

ORANGE COUNTY EMERGENCY
SERVICES DISTRICT NO. 4

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

ORANGE COUNTY EMERGENCY SERVICES DISTRICT NO. 4
Annual Financial Report
For The Year Ended SEPTEMBER 30, 2024

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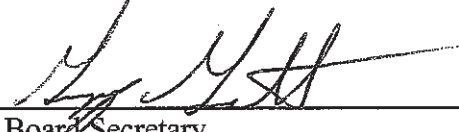
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ORANGE COUNTY EMERGENCY SERVICES DISTRICT No. 4
CERTIFICATE OF BOARD

We, the undersigned, certify that this accompanying audit report of the above named district was reviewed and approved for the year ended September 30, 2024 at a meeting of the Board of Commissioners held on the 24th day of June, 2025.



Board President



Board Secretary

INTRODUCTORY SECTION

ORANGE COUNTY EMERGENCY SERVICES DISTRICT No. 4

ORANGE COUNTY, TEXAS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Board of Commissioners

David Jones	President
Gregory Gravett	Vice President
Dan Brack	Secretary
Anthony Shue	Treasurer
Robert Hymes	Assistant Treasurer

Command Staff

Kelley Moore	Fire Chief
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FINANCIAL SECTION



June 23, 2025

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Orange Emergency Services District No. 4
Orange County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Orange County Emergency Services District No.4, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund the Orange County Emergency Services District No. 4, as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility 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 opinions. Reasonable assurance is a high level of assurance but it 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Marino CPA Firm

Beaumont, TX

As management of the Orange County Emergency Services District # 4 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with the independent auditors' report and the District's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The assets of the OCESD # 4 exceeded liabilities as of September 30, 2024, by \$945,673 (net position). Of this amount \$490,779 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The District had expenses associated with governmental activities totaling \$475,854 and total revenues were \$774,188.
- As of September 30, 2024, the OCESD # 4 general fund reported an ending fund balance of \$429,478.

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 include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The District adopted the provisions of Governmental Accounting and Financial Reporting for Non-exchange Transactions and Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements-Management's Discussion and Analysis for State and Local Governments as of January 1, 2013.

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

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation).

In the Statement of Net Position and the Statement of Activities, the District report contains one type of activity:

Governmental activities – All of the District's basic services are reported here, including the administration, emergency equipment upkeep and purchases, data processing and general and administrative.

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The District has only one type of fund, which is the governmental fund.

The District has the following kinds of funds:

- **Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District's major governmental fund is the General Fund.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$945,673 at the close of the fiscal year September 30, 2024.

Table I
ORANGE COUNTY EMERGENCY SERVICES DISTRICT No. 4
NET POSITION

	September 30, 2024	September 30, 2023
Current and Other Assets	\$ 491,630	\$ 294,957
Capital Assets, Net	821,252	361,086
Total Assets	<u>1,312,882</u>	<u>656,043</u>
Current and Other Liabilities	\$ 63,601	\$ 8,704
Long-term Liabilities	303,608	-
Total Liabilities	<u>367,209</u>	<u>8,704</u>
Net Assets:		
Invested in Capital Assets Net of Related Debt	454,894	361,086
Unrestricted	490,779	286,253
Total Net Position	<u>\$ 945,673</u>	<u>\$ 647,339</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Changes in net position. The District had an increase in net position of \$298,334.

Key elements of the governmental activities of the District are reflected in the following table.

Table II
ORANGE COUNTY EMERGENCY SERVICES DISTRICT NO. 4
CHANGE IN NET POSITION

	2024	2023
Revenues		
General Revenues:		
Property Taxes	\$ 763,442	\$ 291,227
Interest Income	913	487
Grants and Contributions	4,114	1,000
Other miscellaneous	5,719	82,159
Total Revenues	<u>774,188</u>	<u>374,873</u>
Expenses		
Human Resources	59,071	21,294
Supplies	227,605	165,410
Contract Services	73,366	61,816
Interest Expense	25,842	-
Depreciation	89,970	60,590
Total Expenses	<u>475,854</u>	<u>309,110</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	<u>298,334</u>	<u>65,763</u>
Net Change in Net Position	298,334	65,763
Net Position, Beginning of Year	<u>647,339</u>	<u>581,576</u>
Net Position, End of Year	<u>\$ 945,673</u>	<u>\$ 647,339</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

GOVERNMENTAL FUNDS

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2024, the District's governmental fund reported an ending balance of \$429,478.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues exceeded budgeted revenues by \$101,836 which is the result of miscellaneous revenues outperforming budgeted amounts. Budgeted expenses were less than actual expenses by \$95,016 mainly due to capital acquisitions expenditures and debt service interest being lower than budgeted.

