

**NUECES COUNTY EMERGENCY  
SERVICES DISTRICT NO. 3**

**Annual Financial Report  
For the Year Ended September 30, 2023**

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NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 3  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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# **S. NOEL SNEDEKER, II**

*CERTIFIED PUBLIC ACCOUNTANT*

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## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Commissioners – Nueces County Emergency Services District No. 3  
Bishop, Texas

### **Opinions**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nueces County Emergency Services District No. 3 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Nueces County Emergency Services District No. 3, as of September 30, 2023 and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Nueces County Emergency Services District No. 3 and to meet my ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Management's Responsibility 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; this includes 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 Nueces County Emergency Services District No. 3'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 Responsibility for the Audit of the Financial Statements**

My 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 my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material

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misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- 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 Nueces County Emergency Services District No. 3'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 my judgement, there are conditions, or events, considered in the aggregate, that raise substantial doubt about Nueces County Emergency Services District No. 3's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

### **Supplementary Information**

The supplemental information are the responsibility of management and were derived from and relates 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 my opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



S. Noel Snedeker, II  
Certified Public Accountant  
February 27, 2024

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**P.O. BOX 326**  
**BISHOP, TEXAS 78343**  
**361-537-4880**

February 27, 2024

The Honorable Commissioners  
Nueces County Emergency Services District No. 3  
Bishop, Texas

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial and Compliance Report, we, the managers of Nueces County Emergency Services District No. 3, discuss and analyze the District's financial performance for the year ended September 30, 2023. Please read it in conjunction with my independent auditors' report on page 1, and the District's Basic Financial Statements which begin on page 10.

**FINANCIAL HIGHLIGHTS**

- The District's net position increased by \$270,839 as a result of current year operations.
- During the year, the District had expenses that were \$134,060 more than the \$965,569 generated in tax and other revenues for governmental programs. This compares to last year when the expenditures were more than revenues by \$290,431.
- Total cost of all of the District's programs was \$704,055, which is \$52,943 more than in the prior year.
- The General Fund ended the year with a fund balance of \$419,210, which is a decrease of \$134,060 from the prior year.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 and 11). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 12) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 18) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

## **Reporting the District as a Whole**

### ***The Statement of Net Position and the Statement of Activities***

The analysis of the District's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs. All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we report the District as:

- Governmental activities—Most of the District's basic services are reported here.

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements begin on page 12 and provide detailed information about the most significant funds—not the District as a whole. The District's governmental funds account as follows:

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position of the District's governmental activities increased from \$1,880,416 to \$2,151,255. This increase in governmental net position was the result of current year's operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were \$478,397 at September 30, 2023.



**Table I**  
**NUECES COUNTY EMERGENCY SERVICES**  
**DISTRICT NO. 3**  
**CHANGES IN NET POSITION**

	Governmental Activities 2023	Governmental Activities 2022
Current and other assets	480,587	603,354
Capital assets	2,162,232	
		1,487,185
Total assets	2,642,819	2,090,539
Other liabilities	67,556	90,851
Long Term Liabilities	424,007	119,272
Total liabilities	491,563	210,123
Net Position:		
Invested in capital assets	1,627,858	1,277,284
Restricted for Debt Service	-	-
Unrestricted	478,397	603,132
Total net position	2,151,255	1,880,416

**Table II**  
**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**CHANGES IN NET POSITION**

	Governmental Activities 2023	Governmental Activities 2022
General Revenues:		
Maintenance and operations taxes	921,037	876,422
Intergovernmental – EMS	-	-
Grants and Contributions not restricted to specific functions		
Investment Earnings	36,230	2,757
Miscellaneous	17,627	35,113
Total Revenue	974,894	914,272
Expenses:		
Fire Protection	697,046	640,933
Interest on Debt	7,009	10,179
Total Expenses	704,055	651,112
Increase (decrease) in net position transfers and special items	270,839	263,180
Prior Period Adjustment	-	-
Net position, beginning	1,880,416	1,617,236
Net position, ending	2,151,255	1,880,416

The assessed valuation before exemptions at January 1, 2022 totaled \$1,318,589,203 million. The current tax rate is \$0.10 per \$100 valuation with a current tax levy of \$915,469. The current tax rate is used to finance direct operations.

## THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a fund balance of \$419,210, which is less than last year's total of \$553,270. Included in the year's total change in fund balance is a decrease of \$134,060 in the District's General Fund from current year's operations.

The District's General Fund balance of \$419,210 reported on pages 12 and 14 differs from the General Fund's budgetary fund balance of \$717,161 reported in the budgetary comparison schedule on page 16 and 34. This is principally due to revenues being more than budgeted and expenditures being less than budgeted.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of 2023, the District had \$4,124,259 invested in a broad range of capital assets, including fire facilities, fire trucks, ambulances and equipment.

#### Debt

At year-end, the District had \$ 489,374 in loans versus \$209,901 last year which is an increase of 133.15 percent in loans payable.

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

- The unemployment rate for Nueces County is currently 4.7 percent, which is a (25.40%) decrease from the prior year. The decrease is due in large part to growth within the industrial sector within the County. The County's unemployment rate is higher than the State's unemployment rate which was 3.8% at September 2022. The State of Texas is slightly higher than the national rate of 3.3% for the same time period; however, the County was 1.4% higher than the national rate.

- As compared to last year:

School enrollment decreased by 1,597 students.

Retail sales were down 15.18% as compared to prior year.

County net property taxable value (NTV) increased by 4.31 percent, last year it was up 2.99 percent.

Port tonnage increased by 12.50 percent from the prior year to \$138,334,705 in 2022.

The total population of the County during the last census was 353,079, an increase of 12,856 from the prior census in 2010.

None of these factors were considered in preparing the District's budget for the 2023/2024 fiscal year.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Nueces County Emergency Services District #3 at its accounting office 361-522-0675.

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## BASIC FINANCIAL STATEMENTS

NUECES COUNTY EMERGENCY SERVICES DISTRICT #3  
 STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2023

EXHIBIT A-1

	Primary Government
	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 54,938
Investments - Current	366,462
Taxes Receivable, Net	59,187
Capital Assets:	
Land Purchase and Improvements	65,694
Buildings, Net	782,956
Furniture and Equipment, Net	1,313,582
Total Assets	2,642,819
<b>LIABILITIES</b>	
Accounts Payable	527
Payroll Tax Payable	1,662
Noncurrent Liabilities:	
Debt Due Within One Year	65,367
Bonds Payable - Noncurrent	424,007
Total Liabilities	491,563
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,672,858
Unrestricted	478,397
Total Net Position	\$ 2,151,255

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY EMERGENCY SERVICES DISTRICT #3  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-1

Net (Expense)  
Revenue and  
Changes in Net  
Position

Primary Gov.  
Governmental  
Activities

	Program Revenues				
Expenses	Charges for Services	Operating Grants and Contributions	-	-	
<b>Primary Government:</b>					
GOVERNMENTAL ACTIVITIES:					
Fire Protection	\$ 697,046	\$ -	\$ -	\$ -	\$ (697,046)
Interest on Debt	7,009	-	-	-	(7,009)
TOTAL PRIMARY GOVERNMENT	\$ 704,055	\$ -	\$ -	-	(704,055)

General Revenues:

Property Taxes, Levied for General Purposes	921,037
Miscellaneous Revenue	17,627
Investment Revenue	36,230
Total General Revenues	974,894
Change in Net Position	270,839
Net Position-- Beginning	1,880,416
Net Position - Ending	\$ 2,151,255

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY EMERGENCY SERVICES DISTRICT #3  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023

