integral part of these financial statements.

**Wimberley Fire-Hays County Emergency Services District #4  
Reconciliation Of The Statement Of Revenues,  
Expenditures And Changes In Governmental Funds  
To The Statement Of Activities  
For the Year Ended September 30, 2015**

Net change in fund balance – total governmental fund \$ 71,910

Amounts reported for governmental activities in the statement of activities (page 10) are different because:

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 were higher than depreciation in the current period. 45,043

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental fund.

Net change in deferred inflow of resources	829	
Contribution of land	<u>167,200</u>	
		168,029

The issuance of long-term debt provides current financial resources in the general fund, but issuing debt increases long-term liabilities in the statement of net position. (111,128)

Change in net position of governmental activities (page 8) \$ 173,854

The accompanying notes are an integral part of these financial statements.

**Wimberley Fire-Hays County Emergency Services District # 4**  
**Notes to the Financial Statements**  
**For the year ending September 30, 2015**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Wimberley Fire-Hays County Emergency Services District # 4 (the District) conform to generally accepted accounting principles (GAAP) in the United States of America, applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for established governmental accounting and financial reporting principles. The more significant of the District's policies are described below.

A. The Reporting Entity

The Wimberley Rural Fire Prevention District was formed on August 22, 1983, for the purpose of providing fire protection for the citizens of the District. The District is governed by a five-member Board of Fire Commissioners, which is appointed by the Hays County Commissioners Court. The District is funded by property tax levies.

The Texas legislation passed a bill effective September 1, 2003 to require all Fire Prevention Districts to change their name. Wimberley Rural Fire Prevention District has changed its name to Wimberley Fire-Hays County Emergency Services District # 4.

The District is not included in any other governmental reporting entity as defined in GASB Statement No. 61. Additionally, no other entity meets these requirements for inclusion in Wimberley Fire-Hays County Emergency Services District # 4's financial statements.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities are government-wide financial statements. They report information on all the District's non-fiduciary activities. Governmental activities include programs supported primarily by taxes. The District has no business type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses of a given function are those that are clearly identifiable within a specific function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds.

The District reports the following major governmental fund:

General Fund- The general fund is the District's primary operating fund. It is used to account for all financial resources of the District except those required to be accounted for in another fund.

Governmental funds report as *program revenues* 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Wimberley Fire – Hays County ESD # 4**  
**Notes To The Financial Statements**  
**For The Year Ending September 30, 2015**

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District does not consider revenues collected after its year-end to be available in the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. All other revenue items are considered measurable and available only when the District receives cash.

**D. Assets, Liabilities, Deferred Inflows of Revenues and Net Position**

**Cash and Cash Equivalents**

Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and so near maturity that there is not significant risk of changes in value due to changes in interest rates.

**Capital Assets**

All capital assets are capitalized at cost (or estimated historical cost) at the time of acquisition and updated for additions and retirements during the year. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Depreciation is calculated on a straight-line basis. Estimated useful lives are as follows:

Building	20-30 Years
Equipment	5-15 Years
Vehicles	5-20 Years
Office furniture	5-10 Years

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one item that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue-property taxes*, is reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the periods the amount become available.

**Net Position**

In the government-wide financial statements, equity is shown as net position and classified into three components:



**Wimberley Fire – Hays County ESD # 4**  
**Notes To The Financial Statements**  
**For The Year Ending September 30, 2015**

*Net investment in capital assets* – Capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

*Restricted* – Consists of assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; 2) law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources, as they are needed.

*Unrestricted* – All other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

The District reports governmental fund balances by the five following classifications:

*Non-spendable* – Amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.

*Restricted* – Amounts with restrictions that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

*Committed* – Amounts that can only be used for specific purposes and imposed by formal action of the government's highest level of decision making authority. In the case of the District it is the District Council and the formal action would be an ordinance to modify or rescind the commitment.

*Assigned* – Amounts constrained by District management's intent to be used for specific purposes but are not formally restricted by external resources or committed by District Council.

*Unassigned* – Amount of the remaining fund balance not in any of the other classifications.

For the classification of fund balances, the District considers restricted amounts to have been spent first when an expenditure is incurred for the purpose for which restricted and unrestricted fund balance is available. Expenditures are to be spent from restricted fund balance first, followed by committed, assigned, and lastly unassigned fund balance.

#### Budget

An official budget is adopted by the Board of Fire Commissioners at the beginning of each fiscal year. The Board approves amendments to the budget as needed throughout the year. The District does not use an encumbrance system for recording purchase orders. Appropriations lapse at the end of each year.

#### Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimation and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### Note 2 - Deposits

##### Legal and Contractual Provisions, Governing Deposits and Investments

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

**Wimberley Fire – Hays County ESD # 4**  
**Notes To The Financial Statements**  
**For The Year Ending September 30, 2015**

At September 30, 2015, the carrying amount of the District's cash deposits was \$5,219 and the bank balance was \$6,364.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

The District's investments are categorized to give an indication of the level of risk assumed by the District investments. The District's investments consist of:

Investment Type	Fair Value	Weighted Average Maturity Years
Bank Certificate of Deposit - Restricted	\$ 80,993	1
Money Market Savings Account	351,326	0.00
Total	\$ 432,319	

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the District reports all investments at fair value, except for "money market investments" and "2a7-like pools". Money market investments, which are short-term, highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized cost. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pool's share price.

