

**Brazos County Emergency Services District #2**

Financial Statements

For the Year Ended September 30, 2023

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# Ingram, Wallis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of  
Brazos County Emergency Services District #2  
Kurten, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and the General Fund of Brazos County Emergency Services District #2 (the "District") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the District, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Emphasis of Matter**

As discussed in Note 2 to the financial statements, the 2022 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Ingram, Wallis + Company, P. C.*

Bryan, Texas  
April 22, 2024

**Brazos County Emergency Services District #2**  
**Management's Discussion and Analysis**  
**September 30, 2023**  
**Unaudited**

**DISTRICT PROFILE**

Brazos County Emergency Services District #2 (the "District") was created after a public election held in 1987 under the provision of Section 48-d of Article III of the Constitution of Texas and the Texas Safety and Health Code, Chapter 794. The District was established to provide fire protection services to residents of the District.

Five persons are appointed by the County Judge and Brazos County Commissioners Court as Brazos County Emergency Services District #2 Commissioners for two-year terms with a three-and-two-person rotation. They function as a board with regularly scheduled meetings every second Tuesday of the month as stated by an agenda posted at the county courthouse. The District maintains 894 N. FM 2038 Kurten, Texas 77862 as a working address.

The District operates two bank accounts and has two primary sources of income, namely property taxes and sales tax. The major expenses of the District are funding to Brazos County Volunteer Fire Department ("VFD") #2 and payments on loans. The District had four outstanding loans during fiscal 2023.

The Brazos County Tax Assessor Office computes the tax information and notifies the District of the legal requirements. The District, under current law, is limited to a maximum tax rate of \$0.03 per hundred dollars of taxable value. The commissioners set the effective tax rate of \$0.022390/100 for 2022 (for the year ended September 30, 2023). The adjusted taxable levy for Brazos County Emergency Services District #2 was \$220,878 for the calendar year 2022 tax roll.

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the District's financial statements, which begin on page 8.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of two components: (1) government-wide financial statements, which include the fund financial statements, and (2) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

The Statement of Net Position presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are

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**Unaudited**

Governmental type. Governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. Additional information such as accounting policies, capital asset activity, and notes payable activity is included in the notes to the financial statements.

On page 16 of this report, a Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual is presented to demonstrate compliance with the annual appropriated budget.

**FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of September 30, 2023, the District's assets exceeded liabilities by \$1,610,243.

**DISTRICT'S NET POSITION**

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,074,659	\$ 588,301
Property tax receivable	17,108	8,380
Prepaid insurance	10,095	-
Capital assets, net	<u>1,039,631</u>	<u>1,107,385</u>
Total Assets	<u>2,141,493</u>	<u>1,704,066</u>
Current liabilities	132,901	106,252
Long-term debt (net of current)	<u>398,349</u>	<u>666,324</u>
Total Liabilities	<u>531,250</u>	<u>772,576</u>
Net position:		
Net investment in capital assets	523,011	341,981
Unrestricted	<u>1,087,232</u>	<u>589,509</u>
Total Net Position	<u>\$ 1,610,243</u>	<u>\$ 931,490</u>

**Brazos County Emergency Services District #2**  
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**September 30, 2023**  
**Unaudited**

**Analysis of the District's Operations** - Overall, the District had an increase in net position of \$678,753 from the prior year. The primary reason for this increase was due to an increase in sales tax revenue of \$368,182. Property tax revenue remained consistent with the prior year.

**DISTRICT'S CHANGE IN NET POSITION**

	2023	2022
Program revenues:		
Charges for services:		
Gain on sale of capital asset	\$ -	\$ 140,000
Insurance recovery	-	86,450
Total program revenues	-	226,450
General revenues:		
Property taxes and penalties	235,736	239,762
Sales tax	959,696	591,514
Interest income and other	522	322
Total general revenues	1,195,954	831,598
Total Revenues	1,195,954	1,058,048
Expenses:		
Fire department operating expenses	180,801	343,341
Administrative expenses	132,533	27,254
Depreciation expense	172,551	126,489
Debt service - interest expense	31,316	26,348
Total Expenses	517,201	523,432
Change in Net Position	678,753	534,616
Net Position, Beginning of Year, as restated	931,490	396,874
Net Position, End of Year	\$ 1,610,243	\$ 931,490

