

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

**BAKER, STOGNER & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
EL CAMPO, TEXAS**

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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INTRODUCTORY SECTION

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2
LIST OF PRINCIPAL OFFICIALS
September 30, 2020

President	Jamie Stuhrenberg
Vice President	Roxana Crain
Asst. Treasurer	Mark Greenwalt
Treasurer	Gary Brady
Secretary	Charles Taylor
District's Attorney	Ken Campbell
Tax Assessor/Collector	Monica Foster

FINANCIAL SECTION

BAKER, STOGNER & ASSOCIATES
Certified Public Accountants

316 E. Jackson
El Campo, Texas 77437

(979) 543-3251
(979) 543-6668 FAX

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jackson County Emergency Services District No 2
PO Box 149
Palacios, TX 77465

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jackson County Emergency Services District No 2 (JCESD2) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate fund

information of Jackson County Emergency Services District No 2, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof 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 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.

Baker, Stogner & Associates

Baker, Stogner & Associates
El Campo, Texas
March 19, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

This section of the Jackson County Emergency Services District No. 2, Texas (the District) report presents a narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2020. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements. This report includes comparative data.

Financial Highlights

The total assets of the District exceeded its liabilities at the close of fiscal year 2020 by \$442,173 (total net position). Of this amount \$430,579 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors

In contrast to the government-wide financial statements, the governmental funds statement reports a combined fund balance at year-end of \$427,664.

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 other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of District finances, in a manner similar to a private-sector business. They present the financial status of the District from an economic resources measurement focus using the accrual basis of accounting and include all assets and liabilities.

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

The statement of activities presents information showing how the net position changed during the fiscal 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 only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the District include general government.

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 three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

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

The District maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

The District adopts an annual appropriated budget for the general fund. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with this budget.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information: In addition to the basic financial statements and accompanying notes, this report also includes certain required supplementary information concerning the District's budgetary schedules for all major funds. A budgetary comparison schedule, which includes the original and final budget and the actual expenditures, has been provided to demonstrate compliance with this budget.

The combining and individual fund statements and schedules referred to earlier provide information for non-major governmental funds and internal service funds and are presented immediately following the required supplementary information.

Government-Wide Financial Statements

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$442,173 at the close of the most recent fiscal year.

A portion of the District's net position in prior years reflected its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to 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.

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2
STATEMENT OF NET POSITION
September 30, 2020 & 2019

	2020	2019
	Governmental	Governmental
	Activities	Activities
	<u> </u>	<u> </u>
Current and Other Assets	\$ 434,321	\$ 384,304
Capital Assets	<u>11,594</u>	<u>15,569</u>
Total Assets	<u>\$ 445,915</u>	<u>\$ 399,873</u>
Current and Other Liabilities	<u>3,742</u>	<u>786</u>
Total Liabilities	<u>\$ 3,742</u>	<u>\$ 786</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Net Position		
Net Investment in Capital Assets	\$ 11,594	\$ 15,569
Unrestricted	<u>430,579</u>	<u>383,518</u>
Total Net Position	<u>442,173</u>	<u>399,087</u>
Total Liabilities & Net Position	<u>\$ 445,915</u>	<u>\$ 399,873</u>

The remaining balance of unrestricted net position, \$430,579, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District reported positive net position in all three categories of net position for its governmental activities.

Governmental Activities: Governmental activities increase the District's net position by \$43,086 during the current fiscal year.

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020 & 2019

	2020	2019
	Governmental	Governmental
	Activities	Activities
Revenues:		
Program Revenues:		
Charges for Services	\$ -	\$ -
Operating Grants and Contributions	45,000	45,000
General Revenues		
Property Taxes	66,183	69,680
Earnings in Investments	910	1,255
Miscellaneous	-	177
Contributions	-	-
Total Revenues	\$ 112,093	\$ 116,112
Expenses:		
C.C.V.F.D. Assistance	52,012	42,027
Other Program Expenses	13,020	9,259
Depreciation	3,975	3,975
Total Expenses	\$ 69,007	\$ 55,261
Change in Net Position	\$ 43,086	\$ 60,851
Net Position Beginning	399,087	338,236
Net Position Ending	\$ 442,173	\$ 399,087

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the District’s governmental funds reported combined fund balances of \$427,664, an increase of \$48,920 from the prior year.

