

**Southeast Leon County Emergency  
Services District No. 1**

**ANNUAL FINANCIAL REPORT**

**For the Year Ended September 30, 2024**

**Southeast Leon County Emergency Services District No. 1**  
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**September 30, 2024**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
Southeast Leon County Emergency Services District No. 1  
Centerville, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and the general fund of Southeast Leon County Emergency Services District No. 1 (District) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Southeast Leon County Emergency Services District No. 1 as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **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 on pages 3-8 and 22-23 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

*Frank Campos & Associates PLLC*

Frank Campos & Associates, PLLC  
Palestine, Texas  
May 5, 2025

# Southeast Leon County Emergency Services District No. 1

## Management's Discussion and Analysis

### September 30, 2024

Management's discussion and analysis provides a narrative overview of the financial activities and changes in financial position of Southeast Leon County Emergency Services District No. 1 (the District) for the fiscal year ended September 30, 2024. Readers should use the additional required notes included in the basic financial statements of the District along with this information.

#### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,566,610 (net position). The unrestricted net position, which represents amounts available to meet the District's ongoing obligations to citizens and creditors, was a positive balance of \$1,469,715.
- The District's total net position increased \$217,290.
- At the close of the current fiscal year, the District's general fund reported fund balance of \$1,391,295, an increase of \$129,126 in comparison with the prior year. 100% of this amount is available for spending at the District's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of committed, assigned, and unassigned components of fund balance) for the general fund was \$1,391,295, or approximately 269% of total general fund expenditures.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of two components: (1) government-wide financial statements, which include the fund financial statements, and (2) the notes to the financial statements. This report also includes required supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide reader with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources, with the difference 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 District's net position changed during the most recent 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 for some items that will only result in cash flows in future 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 (business-type activities). The governmental activities of the District includes tax appraisal. The District does not have any business-type activities.

The government-wide financial statements can be found on pages 9-10 of this report.

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**Management's Discussion and Analysis**  
**September 30, 2024**

**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. The District only operates one fund – the general fund – which is a governmental fund.

**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 assessing a government'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*.

As previously stated, the District maintains only one fund – the general fund. The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule, which can be found on page 22-23 of this report, has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 9-10 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-21 of this report.

## **GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,566,610, at the close of the most recent year.

**Southeast Leon County Emergency Services District No. 1**  
**Management's Discussion and Analysis**  
**September 30, 2024**

**Summary Statement of Net Position**

	2024	2023
<b>ASSETS</b>		
Current and other assets	\$ 1,469,715	\$ 1,333,998
Capital assets, net	96,895	23,271
Total Assets	<u>\$ 1,566,610</u>	<u>\$ 1,357,269</u>
<b>LIABILITIES</b>		
Other liabilities	\$ -	\$ 7,949
Total Liabilities	<u>-</u>	<u>7,949</u>
<b>NET POSITION</b>		
Net investment in capital assets	96,895	23,271
Unrestricted	1,469,715	1,326,049
Total Net Position	<u>1,566,610</u>	<u>1,349,320</u>
Total Liabilities and Net Position	<u>\$ 1,566,610</u>	<u>\$ 1,357,269</u>

Current and other assets increased by \$135,717 (10%) mostly due to a 10% increase in cash and cash equivalents and investments caused by net operations, the purchase of certificates of deposit for \$400,000 during the year, and the purchase of an ambulance chassis for \$74,751 during the year. Capital assets increased by \$73,624 (316%) from the prior year due to the net of depreciation of \$1,127 and the purchase of an ambulance chassis for \$74,751.

Other liabilities decreased by \$7,949 (100%) from the prior year due to the timing of stipends for firefighters at yearend.

A portion of the District's net position, \$96,895, reflects its investment in capital assets (e.g., buildings and improvements; furniture, fixtures, and equipment; right-to-use leased equipment; and SBITA assets), net of accumulated depreciation and amortization and less any related outstanding debt that was used to acquire those assets. The District uses these capital assets to provide emergency services to its district. Accordingly, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

As of the end of the current year, the District's unrestricted net position was \$1,469,715. The District's overall net position increased \$217,290 from the prior fiscal year. The reason for this overall increase is discussed below.

