



**WILSON COUNTY
EMERGENCY SERVICES DISTRICT NO. 2**

ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30, 2022**



WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2022

DISTRICT OFFICIALS

PRESIDENT	JOHN BURLESON
VICE PRESIDENT	FELITA RODRIGUEZ
SECRETARY	RUDY CANTU
TREASURER	DAVID NIETO
ASST. TREASURER	SHERRY HEATHERLY
WILSON COUNTY COMMISSIONER PCT.4	JOHN AKIN
ATTORNEY	LAW OFFICES OF LOUIS T. ROSENBERG, P.C.



WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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INDEPENDENT AUDITOR'S REPORT

District Commissioners
Wilson County Emergency Services District No. 2

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of Wilson County Emergency Services District No. 2 as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Wilson County Emergency Services District No. 2'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 funds of Wilson County Emergency Services District No. 2, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Wilson County Emergency Services District No. 2 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

Wilson County Emergency Services District No. 2'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 the Wilson County Emergency Services District No. 2'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 Wilson County Emergency Services District No. 2'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 Wilson County Emergency Services District No. 2'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, 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 (GASB), 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wilson County Emergency Services District No. 2's financial statements. The comparative statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The individual fund comparative statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Armstrong, Vaughan & Associates, P.C." The signature is fluid and cursive, with "Armstrong" on the first line, "Vaughan" on the second line, and "& Associates, P.C." on the third line.

Armstrong, Vaughan & Associates, P.C.

April 5, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Wilson County Emergency Services District No. 2's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended September 30, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position was \$149 thousand at September 30, 2022.
- During the year, the District's expenses were \$299 thousand more than the \$1.8 million generated in taxes and other revenues for governmental activities.
- The District signed a loan agreement for \$787 thousand to purchase a new Pierce Enforcer Pumper Tanker.
- The District entered into a tax anticipation note with Government Capital for \$300 thousand and received \$250 thousand in the current fiscal year.
- Sales and use tax generated \$689 thousand as of September 30, 2022. Sales tax increased by 3% from 2021.
- The general fund reported a fund balance this year of \$215 thousand.
- The District began collecting property taxes restricted for debt services in the current year. See Note 3 for more information.

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

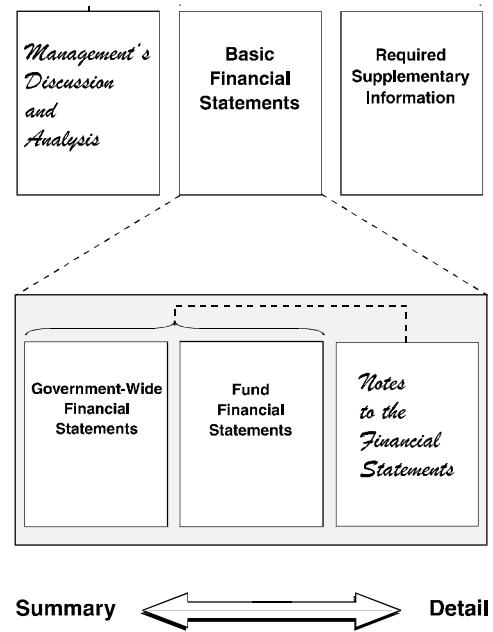


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of 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) and the District's component unit (District 2 Emergency Services District, Inc.)	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 and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position 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 taxes and sales taxes will 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

Net Position. The District’s combined net position was \$149 thousand at September 30, 2022. (See Table A-1).

Table A-1
Wilson County Emergency Services District No. 2 Net Position

	Governmental Activities		Total Percentage Change 2022-2021
	2022	2021	
Current assets	\$ 471,352	\$ 476,269	-1.0%
Noncurrent Assets:			
Capital Assets	2,541,883	2,062,482	23.2%
Total Assets	<u>3,013,235</u>	<u>2,538,751</u>	18.7%
 Liabilities			
Liabilities	548,414	372,967	47.0%
Long-term Liabilities	2,315,562	1,717,106	34.9%
Total Liabilities	<u>2,863,976</u>	<u>2,090,073</u>	37.0%
 Net Position:			
Net Investment in Capital Assets	37,490	53,879	-30.4%
Unrestricted	111,769	394,799	-71.7%
Total Net Position	<u>\$ 149,259</u>	<u>\$ 448,678</u>	-66.7%

Changes in Net Position. The District’s total revenues were \$1.8 million, an increase of 5.3%. A significant portion, 38% comes from sales taxes, 36% comes from property taxes, 24% comes from charges for services, and 2% comes from all other revenues.

