



**ATASCOSA COUNTY
EMERGENCY SERVICES DISTRICT NO. 1**

ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30, 2023**



ATASCOSA COUNTY EMERGENCY SERVICES DISTRICT NO.1
DISTRICT OFFICIALS
SEPTEMBER 30, 2023

PRESIDENT

DOMINICA “NIKKI” FUENTES

VICE PRESIDENT

KENNETH STEFFENS

TREASURER

TOMMY KRISCH

SECRETARY/ASSISTANT TREASURER

LEE REDOUX

ATTORNEY

SANCHEZ & WILSON, PLLC

ATASCOSA COUNTY EMERGENCY SERVICES DISTRICT NO.1
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

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Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

District Commissioners
Atascosa County Emergency Services District No.1

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund information of Atascosa County Emergency Services District No.1 as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Atascosa County Emergency Services District No.1'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 major fund information of Atascosa County Emergency Services District No.1, as of September 30, 2023, and the respective changes in financial position thereof 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 (GAAS). 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 Atascosa County Emergency Services District No.1 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 obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Atascosa County Emergency Services District No.1's 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, 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 Atascosa County Emergency Services District No.1's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 GAAS 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 GAAS, we:

- Exercise professional judgement 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 Atascosa County Emergency Services District No.1'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Atascosa County Emergency Services District No.1'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 as listed in the table of contents 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 inquires 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.

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.

March 14, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Atascosa County Emergency Services District No.1’s annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year ended September 30, 2023. Please read it in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District’s total net position was \$194 thousand at September 30, 2023.
- During the year, the District’s expenses were \$66 thousand less than the \$241 thousand generated in taxes and interest income for governmental activities.
- The general fund reported a fund balance this year of \$179 thousand, an increase of \$61 thousand.
- This is the second full year of operations for 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 the District’s Annual Financial Report

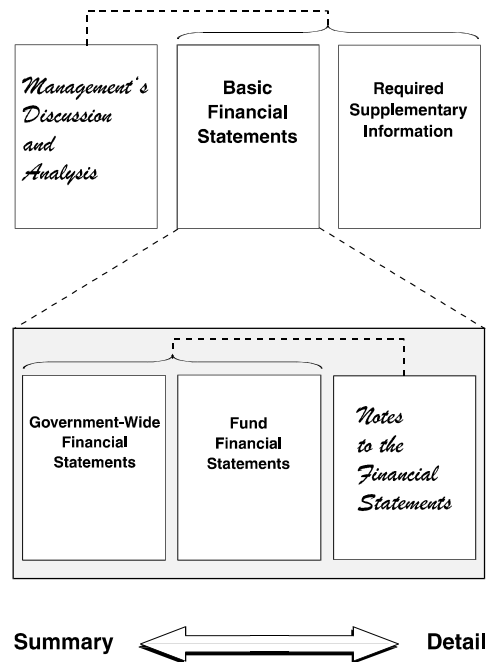


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements		
		Fund Statement
<i>Type of Statements</i>	Government-wide	Governmental Funds
<i>Scope</i>	Entire District's government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures & changes in fund balances
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

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 plus deferred outflows and liabilities plus deferred inflows—is one way to measure the District’s financial health or *position*.

- Over time, increases or decreases in the District’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- 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 emergency services and general administration. Property and sales taxes finance most of these activities.

Fund Financial Statements

The District has the following kinds of funds:

- *Governmental funds*—All 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

The District’s combined net position was \$194 thousand at September 30, 2023. (See Table A-1).

Table A-1
Statement of Net Position

	Governmental Activities		Total Percentage Change
	2023	2022	
Cash and Cash Equivalents	\$ 177,169	\$ 117,510	50.8%
Receivables	15,087	10,128	49.0%
Prepaid Expenses	1,454	-	100.0%
TOTAL ASSETS	193,710	127,638	51.8%
Current Liabilities	-	-	0.0%
TOTAL LIABILITIES	-	-	0.0%
Unrestricted	193,710	127,638	51.8%
TOTAL NET POSITION	\$ 193,710	\$ 127,638	51.8%

Governmental Activities

- The District’s total revenues were \$241 thousand, a 16% increase from the prior fiscal year.
- The total cost of all programs and services was \$175 thousand.
- The main expense for the District is from the Volunteer Fire Department which is \$132,000 in current year.
- The District’s overall change in net position for current fiscal year is 52% from the prior year.