**Brazos County Emergency Services District #2  
Management's Discussion and Analysis  
September 30, 2023  
Unaudited**

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUND**

	2023	2022
<b>Assets:</b>		
Cash	\$ 1,074,659	\$ 588,301
Property tax receivable	17,108	8,380
Prepaid insurance	10,095	-
Total Assets	\$ 1,101,862	\$ 596,681
<b>Liabilities:</b>		
Accounts payable	\$ 5,250	\$ -
Accrued payroll	6,168	-
Accrued pension and taxes	3,212	-
Total Liabilities	14,630	-
<b>Deferred Inflows of Resources:</b>		
Unearned revenues - property taxes	17,108	8,380
Total Deferred Inflows of Resources	17,108	8,380
<b>Fund Balance:</b>		
Nonspendable	10,095	-
Unassigned	1,060,029	588,301
Total Fund Balance	1,070,124	588,301
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,101,862	\$ 596,681

Overall, the District had an increase in fund balance of \$481,823 from the prior year. As previously noted, the primary reason for this increase was due to an increase in sales tax revenue of \$368,182. Property tax revenue remained consistent with the prior year.

**Budgetary Highlights**

The District adopts an annual budget in August prior to the budget year which begins in October the following fiscal year. The budget includes the proposed expenditures and the means to finance the budget.

**Brazos County Emergency Services District #2**  
**Management's Discussion and Analysis**  
**September 30, 2023**  
**Unaudited**

*Original budget compared to final budget.* In August 2023, the original budget was amended to increase total budgeted revenues by \$496,565 and to increase total budgeted expenditures by \$218,568.

*Final budget compared to actual revenues and expenditures.* Total revenues were lower than budget by \$11,231 and total expenditures were lower than budget by \$145,256 to create a positive variance with the final budget of \$134,025.

**Capital Assets**

The District's investment in capital assets for its operations as of September 30, 2023, amounts to \$1,039,631 (net of accumulated depreciation), a decrease of \$67,754. This decrease is comprised of capital asset additions of \$104,797, which is reduced by current year depreciation expense of \$172,551.

Additional information on the District's capital assets can be found in the notes to the financial statements on page 14 of this report.

**Long-term Obligations**

As of September 30, 2023, the District had total long-term obligations of \$511,875. Additional information on the District's long-term obligations can be found in the notes to the financial statements on page 15 of this report.

**LOOKING AHEAD**

The District's expenditure budget for 2024 increased to \$958,907 which is an increase of \$108,248 from the Approved Budget for 2023 in the amount of \$850,659. This increase is due mainly to personnel expenditures and capital outlay expenditures.

**CONTACTING THE DISTRICT**

This financial report is designed to provide the residents of Brazos County and the District's creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives from property taxes and sales tax. If you have questions about this report or need additional financial information, please contact Brazos County Emergency Services District #2, 894 N. FM 2038 Kurten, Texas 77862, and make attention to the President of the Board of Commissioners.