The total cost of all programs and services was \$2.1 million.

Governmental Activities

- Property tax rates were assessed at \$0.1 per \$100 valuation.

Table A-2
Changes in District's Net Position

	Governmental Activities		Total Percentage Change 2022-2021
	2022	2021	
General Revenues			
Property Taxes	\$ 659,676	\$ 589,143	12.0%
Sales Tax	689,432	669,551	3.0%
Charges for Services	428,893	358,616	19.6%
Investment Income	163	192	-15.1%
Miscellaneous Income	33,085	42,921	-22.9%
Operating Grants and Contributions	13,195	71,402	-81.5%
Total Revenues	1,824,444	1,731,825	5.3%
General Expenses			
Emergency Services	1,777,947	1,251,526	42.1%
General Government	221,173	314,627	-29.7%
Interest on Long-term Debt	124,743	114,906	8.6%
Total Expenses	2,123,863	1,681,059	26.3%
Increase (Decrease) in Net Position	(299,419)	50,766	-689.8%
Net Position at Beginning of Year	448,678	397,912	12.8%
Net Position at End of Year	\$ 149,259	\$ 448,678	-66.7%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$1.8 million, an increase of 5.3% from the prior year. The increase in local revenues is a result of property appraisals and charges for services.

General Fund Budgetary Highlights

The District budgeted \$1 million for expenditures. Actual expenditures were \$235 thousand more than budget amounts. The most significant variances resulted from increased capital outlay.

Revenues were \$237 thousand more than the final budgeted amount, caused primarily by higher than expected sales tax income, and charges for services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the District had invested \$2.5 million in building improvements, equipment, vehicles, and land (net of accumulated depreciation). (See Table A-3). More detailed information about the District's capital assets is presented in the notes to the financial statements.

Table A-3
District's Capital Assets

	Governmental Activities		Total Percentage Change
	2022	2021	2022-2021
Land	\$ 129,115	\$ 129,115	0.0%
Building Improvements	1,391,749	1,391,749	0.0%
Vehicles & Equipment	1,766,527	1,192,150	48.2%
Totals at Historical Cost	<u>3,287,391</u>	<u>2,713,014</u>	21.2%
Total Accumulated Depreciation	(745,508)	(650,532)	14.6%
Net Capital Assets	<u>\$ 2,541,883</u>	<u>\$ 2,062,482</u>	23.2%

Long Term Debt

At year-end the District had \$2.8 million in long-term debt outstanding as is shown in Table A-4. More detailed information about the District's debt is presented in the notes to the financial statements.

Table A-4
District's Long-term Debt

	Governmental Activities		Total Percentage Change
	2022	2021	2022-2021
Long-term Debt	\$ 2,754,393	\$ 2,008,604	37%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The property tax rate for the fiscal year 2023 remained the same at \$0.1000 per \$100 valuation. Appraised value used for the 2023 budget provides an anticipated revenue generation of \$750 thousand.
- General fund spending for 2023 was estimated at \$2.1 million or approximately a 38% increase over 2022 actual expenses.
- If the estimates are realized, the District's budgeted general fund balance is expected to increase less than 1% by the close of 2023.

FACTORS AFFECTING FINANCIAL CONDITION

The Insurance Service Office, Inc. (ISO) collects information on municipal fire-protection efforts in communities throughout the United States to help establish an appropriate fire insurance premium for residential and commercial properties based on fire-protection services. Using this information, municipal entities are assigned a Public Protection Classification from 1 to 10. Class 1 generally represents superior property fire protection, and Class 10 indicates that the area's fire-suppression program doesn't meet ISO's minimum criteria. Wilson County Emergency Services District No. 2 was given an ISO Protection Class 6 rating.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide Wilson County Emergency Services District No. 2 citizens, taxpayers, customers, 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 Treasurer by email at david.nieto@wcesd2tx.us.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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:
 - Governmental 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.



WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	<u>Governmental Activities</u>
ASSETS	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 106,296
Investments	5,040
Property Tax Receivable	27,577
Sales Tax Receivable	123,602
EMS Receivable (Net of Allowance)	190,037
Prepaid Items	<u>18,800</u>
<i>Total Current Assets</i>	<u>471,352</u>
<i>Noncurrent Assets:</i>	
<i>Property and Equipment:</i>	
Land	129,115
Buildings & Improvements	1,391,749
Equipment & Vehicles	1,766,527
Accumulated Depreciation	<u>(745,508)</u>
<i>Total Noncurrent Assets</i>	<u>2,541,883</u>
TOTAL ASSETS	<u>\$ 3,013,235</u>

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
STATEMENT OF NET POSITION (CONT.)
SEPTEMBER 30, 2022

	<u>Governmental Activities</u>
LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	\$ 8,293
Accrued Interest	70,396
Accrued Expenses	30,894
Due within One Year	<u>438,831</u>
<i>Total Current Liabilities</i>	<u>548,414</u>
<i>Noncurrent Liabilities:</i>	
Due in more than One Year	<u>2,315,562</u>
<i>Total Noncurrent Liabilities</i>	<u>2,315,562</u>
TOTAL LIABILITIES	<u>2,863,976</u>
NET POSITION	
Net Investment in Capital Assets	37,490
Unrestricted	<u>111,769</u>
TOTAL NET POSITION	<u>\$ 149,259</u>

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions and Programs	Expenses	Program Revenues			Net (Expenses), Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Net Assets			
Primary Government:							
Governmental Activities:							
Emergency Services	\$ 1,777,947	\$ 428,893	13,195	\$ (1,335,859)			
General Administration	221,173	-	-	(221,173)			
Interest on Long-term Debt	124,743	-	-	(124,743)			
Total Governmental Activities	2,123,863	428,893	13,195	(1,681,775)			
Total Primary Government	\$ 2,123,863	\$ 428,893	\$ 13,195	(1,681,775)			
General Revenues:							
General Property Taxes				659,676			
Sales Tax				689,432			
Interest Income				163			
Miscellaneous Income				33,085			
Total General Revenues				1,382,356			
Change in Net Position				(299,419)			
Net Position at Beginning of Year				448,678			
Net Position at End of Year				\$ 149,259			

The accompanying notes are an integral part of these statements.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Fund	Debt Services	Special Revenue Fund		Total Governmental Funds
			District 2	Emergency Services	
ASSETS					
Cash and Cash Equivalents	\$ 86,478	\$ -	\$ 19,818	\$ 106,296	
Investments	5,040	-	-	-	5,040
Property Tax Receivable	17,787	9,790	-	-	27,577
Sales Tax Receivable	123,602	-	-	-	123,602
EMS Receivable (Net of Allowance)	190,037	-	-	-	190,037
Prepaid Items	18,800	-	-	-	18,800
Due From Primary Government	-		11,076		11,076
TOTAL ASSETS	\$ 441,744	\$ 9,790	\$ 30,894	\$ 482,428	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Accounts Payable	\$ 8,293	\$ -	\$ -	\$ 8,293	
Payroll Liabilities	-	-	30,894		30,894
Due to District 2 Emergency Services, Inc.	11,076	-	-	-	11,076
TOTAL LIABILITIES	19,369	-	30,894	-	50,263
DEFERRED INFLOWS OF RESOURCES					
Unavailable Property Tax Revenue	17,166	9,448	-	-	26,614
Unavailable EMS revenue	190,037	-	-	-	190,037
TOTAL DEFERRED INFLOWS OF RESOURCES	207,203	9,448	-	-	216,651
FUND BALANCE					
Nonspendable Fund Balance:					
Prepaid Items	18,800	-	-	-	18,800
Restricted for Debt Services	-	342	-	-	342
Unassigned	196,372	-	-	-	196,372
TOTAL FUND BALANCE	215,172	342	-	-	215,514
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 441,744	\$ 9,790	\$ 30,894	\$ 482,428	

The accompanying notes are an integral part of these statements.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS \$ 215,514

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

Capital Assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. 2,541,883

Property taxes receivable are not available to pay current period expenditures and, therefore, are unavailable in the funds statements. 26,614

EMS revenues in the Statement of Activities do not provide current financial resources and are unavailable in the fund statements. 190,037

Notes payable are not due in the current period and therefore, are not reported in the funds. (2,754,393)

Accrued interest payable on long-term debt is not due and payable in the current period and, therefore, is not reported in the funds. (70,396)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 149,259