	General Fund
<hr/>	
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 54,938
Investments - Current	366,462
Taxes Receivable	69,632
Allowance for Uncollectible Taxes (credit)	(10,445)
	<hr/>
Total Assets	\$ 480,587
	<hr/> <hr/>
<b>LIABILITIES</b>	
Accounts Payable	\$ 527
Payroll Tax Payable	1,662
	<hr/>
Total Liabilities	2,189
	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue - Property Taxes	59,187
	<hr/>
Total Deferred Inflows of Resources	59,187
	<hr/>
<b>FUND BALANCE</b>	
Unassigned Fund Balance	419,210
	<hr/>
Total Fund Balance	419,210
	<hr/>
Total Liabilities, Deferred Inflows & Fund Balance	\$ 480,586
	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.



NUECES COUNTY EMERGENCY SERVICES DISTRICT #3  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

<b>Total Fund Balances - Governmental Funds</b>	\$	419,210
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.		1,277,284
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2023 capital outlays and debt principal payments is to increase (decrease) net position.		603,350
The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(207,776)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		59,187
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>2,151,255</b>

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY EMERGENCY SERVICES DISTRICT #3  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT C-3

	General Fund
<hr/>	
REVENUES:	
Property Taxes	\$ 911,712
Investment Earnings	36,230
Other Revenue	17,627
Total Revenues	<u>965,569</u>
EXPENDITURES:	
Public Safety:	
Fire Protection	1,372,093
Debt Service:	
Principal on Debt	90,629
Interest on Debt	7,009
Total Expenditures	<u>1,469,731</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(504,162)</u>
OTHER FINANCING SOURCES (USES):	
Noncurrent Loans	<u>370,102</u>
Total Other Financing Sources (Uses)	<u>370,102</u>
Net Change in Fund Balance	(134,060)
Fund Balance - October 1 (Beginning)	<u>553,270</u>
Fund Balance - September 30 (Ending)	<u><u>\$ 419,210</u></u>

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY EMERGENCY SERVICES DISTRICT #3  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	(134,060)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2023 capital outlays and debt principal payments is to increase (decrease) the change in net position.		603,350
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(207,776)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) the change in net position.		9,325
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>270,839</b>

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY EMERGENCY SERVICES DISTRICT #3  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property Taxes	\$ 893,500	\$ 893,500	\$ 911,712	\$ 18,212
Investment Earnings	3,000	3,000	36,230	33,230
Other Revenue	117,000	17,100	17,627	527
Total Revenues	1,013,500	913,600	965,569	51,969
<b>EXPENDITURES:</b>				
Public Safety:				
Fire Protection	788,500	1,324,709	1,372,093	(47,384)
Debt Service:				
Principal on Debt	225,000	225,000	90,629	134,371
Interest on Debt	-	-	7,009	(7,009)
Total Expenditures	1,013,500	1,549,709	1,469,731	79,978
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(636,109)	(504,162)	131,947
<b>OTHER FINANCING SOURCES (USES):</b>				
Noncurrent Loans	-	800,000	370,102	(429,898)
Total Other Financing Sources (Uses)	-	800,000	370,102	(429,898)
Net Change	-	163,891	(134,060)	(297,951)
Fund Balance - October 1 (Beginning)	553,270	553,270	553,270	-
Fund Balance - September 30 (Ending)	\$ 553,270	\$ 717,161	\$ 419,210	\$ (297,951)

The notes to the financial statements are an integral part of this statement.

**NOTES TO FINANCIAL STATEMENTS**

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

The financial statements of Nueces County Emergency Services District No. 3 (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 County’s accounting policies are described below.