**Brazos County Emergency Services District #2**  
**Statement of Net Position and Governmental Fund Balance Sheet**  
**September 30, 2023**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
Current assets			
Cash	\$ 1,074,659	\$ -	\$ 1,074,659
Property tax receivable	17,108	-	17,108
Prepaid insurance	10,095	-	10,095
Total current assets	<u>1,101,862</u>	<u>-</u>	<u>1,101,862</u>
Capital assets			
Trucks	-	1,842,147	1,842,147
Equipment	-	339,182	339,182
Less accumulated depreciation	<u>-</u>	<u>(1,141,698)</u>	<u>(1,141,698)</u>
Net capital assets	<u>-</u>	<u>1,039,631</u>	<u>1,039,631</u>
<b>TOTAL ASSETS</b>	<u>1,101,862</u>	<u>1,039,631</u>	<u>2,141,493</u>
<b>LIABILITIES</b>			
Liabilities:			
Current liabilities:			
Accounts payable	5,250	-	5,250
Accrued payroll	6,168	-	6,168
Accrued pension and taxes	3,212	-	3,212
Accrued interest payable	-	4,745	4,745
Current maturities of notes payable	<u>-</u>	<u>113,526</u>	<u>113,526</u>
Total current liabilities	<u>14,630</u>	<u>118,271</u>	<u>132,901</u>
Notes payable, net of current maturities	<u>-</u>	<u>398,349</u>	<u>398,349</u>
Total non-current liabilities	<u>-</u>	<u>398,349</u>	<u>398,349</u>
<b>TOTAL LIABILITIES</b>	<u>14,630</u>	<u>516,620</u>	<u>531,250</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenues - property taxes	<u>17,108</u>	<u>(17,108)</u>	<u>-</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>17,108</u>	<u>(17,108)</u>	<u>-</u>
<b>FUND BALANCE/NET POSITION</b>			
Nonspendable	10,095	(10,095)	-
Unassigned	<u>1,060,029</u>	<u>(1,060,029)</u>	<u>-</u>
<b>TOTAL FUND BALANCE</b>	<u>1,070,124</u>	<u>(1,070,124)</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 1,101,862</u>		
Net investment in capital assets		523,011	523,011
Unrestricted		<u>1,087,232</u>	<u>1,087,232</u>
<b>TOTAL NET POSITION</b>		<u>\$ 1,610,243</u>	<u>\$ 1,610,243</u>

See accompanying notes to the financial statements

**Brazos County Emergency Services District #2**  
**Statement of Activities and**  
**Governmental Fund Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended September 30, 2023**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES/EXPENSES</b>			
Current			
Administrative	\$ 132,533	\$ -	\$ 132,533
Fire department operating	180,801	-	180,801
Depreciation	-	172,551	172,551
Capital outlay	104,797	(104,797)	-
Debt service:			
Principal	253,529	(253,529)	-
Interest	33,743	(2,427)	31,316
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>705,403</u>	<u>(188,202)</u>	<u>517,201</u>
<b>GENERAL REVENUES</b>			
Property taxes and penalties	227,008	8,728	235,736
Sales tax	959,696	-	959,696
Interest income and other	522	-	522
<b>TOTAL GENERAL REVENUES</b>	<u>1,187,226</u>	<u>8,728</u>	<u>1,195,954</u>
<b>EXCESS (DEFICIENCY) OF REVENUES     OVER EXPENDITURES</b>	<u>481,823</u>	<u>(481,823)</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>-</u>	<u>678,753</u>	<u>678,753</u>
<b>FUND BALANCE /NET POSITION</b>			
BEGINNING OF YEAR, as restated	<u>588,301</u>	<u>343,189</u>	<u>931,490</u>
<b>END OF YEAR</b>	<u>\$ 1,070,124</u>	<u>\$ 540,119</u>	<u>\$ 1,610,243</u>

See accompanying notes to the financial statements

**Brazos County Emergency Services District #2**  
**Notes to the Financial Statements**  
**September 30, 2023**

**Note 1 – Creation of District**

Brazos County Emergency Services District #2 (the “District”) was created after a public election held in 1990 under the provision of Section 48-d of Article III of the Constitution of Texas and the Texas Safety and Health Code, Chapter 775. The District was established to provide fire protection services to residents of the District.

**Note 2 – Significant Accounting Policies**

**Basis of Presentation**

The District’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for the state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

The financial statements of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that compromise its assets, liabilities, reserves, net assets, revenues and expenditures/expenses.

The following fund types are used by the District:

General Fund – The General Fund is the general operating fund of the District. This fund includes all the available operating revenues and accumulates reserves for future operating activities.

**Government-Wide Financial Statements**

Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government and its component units.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied.

**Brazos County Emergency Services District #2**  
**Notes to the Financial Statements**  
**September 30, 2023**

**Note 2 – Significant Accounting Policies-Continued**

**Government-Wide Financial Statements-Continued**

The statement of activities demonstrates the degree to which the expenses of a given function are offset by program revenues. Expenses are those that are clearly identifiable with a specific function. Program revenues include 1) reimbursements from the volunteer fire department, 2) contributions, 3) grants, 4) gains on sales of capital assets and 5) insurance recoveries. Taxes and other items properly not included among program revenues are reported instead as general revenues.