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**Summary Changes in Net Position**

	2024	2023
<b>REVENUES</b>		
Property taxes	\$ 658,351	\$ 635,207
Interest and other	3,208	2,489
Total Revenues	661,559	637,696
<b>EXPENSES</b>		
General	33,216	28,532
Emergency services	411,053	373,527
Total Expenses	444,269	402,059
Increase in net position	217,290	235,637
Net position - beginning of year	1,349,320	1,113,683
Net position - end of year	<u>\$ 1,566,610</u>	<u>\$ 1,349,320</u>

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$217,290 from the prior fiscal year for an ending balance of \$1,566,610. The increase in the overall net position of governmental activities is primarily due to a 4% increase in total revenue and a 10% increase in total expenses.

Total revenue increased \$23,863 (4%) from the prior year primarily due to an increase in property taxes despite the decrease in the tax rate because of the 18% increase in the assessed tax value of property. Total expenses increased \$42,210 (10%) from the prior year primarily due to a 16% increase in general expenses and a 10% increase in emergency services expenses. General expenses increased primarily due to an increase in appraisal District fees. Emergency services expenses increased primarily due to an increase in the contracts with Centerville Volunteer Fire Department and Leona Volunteer Fire Department as well as the additional \$15,000 the District awarded each volunteer fire department for wildfire relief. In addition, the District stopped paying stipends to the firefighters and started paying more of their insurance, so stipend pay decreased by \$11,663 and insurance increased by \$9,363.

## **FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

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

**Governmental Funds.** The focus of the District's governmental fund is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing arrangements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's Board of Directors.

At September 30, 2024, the District's governmental fund reported fund balance of \$1,391,295, an increase of \$129,126 in comparison with the prior year. 100% of this amount constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is (1) not in spendable form; (2) not spendable because it is legally required to be maintained intact; (3) restricted for particular purposes; (4) committed for particular purposes; or (5) assigned for particular purposes.

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*Analysis of Individual Funds*

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,391,295. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 315% of total general fund expenditures, while total fund balance also represents 269% of the same amount.

The fund balance of the District's general fund increased by \$129,126 during the current fiscal year due to a total increase in revenue of 2% and a total increase in expenditures of 29%. Total revenue increased by \$11,540 (2%) primarily due to an increase in property tax revenue because of the increase in assessed tax value of property. Total expenditures increased by \$116,959 (29%) primarily due to the purchase of an ambulance chassis for \$74,751; an increase in general government expenditures due to an increase in appraisal district fees; and an increase in emergency services expenditures due to an increase in contracts with local volunteer fire departments, wildlife relief payments to the volunteer fire departments, and an increase in insurance for firefighters net with a decrease in stipends to firefighters.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

***Original budget compared to final budget.*** During the year, no amendments were made to change budgeted expenditures.

***Final budget compared to actual results.*** Total expenditures of 517,893 exceeded appropriations of \$451,850 by \$66,043 because the budget was not formally amended for the purchase of the ambulance chassis for \$74,751 during the year.

**CAPITAL ASSETS**

The District's investment in capital assets for its governmental activities as of September 30, 2024, amounts to \$96,895 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings, and equipment. The total increase in capital assets for the current fiscal year was 316% and was primarily due to the purchase of an ambulance chassis for \$74,751.

**Capital Assets**

	2024	2023
Land	\$ 7,860	\$ 7,860
Construction in progress	74,751	-
Buildings	14,195	15,142
Equipment	89	269
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 96,895</u>	<u>\$ 23,271</u>

Additional information on the District's capital assets can be found in Note 5 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

With rural populations showing a trend of aging, there tends to be a higher demand placed on emergency services. Sparsely populated regions lead to higher costs for emergency services, but there are fewer tax dollars to fund emergency services programs. Additionally, poor access to training

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and medical supervision, higher response times, dated equipment, inadequate insurance reimbursement for services, and insufficient communications systems all combine to make rural emergency services an area of critical concern.

The following factors were considered in developing the 2025 fiscal year budget which was adopted in August 2024.

- The District anticipates a \$97,840 (15%) increase in property tax revenue due to an increase in tax assessed value of property with no change in the tax rate.
- The District anticipates an increase in education and training expenditures of about \$5,000 in 2025.
- The District anticipates an increase in legal and professional expenditures of about \$4,000 in 2025.
- The District anticipates an increase in insurance for firefighters of \$14,515 (138%) in 2025.
- Overall, the District anticipates a decrease in total expenditures of about \$47,043 (9%) and an increase in total revenue of about \$96,909 (15%) as compared to actual current year expenditures.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances for all those with an interest in the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to LaKeitha Bell, Treasurer, Southeast Leon County Emergency Services District No. 1, P.O. Box 601, Centerville, Texas 75833.