Table A-2
Changes in District's Net Position

	Governmental Activities		Total Percentage Change
	2023	2022	
General Revenues			
Property Taxes	\$ 240,896	207,425	16.1%
Interest Income	65	6	983.3%
Miscellaneous Income	4	1	300.0%
Total Revenues	<u>240,965</u>	<u>207,432</u>	16.2%
General Administration	42,893	17,927	139.3%
Emergency Services	132,000	55,790	136.6%
Debt Service	-	266	-100.0%
Total Expenses	<u>174,893</u>	<u>73,983</u>	136.4%
Change in Net Position	66,072	133,449	-50.5%
Net Position at Beginning of Year	<u>127,638</u>	<u>(5,811)</u>	-2296.5%
Net Position at End of Year	<u>\$ 193,710</u>	<u>\$ 127,638</u>	51.8%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues for the general fund totaled \$236 thousand. This is the second year the District received property tax and other revenues. Expenditures increased from \$74 thousand to \$175 thousand as the District is providing funding for Lytle Volunteer Fire Department.

General Fund Budgetary Highlights

Revenues were under budget by \$78 thousand and similarly, expenditures are under budget by \$80 thousand in the current fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The property tax rate for the 2023 budget preparation was \$0.100000 per \$100 valuation. However, increases in valuations is expected to generate \$100 thousand more property tax revenue. General fund expenditures are expected to increase to \$161 thousand from actual 2023 expenditures, with most of the expenses going to the Lytle VFD. The ESD will continue to seek funding and conduct feasibility studies for a new fire station.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide Atascosa County Emergency Services District No.1 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 Administrator by phone at 830-266-9351 or by mail to P.O. Box 1955, Lytle, Texas 78052.

ATASCOSA COUNTY EMERGENCY SERVICES DISTRICT NO.1
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2023

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board (GASB). The sets of statements include:

- Government – wide financial statements
- Fund financial statements:
 - General funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

ATASCOSA COUNTY EMERGENCY SERVICES DISTRICT NO.1
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2023

	Governmental Activities
ASSETS	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 177,169
Receivables:	
Property Taxes	15,087
Prepaid Expenses	1,454
<i>Total Current Assets</i>	193,710
TOTAL ASSETS	193,710
 NET POSITION	
Unrestricted	193,710
TOTAL NET POSITION	\$ 193,710

The accompanying notes are an integral part of these statements.

ATASCOSA COUNTY EMERGENCY SERVICES DISTRICT NO.1
STATEMENT OF ACTIVITIES
FOR YEAR ENDED SEPTEMBER 30, 2023

Functions and Programs	Expenses	Program Revenues		Net (Expenses), Revenues and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	
Primary Government:				
Governmental Activities:				
General Administration	\$ 42,893	\$ -	\$ -	\$ (42,893)
Emergency Services	132,000	-	-	(132,000)
Total Governmental Activities	174,893	-	-	(174,893)
Total Primary Government	\$ 174,893	\$ -	\$ -	(174,893)
General Revenues:				
Property Taxes				240,896
Interest income				65
Miscellaneous Income				4
Total General Revenues				240,965
Change in Net Position				66,072
Net Position at Beginning of Year				127,638
Net Position at End of Year				\$ 193,710

The accompanying notes are an integral part of these statements.

ATASCOSA COUNTY EMERGENCY SERVICES DISTRICT NO.1
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2023

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 177,169
Property Taxes Receivable	15,087
Prepaid Items	<u>1,454</u>
TOTAL ASSETS	<u><u>\$ 193,710</u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
<i>Deferred Inflows of Resources:</i>	
Unavailable Property Tax Revenue	<u>\$ 15,087</u>
<i>Total Deferred Inflows of Resources</i>	<u>15,087</u>
 <i>Fund Balance:</i>	
Nonspendable Fund Balance:	
Prepaid Items	1,454
Unassigned	<u>177,169</u>
<i>Total Fund Balance</i>	<u>178,623</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND	

The accompanying notes are an integral part of these statements.

