

**JEFFERSON COUNTY EMERGENCY
SERVICE DISTRICT #1
COMPILED FINANCIAL STATEMENTS
FOR THE YEAR ENDING
SEPTEMBER 30, 2022**

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COMPILATION REPORT

Board of Directors and Management
Jefferson County Emergency Service District #1
Beaumont, Texas

Management is responsible for the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Jefferson County Emergency Service District #1 as of and for the year ended September 30, 2022, and related notes to the financial statements, which collectively comprise Jefferson County Emergency Service District #1's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedule on pages 2-6 and 19 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required 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. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Mitchell T. Fontenote CPA, Inc.

Port Neches, Texas
February 15, 2023

JEFFERSON COUNTY EMERGENCY SERVICE DISTRICT #1

MANAGEMENT DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2022

This section of Jefferson County Emergency Service District #1's annual financial report presents our discussion and analysis of the District's financial performance during the calendar year ended September 30, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$361,743 at September 30, 2022.
- During the year, the District's expenses were \$23,899 less than the \$247,295 generated in taxes, other revenues for governmental activities.
- The general fund reported a fund balance this year of \$247,726. Of this, all \$247,726 is for unrestricted use by the District.

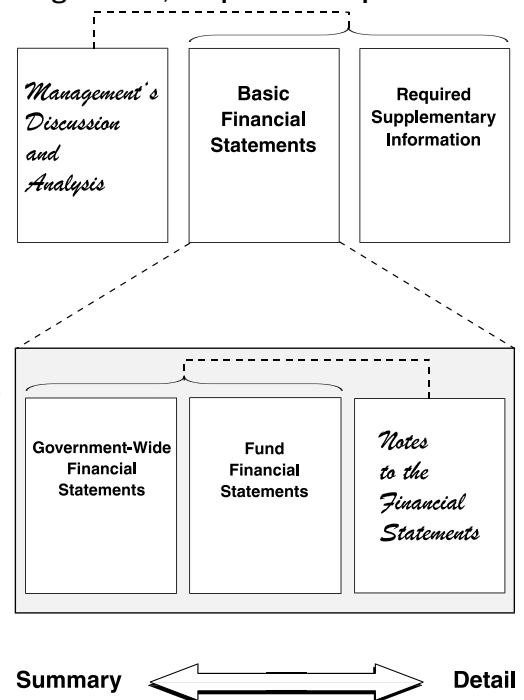
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1, Required Components of



Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

JEFFERSON COUNTY EMERGENCY SERVICE DISTRICT #1**MANAGEMENT DISCUSSION AND ANALYSIS****SEPTEMBER 30, 2022**

- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as fire and emergency care. Property taxes finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Commissioners can establish other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was \$361,743 at September 30, 2022. (Table A-1).

Table A-1
JEFFERSON COUNTY EMERGENCY SERVICE DISTRICT #1
Net Position

	2022	2021
Current and Other Assets	\$ 274,908	\$ 265,046
Capital Assets	107,709	79,848
Total Assets	382,617	344,894
Current Liabilities	20,874	7,050
Total Liabilities	20,874	-
Net Position:		
Invested in Capital Assets Net of Related Debt	107,709	79,848
Unrestricted	254,034	257,996
Total Net Position	\$ 361,743	\$ 337,844

JEFFERSON COUNTY EMERGENCY SERVICE DISTRICT #1**MANAGEMENT DISCUSSION AND ANALYSIS****SEPTEMBER 30, 2022**

Approximately \$107,709 of the District's net position represent investments in capital assets net of related debt. The \$254,034 of unrestricted net position represents resources available to fund the programs of the District next year.

Changes in Net Position. The District's total revenues were \$247,295. Property taxes make up 78 percent of total revenues. Grant income makes up 20 percent and the remaining 2 percent is other miscellaneous revenues.

The total cost of all programs and services was \$223,396; all costs are for fire and emergency medical services and governmental operations.

