

**JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

**JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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## **INTRODUCTORY SECTION**

**JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2**  
**LIST OF PRINCIPAL OFFICIALS**  
**September 30, 2022**

President	Jamie Stuhrenberg
Vice President	Cindy Kruppa
Asst. Treasurer	Bryan Churan
Treasurer	Gary Brady
Secretary	Roxana Crain
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 (the District) as of and for the year ended September 30, 2022, 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, 2022, 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  
May 24, 2023

**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, 2022. 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 2022 by \$550,513 (total net position). Of this amount \$539,789 (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 \$537,288.

### 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.

### **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 \$550,513 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, 2022 & 2021**

	<b>2022 Governmental Activities</b>	<b>2021 Governmental Activities</b>
Current and Other Assets	\$ 542,865	\$ 491,937
Capital Assets	10,724	16,469
Total Assets	\$ 553,589	\$ 508,406
Current and Other Liabilities	3,076	4,402
Total Liabilities	\$ 3,076	\$ 4,402
Deferred Inflows of Resources	\$ -	\$ -
Net Position		
Net Investment in Capital Assets	\$ 10,724	\$ 16,469
Unrestricted	539,789	487,535
Total Net Position	550,513	504,004
Total Liabilities & Net Position	\$ 553,589	\$ 508,406

The remaining balance of unrestricted net position, \$539,789, 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 increased the District's net position by \$46,509 during the current fiscal year.

**JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2022 & 2021**

	<b>2022 Governmental Activities</b>	<b>2021 Governmental Activities</b>
Revenues:		
Program Revenues:		
Charges for Services	\$ -	\$ -
Operating Grants and Contributions	45,000	45,000
General Revenues		
Property Taxes	68,636	67,737
Earnings in Investments	834	491
Miscellaneous	296	-
Contributions	-	-
Total Revenues	\$ 114,766	\$ 113,228
Expenses:		
C.C.V.F.D. Assistance	39,642	37,840
Other Program Expenses	22,870	9,582
Depreciation	5,745	3,975
Total Expenses	\$ 68,257	\$ 51,397
Change in Net Position	\$ 46,509	\$ 61,831
Net Position Beginning	504,004	442,173
Net Position Ending	\$ 550,513	\$ 504,004

**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 \$537,288, an increase of \$51,590 from the prior year.

**General Fund Budgetary Highlights**

Budgeted revenues and expenditures did not change.

During the year actual revenues exceeded budgeted amounts by \$4,683. Actual expenses were under the final budget estimates by \$46,907. The net effect of over-realization of revenue and under-utilization of appropriations resulted in a positive variance of \$51,590.

## **Capital Asset and Debt Administration**

**Capital assets:** The District's investments in capital assets for its governmental activities as of September 30, 2022, amounted to \$10,724 (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, 2022, 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. The tax rate for the fiscal year decreased from \$.0362 to \$.0353.

## **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, 2022

	<b>Primary Government</b>	
	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 540,120	\$ 540,120
Receivables:		
Ad valorem taxes (Net)	2,501	2,501
Due from other government	244	244
Capital assets (net of accumulated depreciation)	10,724	10,724
<b>Total assets</b>	<b>553,589</b>	<b>553,589</b>
 <b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred outflow of resources	-	-
<b>Total by</b>	-	-
 <b>LIABILITIES</b>		
Accounts payable	3,076	3,076
Deferred outflow of resources total by	-	-
<b>Total Liabilities</b>	<b>3,076</b>	<b>3,076</b>
 <b>NET POSITION</b>		
Invested in capital assets net of related debt	10,724	10,724
Unrestricted	539,789	160,909
<b>Total net position</b>	<b>\$ 550,513</b>	<b>\$ 550,513</b>

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, 2022**

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net	
	Expenses	Charges for Services	Primary Government	
			Governmental Activities	Total
Primary Government				
Government activities		Capital Grants and Contributions		
General Government	\$ 68,257	\$ -	\$ (23,257)	\$ (23,257)
Total Government activities	\$ 68,257	\$ 45,000	\$ (23,257)	\$ (23,257)
Total Primary Government	\$ 68,257	\$ 45,000	\$ (23,257)	\$ (23,257)
General Revenues:				
Interest			834	834
Miscellaneous			296	296
Taxes:				
Property taxes, levied for general purposes			68,636	68,636
Total general revenues and transfers			69,766	69,766
Change in net position			46,509	46,509
Net position - beginning			504,004	504,004
Net position - ending			550,513	550,513

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



**JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2**  
**BALANCE SHEET**  
**September 30, 2022**

	General	Total Governmental Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 540,120	\$ 540,120
Receivables:		-
Ad Valorem Taxes (Net)	2,501	2,501
Due for other Government	244	244
Other	-	-
<b>Total Assets</b>	<b>\$ 542,865</b>	<b>\$ 542,865</b>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 3,076	\$ 3,076
Payroll Taxes Payable	-	-
Other Accrued Expenses	-	-
Due to Other Funds	-	-
<b>Total Liabilities</b>	<b>3,076</b>	<b>3,076</b>
 <b>DEFERRED INFLOW OF RESOURCES</b>		
Unearned revenue	2,501	2,501
<b>Total Deferred Inflow of Resources</b>	<b>2,501</b>	<b>2,501</b>
 <b>Fund Balances:</b>		
Unassigned	53,830	53,830
Assigned for:		-
Contingencies	128,774	128,774
Capital Expenditures	354,684	354,684
<b>Total Fund Balances</b>	<b>537,288</b>	<b>537,288</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 542,865</b>	<b>\$ 542,865</b>