	Fiscal Year 2024			Fiscal Year 2023		
	Actual	Budget	Budget Variance	Actual	Budget	Budget Variance
Income:						
Tax Revenue	\$ 725,428	\$ 710,000	\$ 15,428	\$ 267,940	\$ 248,000	\$ 19,940
Interest Income	-	-	-	-	-	-
Grants and Contributions	4,114	-	4,114	-	-	-
Charges for Services	-	-	-	1,000	-	1,000
Miscellaneous	6,632	2,400	4,232	82,646	1,750	80,896
Total Income	<u>736,174</u>	<u>712,400</u>	<u>23,774</u>	<u>351,586</u>	<u>249,750</u>	<u>101,836</u>
Expense:						
Human Resources	59,071	121,500	(62,429)	21,294	22,000	(706)
Supplies	227,605	280,650	(53,045)	165,410	95,400	70,010
Contract Services	73,366	63,854	9,512	61,816	64,450	(2,634)
Debt Service	25,842	-	25,842	-	-	-
Capital Acquisitions	550,136	375,000	175,136	52,019	150,000	(97,981)
Total Expense	<u>936,020</u>	<u>841,004</u>	<u>95,016</u>	<u>300,539</u>	<u>331,850</u>	<u>(31,311)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(199,846)</u>	<u>(128,604)</u>	<u>(71,242)</u>	<u>51,047</u>	<u>(82,100)</u>	<u>133,147</u>
Other Financing Sources:						
Proceeds from loan	525,516	-	525,516	-	-	-
Principal payments on loan	(159,158)	-	(159,158)	-	-	-
Net Change in Fund Balance	<u>\$ 166,512</u>	<u>\$ (128,604)</u>	<u>\$ 295,116</u>	<u>\$ 51,047</u>	<u>\$ (82,100)</u>	<u>\$ 133,147</u>

GENERAL FUND BUDGETARY HIGHLIGHTS, Continued

A net change in fund balance (increase of \$166,512) is mainly due to the tax revenues and loan proceeds received by the District.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Assets. The District's investment in capital assets for its governmental activities as of September 30, 2024 amount to \$821,252 net of accumulated depreciation. This investment in capital assets includes land, buildings, apparatus, emergency equipment, and fire prevention equipment.

	CAPITAL ASSETS	
	Fiscal Year 2024	Fiscal Year 2023
Land	\$ 44,325	\$ 44,325
Buildings	164,950	164,950
Emergency Equipment	381,639	357,019
Vehicles	1,709,167	1,183,651
Total Capital Assets	2,300,081	1,749,945
LESS ACCUMULATED		
Depreciation	(1,478,829)	(1,388,859)
Capital Assets, net of Depreciation	\$ 821,252	\$ 361,086

Long-Term Debt. The District has long-term debt (due in more than one year) in the amount of \$366,358 at the end of the fiscal year. Additional information on long-term debt can be found in note number 5.

ECONOMIC FACTORS AND NEW YEAR'S BUDGETS AND RATES

\$429,478 of the unassigned fund balance in the general fund is available for spending in the 2024/2025 budget. The following classification define these fund balance amounts (Note K):

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Committed fund balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.

Restricted fund balance – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

SEPTEMBER 30, 2024

ECONOMIC FACTORS AND NEW YEAR'S BUDGETS AND RATES, Continued

The tax rate for year 2024 was \$.072944 on \$100 valuation. There is no change because all emergency Services Districts are capped at \$.1000 on \$100 valuation by law.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Orange County Emergency Services District # 4's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District Secretary at P.O. Box 622, Mauriceville, TX 77626.

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BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 426,627
Taxes receivable - net of allowance	65,003
Capital assets:	
Buildings, property, and equipment, net	821,252
Total Assets	1,312,882
LIABILITIES	
Current Liabilities:	
Accounts Payable	851
Non-current liabilities:	
Due within one year	62,750
Due in more than one year	303,608
Total Liabilities	367,209
NET POSITION	
Net investment in capital assets	454,894
Unrestricted	490,779
Total Net Position	\$ 945,673

The accompanying notes are an integral part of this financial statement.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Governmental activities:				
Human resources	59,071	-		(59,071)
Supplies	227,605			(227,605)
Contract services	73,366			(73,366)
Depreciation	89,970			(89,970)
Interest on long-term debt	25,842	-	-	(25,842)
Total governmental activities	475,854	-	-	(475,854)
Total Primary Government	\$ 475,854	\$ -	\$ -	(475,854)
Property taxes, penalties and interest				763,442
Contributions not restricted to specific programs				4,114
Interest				913
Other miscellaneous				5,719
Total general revenues				774,188
Change in Net Position				298,334
Net Position- Beginning				647,339
Net Position - Ending				945,673

The accompanying notes are an integral part of this financial statement.