**A. REPORTING ENTITY**

Nueces County Rural Fire Prevention District #3 was created in 1980. Later, it was reorganized as Nueces County Emergency Services District #3 and operated under the provision of Chapter 775 of the Texas Health and Safety Code for the purposes of providing fire and emergency services to its designated areas. The District includes three volunteer fire stations located in the towns of Bishop, Driscoll and Petronila. The District was officially registered and incorporated with the State of Texas as Nueces County Emergency Services District #3 on September 7, 2016. The District is governed by its Board of Commissioners which is made up of five voting members who are appointed by the Nueces County Commissioners Court. The Board annually elects the president, vice president, secretary and treasurer from the existing board members.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all the Nueces County Emergency Services District No. 3 non-fiduciary with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, grants and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. If revenue is not program revenue, it is general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims, and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

GASB 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources are the consumption of net assets by the government that is applicable to a future reporting period and deferred inflows of resources are the acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are incorporated into the definitions of the required components of the residual measure and that measure is renamed as net position, rather than net assets. GASB 63 is effective for current fiscal year. The District is reflecting the applicable deferred outflows or inflows as required, net assets have been renamed as net position.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**  
**(continued)**

The Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Reporting for Postemployment Benefits Other Than OPEBs* by State and Local Government Employers, which became effective for fiscal years beginning after June 15, 2017, requires that certain disclosures regarding postemployment benefits other than OPEBs for employees of the District be included in their financial statements. The Nueces County Emergency Services District #1 has no postemployment Benefits or OPEBs at September 30, 2023.

The District implemented GASB 87 for reporting leases during the reporting period. A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "long-term" lease provided in GASB 87 and must meet the capitalization level set by the Board. The right-to-use lease liability is reported in the government-wide statements. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense.

With GASB 87, the initial measure of a new right-to-use lease arrangement is reported in government fund types as another financial source during the current period. Monthly payments are reported as principal and interest payments during the reporting period of the fund level statements. The right-to-use lease asset capitalization level is determined by the Board of Directors. The term of the lease must be the noncancelable period during which the District has the right to use the tangible assets of another entity plus any periods in which either the lessee or the lessor has the sole option to extend the lease if it is reasonably certain the option will be exercised, plus any periods in which either the lessee or the lessor has the sole option to terminate the lease if it is reasonably certain the option will not be exercised by that party and must not meet the definition of a short-term lease under GASB 87. If the lease is in a governmental fund, the full amount of the lease asset will be reported as an expenditure in the fund level statements the year the agreement is made. This statement had no significant impact to the District.

**D. FUND ACCOUNTING**

The District uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is a separate accounting entity with a self – balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.



**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District’s primary operating fund. It accounts for all financial resources except those that are required to be accounted for in another fund.

**BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the net current assets.

All governmental fund types use the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transactions can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one – year availability period is used for revenue recognition for all governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

**E. OTHER ACCOUNTING POLICIES**

1. The District reports inventories of supplies at cost including consumable maintenance. Supplies are recorded as expenditures when they are consumed. The District had no reportable inventory at September 30, 2023.
2. In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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. The District had \$489,374 in debt at September 30, 2023.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

3. Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.
4. 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	50
Building	20
Improvements	
Infrastructure	50
Vehicles	15
Office Equipment	7
Computer	7
Equipment	

5. The District has no self-insurance plans.
6. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

Exhibit C-2 (page 13) provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets</u> <u>at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Value at the</u> <u>Beginning of the</u> <u>Year</u>	<u>Change in Net</u> <u>Position</u>
Land	65,694		65,694	
Buildings/infrastructure	975,351	170,412	804,939	
Other Equipment	375,171	241,649	133,522	
Fire Trucks	1,825,220	1,342,190	483,030	
Vehicles				
Construction in Progress				
Leases				
Change in Net Position				<u>1,487,186</u>
<u>Long-term Liabilities</u> <u>at the Beginning of the year</u>				
Bonds Payable				
Loans Payable	209,901			
Capital Leases Payable				
Compensated Absences				
Other				
Change in Net Position				<u>209,901</u>
 Net Adjustment to Net Position				 <u>\$1,277,285</u>