The accompanying notes are an integral part of these statements.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Debt Services	Special Revenue Fund District 2 Emergency Services	Total Governmental Funds
REVENUES				
Property Taxes	\$ 421,765	233,417	\$ -	\$ 655,182
Sales Tax	689,432	-	-	689,432
EMS Charges	352,160	-	-	352,160
Contributions/Grants	10,745	-	2,000	12,745
Miscellaneous Income	55,136	-	16,063	71,199
TOTAL REVENUES	1,529,238	233,417	18,063	1,780,718
EXPENDITURES				
Current:				
Emergency Services	199,194	-	1,231,280	1,430,474
General Administration	258,769	-	1,993	260,762
Capital Outlay	824,787	-	-	824,787
<i>Debt Service:</i>				
Principal	-	291,498	-	291,498
Interest and Fiscal Charges	-	106,218	-	106,218
TOTAL EXPENDITURES	1,282,750	397,716	1,233,273	2,913,739
Excess (Deficiency) Over (Under) Expenditures	246,488	(164,299)	(1,215,210)	(1,133,021)
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	(242,930)	(872,646)	1,115,576	-
Proceeds from Debt Issuance	-	1,037,287	-	1,037,287
TOTAL OTHER FINANCING SOURCES (USES)	(242,930)	164,641	1,115,576	1,037,287
Net Change in Fund Balance	3,558	342	(99,634)	(95,734)
Fund Balance at Beginning of Year	211,614	-	99,634	311,248
Fund Balance at End of Year	\$ 215,172	\$ 342	\$ -	\$ 215,514

The accompanying notes are an integral part of these statements.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE
GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS \$ (95,734)

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 expenses.

Capital Outlay	824,787	
Current Year Depreciation	<u>(226,441)</u>	598,346

The statement of activities reports loss arising from the disposal of capital assets as the difference between the proceeds from disposal and the net book value of the assets. The governmental funds report only the proceeds from disposal. This amount represents the net book value of capital assets disposed during the year.

(118,944)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. The changes are as follows:

Property Taxes	4,494	
EMS Charges	<u>76,732</u>	81,226

The issuance of long-term debt (e.g. notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt and related items.

Principal Payments of Notes Payable	291,498	
Proceeds from Debt Issuance	<u>(1,037,287)</u>	(745,789)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Accrued Interest	<u>(18,524)</u>	
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CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ (299,419)



NOTES TO BASIC FINANCIAL STATEMENTS

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Wilson County Emergency Services District No. 2 is a political subdivision of the State of Texas and was created by the Wilson County Commissioners' Court after a Public Election on November 2, 2010 to be effective January 1, 2011. The District was created to provide emergency services and promote public safety, welfare, health and convenience of persons 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 61, "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. The District has the following component unit:

District 2 Emergency Services, Inc. is a local nonprofit emergency services provider without powers of taxation, organized exclusively for the purpose of providing fire protection and emergency services to the area covered by Wilson County Emergency Services District No. 2. Wilson County Emergency Services District No. 2 appoints its Board of Commissioners as the directors of the nonprofit. The District has elected to present a blended presentation of those financial statements in the District's annual financial report. Complete financial statements of District 2 Emergency Services, Inc. for the year ended September 30, 2022 may be obtained from District management.

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 primarily by property taxes. 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, Debt Service Fund, and District 2 Special Revenue Fund meet the criteria of a **major governmental fund**. The District has no other governmental funds.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2022

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 other than EMS charges that are 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, 2021, and became due October 1, 2021 have been assessed to finance the budget of the fiscal year beginning October 1, 2021.

Expenditures generally are recorded when an expense is incurred.

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.

The Special Revenue Fund is a nonprofit corporation, District 2 Emergency Services. This corporation is considered a blended component unit.

The Debt Service Fund is used to account for resources and expenditures relating to principal and interest payments on outstanding debt.

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.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2022

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 has all its monies in interest bearing checking accounts. Earnings from these investments are added to each account monthly or quarterly.

F. ACCOUNTS RECEIVABLE

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.

Reimbursements for EMS services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Accounts receivable are reported net of allowances for uncollectible accounts. The allowance account represents management's estimate of uncollectible accounts based on historical trends.

G. PREPAID ITEMS

Payments made for goods and services in advance are recorded as prepaid items in both government-wide and fund financial statements. At September 30, 2022, the District had prepaid insurance of \$15,778 and prepaid expenditures of \$3,022.

H. 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 for equipment, while computer equipment is defined as an asset with a cost of \$1,000 or more. Donated capital assets are recorded at estimated fair market value at the date of donation.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2022

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

H. CAPITAL ASSETS (CONT.)

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>Years</u>
Building Improvements	20 years
Equipment	7 - 10 years
Vehicles	10 years

Land and construction in progress are not depreciated.

I. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period, while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. Unavailable revenues from property tax and EMS revenues are deferred and recognized as inflow of resource in the period the amount becomes available.