Table A-2
JEFFERSON COUNTY EMERGENCY SERVICE DISTRICT #1
Changes in Net Position

	2022	2021
General Revenues:		
Property Tax Revenue	\$ 191,727	\$ 187,986
Other	55,568	2,900
Total Revenue	<u>247,295</u>	<u>190,886</u>
Expenses:		
General Government	72,938	51,535
Fire and Emergency Services	150,458	187,267
Total Expenses	<u>223,396</u>	<u>238,802</u>
Increase (Decrease) in Net Assets	23,899	(47,916)
Net Position, Beginning	337,844	404,210
Period Period Adjustment	-	(18,450)
Net Position, Restated	<u>337,844</u>	<u>385,760</u>
Net Position, Ending	<u>\$ 361,743</u>	<u>\$ 337,844</u>

Governmental Activities

- Property tax rates were set at \$.029 per \$100 valuation.
- For taxes due on January 31, 2022 the District has maintained the rate to \$.029 per \$100 due to the continued increase in population in the Jefferson County Emergency Service District #1.
- The cost of all *governmental* activities this year was \$251,258.
- The amount that our taxpayers paid for these activities through property taxes was \$191,248.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District continues to operate from a very conservative viewpoint due to a variety of issues. This is done to meet the emergency needs of the community. The District continues its deliberate and steady rehabilitation of old facilities and equipment and the purchase of new facilities and equipment to meet emergency needs.

General Fund Budgetary Highlights

On occasion, the District amends the budget, primarily due to increased costs associated with facilities upgrades. The fund balance, however, remains strong and sound.

JEFFERSON COUNTY EMERGENCY SERVICE DISTRICT #1**MANAGEMENT DISCUSSION AND ANALYSIS****SEPTEMBER 30, 2022****CAPITAL ASSETS AND DEBT ADMINISTRATION****Capital Assets**

At the end of 2022, the District had invested \$107,709 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (Table A-3.) This amount represents a slight increase from last year due to the purchase of new equipment and construction in progress for new station.

Table A-3
JEFFERSON COUNTY EMERGENCY SERVICE DISTRICT #1
Capital Assets

	2022	2021
Buildings	\$ 8,744	\$ 8,744
Equipment	234,886	212,613
Vehicles	457,967	457,967
Construction in Progress	36,675	-
Total Capital Assets	738,272	679,324
Less Accumulated Depreciation:		
Buildings	(2,651)	(2,396)
Equipment	(169,945)	(146,306)
Vehicles	(457,967)	(450,774)
Total Accumulated Depreciation	(630,563)	(599,476)
Net Capital Assets	\$ 107,709	\$ 79,848

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The District projects to stay the course on projects and revenue and expenditure projections at the current time.
- Continued growth in the surrounding communities has increased tax revenue projections.
- The District is now receiving sales tax revenue that will be used to pay for a contract with Acadian Ambulance, a new fire engine, two substations, and other operating expenses.
- Ad valorem tax rates have been set to \$0.029 per \$100 valuation as of January 31, 2023.

These indicators were taken into account when adopting the general fund budget for 2023. Amounts available for appropriation in the general fund budget are up slightly due to increased revenues. Any expected increases in revenue from property taxes are allocated to increases in funding levels for facilities and equipment needs. Also, amounts are allocated for training of fire and EMS personnel expenditures continue to rise due the expanding community needs. Currently, the District is able to fill all of its financial obligations from personnel to facilities and equipment.

Actual revenues exceeded budgeted revenues by \$1,979 and actual expenses exceeded budgeted expenses by \$14,623.

If all revenue and expenditure estimates are realized in 2023, the District's fund balance is expected to continue to stay the same by the close of 2023.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Services Department.

JEFFERSON COUNTY EMERGENCY SERVICE DISTRICT #1**STATEMENT OF NET POSITION****SEPTEMBER 30, 2022**

	Governmental Activities
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 256,353
Taxes Receivable	18,555
Capital Assets:	
Buildings, Property, and Equipment, net	107,709
Total Assets	<u>\$ 382,617</u>
<u>LIABILITIES AND NET ASSETS:</u>	
Accounts Payable	\$ 20,874
Total Liabilities	<u>20,874</u>
Net Position	
Net invested in capital assets	107,709
Unrestricted	254,034
Total Net Position	<u>\$ 361,743</u>

The accompanying notes are an integral part of this financial statement.

JEFFERSON COUNTY EMERGENCY SERVICE DISTRICT #1**STATEMENT OF ACTIVITIES****FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 72,938	-	-	\$ (72,938)
Fire and Emergency Services	150,458	-	-	(150,458)
Total Governmental Activities	223,396	-	-	(223,396)
		Taxes, penalties, and interest		191,727
		Interest Income		292
		Grant Income		49,455
		Other miscellaneous		5,821
		Total General Revenues		247,295
		Change in Net Position		23,899
		Net Position - Beginning		337,844
		Net Position - Ending		\$ 361,743

The accompanying notes are an integral part of this financial statement.