ATASCOSA COUNTY EMERGENCY SERVICES DISTRICT NO.1
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS \$ 178,623

Amounts reported for governmental activities in the Statement of
Net Position are different because:

Property taxes receivable assets are not available to pay current period
expenditures and, therefore, are deferred in the funds statements. 15,087

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 193,710

The accompanying notes are an integral part of these statements.

ATASCOSA COUNTY EMERGENCY SERVICES DISTRICT NO.1
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund
REVENUES	
Property Taxes	\$ 235,937
Interest Income	65
Miscellaneous Income	4
TOTAL REVENUES	236,006
 EXPENDITURES	
Current:	
Emergency Services	132,000
Administrative	42,893
TOTAL EXPENDITURES	174,893
Net Change in Fund Balance	61,113
Fund Balance at Beginning of Year	117,510
Fund Balance at End of Year	\$ 178,623

The accompanying notes are an integral part of these statements.

ATASCOSA COUNTY EMERGENCY SERVICES DISTRICT NO.1
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 61,113
Amounts reported for governmental activities in the Statement of Activities are different because:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	<u>4,959</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 66,072</u></u>

The accompanying notes are an integral part of these statements.

ATASCOSA COUNTY EMERGENCY SERVICES DISTRICT NO.1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Atascosa County Emergency Services District No.1 is a political subdivision of the State of Texas and was created by successful passage of an election as authorized by Chapter 775 of the Texas Health and Safety Code and as ordered by the Atascosa County Commissioners Court in 2020. The District was created to provide emergency services and promote public safety, welfare, health and convenience of people residing in the District.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

A. THE FINANCIAL REPORTING ENTITY

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, "The Financial Reporting Entity." The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the forgoing criteria, there was no component units identified that would require inclusion in this report.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the District. Governmental activities are supported mainly by property tax.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds. The General Fund is the District's only fund and meets the criteria as *major governmental funds*.

ATASCOSA COUNTY EMERGENCY SERVICES DISTRICT NO.1
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2023

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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 related cash flows. Revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue and charges for services. Property taxes are recognized in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes which were levied prior to September 30, 2022, and became due October 1, 2022 have been assessed to finance the budget of the fiscal year beginning October 1, 2022.

Expenditures generally are recorded when an expense is incurred; however, expenditures related to compensated absences and claims and judgments are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the District and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes and investment of idle funds. Primary expenditures are for general administration and emergency services.

D. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the District.

ATASCOSA COUNTY EMERGENCY SERVICES DISTRICT NO.1
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2023

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

E. INVESTMENTS

State statutes authorize the District to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) 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; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d); or, (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

The District reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

F. ACCOUNTS RECEIVABLE

Accounts receivable are reported net of allowances for uncollectible accounts. The allowance account represents management's estimate of uncollectible accounts based on historical trends.

Property taxes are levied based on taxable value at January 1 and become due October 1 and past due after the following January 31. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property taxes receivable for prior year's levy is shown net of the allowance for doubtful accounts.

G. CAPITAL ASSETS

Capital assets, which include land; buildings and improvements; and equipment and vehicles, are reported in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$500 or more. Donated capital assets are recorded at estimated fair market value at the date of donation.

ATASCOSA COUNTY EMERGENCY SERVICES DISTRICT NO.1
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2023

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

G. CAPITAL ASSETS (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Estimated Life</u>
Vehicles & Equipment	2-4 years

Land, construction in progress and assets in progress are not depreciated.

H. UNAVAILABLE REVENUE/UNEARNED REVENUE

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenues not expected to be available for the current period are reflected as unavailable revenue (a deferred inflow of resources).

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues, if any, received in advance of expenses/expenditures are reflected as unearned revenue.

I. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under a modified basis of accounting. Unavailable revenues from property tax are deferred and recognized as an inflow of resources in the period the amounts become available.

ATASCOSA COUNTY EMERGENCY SERVICES DISTRICT NO.1
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2023

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

J. FUND EQUITY

Fund balances in governmental funds are classified as follows:

Nonspendable – Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted – Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed – Represents amounts that can only be used for a specific purpose because of a formal action by the District Commissioners. Committed amounts cannot be used for any other purpose unless the District Commissioners removes those constraints through the same formal action.