J. LONG-TERM OBLIGATIONS

In government-wide financial statements, long-term debt and other long-term obligations (if any) are reported as liabilities under governmental activities. Bond premiums and discounts are amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. 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.

**WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2022**

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

K. FUND EQUITY (CONT.)

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 determined by a formal action of the government's highest level of decision-making authority. The District Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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 may make assignments through formal documentation in the minutes. 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 an expenditure is incurred for a purpose in which multiple classifications are available, the District considers restricted balances spent first, committed second, assigned third, and unassigned fourth.

L. NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. 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.

M. 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.

N. RECLASSIFICATIONS

Certain reclassifications have been made to the prior periods presented to conform to the current presentation. These reclassifications had no effect on fund equity.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2022

NOTE 2 -- CASH AND CASH INVESTMENTS

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledge securities in an amount sufficient to protect District funds on a day to day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash

At September 30, 2022, the carrying amount of the District's deposits in the bank were fully covered by federal deposit insurance.

2. Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return.

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

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

The District's investments at September 30, 2022 consist of \$5,040 in Texas Class, a 2a7-like public funds investment pool. Texas Class operates in accordance with the provisions of the Texas Public Funds Investment Act and is rated AAAm. The investment in Texas Class is included in cash and cash equivalents and is reported at net asset value, which approximates fair market value.

3. Analysis of Specific Deposits and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the specific investment risks at year end and if so, the reporting of certain related disclosures. The District has analyzed its investment risks and determined that for the year ending September 30, 2022 the District was not exposed to any significant risks.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2022

NOTE 3 -- AD VALOREM (PROPERTY) TAXES

The District has contracted with the Wilson 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 2022, the assessed tax rate for the District was \$0.1000 per \$100 on an assessed valuation of \$654,409,863. The tax rate is split \$.0645 for general maintenance and operations and \$.0355 for interest and sinking. Total tax levy for fiscal year 2022 was \$654,410. As of September 30, 2022, the delinquent current taxes for 2022 were \$10,995.

NOTE 4 -- RECEIVABLES

The following is a summary of the gross property taxes and charges for services receivable and the related allowances for uncollectible amounts:

Receivables	General	Debt Service	Special Revenue	Total
Taxes:				
Property Taxes	\$ 17,787	\$ 9,790	\$ -	\$ 27,577
Sales Taxes	123,602	-	-	123,602
EMS Receivable	633,455	-	-	633,455
Gross Receivables	774,844	9,790	-	784,634
Less: Allowance for Uncollectibles	(443,418)	-	-	(443,418)
Net Total Receivables	<u>\$ 331,426</u>	<u>\$ 9,790</u>	<u>\$ -</u>	<u>\$ 341,216</u>

NOTE 5 -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

Governmental Activities	Beginning Balance	Adjustments			Ending Balance
		Additions	and Disposals		
Land	\$ 129,115	\$ -	\$ -	\$ -	\$ 129,115
Building & Improvements	1,391,749	-	-	-	1,391,749
Vehicles & Equipment	1,192,150	824,787	(250,410)	-	1,766,527
Less: Accumulated Depreciation	(650,532)	(226,441)	131,465	-	(745,508)
	<u>\$ 2,062,482</u>	<u>\$ 598,346</u>	<u>\$ (118,945)</u>	-	<u>\$ 2,541,883</u>

Depreciation expense was charged to governmental function in the Emergency Services.

Land is not depreciated.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2022

NOTE 6 -- NOTES PAYABLE

On July 2, 2015 the District entered into a note payable with First State Bank for the purchase of a new ambulance in the amount of \$120,000. The note calls for monthly payments of \$1,592 beginning August 2, 2015 and ending on July 2, 2022. The interest rate on the note is 3.125%, and the note is secured by granting the debtor a security interest in all ad valorem tax revenues and other funds on hand not otherwise pledged to pay a debt of the District. The loan was extinguished during the year.

On February 29, 2016 the District entered into a note payable with Southside Bank, for the purchase of a new fire truck in the amount of \$250,410. The note calls for monthly payments of \$3,307 beginning May 7, 2016 through April 7, 2023. The interest rate on the note is at 2.99%, and the note is secured by granting the debtor a security interest in all ad valorem tax revenues and other funds on hand not otherwise pledged to pay a debt of the District.