**Southeast Leon County Emergency Services District No. 1**  
**Statement of Net Position and Governmental Fund Balance Sheet**  
**September 30, 2024**

	General Fund	Adjustments	Governmental Activities
<b>ASSETS</b>			
Cash and cash equivalents	\$ 985,925	\$ -	\$ 985,925
Investments	400,000	-	400,000
Property tax receivable, net of allowance for estimated uncollectible accounts	83,790	-	83,790
Capital assets, net of accumulated depreciation	-	14,284	14,284
Capital assets not being depreciated	-	82,611	82,611
Total Assets	<u>1,469,715</u>	<u>96,895</u>	<u>1,566,610</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue - property taxes	\$ 78,420	\$ (78,420)	\$ -
Total Deferred Inflows of Resources	78,420	(78,420)	-
<b>FUND BALANCE/NET POSITION</b>			
Fund Balance:			
Unassigned	1,391,295	(1,391,295)	-
Total Fund Balance	<u>1,391,295</u>	<u>(1,391,295)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,469,715</u>		
Net Position:			
Net investment in capital assets		96,895	96,895
Unrestricted		1,469,715	1,469,715
Total Net Position		<u>\$ 1,566,610</u>	<u>\$ 1,566,610</u>

See accompanying notes to the financial statements.

**Southeast Leon County Emergency Services District No. 1**  
**Statement of Activities and Statement of Revenues, Expenditures, and Changes in Fund**  
**Balance**  
**For The Year Ended September 30, 2024**

	General Fund	Adjustments	Governmental Activities
<b>EXPENDITURES/EXPENSES</b>			
Current:			
General	\$ 32,089	\$ 1,127	\$ 33,216
Emergency services	411,053	-	411,053
Capital outlay	74,751	(74,751)	-
Total Expenditures/Expenses	<u>517,893</u>	<u>(73,624)</u>	<u>444,269</u>
<b>GENERAL REVENUES</b>			
Property tax	643,811	14,540	658,351
Interest and other	3,208	-	3,208
Total General Revenues	<u>647,019</u>	<u>14,540</u>	<u>661,559</u>
 Change in Fund Balance/Net Position	 129,126	 88,164	 217,290
<b>FUND BALANCE/NET POSITION</b>			
Beginning	1,262,169	87,151	1,349,320
Ending	<u>\$ 1,391,295</u>	<u>\$ 175,315</u>	<u>\$ 1,566,610</u>

See accompanying notes to the financial statements.

**Southeast Leon County Emergency Services District No. 1**  
**Notes to the Financial Statements**  
**September 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Southeast Leon County Emergency Services District No. 1 (the District) was created to provide emergency ambulance, fire services, and medical aid to the residents of the District. The District was formed at the end of 2000 as a result of a special election held on November 7, 2000, and passed by the residents of the District. The District provides emergency services to the southeastern geographic portion of Leon County. It is a governmental unit of the state of Texas and is not subject to federal taxes under the Internal Revenue Code. Furthermore, it is not subject to state sales tax. The District was created and operates under Article III, Section 48-e, of the Texas Constitution, as proposed by S.J.R. No. 27, Acts of the 70th Legislature, Regular Session, 1987.

The District is governed by a Board of Commissioners that acts as the authoritative and legislative body of the entity. The Board of Commissioners elects officers for the following positions: President/Chairman, Vice-President, Treasurer, Assistant Treasurer, and Secretary. No board member receives compensation for serving on the Board.

The District does not meet the criteria for inclusion as a component of any entity, nor does any entity meet the criteria for inclusion as a component unit of the District.

**B. Basis of Presentation**

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements include all organizations, activities, and functions that comprise the District.

***Government-wide Financial Statements***

The government-wide financial statements (i.e., the state of net position and the statement of activities) report information on all nonfiduciary activities of the primary government and its component units, when applicable. All fiduciary activities, when applicable, are reported only in the fund financial statements. Governmental activities, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, when applicable, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units, when applicable, for which the primary government is financially accountable.

Government-wide and fund financial statements are interrelated. The governmental activities column incorporates data from governmental funds and internal services, when applicable, while business-type activities incorporate data from the enterprise funds, when applicable. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, when applicable, even though the latter are excluded from the government-wide financial statements. Because the District only operates one fund – the general fund – and it's a governmental fund, the District's government-wide financial statements do not have a column for business-type activities, and the fund financial statements do not include statements for proprietary or fiduciary funds.