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

**JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO 2**  
**RECONCILIATION OF GOVERNMENT FUNDS BALANCE SHEET TO**  
**STATEMENT OF NET POSITION**  
**September 30, 2014**

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

Total fund balance for governmental funds	\$ 537,288
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	10,724
Other assets are not available to pay for current expenditures and, therefore, are deferred in the funds	<u>2,501</u>
Net assets of governmental activities	<u>\$ 550,513</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, 2022**

	General	Total Governmental Funds
<b>REVENUES</b>		
Property Tax, Penalty and Interest	\$ 67,972	\$ 67,972
Other Income - Formosa Plastics	45,000	45,000
Interest	834	834
Reimbursements/Refunds	296	296
<b>Total Revenues</b>	<b>114,102</b>	<b>114,102</b>
<b>EXPENDITURES</b>		
Current:		
Appraisal Fees	1,555	1,555
CCVFD Budget Assistance	39,642	39,642
Community Outreach	-	-
Expense Reimbursement	-	-
Miscellaneous	275	275
Insurance	1,279	1,279
Legal & Professional Fees	4,160	4,160
Office Supplies	361	361
Tax Collection Fees	164	164
Repairs	15,076	15,076
<b>Total Expenditures</b>	<b>62,512</b>	<b>62,512</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>51,590</b>	<b>51,590</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	-
Transfers out	-	-
<b>Total other financing Sources and uses</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>51,590</b>	<b>51,590</b>
<b>Fund Balances - Beginning</b>	<b>485,698</b>	<b>485,698</b>
<b>Fund Balances - Ending</b>	<b>\$ 537,288</b>	<b>\$ 537,288</b>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF  
ACTIVITIES  
September 30, 2022**

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

Net change in fund balances - total governmental funds	\$	51,590
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 depreciation exceeds capital outlay in the current period.		(5,745)
Some revenue reported in the governmental funds were earned in prior periods and are not reported in the government-wide statement of activities.		<u>664</u>
Change in net assets of governmental activities	\$	<u>46,509</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, 2022**

**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. 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, 2022**

**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 meet 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, 2022**

**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, 2022, the District owned no inventory.

**F. Vacation and Sick Leave**

At September 30, 2022, 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, 2022**

**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, 2022, the carrying amount of the District’s deposits was \$540,120 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, 2022**

**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 paragraphs 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, 2022**

**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, 2022:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated				
Machinery and Equipment	\$ 116,978	-	-	\$ 116,978
Total	<u>\$ 116,978</u>	<u>-</u>	<u>-</u>	<u>\$ 116,978</u>
				-
Less Accumulated Depreciated for				
Machinery and Equipment	100,509	5,745	-	106,254
Total	<u>100,509</u>	<u>5,745</u>	<u>-</u>	<u>106,254</u>
				-
Total Capital Assets Being Depreciated (Net)	<u>\$ 16,469</u>	<u>\$ (5,745)</u>	<u>\$ -</u>	<u>\$ 10,724</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, 2022**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Property tax, penalty and interest	\$ 64,419	\$ 64,419	\$ 67,972	\$ 3,553
Miscellaneous	45,000	45,000	45,000	-
Other income	-	-	834	834
Reimbursements/refunds	-	-	296	296
<b>Total revenues</b>	<u>\$ 109,419</u>	<u>\$ 109,419</u>	<u>\$ 114,102</u>	<u>\$ 4,683</u>
<b>EXPENDITURES</b>				
Appraisal fees	2,000	2,000	1,555	445
CCVFD budget assistance	43,500	43,500	39,642	3,858
Community outreach	5,000	5,000	-	5,000
Expense reimbursement	500	500	-	500
Contingencies	30,144	26,000	-	26,000
Insurance	1,500	1,500	1,279	221
Legal & professional fees	5,500	5,500	4,160	1,340
Office expense	2,775	2,775	636	2,139
Tax collection fees	500	500	164	336
Repairs	8,000	22,144	15,076	7,068
Capital Outlay	10,000	-	-	-
<b>Total expenditures</b>	<u>\$ 109,419</u>	<u>\$ 109,419</u>	<u>\$ 62,512</u>	<u>\$ 46,907</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>51,590</u>	<u>51,590</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources and uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,590</u>	<u>\$ 51,590</u>
<b>Fund balance - beginning</b>			<u>\$ 485,698</u>	
<b>Fund balance - ending</b>			<u>\$ 537,288</u>	

The notes to the required supplementary information are an integral part of this schedule.

**JACKSON COUNTY EMERGENCY SERVICES DIST NO 2**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**September 30, 2022**

**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.