On November 15, 2018 the District entered into a note payable with Government Capital Corporation, which was then sold to Southside Bank, for the construction of a new fire/EMS substation in the amount of \$1,421,000. The note calls for increasing annual payments beginning November 15, 2019 of \$75,000 through November 15, 2024 when the annual payment remains at \$117,999 through November 15, 2038. The interest rate on the note is 4.25%, and the note is secured by granting the debtor a security interest in all ad valorem tax revenues and other funds on hand not otherwise pledged to pay a debt of the District. In addition to the operation or ownership of the property, its receivables and revenues.

On November 19, 2020 the District entered into a note payable with Government Capital Corporation, to purchase a new ambulance for \$365,772. The note calls for annual payments of \$58,466 starting November 19, 2021 ending on November 19, 2027. The note has an interest rate of 2.89% and is secured by ad valorem taxes and the ambulance.

On April 26, 2018 the District entered into a note payable with Ferno Financial Services for the purchase of two new stretchers in the amount of \$32,783. The agreement calls for 60 payments of \$622 beginning August 24, 2018 and ending July 24, 2023. The interest rate on the agreement is 5.25%.

On April 16, 2018 the District entered into a note payable with Community First National Bank for the purchase of one new air compressor in the amount of \$31,163. The agreement calls for 5 payments of \$7,048 beginning May 8, 2019 and ending May 8, 2023. The interest rate on the agreement is 4.24%.

On September 23, 2021, the District took out a short-term operating loan in the amount of \$150,000. Interest on the loan was 6% and the entire amount was due January 09, 2022. The loan was completely paid during the year.

On December 21, 2021 the District entered into a note payable with Government Capital Corporation, to purchase a new Pierce Enforcer Pump Tanker for \$787,287. The note calls for annual payments of \$93,002 starting December 1, 2022 ending on December 1, 2031. The note has an interest rate of 3.15% and is secured by ad valorem taxes and the Tanker.

On August 2, 2022, the District entered into tax anticipation note with Government Capital Corporation, authorized and issued in the aggregate principal amount of \$300,000 for the purpose of paying M&O expenses of the District. As of September 30, 2022, the District has only received \$250,000. The note is issued in installments with the final amount of \$50,000 to be issued to the District in November 2022. The interest rate varies per installment between 5%-6%. The total interest on the agreement is \$20,000.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2022

NOTE 6 -- NOTE PAYABLE (CONT.)

A summary of long-term debt outstanding as of September 30, 2022 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
<i>Notes Payable:</i>					
Loan #7053	\$ 15,698	\$ -	\$ (15,698)	\$ -	\$ -
Loan #7323	64,135	-	(38,380)	25,755	25,755
Loan #8444	1,386,164	-	(26,088)	1,360,076	32,197
Loan #2893	365,772	-	(47,895)	317,877	49,279
Loan #3346089	150,000		(150,000)	-	-
Loan #9728	-	787,287	-	787,287	68,203
Tax Anticipation Notes	-	250,000	-	250,000	250,000
Stretcher Note Payable	13,348	-	(6,950)	6,398	6,397
Air Compressor Note Payable	13,487	-	(6,487)	7,000	7,000
<i>Total Notes Payable:</i>	<u>\$ 2,008,604</u>	<u>\$ 1,037,287</u>	<u>\$ (291,498)</u>	<u>\$ 2,754,393</u>	<u>\$ 438,831</u>

The annual requirements to amortize notes payable outstanding as of September 30, 2022, including the interest payments, are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 438,831	\$ 112,452	\$ 551,283
2024	159,619	86,847	246,466
2025	187,938	81,528	269,466
2026	194,418	75,048	269,466
2027	201,127	68,339	269,466
2028-2032	552,535	88,938	641,473
2033-2037	406,363	183,630	589,993
2038-2039	500,374	89,619	589,993
2040-2045	113,188	4,810	117,998
<i>Total Debt Payments</i>	<u>\$ 2,754,393</u>	<u>\$ 791,211</u>	<u>\$ 3,545,604</u>

**WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2022**

NOTE 7 -- DUE TO DISTRICT 2 EMERGENCY SERVICES, INC.

District 2 Emergency Services, Inc.'s operational expenses are fully funded by the District. As of September 30, 2022, the District has accrued \$11,076 as a liability to transfer funds to District 2 Emergency Services Inc. for payroll related expenses.

NOTE 8 -- CONTINGENT LIABILITIES

Litigation

The District is not aware of any pending or threatened litigation.

NOTE 9 -- CONCENTRATION OF EXPENDITURES

For fiscal year 2022, the District paid District 2 Emergency Services, Inc. \$1,115,576 for providing emergency services to the District, which was 56% of the total expenditures of the District.