**Fund Level Financial Statements**

In the governmental funds financial statements, the governmental-type activities are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means that the amount of the transaction can be determined, and “available” means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A 60-day period is used for recognition for all governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

The fund level financial statements are reported using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balances (net current assets) are considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

The government-wide and fund financial statements are provided for the governmental fund of the District with a column for adjustments between the two statements.

**Capital Assets**

As stated in the Texas Health and Safety Code, Title 9, Subtitle B, Chapter 775, Section 775.073 as of September 1, 2013, any property, including interest in property, purchased or leased using District funds, wholly or partly, must remain the property of the District, regardless of whether the property is used by a third party under a contract for services or otherwise, until the property is sold to a third party following the procedures under Section 263.003, 263.007, or 263.008.

**Brazos County Emergency Services District #2**  
**Notes to the Financial Statements**  
**September 30, 2023**

**Note 2 – Significant Accounting Policies-Continued**

**Deferred Outflows/Inflows of Resources**

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. For the year ended September 30, 2023, the District has the following item that qualifies for reporting in this category.

- Unavailable revenues – The unavailable revenues which arise only under the modified accrual basis of accounting qualify for reporting in this category in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes of \$17,108 as of September 30, 2023.

**Fund Balances**

GASB Statement No.54, “Fund Balance Reporting and Governmental Fund Type Definitions,” establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The implementation of GASB 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. Under GASB 54, fund balances are required to be reported according to the following classifications:

Nonspendable Fund Balance - Amounts that cannot be spent because they are either not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted Fund Balance - Amounts that can be spent only for specific purposes because of constraints placed on the use of these resources by creditors (such as through debt covenants), grantors, contributors or other governments; or constraints are imposed by law (through constitutional provisions or enabling legislation).

Committed Fund Balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority (Board of Commissioners).

Assigned Fund Balance - Amounts that are constrained by the government's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given.

Unassigned Fund Balance – All amounts not included in other spendable classifications.

**Brazos County Emergency Services District #2**  
**Notes to the Financial Statements**  
**September 30, 2023**

**Note 2 – Significant Accounting Policies-Continued**

**Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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 improvement of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on the use by either external parties or enabling legislation. It is the District’s policy to expend restricted resources first and to use unrestricted resources when the restricted resources have been depleted.

**Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures of assets, liabilities, revenues and expenditures. Accordingly, actual results could differ from those estimates.

**Fair Value Measurements**

The carrying amounts of cash, property tax receivable, and current liabilities approximate fair value because of the short maturity of those instruments.

**Restatement**

During 2023, the Brazos County Volunteer Fire Department #2 provided the District with a list of capital assets. Certain capital assets included on the list were not reflected on the District’s 2022 financial statements. As a result, capital assets and net position as previously reported were understated. A summary of restatements driven by the omission of these capital assets as of September 30, 2022, follows:

	<u>Capital Assets</u>	<u>Total Assets</u>	<u>Total Net Position</u>	<u>Change in Net Position</u>
Amounts as previously presented	\$1,085,664	\$1,682,345	\$909,769	\$ 537,408
Restatements to correct errors:				
Trucks	10,250	10,250	10,250	( 1,464)
Equipment	16,849	16,849	16,849	( 1,328)
Accumulated Depreciation	<u>( 5,378)</u>	<u>( 5,378)</u>	<u>( 5,378)</u>	<u>-</u>
Amounts as restated	<u>\$1,107,385</u>	<u>\$1,704,066</u>	<u>\$931,490</u>	<u>\$ 534,616</u>

**Brazos County Emergency Services District #2**  
**Notes to the Financial Statements**  
**September 30, 2023**

**Note 3 – Deposits**

The District is authorized by statute to maintain deposit accounts which are federally insured. At year end, the carrying amount of the District’s bank deposits was \$1,074,659. Deposits are categorized to give an indication of the level of risk assumed at year end. Categories are as follows:

Category 1 – Insured or collateralized with securities held by the District or its agency in the District’s name.

Category 2 – Collateralized with securities held by the pledging financial institution’s trust department or agency in the District’s name.