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

Exhibit C-4 (page 15) provides reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net position. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current Year Capital Outlay</u>			
Land			
Buildings & Improvements	864,823	864,823	864,823
Other Improvements			
Furniture & Equipment			
Equipment	18,000	18,000	18,000
Construction in Progress			
Total Capital Outlay	<u>882,823</u>	<u>882,823</u>	<u>882,823</u>
<u>Debt Principal Payments</u>			
Bond Principal			
Loan Principal	279,473	279,473	279,473
Capital Lease Payments			
Other			
Total Principal Payments	<u>279,473</u>	<u>279,473</u>	<u>279,473</u>
Total Adjustment to Net Position		<u>603,350</u>	<u>603,350</u>

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	59,187	59,187	59,187
Uncollected taxes (assumed collectible) from Current Year Levy			
Uncollected Taxes (assumed collectible) from Prior Year Levy			
Other	(49,862)	(49,862)	
<u>Reclassify Proceeds of Bonds, Loans &amp; Capital Leases</u>			
New Bond Issue			
Discount (Premium) on Issuance of Bonds			
Other			
Prepaid Insurance Premiums			
Total		<u>9,325</u>	<u>59,187</u>

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY DATA**

The District is required to adopt a legal budget; the District prepares and adopts a budget every fiscal year prior to its October 1 beginning fiscal year. The Commissioners may increase or decrease each line item of the budget; however, the total expenditures cannot exceed the District’s estimate of revenues and available cash unless allowed by special resolution. After the Commissioners have properly adopted the budget, the District’s administration and designees have the responsibility to monitor the expenditures to prevent expenditures from exceeding appropriations and to advise the Commissioners as to the conditions of the various expenditure accounts. The District does not use Encumbrance Accounting. The budget for the General Fund is adopted on a basis consistent with Generally Accepted Accounting principles (GAAP) in all material respects.

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

None

**C. DEFICIT FUND EQUITY**

None

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 3  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**IV. DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

The District’s deposits, held at financial institutions at year – end, were covered by federal depository insurance up to \$100,000. Balances in excess of the FDIC limits are collateralized up to the required deposit balance. The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The district is (is not) in substantial compliance with the requirements of the Act and with local policies.

Similar to cash deposits, investments held at a financial institution can be categorized according to three levels of risk. These three levels of risk are:

- Category 1 Investments that are insured registered or held by the entity or by its agent in the entity’s name.
- Category 2 Investments that are uninsured and unregistered held by the counter-parties trust department or agent in the entity’s name.
- Category 3 Uninsured and unregistered investments held by the counter-party, its trust department or its agent, but not in the entity’s name.

The Nueces County Emergency Services District No. 3 had the following investments at 9/30/2023.

	<u>Risk Categories</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	(1)	(2)	(3)		
<b>District Accounts</b>	<u>366,462</u>	<u>-</u>	<u>-</u>	<u>366,462</u>	<u>366,462</u>
	<u>366,462</u>	<u>0</u>	<u>0</u>	<u>366,462</u>	<u>366,462</u>

Interest accrues to investments at the end of each month.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**B. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS**

None

**C. PROPERTY TAXES**

The current tax levy, reduced by an allowance for uncollectible taxes receivable, is recognized in the accounts when levied October 1, and is recorded as unavailable revenue at that time. Such unavailable revenues are recognized as revenue in the fiscal year they become available. The allowance is adjusted at the end of each fiscal year to equal one – half percent of the current property tax levy for the ten most recent years plus 100% of its appraised value.

Tax billings and collections are handled via the Nueces County Tax Assessor Collectors office.

Property taxes are measurable but not available and hence are not susceptible to accrual. They are not available because the district has decreed that the taxes levied on October 1 will not be available for expenditures or appropriation until the next year (the year to which they apply.)