General Fund Budgetary Highlights

Budgeted revenues and expenditures did not change.

During the year actual revenues exceeded budgeted amounts by \$8,481. Actual expenses were under the final budget estimates by \$40,439. The net effect of over-realization of revenue and under-utilization of appropriations resulted in a positive variance of \$48,920.

Capital Asset and Debt Administration

Capital assets: The District's investments in capital assets for its governmental activities as of September 30, 2020, amounted to \$11,594 (net of accumulated depreciation). This investment in capital assets includes trucks. Additional information relative to capital assets may be found in the "Notes to the Financial Statement" in this report.

Long-term debt: At September 30, 2020, the District had no long term-debt.

Economic Factors and Next Year's Budgets and Rates

The District's tax base has increased over the past year. No other economic factors are present affecting budgeted tax rates.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Secretary at P.O. Box 149, Palacios, Texas 77465.

BASIC FINANCIAL STATEMENTS

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2
STATEMENT OF NET POSITION
September 30, 2020

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 431,085	\$ 431,085
Receivables:		
Ad valorem taxes (Net)	2,915	2,915
Due from other government	321	321
Capital assets (net of accumulated depreciation)	11,594	11,594
Total Assets	445,915	445,915
DEFERRED OUTFLOW OF RESOURCES		
Deferred outflow of resources	-	-
Total Deferred Outflows of Resources	-	-
LIABILITIES		-
Accounts payable	3,742	3,742
Total Liabilities	3,742	3,742
DEFERRED INFLOW OF RESOURCES		
Deferred inflow of resources	-	-
Total Inflow of Resources	-	-
NET POSITION		
Net Investment in capital assets	11,594	11,594
Unrestricted	430,579	430,579
Total Net Position	\$ 442,173	\$ 442,173

The notes to the financial statements are an integral part of this statement.

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2
STATEMENT OF ACTIVITIES
For the Year Ended September 30,2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Primary Government	
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Total
Primary Government					
Government activities					
General Government	\$ 69,007	-	\$ 45,000	\$ (24,007)	\$ (24,007)
Total Government activities	<u>\$ 69,007</u>	<u>-</u>	<u>\$ 45,000</u>	<u>\$ (24,007)</u>	<u>\$ (24,007)</u>
Total Primary Government	<u>\$ 69,007</u>	<u>-</u>	<u>\$ 45,000</u>	<u>\$ (24,007)</u>	<u>\$ (24,007)</u>
General Revenues:					
Interest				910	910
Miscellaneous				-	-
Taxes:					
Property taxes, levied for general purposes				66,183	66,183
Total general revenues and transfers				<u>67,093</u>	<u>67,093</u>
Change in net position				<u>43,086</u>	<u>43,086</u>
Net position - beginning				<u>399,087</u>	<u>399,087</u>
Net position - ending				<u>\$ 442,173</u>	<u>\$ 442,173</u>

The notes to the financial statements are an integral part of this statement.

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2
BALANCE SHEET
September 30, 2020

	General	Total Governmental Funds
ASSETS		
Cash and Cash Equivalents	\$ 431,085	\$ 431,085
Receivables:		
Ad Valorem Taxes (Net)	2,915	2,915
Due from other Government	321	321
	-	-
Total Assets	\$ 434,321	\$ 434,321
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 3,742	\$ 3,742
Payroll Taxes Payable	-	-
Other Accrued Expenses	-	-
Due to Other Funds	-	-
Total Liabilities	3,742	3,742
 DEFERRED INFLOW OF RESOURCES		
Unearned revenue	2,915	2,915
Total Deferred Inflow of Resources	2,915	2,915
 Fund Balances:		
Unassigned	35,531	35,531
Assigned for:		
Contingencies	128,406	128,406
Capital Expenditures	263,727	263,727
Total Fund Balances	427,664	427,664
Total Liabilities and Fund Balances	\$ 434,321	\$ 434,321

The notes to the financial statements are an integral part of this statement.

**JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
STATEMENT OF NET POSITION
September 30, 2020**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance for governmental funds	\$ 427,664
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This is a capital asset purchase net of depreciation.	11,594
Other assets are not available to pay for current expenditures and, therefore, are deferred in the funds	<u>2,915</u>
Net assets of governmental activities	<u>\$ 442,173</u>

The notes to the financial statements are an integral part of this statement.