**Policies, Governing Deposits and Investments**

In compliance with the Public Funds Investments Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

**Custodial Credit Risk – Deposits:** This is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District was not exposed to custodial credit risk at year-end and during the year ended September 30, 2015 since the deposits were covered by depository insurance or by pledged collateral held by the District's agent bank in the District's name.

**Custodial Credit Risk – Investments:** This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral

**Wimberley Fire – Hays County ESD # 4**  
**Notes To The Financial Statements**  
**For The Year Ending September 30, 2015**

securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, investment policies of the District's investment pools allow the portfolio's investment manager to only invest in obligations of the U.S. Government, its agencies; repurchase agreements; and no-load AAAm money market mutual funds registered with the SEC.

**Note 3 – Property Tax Revenue**

The District's authority to levy a tax is limited to a maximum of \$0.05 per \$100 valuation. Property taxes are levied each October 1 on the assessed valuation of all taxable property in the District. The effective tax rate for the October 1, 2014 levy was \$0.035 per \$100 of value, and was based on an assessed valuation of \$1,786,500,405. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following assessment. On January 1 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Taxes are billed and collected by the Tax Assessor-Collector for Hays County. Property tax revenues are considered available when they become due or past due. Receivables include the amount estimated to be collected during a 60-day period after the close of the District's fiscal year net of an amount deemed uncollectable

**Note 4 – Capital Assets**

The following is a summary of changes in Capital Assets for the Year:

	Balance 9/30/2014	Additions	Retirements	Balance 9/30/2015
Capital assets not being depreciated:				
Land	\$ 25,057	\$ 167,200	\$ -	\$ 192,257
Capital assets being depreciated:				
Office furniture and equipment	42,488	-	-	42,488
Equipment	321,565	150,220	-	471,785
Buildings and improvements	443,494	-	-	443,494
Vehicles	1,314,918	6,898	(4,350)	1,317,466
Less accumulated depreciation	(1,218,078)	(112,075)	4,350	(1,325,803)
Total capital assets, net	<u>\$ 929,444</u>	<u>\$ 212,243</u>	<u>\$ -</u>	<u>\$ 1,141,687</u>

**Wimberley Fire – Hays County ESD # 4**  
**Notes To The Financial Statements**  
**For The Year Ending September 30, 2015**

**Note 5 – Debt**

The following is a summary of long-term debt transactions for the year ended September 30, 2015:

Description	Beginning Balance	Additions	Deletions	Ending Balance
The Blanco National Bank	\$ -	\$ 111,128	\$ -	\$ 111,128
<b>Total</b>	<b>\$ -</b>	<b>\$ 111,128</b>	<b>\$ -</b>	<b>\$ 111,128</b>

Long-term debt at September 30, 2015, consists of the following:

**Notes Payable:**

Note payable to a bank, due in annual installments of \$24,444 through December 2019, including interest at 3.24%; secured by related equipment. \$111,128

**Note 6 – Risk Management / Litigation**

The District is exposed to various risk of loss related to torts, thefts, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage. The District has no pending litigation, not covered by insurance, which would materially affect the financial statements of the District.

**Note 7 – Contribution of Land**

In January of 2015, the District signed a warranty deed receiving a contribution of land valued at \$167,200. The conveyance is for only so long as title to the property remains in the District or its successor operating as a fire department. If in the event the Wimberley Fire-Hays County ESD # 4 ceases to hold title, or in the event, after three years from the warranty deed date, all or any portion of the property should cease to being used as a fire department substation named the "Kay Mayfield Substation," then title to the property would immediately revert and vest with the Grantor, named in the warranty deed, or his or assigns as heirs.

**Note 8 – Subsequent Events**

In preparing these financial statements, the District has evaluated events and transactions for potential recognition of disclosure through January 22, 2016, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL SCHEDULE**