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**Notes to the Financial Statements**  
**September 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (Continued)**

***Government-wide Financial Statements (Continued)***

As a general rule, the effect of interfund activity, when applicable, is eliminated from the government-wide financial statements.

***Governmental Fund Financial Statements***

The fund financial statements provide information about the District's funds. Separate statements are provided for each fund category – governmental, proprietary, and fiduciary, when applicable. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds if applicable.

The only fund of the financial reporting entity is the general fund which is the primary operating fund. It accounts for all financial resources of the District. The District does not utilize any other funds.

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations, when applicable, are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in governmental funds. Issuances of long-term debt and financing through leases are reported as other financing sources. Property taxes and sales taxes associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

**Southeast Leon County Emergency Services District No. 1**  
**Notes to the Financial Statements**  
**September 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***Cash and Cash Equivalents***

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term highly-liquid investments with original maturities of three months or less from the date of acquisition. The District has an interest-earning demand deposit account with Citizens State Bank.

***Investments***

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated in fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at yearend.

The District has one certificate of deposit that is reported at cost plus accrued interest.

***Receivables***

In the government-wide statement of net position, receivables consist of all revenues earned at yearend and not received at yearend. In the governmental fund balance sheet, receivables consist of property taxes and sales taxes assessed but not collected at yearend. The District uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience.

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***Capital Assets***

Capital assets are tangible and intangible assets, which include buildings, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

As the District constructs or acquires capital assets each period, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets, when applicable, follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

**Southeast Leon County Emergency Services District No. 1**  
**Notes to the Financial Statements**  
**September 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***Capital Assets (Continued)***

Land and construction in progress, if applicable, are not depreciated. The other capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15-39
Equipment	5-10
Vehicles	7-15

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources if applicable. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

***Long-term Debt***

Long-term debt for governmental funds is not reported as a liability in the balance sheet until due. The debt proceeds are reported as other financing sources, net of applicable premium or discount, and payments of principal and interest are reported as expenditures. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position.

***Program Revenues***

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**Southeast Leon County Emergency Services District No. 1**  
**Notes to the Financial Statements**  
**September 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***Expenses/Expenditures***

On an accrual basis of accounting (government-wide financial statements), expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

***Fund Balances***

In governmental fund types, the difference net of assets and deferred outflows of resources less liabilities and deferred inflows of resources is called fund balance. The District's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

**Nonspendable Fund Balance** – represents amounts that are either not in a spendable form (e.g., inventory, prepaids, etc.) or are legally or contractually required to remain intact (e.g., notes receivable).

**Restricted Fund Balance** – represents amounts that can be spent only for specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

**Committed Fund Balance** – represents amounts that can be used only for the specific purposes determined by an action of the District's highest level of decision-making authority, the Board of Commissioners prior to the end of the fiscal year. Once adopted, the limitation imposed remains in place until the resources have been spent for the specified purpose or the Board of Commissioners removes or changes the specified use by the same type of action previously used to commit those amounts.

**Assigned Fund Balance** – represents amounts that are intended to be used by the District for a specific purpose but do not meet the criteria to be classified as committed. Intent may be stipulated by the Board or by an official or body to which the Board delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Unassigned Fund Balance** – represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

**Southeast Leon County Emergency Services District No. 1**  
**Notes to the Financial Statements**  
**September 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***Fund Balance (Continued)***

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***Net Position***

For government-wide reporting, the net of assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

**Net Investment in Capital Assets** – represents capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

**Restricted Net Position** – represents restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

**Unrestricted Net Position** – represents the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amount to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Southeast Leon County Emergency Services District No. 1**  
**Notes to the Financial Statements**  
**September 30, 2024**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

The Statement of Net Position and Governmental Fund Balance Sheet include adjustments between fund balance and net position. The reasons for these adjustments follow:

Total fund balance - balance sheet	\$ 1,391,295
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the governmental fund balance sheet.

Land	7,860
Construction in progress	74,751
Equipment	899
Building	36,900
Accumulated depreciation	(23,515)

Deferred outflows of resources are not available to pay current period expenditures and, therefore, are deferred in the governmental fund balance sheet.

78,420

Total net position - statement of net assets	<u><u>\$ 1,566,610</u></u>
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**Southeast Leon County Emergency Services District No. 1**  
**Notes to the Financial Statements**  
**September 30, 2024**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities**

The Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance include adjustments between the change in fund balance and the change in net position. The reasons for these adjustments follow:

Net change in fund balances - statement of revenues, expenditures, and changes in fund balance	\$ 129,126
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Amounts reported for governmental activities in the statement  
of activities are different because:

Governmental funds report capital outlays as expenditures.  
However, in the statement of activities, the cost of those  
assets is allocated over their estimated useful lives and  
reported as depreciation expense.

