

**DISTRICT 4 FIRE AND RESCUE
(A NONPROFIT DEPARTMENT)**

FINANCIAL STATEMENTS

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015**

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**DISTRICT 4 FIRE AND RESCUE
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

DISTRICT OFFICIALS

PRESIDENT JOHN HUBER

VICE PRESIDENT STEPHEN G. SURRATT

TREASURER CHARLES LALJER

ASSISTANT TREASURER DOLLY TAYLOR

SECRETARY KATHRYN MOHAN

ATTORNEY BURNS, ANDERSON, JURY & BRENNER, LLP

AUDITOR MARGARET NIXON, CPA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
District 4 Fire and Rescue

We have audited the accompanying financial statements of District 4 Fire and Rescue (a nonprofit organization), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, 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. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of District 4 Fire and Rescue as of September 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



San Antonio, Texas
May 5, 2016

DISTRICT 4 FIRE AND RESCUE
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2015

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	326,246
<i>Total Current Assets</i>		326,246

Property and Equipment:

Buildings		1,237,122
Trucks and Equipment		209,208
Furniture and Equipment		27,715
Capital Improvements		89,143
Less: Accumulated Depreciation		(356,586)
Land		108,409
<i>Total Property and Equipment</i>		1,315,011

TOTAL ASSETS		1,641,257
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LIABILITIES AND NET ASSETS

Liabilities:

Current Liabilities:

Accounts Payable		4,955
<i>Total Current Liabilities</i>		4,955

<i>Total Liabilities</i>		4,955
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Net Assets:

Unrestricted:

Operations		321,291
Property and Equipment, Net of Related Debt		1,315,011
<i>Total Net Assets</i>		1,636,302

TOTAL LIABILITIES AND NET ASSETS		\$ 1,641,257
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The accompanying notes are an integral part of these financial statements.

DISTRICT 4 FIRE AND RESCUE
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2015

REVENUES	
BCESD No. 4 - Service Agreement	\$ 160,000
Interest Income	<u>117</u>
TOTAL REVENUES	<u>160,117</u>
EXPENSES	
<i>Program Services:</i>	
Firefighting and Fire Prevention	20,784
Depreciation	89,067
Interest	16,077
Loss on Disposal of Asssets	<u>278</u>
<i>Total Program Services</i>	126,206
 <i>Support Services:</i>	
Administrative	<u>15,347</u>
TOTAL EXPENSES	<u>141,553</u>
CHANGE IN NET ASSETS	18,564
BEGINNING NET ASSETS	<u>1,617,738</u>
ENDING NET ASSETS	<u><u>\$ 1,636,302</u></u>

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

DISTRICT 4 FIRE AND RESCUE
STATEMENT OF FUNCTIONAL EXPENSES
SEPTEMBER 30, 2015

	Firefighting and Fire Prevention	Administrative	Total
Interest Payments	\$ 16,077	\$ -	\$ 16,077
Utilities	14,675	-	14,675
Communications	4,383	8,978	13,361
Professional Fees	-	2,988	2,988
Insurance	-	2,962	2,962
Maintenance and Repairs	1,589	-	1,589
Lodging & Transportation	-	419	419
Loss on Disposal of Assets	278	-	278
Emergency Small Equipment and Supplies	137	-	137
<i>Total Expenses Before Depreciation</i>	<u>37,139</u>	<u>15,347</u>	<u>52,486</u>
Depreciation of Property and Equipment	89,067	-	89,067
TOTAL EXPENSES	<u><u>\$ 126,206</u></u>	<u><u>\$ 15,347</u></u>	<u><u>\$ 141,553</u></u>

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

DISTRICT 4 FIRE AND RESCUE
STATEMENT OF CASH FLOWS
SEPTEMBER 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (Decrease) in Net Assets	\$ 18,564
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities	
Depreciation Expense	89,067
Increase (Decrease) in Accounts Payable	4,955
Loss on Disposal of Property	278
NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES	112,864
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Equipment and Property	(89,143)
NET CASH PROVIDED (REQUIRED) BY INVESTING ACTIVITIES	(89,143)
CASH FLOW FROM FINANCING ACTIVITIES	
Principal Payment on Notes Payable	(273,157)
NET CASH PROVIDED (REQUIRED) BY FINANCING ACTIVITIES	(273,157)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(249,436)
BEGINNING CASH AND CASH EQUIVALENTS	575,682
ENDING CASH AND CASH EQUIVALENTS	\$ 326,246
Supplemental Disclosure	
Interest Paid	\$ 16,077

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

DISTRICT 4 FIRE AND RESCUE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. NATURE OF ACTIVITIES

District 4 Fire and Rescue (the "Department") is a local nonprofit fire department without powers of taxation under code 501(c), organized exclusively for the purpose of providing fire protection and emergency services to the area covered by the Bexar County Emergency Services District No. 4. (BCESD No. 4). BCESD No. 4 appoints its Board of Commissioners as the directors of the Department. The Department is a component unit of BCESD No. 4 who has elected not to present a blended presentation of the Department's financial statements in its annual financial report. BCESD No. 4 instead elected to separately audit the financial statements of the entity.