JEFFERSON COUNTY EMERGENCY SERVICE DISTRICT #1**BALANCE SHEET – GOVERNMENTAL FUNDS****SEPTEMBER 30, 2022**

	Total Governmental Funds
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 256,353
Taxes Receivable	18,555
Total Assets	<u>\$ 274,908</u>
<u>LIABILITIES AND FUND BALANCE:</u>	
Liabilities:	
Accounts Payable	\$ 20,874
Total Liabilities	<u>20,874</u>
Deferred Inflows of Resources:	
Unavailable Revenue - Property Tax	6,308
Deferred Inflows of Resources:	<u>6,308</u>
Fund Balance:	
Unassigned Fund Balance	247,726
Total Fund Balance	<u>\$ 247,726</u>

The accompanying notes are an integral part of this financial statement.

JEFFERSON COUNTY EMERGENCY SERVICE DISTRICT #1

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

Governmental fund balance as reported on the balance sheet for governmental funds.	\$ 247,726
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	107,709
Recognition of deferred revenue as revenue increases net position	<u>6,308</u>
Total net position as reported on the Statement of Net Position for Governmental Activities.	<u><u>\$ 361,743</u></u>

The accompanying notes are an integral part of this financial statement.

JEFFERSON COUNTY EMERGENCY SERVICE DISTRICT #1**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Total Governmental Funds General Fund
<u>Revenues:</u>	
Property taxes, penalties and interest	\$ 191,248
Interest Income	292
Grant Income	49,455
Other miscellaneous	5,821
Total Revenue	<u>246,816</u>
<u>Expenditures:</u>	
General government	78,527
Fire and Emergency Services	172,731
Total expenditures	<u>251,258</u>
Net Changes in Fund Balance	<u>(4,442)</u>
<u>Fund Balances:</u>	
Beginning of year	<u>252,168</u>
End of year	<u>\$ 247,726</u>

The accompanying notes are an integral part of this financial statement.

JEFFERSON COUNTY EMERGENCY SERVICE DISTRICT #1

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Net change in fund balance for governmental funds:	\$	(4,442)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.		27,861
Varrious other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue, adjusting current year revenue to show the revenue from the current year's levy. The net effect of these reclassifications and recognition is to increase net assets.		480
Total change in Net Position	\$	<u>23,899</u>

The accompanying notes are an integral part of this financial statement.

JEFFERSON COUNTY EMERGENCY SERVICE DISTRICT #1

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Jefferson County Emergency Service District #1 (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The most significant accounting and reporting policies of the District are described in the following notes to the financial statements.

A. Reporting Entity

The Jefferson County Emergency Service District #1 was organized under the provisions of Section 48-e, Article III of the Constitution of the State of Texas for the protection of life and health as provided for under this Act.

Members of the Board have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters. Therefore, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

The accounting policies of the Jefferson Emergency Service District #1 conform to generally accepted accounting principles, as applicable to governments. The following is a summary of the more significant policies.

B. Basis of Presentation – Basis of Accounting

1. Basis of Presentation

- a. Government-Wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

- b. Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- (1) General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation – Basis of Accounting Continued

2. Measurement Focus, Basis of Accounting

- a. Government-Wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.
- b. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

C. Financial Statement Amounts

1. Property Taxes: Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**C. Financial Statement Amounts Continued**

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

2. **Capital Assets:** Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Building	30
Equipment	5
Vehicles	7

3. **Receivable and Payable Balances:** The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.
4. **Use of Estimates:** The preparation of financial statements in conformity with GAAP requires the use of management's estimates.
5. **Budgets:** The official District budget was prepared for adoption for all Governmental Fund Types by the Commissioners.
6. **Encumbrances:** Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at year-end.
7. **Inventory:** The District records purchases of supplies as expenditures. If any supplies are on hand at the end of the year, their total cost is recorded as inventory and the fund balance is reserved for the same amount.

JEFFERSON COUNTY EMERGENCY SERVICE DISTRICT #1**NOTES TO THE FINANCIAL STATEMENTS****SEPTEMBER 30, 2022****NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****D. Government-wide Fund Balance – Governmental Funds**

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

- a. Non-Spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The District has \$0 classified as Non-Spendable.
- b. Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The District has \$0 classified as Restricted.
- c. Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year end. The District has \$0 classified as Committed.
- d. Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Director. The District has \$0 classified as Assigned.
- e. Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds. The District has \$247,726 classified as Unassigned.