Capital outlay	74,751
Depreciation	(1,127)

Some revenues will be collected after yearend, but are not  
available soon enough to pay current year's expenditures  
and, therefore, are not reported in the governmental  
funds balance sheet.

14,540

Governmental activities net position - statement of net assets	<u>\$ 217,290</u>
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**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

As required by law, an annual budget is adopted for the general fund, which serves as a planning tool. The budget is prepared using the same method of accounting as for financial reporting. Encumbrance accounting is not utilized. The legal level of budgetary control (i.e., the level at which expenditures may not legal exceed appropriations) is total fund expenditures.

**B. Excess of Expenditures Over Appropriations**

For the year ended September 30, 2024, total District's total expenditures were \$66,043 more than total appropriations.

**C. Deficit Fund Equity**

At September 30, 2024, the District did not report any deficit balances in any category of fund balance or net position.

**Southeast Leon County Emergency Services District No. 1**  
**Notes to the Financial Statements**  
**September 30, 2024**

**NOTE 4 – CASH AND INVESTMENTS**

As of September 30, 2024, the District had the following cash and investments:

Cash and cash equivalents	\$ 985,925
Certificates of deposit	<u>400,000</u>
Total cash and investments	<u>\$1,385,925</u>

The certificates of deposit have a weighted average maturity of 212 days.

***Custodial Credit Risk – Deposits***

In the case of deposits, this custodial credit risk is the risk that, in the event of a bank's failure, the District's deposits may not be returned to it. The bank deposits are required to be covered by federal deposit insurance or by collateral held by the depository bank in the District's name. As of September 30, 2024, the District's total bank balance was \$1,418,705. Of this amount, \$250,000 was insured by FDIC insurance and the remaining \$1,168,705 was collateralized by securities pledged to the District held by the pledging financial institution.

**Interest Rate Risk**

Interest rate risk is the risk that adverse changes to interest rates will result in an adverse effect on the fair value of an investment. It's the District's policy to invest in short-term securities to protect market valuation from unanticipated rate movements.

**Credit Risk**

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. It's the District's policy to identify suitable investment options, preserve principal by investing in options with limited perceived credit risk, and to diversify investment types.

**Concentration of Credit Risk**

The concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single insurer. It is the District's policy to monitor the value of securities pledged against the District's deposits. As of September 30, 2024, 100% of the District's carrying value of cash and investments was deposited at one depository bank and adequately secured as described above.

**Southeast Leon County Emergency Services District No. 1**  
**Notes to the Financial Statements**  
**September 30, 2024**

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2024 was as follows:

	Balance 9/30/2023	Additions	Deletions	Balance 9/30/2024
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 7,860	\$ -	\$ -	\$ 7,860
Construction in progress	-	74,751	-	74,751
Total capital assets not being depreciated	7,860	74,751	-	82,611
<b>Capital Assets Being Depreciated</b>				
Building	36,900	-	-	36,900
Equipment	899	-	-	899
Total capital assets being depreciated	37,799	-	-	37,799
<b>Accumulated Depreciation</b>				
Building	(21,758)	(947)	-	(22,705)
Equipment	(630)	(180)	-	(810)
Total accumulated depreciation	(22,388)	(1,127)	-	(23,515)
Total capital assets, net of accumulated depreciation	<u>\$ 23,271</u>	<u>\$ 73,624</u>	<u>\$ -</u>	<u>\$ 96,895</u>

Depreciation expense of \$1,126 was charged entirely to the general function of governmental activities.

**NOTE 6 – PROPERTY TAXES**

Property taxes are levied October 1 on the assessed value listed as of January 1 of the same year for all real or personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to penalties if not paid by February 1 of the year following the levy date. On January 31 of the year following the October 1 levy, a tax lien attached to property to secure the payment of all taxes and penalties is imposed for all unpaid taxes.

The appraisal and recording of all property within the District is the responsibility of the Leon County Appraisal District (LCAD), an independent governmental unit. Under an Interlocal Cooperation Agreement for Ad Valorem Tax Collection Services (ICA) between Leon County and the District, property taxes are collected by Leon County Tax Assessor Collector and forwarded to the District. The District paid LCAD \$18,460 for appraisal fees and Leon County \$3,268 for tax assessor fees during the year ended September 30, 2024.