NOTE 10 -- RISK MANAGEMENT

The Wilson County Emergency Services District No. 2 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To cover the risk the District contracts with Volunteer Firemen's Insurance Services (VFIS) of Texas to provide insurance coverage for Property/Casualty. Contributions are set annually by VFIS. Liability by the District is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2022 were \$42,710.

NOTE 11 -- SUBSEQUENT EVENTS

On August 29, 2022 the District entered into a loan agreement with Motorola Solutions, Inc for \$142,748 to purchase a radio equipment. The loan commences 10/1/2022. The loan will be paid in annual payments of \$40,092, starting October 1, 2023 and ending October 1, 2026. The note has an interest rate of 4.72% and is secured by ad valorem taxes and the equipment.

On August 2, 2022, the District entered into tax anticipation note with Government Capital Corporation, authorized and issued in the aggregate principal amount of \$300,000 for the purpose of paying M&O expenses of the District. As of September 30, 2022, the District has only received \$250,000. The note is issued in installments with the final amount of \$50,000 to be issued to the District in November 2022.



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
- Budgetary Comparison Schedule – Special Revenue Fund
- Schedule of Contributions and Notes to Schedule of Changes

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDEULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budget Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Property Tax	\$ 414,128	\$ 414,128	\$ 421,765	\$ 7,637
Sales Tax	500,000	500,000	689,432	189,432
EMS Charges	300,000	300,000	352,160	52,160
Contributions/Grants	-	-	10,745	10,745
Miscellaneous Income	78,340	78,340	55,136	(23,204)
TOTAL REVENUES	1,292,468	1,292,468	1,529,238	236,770
EXPENDITURES				
<i>Current:</i>				
Emergency Services	199,194	199,194	199,194	-
General Administrative	246,350	246,350	258,769	(12,419)
Capital Outlay	601,906	601,906	824,787	(222,881)
TOTAL EXPENDITURES	1,047,450	1,047,450	1,282,750	(235,300)
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	245,018	245,018	246,488	1,470
OTHER FINANCING				
SOURCES (USES)				
Transfers In (Out)	(242,930)	(242,930)	(242,930)	-
TOTAL OTHER FINANCING	(242,930)	(242,930)	(242,930)	-
SOURCES (USES)				
Net Change in Fund Balance	2,088	2,088	3,558	1,470
Fund Balance at Beginning of Year	211,614	211,614	211,614	-
Fund Balance at End of Year	\$ 213,702	\$ 213,702	\$ 215,172	\$ 1,470

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Other Grants and Contributions	\$ -	2,000	\$ 2,000
Miscellaneous Income	- -	16,063	16,063
TOTAL REVENUES	-	18,063	18,063
 EXPENDITURES			
<i>Current:</i>			
Emergency Services	- -	1,231,280	(1,231,280)
General Administrative	- -	1,993	(1,993)
TOTAL EXPENDITURES	-	1,233,273	(1,233,273)
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 - -	 (1,215,210)	 (1,215,210)
 OTHER FINANCING			
SOURCES (USES)			
Transfers In (Out)	- -	1,115,576	1,115,576
TOTAL OTHER FINANCING	-	1,115,576	1,115,576
 Net Change in Fund Balance	 - -	 (99,634)	 (99,634)
 Fund Balance at Beginning of Year	 99,634	 99,634	 -
 Fund Balance at End of Year	 \$ 99,634	 \$ -	 \$ (99,634)

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SEPTEMBER 30, 2022

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 Board and as such is a good management control device.

It is recommended that actual expenditures do not exceed appropriations, however, actual expenditures exceeded appropriations for the year ended September 30, 2022 due to costs associated with the District's general administrative and capital outlay. The Special Revenue Fund did not provide a budget for expenditures in the current year.

The District does not use encumbrances.

SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Balance Sheet – General Fund
- Comparative Statements of Revenues, Expenditures and Changes in Fund Balances – General Fund
- Comparative Balance Sheet – Special Revenue Fund
- Comparative Statements of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Fund
- Debt Service Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
COMPARATIVE BALANCE SHEETS – GENERAL FUND
SEPTEMBER 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 86,478	\$ 74,733
Investments	5,040	5,000
Property Tax Receivable	17,787	23,385
Sales Tax Receivable	123,602	121,695
EMS Charges Receivables (Net of Allowance)	190,037	113,304
Prepaid Items	18,800	13,380
TOTAL ASSETS	<u>\$ 441,744</u>	<u>\$ 351,497</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Accounts Payable	\$ 8,293	\$ 4,459
Due to District 2 Emergency Services, Inc.	11,076	-
TOTAL LIABILITIES	<u>19,369</u>	<u>4,459</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Property Tax Revenue	17,166	22,120
Unavailable EMS Charges	190,037	113,304
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>207,203</u>	<u>135,424</u>
FUND BALANCE		
Nonspendable:		
Prepaid Items	18,800	13,380
Unassigned	196,372	198,234
TOTAL FUND BALANCE	<u>215,172</u>	<u>211,614</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 441,744</u>	<u>\$ 351,497</u>

**WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GENERAL FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	2022	2021
REVENUES		
Property Taxes	\$ 421,765	\$ 588,357
Sales Tax	689,432	669,551
EMS Charges	352,160	245,312
Contributions/Grants	10,745	60,285
Interest Income	-	192
Miscellaneous Income	55,136	27,540
TOTAL REVENUES	1,529,238	1,591,237
EXPENDITURES		
<i>Current:</i>		
Emergency Services	199,194	400,437
General Administration	258,769	147,503
Capital Outlay	824,787	375,522
<i>Debt Service:</i>		
Principal	-	91,438
Interest	-	73,373
TOTAL EXPENDITURES	1,282,750	1,088,273
Excess (Deficiency) Over (Under) Expenditures	246,488	502,964
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	(242,930)	(927,542)
Proceeds from Debt Issuance	-	515,772
TOTAL OTHER FINANCING SOURCES (USES)	(242,930)	(411,770)
Net Change in Fund Balance	3,558	91,194
Fund Balance at Beginning of Year	211,614	120,420
Fund Balance at End of Year	\$ 215,172	\$ 211,614

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
 COMPARATIVE BALANCE SHEETS - SPECIAL REVENUE FUND
 DISTRICT 2 EMERGENCY SERVICES
 SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	2021
ASSETS		
Cash and Cash Equivalents	\$ 19,818	\$ 124,772
Due from Primary Government	11,076	-
TOTAL ASSETS	<u>\$ 30,894</u>	<u>\$ 124,772</u>
LIABILITIES		
Payroll Liabilities	\$ 30,894	\$ 25,138
TOTAL LIABILITIES	<u>30,894</u>	<u>25,138</u>
FUND BALANCE		
Unassigned	-	99,634
TOTAL FUND BALANCE	<u>-</u>	<u>99,634</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 30,894</u>	<u>\$ 124,772</u>

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - SPECIAL REVENUE FUND
 DISTRICT 2 EMERGENCY SERVICES
 FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
REVENUES		
Other Grants and Contributions	\$ 2,000	\$ 7,617
Miscellaneous Income	<u>16,063</u>	<u>18,881</u>
TOTAL REVENUES	<u>18,063</u>	<u>26,498</u>
EXPENDITURES		
<i>Current:</i>		
Emergency Services	1,231,280	853,588
General Administration	<u>1,993</u>	<u>818</u>
TOTAL EXPENDITURES	<u>1,233,273</u>	<u>854,406</u>
Excess (Deficiency) Over (Under) Expenditures	(1,215,210)	(827,908)
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	<u>1,115,576</u>	<u>927,542</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,115,576</u>	<u>927,542</u>
Net Change in Fund Balance	(99,634)	99,634
Fund Balance at Beginning of Year	<u>99,634</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 99,634</u>

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		2022 Actual Amounts	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 227,930	\$ 227,930	\$ 233,417	\$ 5,487
TOTAL REVENUES	<u>227,930</u>	<u>227,930</u>	<u>233,417</u>	<u>5,487</u>
EXPENDITURES				
<i>Debt Service:</i>				
Principal	230,000	230,000	291,498	(61,498)
Interest and Fiscal Charges	-	-	106,218	(106,218)
TOTAL EXPENDITURES	<u>230,000</u>	<u>230,000</u>	<u>397,716</u>	<u>(167,716)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,070)</u>	<u>(2,070)</u>	<u>(164,299)</u>	<u>(162,229)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	-	-	(872,646)	(872,646)
Proceeds from Debt Issuance	-	-	1,037,287	1,037,287
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>164,641</u>	<u>164,641</u>
Net Change in Fund Balance	<u>(2,070)</u>	<u>(2,070)</u>	<u>342</u>	<u>2,412</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ (2,070)</u>	<u>\$ (2,070)</u>	<u>\$ 342</u>	<u>\$ 2,412</u>