The appointed board of directors, for the entity, has no authority to commit, assign, or restrict fund balances. In some instances a restriction is a result of meeting contractual or otherwise legal requirements, for example debt service requirements contained in the bond covenant.

NOTE 2 – DEPOSITS, SECURITIES AND INVESTMENTS

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank, approved pledged securities 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.

Cash Deposits: The District's cash deposits at September 30, 2022 and during the year ended September 30, 2022, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

As to Section 775.0821(a)(3) of the Texas Health and Safety Code, the \$250,000 threshold is the final end of the year balance once all the accrued expenses have been paid. Therefore, the District has cash available for us of \$235,479, see below.

Cash and cash equivalents	\$ 256,353
Accounts payable	<u>(20,874)</u>
Cash available for use	<u>\$ 235,479</u>

NOTE 2 – DEPOSITS, SECURITIES AND INVESTMENTS (CONTINUED)

Investments: The District is required by Government Code Chapter 2256, the Public Funds Investment Act, 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, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

The District's had no investments at September 30, 2022.

Investment Accounting Policy: The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Non-negotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

JEFFERSON COUNTY EMERGENCY SERVICE DISTRICT #1**NOTES TO THE FINANCIAL STATEMENTS****SEPTEMBER 30, 2022****NOTE 3 – FIXED ASSETS**

The following is a summary of changes in the fixed assets for the year ended September 30, 2022:

	Beginning Balances	Additions	Deletions	Ending Balances
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Construction in Progress	\$ -	\$ 36,675	\$ -	\$ 36,675
<i>Capital Assets Being Depreciated:</i>				
Building	8,744	-	-	8,744
Equipment	212,613	22,273	-	234,886
Vehicles	457,967	-	-	457,967
Total Capital Assets Being Depreciated	679,324	22,273	-	701,597
Less Accumulated Depreciation For:				
Building	(2,396)	(255)	-	(2,651)
Equipment	(146,306)	(23,639)	-	(169,945)
Vehicles	(450,774)	(7,193)	-	(457,967)
Total Accumulated Depreciation	(599,476)	(31,087)	-	(630,563)
Governmental Activities Capital Assets, Net	\$ 79,848	\$ 27,861	\$ -	\$ 107,709

Depreciation was charged to government-wide statement of activities as follows:

	2022
Fire and emergency services	\$ 31,087
	\$ 31,087

NOTE 4 – LITIGATION

None.

NOTE 5 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 15, 2023, the date the financial statements were available to be issued. No instances existed that would require disclosure.

JEFFERSON COUNTY EMERGENCY SERVICE DISTRICT #1**BUDGETARY COMPARISON SCHEDULE****SEPTEMBER 30, 2022**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Property taxes, penalties and interest	\$ 189,141	\$ 189,141	\$ 191,248	\$ 2,107
Interest Income	295	295	292	(3)
Grant Income	49,500	49,500	49,455	(45)
Other miscellaneous	5,901	5,901	5,821	(80)
Total Revenues	<u>\$ 244,837</u>	<u>\$ 244,837</u>	<u>\$ 246,816</u>	<u>\$ 1,979</u>
Expenditures:				
General government	77,632	77,632	78,527	895
Fire and Emergency Services	159,003	159,003	172,731	13,728
Total expenditures	<u>236,635</u>	<u>236,635</u>	<u>251,258</u>	<u>14,623</u>
Excess of Revenues Over (Under) Expenditures	<u>8,202</u>	<u>8,202</u>	<u>(4,442)</u>	<u>(12,644)</u>
Fund Balance at Beginning of Year	<u>252,168</u>	<u>252,168</u>	<u>252,168</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 260,370</u>	<u>\$ 260,370</u>	<u>\$ 247,726</u>	<u>\$ (12,644)</u>

Notes to Required Supplementary Information:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Reconciliation of Budget to GAAP Basis**Sources/ Inflows of resources**

Actual amounts (budgetary basis) "available for appropriations"
from the budgetary comparison schedule

\$ 244,837

Differences - budget to GAAP

None.

-

Total revenues as reported on the statement of revenues,
expenditures, and changes in fund balances - governmental funds.

\$ 244,837**Uses/ Outflows of resources**

Actual amounts (budgetary basis) "total charges for appropriations"
from the budgetary comparison schedule

\$ 236,635

Differences - budget to GAAP

Capital purchases that are expenditures for budgetary purposes but are
additions to capital assets for GAAP statements.

58,948

Total expenditures as reported on the statement of revenues,
expenditures, and changes in fund balances - governmental funds.

\$ 177,687