Assigned – Represents amounts which the District intends to use for a specific purpose but do not meet the criteria of restricted or committed. The District Commissioners are the only entities that may make assignments at this time.

Unassigned – Represents the residual balance that may be spent on any other purpose of the District.

When funds may be spent from multiple categories, the District spends restricted resources first, followed by committed, assigned and unassigned.

K. NET POSITION

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

L. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ATASCOSA COUNTY EMERGENCY SERVICES DISTRICT NO.1
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2023

NOTE 2 -- CASH AND INVESTMENTS

At September 30, 2023, the Districts cash was fully collateralized.

The District had no investments as of September 30, 2023.

NOTE 3 -- AD VALOREM (PROPERTY) TAXES

The District has contracted with the Atascosa County Tax Assessor-Collector to collect taxes on its behalf. Current year taxes become delinquent February 1. Current year delinquent taxes not paid by July 1 are turned over to attorneys for collection action.

For fiscal year 2023, the assessed tax rate for the District was \$0.1 per \$100 on an assessed valuation of \$241,524,055. As of September 30, 2023, the delinquent current taxes for 2023 was \$9,862. An allowance for uncollectible property taxes has not been established as of September 30, 2023, as management considers all amounts to be collectible.

NOTE 4 -- SERVICE PROVIDER

The District contracts with Lytle VFD to provide fire services to the area. The District provides monthly payments to the VFD based on available funds in the District's annual budget. The agreement expires on September 30, 2023 and then will renew on a month to month basis.

NOTE 5 -- LITIGATION

The District is not aware of any pending or likely litigation that would have a significant impact on these financial statements.

NOTE 6 -- RELATED PARTIES

The District's General Manager is also employed by the City of Lytle as the Chief of Lytle VFD. The District currently has a service agreement with the VFD to provide emergency services to the citizens of the District.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund

ATASCOSA COUNTY EMERGENCY SERVICES DISTRICT NO.1
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budget Amounts		Actual	Variance	2022
	Original	Final		Favorable (Unfavorable)	
REVENUES					
Property Taxes	\$ 240,000	236,800	\$ 235,937	\$ (863)	\$ 197,297
Interest Income	-	50	65	15	6
Miscellaneous Income	-	4	4	-	1
TOTAL REVENUES	<u>240,000</u>	<u>236,854</u>	<u>236,006</u>	<u>(848)</u>	<u>197,304</u>
EXPENDITURES					
Current:					
<i>Emergency Services</i>					
Lytle VFD	163,000	187,000	132,000	55,000	45,908
Salaries	30,000	17,900	17,905	(5)	9,882
<i>Administrative</i>					
Insurance and Bonds	3,000	1,437	1,437	-	1,439
Office Expenses	4,100	766	2,333	(1,567)	1,408
Training	30,000	4,572	4,458	114	2,003
Other Expenses	-	210	210	-	160
Legal	5,000	5,000	4,324	676	6,370
Tax Collection	7,400	7,445	7,226	219	6,547
Accounting	7,500	5,000	5,000	-	-
Debt Service:					
Interest	-	-	-	-	266
TOTAL EXPENDITURES	<u>250,000</u>	<u>229,330</u>	<u>174,893</u>	<u>54,437</u>	<u>73,983</u>
Net Change in Fund Balance	(10,000)	7,524	61,113	53,589	123,321
Fund Balance - Beginning	<u>117,510</u>	<u>117,510</u>	<u>117,510</u>	<u>-</u>	<u>(5,811)</u>
Fund Balance - Ending	<u><u>\$ 107,510</u></u>	<u><u>\$ 125,034</u></u>	<u><u>\$ 178,623</u></u>	<u><u>\$ 53,589</u></u>	<u><u>\$ 117,510</u></u>

ATASCOSA COUNTY EMERGENCY SERVICES DISTRICT NO.1
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SEPTEMBER 30, 2023

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The District maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District’s Commissioners and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund.

Actual expenditures may not legally exceed appropriations at the fund level. Actual expenditures did not exceed appropriations for the year ended September 30, 2023.