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

	General	Total Governmental Funds
REVENUES		
Property Tax, Penalty and Interest	\$ 68,042	\$ 68,042
Other Income - Formosa Plastics	45,000	45,000
Interest	910	910
Reimbursements	-	-
	-	-
Total Revenues	113,952	113,952
EXPENDITURES		
Current:		
Appraisal Fees	1,797	1,797
CCVFD Budget Assistance	52,012	52,012
Community Outreach	-	-
Expense Reimbursement	-	-
Miscellaneous	505	505
Insurance	1,434	1,434
Legal & Professional Fees	6,875	6,875
Office Supplies	2,201	2,201
Tax Collection Fees	208	208
Capital Outlay	-	-
	-	-
Total Expenditures	65,032	65,032
Excess (Deficiency) of Revenues over (under) Expenditures	48,920	48,920
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	-	-
	-	-
Total Other financing Sources and Uses	-	-
Net Change in Fund Balances	48,920	48,920
Fund Balances - Beginning	378,744	378,744
Fund Balances - Ending	\$ 427,664	\$ 427,664

The notes to the financial statements are an integral part of this statement.

**JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES
For the Year Ended September 30, 2020**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	48,920
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful life and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.		(3,975)
Some revenue reported in the governmental funds were earned in prior periods and are not reported in the government-wide statement of activities.	\$	<u>(1,860)</u>
Change in net assets of governmental activities	\$	<u>43,086</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Jackson County Emergency Services District No 2 (the District) was created by a petition to the Jackson County Commissioners Court and a public election held in May of 2007. The district operates under a Board of Directors form of government. The original Board of Directors were appointed by the Jackson County Commissioners Court. They are authorized to impose a tax, the rate not to exceed the ten cents allowed by Section 48E Article 3 of the Texas Constitution. The District provides health, welfare, and convenience of those persons residing in the district.

Basis of Accounting/Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The accounting and reporting policies of the District relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accounts in the publication entitled Audits of State and Local Governmental Units, and by the Financial Accounting Standards Board.

A. Government-Wide Financial Statements

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental Type Activities for the District accompanied by a total column.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, if any, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories, if any: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

B. Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds.

An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Governmental-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues and expenses are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, sales tax, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The following is the District’s major governmental fund:

General Fund

The General Fund is the government’s primary operating fund of the District. All financial resources of general government, except those required to be accounted for in another fund, are accounted for in the General Fund.

C. Proprietary Fund Financial Statements

The District has no Proprietary Fund activity.

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget

The budget for the Governmental Fund adopted during the year by the District was prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. The General Fund had legally adopted a budget.

E. Inventory

At September 30, 2020, the District owned no inventory.

F. Vacation and Sick Leave

At September 30, 2020, the District did not have any employees.

G. Fund Equity

Fund balances of Government Funds classified as restricted are balances with constraints placed on the use of resources by creditors, groups, contributors, or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the Directors through a resolution. Once the resolution is passed, the commitment remains in place until another resolution is passed to remove or revise the commitment.

Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. The District has by resolution authorized the President or his/her designee to assign fund balances. Unlike commitments, assignments generally exist temporarily and a formal action by the District does not have to occur in order to remove the assignment.

H. Use of Estimates

The preparation of the government-wide and fund financial statements in conformity with generally accepted accounting principles requires the District to make estimates and assessments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Property Tax

Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent February 1 and attach as an enforceable lien on the property as of July 1 of that year. The Jackson County Appraisal District bills and collects taxes for the District pursuant to year-to-year contracts with the District. Property taxes not collected within 60 days are deemed not to be material to the financial statements.

The District reports deferred revenue on its General Fund balance sheet. Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the District receives resources before it has legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue recognized.

J. Capital Assets

Capital assets of the District, which consist of two trucks, are reported in the governmental activities column of the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Capital assets are valued at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance that does not add to the value of the asset or materially extend the asset’s useful life is not capitalized.

Depreciation has been calculated on the trucks using the straight line method over an estimated useful life of seven years.

NOTE 2: CASH

The District maintains cash that is available for use by all funds, except as restricted. Each fund type’s portion of these monies is displayed on the combined balance sheet as “Cash” or “Restricted Assets” under each fund’s caption as applicable.