The allowance for uncollectible taxes is equal to one – half percent of the property tax levy for the eleven most recent fiscal years plus 100% of the balance of delinquent taxes due remaining more than eleven years.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**D. INTERFUND BALANCES AND TRANSFERS**

None

**E. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at September 30, 2023, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due From Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
<b>Governmental Activities:</b>					
General Fund	69,632	0	0	0	69,632
Major Fund – Debt Service		0	0	0	
Total - Governmental Activities	<u>69,632</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>69,632</u>

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Payables at September 30, 2023, were as follows:

	<u>Loans, Leases and Bonds Payable – Current Year</u>	<u>Accounts</u>	<u>Due To Other Funds</u>	<u>Due to Other Governments</u>	<u>Other</u>	<u>Total Payables</u>
<b>Governmental Activities:</b>						
General Fund	65,367	2,189	0	0	0	67,556
Major Fund – Debt Service	0	0	0	0	0	0
Total - Gov. Activities	<u>65,367</u>	<u>2,189</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>67,556</u>

**F. CAPITAL ASSET ACTIVITY**

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

	<u>Primary Government</u>			<u>Ending Balance</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
<b>Governmental Activities:</b>				
Land	65,694	-	-	65,694
Buildings/infrastructure	975,351	864,823	-	1,840,174
Fire Trucks – Vehicles	1,825,220	-	-	1,825,220
Equipment	375,171,	18,000	-	393,171
Construction in Progress	-	-	-	-
Totals at Historic Cost	<u>3,241,436</u>	<u>882,823</u>	-	<u>4,124,259</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	170,412	21,983	-	192,394
Fire Trucks	1,342,190	129,626	-	1,471,816
Equipment	<u>241,649-</u>	56,167	-	<u>297,816-</u>
Total Accumulated Depreciation	<u>1,754,250</u>	<u>207,776</u>	-	<u>1,962,026</u>
Governmental Activities Capital Assets, Net	<u>1,487,186</u>			<u>2,162,233</u>

Depreciation expense was charged to governmental functions as follows:

Fire Protection	207,776
Total Depreciation Expense	<u>207,776</u>

**G. CAPITAL LEASES PAYABLE**

The District had no capital leases payable at September 30, 2023.



**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**H. LOAN OBLIGATIONS PAYABLE**

A summary of changes in general long-term debt for the year ended September 30, 2023 is as follows:

<u>DESCRIPTION</u>	<u>Interest Rate Payable</u>	<u>Amounts Original Issue</u>	<u>Interest Current Year</u>	<u>Payable Amounts Outstanding 9/30/2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding 9/30/2023</u>
2018 Spartan Pumper	3.94%	\$ 288,192	\$ 4,291	\$ 55,452	\$ -	\$ 55,452	\$ -
2018 Dodge Ram & Eq.	2.81%	367,230	5,887	154,450		35,177	119,273
2022 Spartan	4.83%	370,102	-	-	370,102	-	370,102
TOTAL				<u>\$ 209,902</u>	<u>\$ 370,102</u>	<u>\$ 90,629</u>	<u>\$ 489,374</u>

**I. DEBT SERVICE REQUIREMENTS – LOANS**

Debt service requirements are as follows:

Year Ended September 30	<u>General Obligations</u>		Total <u>Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2024	65,367	23,132	88,499
2025	68,025	20,474	88,499
2026	70,799	17,700	88,499
2027	40,923	14,806	55,730
2028	35,691	12,809	48,499
Thereafter	<u>208,569</u>	<u>33,929</u>	<u>242,497</u>
Total	<u>489,374</u>	<u>122,851</u>	<u>612,225</u>

**J. COMMITMENTS UNDER OPERATING LEASES**

None

**K. CHANGES IN LONG-TERM LIABILITIES**

Long-term activity for the year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds and Notes Payable:	0	0	0	0	0
Loans	209,901	370,102	90,629	489,374	65,367
Total Governmental Activities Long-term Liabilities	<u>209,901</u>	<u>370,102</u>	<u>90,629</u>	<u>489,374</u>	<u>65,367</u>

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**L. UNAVAILABLE REVENUE**

Unavailable revenue at year end consisted of the following:

	<u>General</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u>
Net Tax Revenue	\$59,187	\$0	\$59,187
State & Federal Governments	<u>0</u>	<u>0</u>	<u>0</u>
Total Unavailable Revenue	<u>\$59,187</u>	<u>\$0</u>	<u>\$59,187</u>

**M. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

During the current year, revenues from local and intermediate sources consisted of the following:

	<u>General</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u>
Property Taxes	\$911,712	\$0	\$911,712
Intergovernmental/Grants		0	
Investment Income	36,230	0	36,230
Other	<u>17,627</u>	<u>0</u>	<u>17,627</u>
Total	<u>\$965,569</u>	<u>\$0</u>	<u>\$965,569</u>

**N. FUND EQUITY - GASB 54 NOTE**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The classifications are as follows:

Non-spendable - The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of inter-fund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the District can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Commissioners. Those committed amounts cannot be used for any other purpose unless the Commissioners removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Commissioners or state statute. Commissioners or a District official delegated that authority by the Commissioners.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**O. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through February 27, 2024, the date which the financial statements were available to be issued and none were noted.

**P. PRIOR PERIOD ADJUSTMENT**

None

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SUPPLEMENTAL SCHEDULE

Nueces County Emergency Services District No. 3  
 General Fund  
 Budgetary Comparison Schedule  
 Budget (GAAP Basis) and Actual  
 Year Ended September 30, 2023

Revenues:	Budget		Actual	Variance
	Original	Revised		Favorable (Unfavorable)
Property taxes, including penalty and interest	\$ 893,500	\$ 893,500	\$ 911,712	\$ 18,212
Interest	3,000	3,000	36,230	33,230
Donations Received	5,000	5,100	5,123	23
Grant Reimbursements	12,000	12,000	12,504	504
Loan Proceeds	100,000	800,000	370,102	(429,898)
Total Revenues	<u>1,013,500</u>	<u>1,713,600</u>	<u>1,335,671</u>	<u>(377,929)</u>
Expenditures:				
<u>FIRE</u>				
Fuel & Oil	55,000	55,000	39,427	15,573
Fire Prevention Work	1,500	1,000	920	80
Repairs and Maintenance	12,000	18,000	18,017	(17)
Association Dues	3,000	2,500	1,385	1,115
Legal/ Accounting Fire	7,000	3,600	3,509	91
Utilities	15,400	16,110	13,686	2,424
Materials & Supplies	5,000	10,200	10,106	94
Office Supplies	7,000	7,000	5,158	1,842
Stipends	30,000	20,000	11,521	8,479
Training & Mileage	17,000	10,000	9,296	704
Miscellaneous	15,000	15,300	15,531	(231)
Advertising	1,500	3,050	3,037	13
Truck Maintenance & Repairs	113,500	124,349	116,092	8,257
Fees & Services	2,200	2,200	1,476	724
Insurance	68,000	68,000	67,119	881
Internet	7,700	6,100	5,267	833
Post Office	300	300	237	63
Radios & repair	30,000	21,000	21,864	(864)
Tax Collection Fees	30,000	22,000	20,810	1,190
Debt Payments	225,000	962,000	97,638	864,362
Equipment	30,000	17,500	43,606	(26,106)
New Building Construction	150,000	0	864,823	(864,823)
Building Maintenance	50,000	27,000	26,708	292
E Dispatch Fees	1,800	1,800	1,560	240
Payroll Expenses	135,600	135,700	70,938	64,762
Total Expenditures	<u>1,013,500</u>	<u>1,549,709</u>	<u>1,469,731</u>	<u>79,978</u>
Excess of Revenues over (under) Exp	<u>0</u>	<u>163,891</u>	<u>(134,060)</u>	
Fund Balance October 1, 2022	<u>553,270</u>	<u>553,270</u>	<u>553,270</u>	
Fund Balance September 30, 2023	<u>\$ 553,270</u>	<u>\$ 717,161</u>	<u>\$ 419,210</u>	

See accompanying auditor's report