**Wimberley Fire - Hays County Emergency Services District #4**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**Year Ended September 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>				
Tax revenue	\$ 611,026	\$ 611,026	\$ 628,392	\$ 17,366
Interest income	-	-	571	571
Other income	-	-	-	-
<b>Total General Revenue</b>	<u>611,026</u>	<u>611,026</u>	<u>628,963</u>	<u>17,937</u>
<b><u>EXPENDITURES</u></b>				
Communications	13,500	13,500	4,688	8,812
General and administrative	88,248	88,248	74,899	13,349
Contractual services	415,456	415,456	415,456	-
Appraisal and collection fees	8,000	8,000	7,122	878
Training	9,000	9,000	350	8,650
Station repairs, maintenance and supplies	17,100	17,100	10,299	6,801
Equipment	20,822	20,822	1,827	18,995
Debt service - principal	-	-	-	-
Debt service - interest	-	-	2,882	(2,882)
Capital outlay	38,800	38,800	157,118	(118,318)
<b>Total Expenses</b>	<u>610,926</u>	<u>610,926</u>	<u>674,641</u>	<u>(63,715)</u>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<u>100</u>	<u>100</u>	<u>(45,678)</u>	<u>(45,778)</u>
<b><u>Other Income</u></b>				
Grants	-	-	3,360	3,360
Loan proceeds	127,754	127,754	111,128	(16,626)
Sale of assets	-	-	3,100	3,100
Unallocated collections	-	-	-	-
	<u>127,754</u>	<u>127,754</u>	<u>117,588</u>	<u>(10,166)</u>
<b>Net Change in Fund Balance</b>	127,854	127,854	71,910	<u>\$ (55,944)</u>
<b><u>BEGINNING FUND BALANCE</u></b>	<u>363,065</u>	<u>363,065</u>	<u>363,065</u>	
<b><u>ENDING FUND BALANCE</u></b>	<u>\$ 490,919</u>	<u>\$ 490,919</u>	<u>\$ 434,975</u>	

# **ALTON D. THIELE, P.C.**

CERTIFIED PUBLIC ACCOUNTANT

300 E. AVENUE C

P.O. BOX 808

BELTON, TX 76513-0808

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Fire Commissioners  
Wimberley Fire-Hays County Emergency Services District #4  
Wimberley, TX 78676

We have audited, 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, the financial statements of the governmental activities, of Wimberley Fire-Hays County Emergency Services District #4 (the District) as of and for the year ended September 30, 2015, and have issued our report thereon dated January 22, 2016.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, 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 basic financial statements but not for the purpose of expressing 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.

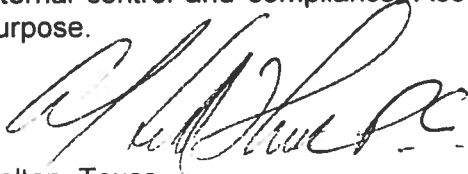
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

**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.

A handwritten signature in black ink, appearing to read "A. J. [unclear]".

Belton, Texas  
January 22, 2016



**WIMBERLEY FIRE-HAYS COUNTY ESD #4**

**COMMUNICATION OF SIGNIFICANT DEFICIENCIES  
AND MATERIAL WEAKNESSES AS REQUIRED BY  
PROFESSIONAL AUDITING STANDARD AU-C SECTION 265**

**SEPTEMBER 30, 2015**

***ALTON D. THIELE, P.C.***  
Certified Public Accountant  
300 East Avenue C  
P.O. Box 808  
Belton, Texas 76513-00808

**ALTON D. THIELE, P.C.**

CERTIFIED PUBLIC ACCOUNTANT

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Board of Fire Commissioners  
Wimberley Fire-Hays County ESD #4

In planning and performing our audit of the financial statements of the Wimberley Fire-Hays County ESD #4 as of and for the year ended September 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered Wimberley Fire-Hays County ESD #4's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wimberley Fire-Hays County ESD #4's internal control. Accordingly, we do not express an opinion on the effectiveness of Wimberley Fire-Hays County ESD #4's internal control.

*define*  
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 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 in a timely basis.

*ACTUAL*  
Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, the Board of Fire Commissioners, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



ALTON D. THIELE, PC

Belton, Texas

January 22, 2016

**WIMBERLEY FIRE-HAYS COUNTY ESD #4**

**COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE**

**SEPTEMBER 30, 2015**

***ALTON D. THIELE, P.C.***

Certified Public Accountant

300 East Avenue C

P.O. Box 808

Belton, Texas 76513-00808

# ***ALTON D. THIELE, P.C.***

Certified Public Accountant  
300 East Avenue C  
P.O. Box 808  
Belton, Texas 76513-00808

January 22, 2016

To the Board of Fire Commissioners

Wimberley Fire-Hays County ESD #4

We have audited the financial statements of Wimberley Fire-Hays County ESD #4 for the year ended September 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 29, 2015. Professional standards also require that we communicate to you the following information related to our audit.

## **Significant Audit Findings**

### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Wimberley Fire-Hays County ESD #4 are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year 2015. We noted no transactions entered into by Wimberley Fire-Hays County ESD #4 during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the estimated useful lives of fixed assets is based on historical experience. We evaluated the key factors and assumptions used to develop the lives in determining that it is reasonable in relation to the financial statements taken as a whole.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 22, 2016.

*Management Consultations with Other Independent Accountants*

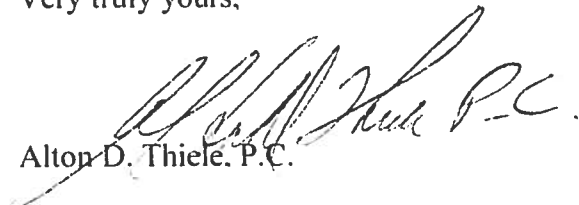
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Fire Commissioners of Wimberley Fire-Hays County ESD #4 and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

  
Alton D. Thiele, P.C.