Category 3 – Uncollateralized.

At September 30, 2023, all of the District’s deposits were in Category 1.

**Note 4 – Property Taxes**

Property taxes are collected and remitted to the District by the Brazos County Tax Assessor Collector. Taxes are levied annually on October 1, and are due one half by November 30, and one half by June 30, or in full by January 31. Delinquent tax payments throughout the year are recognized in the year received.

During the year ended September 30, 2023, the District levied an ad valorem tax at the rate of \$0.022390 per \$100 assessed valuation, which resulted in a tax levy of \$220,878 on the taxable valuation of \$988,013,370 for the tax year.

**Note 5 - Capital Assets**

Capital assets purchased or acquired with an original individual cost of \$2,500 or more are recorded at historical cost and contributed assets are recorded at fair market value as of the date of the donation. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over estimated useful lives ranging from five to ten years.

Capital asset activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Trucks	\$ 1,780,549	\$ 61,598	\$ -	\$ 1,842,147
Equipment	295,983	43,199	-	339,182
Accumulated Depreciation	(969,147)	(172,551)	-	(1,141,698)
Total Capital Assets, net	<u>\$ 1,107,385</u>	<u>\$ (67,754)</u>	<u>\$ -</u>	<u>\$ 1,039,631</u>

**Brazos County Emergency Services District #2**  
**Notes to the Financial Statements**  
**September 30, 2023**

**Note 6 – Notes Payable**

The following represents a summary of the notes payable as of September 30, 2023.

Lender	Interest Rate	Amount	Due Within One Year	Maturity	Collateral
PNC Bank	4.630%	\$ 292,681	\$ 47,855	2/13/2029	Pumper Tank
First State Bank of Bedias	5.250%	55,141	12,760	2/15/2027	Truck
Spirit of Texas Bank	3.954%	38,332	18,887	3/15/2025	Tax Revenues
First State Bank of Bedias	6.000%	125,721	34,024	8/8/2032	Freightliner
Total outstanding principal		511,875	<u>\$ 113,526</u>		
Less amount due within one year		(113,526)			
Notes payable, less current portion		<u>\$ 398,349</u>			

Notes payable activity of the District for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Notes Payable	\$ 765,404	-	(253,529)	\$ 511,875

The notes payable will be liquidated with the General Fund. Maturities by year are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2024	\$ 113,526	\$ 23,760
2025	119,315	17,971
2026	104,976	11,900
2027	86,706	6,675
2028	57,530	3,053
2029-2032	29,822	518
	<u>\$ 511,875</u>	<u>\$ 63,877</u>

**Note 7 – Risk Management**

The District has insurable risks in various areas, including crime, auto, general liability, management liability and excess liability. During the year, the District obtained insurance against risks through a commercial carrier. Management believes the amount and types of coverage are adequate to protect the District from losses which could reasonably be expected to occur. There were no significant reductions in insurance coverages in the past year and settled claims resulting from these risks have not exceeded coverage in any of the past three years.

**Note 8 - Subsequent Events**

Management has evaluated subsequent events through April 22, 2024, the date the financial statements were available to be issued.

**Brazos County Emergency Services District #2**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 221,892	\$ 221,892	\$ 227,008	\$ 5,116
Sales tax	480,000	976,565	959,696	(16,869)
Interest income and other	-	-	522	522
TOTAL REVENUES	<u>701,892</u>	<u>1,198,457</u>	<u>1,187,226</u>	<u>(11,231)</u>
EXPENDITURES				
Current:				
Administrative	34,800	128,368	132,533	(4,165)
Fire department operating	360,000	275,000	180,801	94,199
Capital outlay	100,000	160,000	104,797	55,203
Debt service:				
Principal	137,291	287,291	253,529	33,762
Interest	-	-	33,743	(33,743)
TOTAL EXPENDITURES	<u>632,091</u>	<u>850,659</u>	<u>705,403</u>	<u>145,256</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 69,801</u>	<u>\$ 347,798</u>	481,823	<u>\$ 134,025</u>
FUND BALANCE - BEGINNING OF YEAR			<u>588,301</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,070,124</u>	