The Department receives the majority of its income from BCESD No. 4. The Board of Directors of District 4 Fire and Rescue are also the Commissioners of BCESD No. 4 as required by its Articles of Incorporation.

2. BASIS OF ACCOUNTING

The Department uses the cash method of accounting for all transactions. However, the accompanying financial statements are presented on the accrual basis of accounting in conformity with U.S. Generally Accepted Accounting Principles, whereby revenues are recognized when earned, and expenses are recorded when incurred.

3. BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its FASB ASC 958-205, *Presentation of Financial Statements for Not-for-Profits*. Under FASB ACS 958-205, the Department is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There have been no temporary and no permanent restrictions placed on net assets as of September 30, 2015.

DISTRICT 4 FIRE AND RESCUE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

4. PROPERTY AND EQUIPMENT

All acquisitions of property and equipment are recorded at cost, if purchased or at fair value at date of gift, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. A salvage value of 10% of original cost is utilized for fire trucks. When assets are disposed of, their cost and accumulated depreciation are removed from the accounts and the resulting gains or losses are credited or charged to operations. Furniture and equipment is capitalized if cost is over \$5,000. Major improvements and renewals of real property are capitalized if cost is over \$25,000. Repairs and maintenance are charged against operations as incurred.

Fire Stations (Buildings)	25 years
Fire Fighting Equipment	5-10 years
Fire Trucks	5-12.5 years
Vehicles light/medium	5 years

5. USE OF ESTIMATES

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

6. INCOME TAX STATUS

The Department is a not-for-profit organization exempt from federal income taxes under current Internal Revenue Code Section 501(c)(3). As a result, no provision for income tax is included in the financial statements. The Department also qualifies for the charitable contribution deduction allowed under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

With few exceptions, the Department is not subject to examination by federal tax authorities for years prior to 2012.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

8. CONTRIBUTED SERVICES

The Department receives a substantial amount of services donated by its volunteers in carrying out the Department's programs. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ACS 958-605-15.

DISTRICT 4 FIRE AND RESCUE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2015

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

9. SUBSEQUENT EVENTS

Subsequent events were considered through May 5, 2016, which is the date the financial statements were available to be issued. No subsequent events were noted.

NOTE B -- CONCENTRATION OF SUPPORT

The Department received a net amount of \$160,000 pursuant to the agreement to provide fire protection for BCESD No. 4 (BCESD No. 4). These revenues represent 100% of the Fire Department's revenue. In addition, BCESD No. 4 contracted Leon Springs Volunteer Fire Department to operate District 4 Fire and Rescue.

NOTE C -- COMMITMENTS

The Department has no significant commitments as of the date of this report.

NOTE D -- CHANGES IN PROPERTY AND EQUIPMENT AND ACCUMULATED DEPRECIATION

This year the Department completed a required capital project to bring the fire station building in compliance with ADA requirements totaling \$89,143. In addition, the Department retired from books a piece of equipment that was unable to locate.

Property and equipment at September 30, 2015, consisted of the following:

	Beginning Balance	Additions	Deletions	Ending Balance
Buildings	\$ 1,237,122	\$ -	\$ -	\$ 1,237,122
Trucks and Equipment	209,208	-	-	209,208
Furniture and Equipment	31,888	-	(4,173)	27,715
Capital Improvements	-	89,143	-	89,143
	1,478,218	89,143	(4,173)	1,563,188
Less: Accumulated Depreciation	(271,414)	(89,067)	3,895	(356,586)
Depreciable Property and Equipment, Net	1,206,804	76	(278)	1,206,602
Land	108,409	-	-	108,409
 Total Property and Equipment	 \$ 1,315,213	 \$ 76	 \$ (278)	 \$ 1,315,011

DISTRICT 4 FIRE AND RESCUE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE E -- LONG TERM NOTE PAYABLE

The Department acquired a long term note with First Financial Bank, N.A. for the construction of the building for fire station operations in the amount of \$800,000 in May of 2010. The note term was for 10 years at 6.89% interest rate. The Department made a final payment of \$289,234 on December of 2014 before the loan matured and is now relieved from the loan commitment. Total interest paid for the life of the loan was \$188,289.

The construction of the building was completed in December of 2010 and inauguration of District 4 Fire and Rescue took place in January of 2011.

Cost Basis of Equipment Purchased	\$ 1,237,121
Less: Accumulated Depreciation	<u>(181,444)</u>
Book Value of Equipment Purchased	<u><u>\$ 1,055,677</u></u>

The Department did not acquire new debt this year.

NOTE F -- LITIGATION

The Department management is unaware of any threatened or pending lawsuits against the Department.