The property tax rates, established in accordance with state laws, were based on 100% of the net appraised valuation of real property within the District on the 2022 tax roll. The assessed value of the 2023 roll, upon which the current fiscal year was based, was \$724,952,360.

The tax rates assessed for the current period, to finance general fund operations for the fiscal year ended September 30, 2024, was \$0.09 per \$100 valuation of assessed property. This amount was \$662,243 per the Tax Assessor.

**Southeast Leon County Emergency Services District No. 1**  
**Notes to the Financial Statements**  
**September 30, 2024**

**NOTE 6 – PROPERTY TAXES (CONTINUED)**

Per the Government Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, property taxes are recognized as revenues when levied. Under the accrual basis of accounting (government-wide financial statements), property tax revenue is recognized on October 1 of the current year. However, under the modified accrual basis (government fund statement), property tax is recognized as revenue only when it is both “measurable and available.” Revenues that are collected within sixty days of the end of the current fiscal period are considered to be available if used to pay liabilities of the current period.

Management estimates uncollectible accounts based on historical collections. The balance of estimated uncollectible accounts as of September 30, 2024 is \$99,263.

Uncollected property taxes of \$78,420 as of September 30, 2024 are recognized as revenue in the government-wide financial statement and as deferred revenue in the governmental fund statement.

**NOTE 7 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage for each of these risks of loss. The Board of Commissioners believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims did not exceed this commercial insurance coverage during the past three years.

**NOTE 8 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through May 5, 2025, the date the financial statements were available to be issued.

# Southeast Leon County Emergency Services District No. 1

## Budgetary Comparison Schedule General Fund

For The Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property tax	\$ 685,290	\$ 685,290	\$ 643,811	\$ (41,479)
Interest income and other	2,055	2,055	3,208	1,153
Total Revenue	687,345	687,345	647,019	(40,326)
<b>EXPENDITURES</b>				
General				
Audit	6,500	6,500	7,449	(949)
Bond	400	400	400	-
Central appraisal district	17,500	17,500	18,460	(960)
Dues	550	550	-	550
Education and training	4,500	4,500	-	4,500
Insurance	1,200	1,200	991	209
Legal and professional	4,000	4,000	-	4,000
Office supplies	400	400	588	(188)
Postage	100	100	103	(3)
Public notices	100	100	56	44
Tax assessor	4,100	4,100	3,268	832
Web page	500	500	-	500
Miscellaneous	2,000	2,000	774	1,226
Total General	41,850	41,850	32,089	9,761
Emergency Services				
Contractual obligations	370,000	370,000	399,827	(29,827)
Insurance for firefighters	25,000	25,000	10,485	14,515
Stipends for firefighters	15,000	15,000	741	14,259
Total Emergency Services	410,000	410,000	411,053	(1,053)
Capital Outlay	-	-	74,751	(74,751)
Total Expenditures	451,850	451,850	517,893	(66,043)
Excess of Revenues over Expenditures	235,495	235,495	129,126	(106,369)
Net Change in Fund Balance	<u>\$ 235,495</u>	<u>\$ 235,495</u>	129,126	<u>\$ (106,369)</u>
Fund Balance - beginning of year			1,262,169	
Fund Balance - end of year			<u>\$ 1,391,295</u>	

**Southeast Leon County Emergency Services District No. 1**  
**Notes to the Budgetary Comparison Schedule**  
**September 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Budgetary Process**

The budgetary process has not historically been prescribed by law. However, Texas Health and Safety Code, Section 776.05 was amended on June 17, 2012 by Senate Bill 917 to read, "The board may not set the tax rate for a fiscal year before the date the board adopts a budget for that fiscal year." The Board approved in August 2023 the budget for the fiscal year ended September 30, 2024, based on the known property tax assessment available for the year, and the tax rate was set accordingly.

**B. Estimated Resources**

As part of the District's budgetary process, the Board approves the official estimated revenues projected for the District. The estimated revenue is calculated from information from the Leon County Appraisal District.

**C. Appropriations**

Estimated appropriations are prepared for the annual budget. All appropriations, no matter how small or how large, must be approved by the Board before remittance, whether or not they are included in the budget.

**D. Budgetary Basis of Accounting**

The District's budget is prepared on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

**NOTE 2 – BUDGET VARIANCES**

Total actual expenditures of \$517,893 were \$66,043 more than budgeted expenditures of \$451,850 for the year ended September 30, 2024.