Deposits

At September 30, 2020, the carrying amount of the District’s deposits was \$431,085 at Prosperity Bank in the District’s name. The District’s deposits were fully collateralized during the entire year by Federal Depository Insurance and pledged securities.

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 3: INVESTMENTS

PUBLIC FUNDS INVESTMENT ACT

According to the Public Funds Investment Act, the District can invest its funds in the following types of accounts:

1. Obligations of the United States or its agencies and instrumentalities.
2. Direct obligations of the State of Texas or its agencies.
3. Other obligations, the principal of and the interest on which are unconditionally guaranteed or insured by the State of Texas or the United States.
4. Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent.
5. Certificates of deposit issued by the state and national banks domiciled in Texas that are:
 - a. Guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or
 - b. Secured by obligations of paragraph 1 – 4 above and that have a market value of not less than the principal amount of the certificates.
6. Certificates of deposit and share certificates issued by a main office or branch office in this state that are:
 - a. Guaranteed or insured
 - b. Collateralized, or
 - c. Secured in any other manner provided by law.
7. Other securities approved by the Public Funds Investment Act.

NOTE 4: INTER-LOCAL AGREEMENT

JACKSON COUNTY ESD NO. 2 FIRE & EMS SERVICES AGREEMENT

On March 1, 2009, the Jackson County Emergency Service District No 2 and Carancahua Community Volunteer Fire Department, Inc. entered into an agreement to provide emergency services to citizens of the same geographic boundaries as those of the Palacios Independent School District inside Jackson County.

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 5: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The budget for the Governmental Fund was adopted using the modified accrual basis of accounting in accordance with generally accepted accounting principles. The general fund was the only fund of the District. Annual appropriations lapse at fiscal year end.

NOTE 6: CAPITAL ASSETS

The District's capital asset activity for the year ended September 30, 2020:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated				
Machinery and Equipment	\$ 108,128	-	-	\$ 108,128
Total	<u>\$ 108,128</u>	<u>-</u>	<u>-</u>	<u>\$ 108,128</u>
				-
Less Accumulated Depreciation for				
Machinery and Equipment	92,559	3,975	-	96,534
Total	<u>92,559</u>	<u>3,975</u>	<u>-</u>	<u>96,534</u>
Total Capital Assets Being Depreciated (Net)	<u>\$ 15,569</u>	<u>\$ (3,975)</u>	<u>\$ -</u>	<u>\$ 11,594</u>

REQUIRED SUPPLEMENTARY INFORMATION

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND
For the Year Ended September 30, 2020

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Property tax, penalty and interest	\$ 60,471	\$ 60,471	\$ 68,042	\$ 7,571
Miscellaneous	45,000	45,000	45,000	-
Other income	-	-	910	910
Reimbursements	-	-	-	-
Total revenues	<u>\$ 105,471</u>	<u>\$ 105,471</u>	<u>\$ 113,952</u>	<u>\$ 8,481</u>
EXPENDITURES				
Appraisal fees	2,500	2,500	1,797	703
CCVFD budget assistance	38,000	45,432	52,012	(6,580)
Community outreach	1,000	848	-	848
Expense reimbursement	1,000	1,000	-	1,000
Contingencies	196	196	-	196
Insurance	2,000	2,000	1,434	566
Legal & professional fees	5,500	5,500	6,875	(1,375)
Office expense	1,275	1,275	2,706	(1,431)
Tax collection fees	1,000	1,000	208	792
Repairs	8,000	720	-	720
Capital Outlay	45,000	45,000	-	45,000
Total expenditures	<u>\$ 105,471</u>	<u>\$ 105,471</u>	<u>\$ 65,032</u>	<u>\$ 40,439</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>48,920</u>	<u>48,920</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,920</u>	<u>\$ 48,920</u>
Fund balance - beginning			<u>\$ 378,744</u>	
Fund balance - ending			<u>\$ 427,664</u>	

The notes to the financial statements are an integral part of this statement.

JACKSON COUNTY EMERGENCY SERVICES DIST NO 2
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2020

Budgetary Information

Budgets are adopted on a GAAP Basis. Annual appropriations budget is adopted for the general fund. All annual appropriations lapse at the fiscal year end as budgetary control is achieved through legally binding contracts. There were no excess budgetary expenditures over appropriations.