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

Total
Governmental
Funds
<u>General Fund</u>

ASSETS:

Cash and cash equivalents	\$ 426,627
Property taxes receivable (net of allowances for doubtful accounts)	<u>65,003</u>
TOTAL ASSETS	<u>\$ 491,630</u>

LIABILITIES AND FUND BALANCES:

LIABILITIES:

Accounts Payable	\$ 851
TOTAL LIABILITIES	<u>851</u>

DEFERRED INFLOWS OF RESOURCES:

Unavailable revenue - property tax	<u>61,301</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>61,301</u>

FUND BALANCES:

Unassigned Fund Balance	<u>429,478</u>
Total fund balances	<u>429,478</u>

TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 491,630</u>
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The accompanying notes are an integral part of this financial statement.

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

Governmental fund balance as reported on the balance sheet for governmental funds.	\$ 429,478
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	821,252
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(366,358)
Recognition of deferred property taxes as revenue increases net position.	<u>61,301</u>
Total net position as reported on the Statement of Net Position for Governmental Activities.	<u>\$ 945,673</u>

The accompanying notes are an integral part of this financial statement.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Total Governmental Funds
	<u>General Fund</u>
REVENUES	
Property taxes, penalties and interest	\$ 725,428
Grant income	4,114
Other miscellaneous	6,632
Total revenue	<u>736,174</u>
EXPENDITURES:	
Current:	
Human resources	59,071
Supplies	227,605
Contract services	73,366
Debt service	25,842
Capital outlay	550,136
Total expenditures	<u>936,020</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(199,846)</u>
OTHER FINANCING SOURCES (USES)	
Proceeds from debt	525,516
Principal payments on loan	<u>(159,158)</u>
Total other financing sources and uses	<u>366,358</u>
NET CHANGE IN FUND BALANCES	166,512
FUND BALANCES - BEGINNING	<u>262,966</u>
FUND BALANCES - ENDING	<u>\$ 429,478</u>

The accompanying notes are an integral part of this financial statement.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balances - total governmental funds (Exhibit D) \$ 166,512

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

Capital Outlay	\$ 550,136	
Depreciation	<u>(89,970)</u>	460,166

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Issuance of new debt	\$ (525,516)	
Principal payments on loan	<u>159,158</u>	(366,358)

Because some tax revenues will not be collected for several months after the District's fiscal year end, they are not considered "available" revenue and are deferred in the governmental funds. Deferred revenues increased by this amount in the current period.

38,014

Change in net position of governmental activities (Exhibit B) \$ 298,334

The accompanying notes are an integral part of this financial statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of Presentation**

The financial statements of the Orange County Emergency Services District No. 4 (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following represents the significant accounting policies used by the District.

A. Reporting Entity

Creation of the District – The Orange County Emergency Services District No. 4 (District) was organized as provided by Article III, Section 48-e of the Texas Constitution and adopted by the voters at an election held May 1, 1993. Chapter 775 of the *Health and Safety Code*, Texas Department of Health, authorizes the District to levy an ad valorem tax of up to ten (10) cents per \$100 valuation, thus providing increased funding to provide fire prevention and education, fire-fighting services and other emergency services to the western end of Orange County.

The District has adopted Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In accordance with this statement, a financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District is governed by a Board of Commissioners consisting of five individuals who are appointed by the Commissioner's Court of Orange County. As required by generally accepted accounting principles, these financial statements present the activities of the District which is considered to be the primary government as well as the reporting entity. There are no other organizations which meet the criteria for inclusion herein as part of the financial reporting entity.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government and its component units. Because the District has only one fund, there is no interfund activity to be removed from these statements.

Government activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-like activities, which rely to a significant extent on fees and charges for funding. The District has no business-like activities.

The statement of activities demonstrates the degree to which the direct expenses of a given structure or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

B. Government-wide Financial Statements Continued

Separate financial statements would be provided for governmental funds and proprietary funds; however the District has no proprietary funds. Because the District has only one fund, the general fund, there is only one column in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 are reported using the current financial *resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as program revenue include 1) operating grants and contributions, 2) capital grants and contributions, 3) charges for services, and 4) miscellaneous revenue such as hazmat revenue. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

D. Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses or expenditures, as appropriate. The following funds and groups of accounts are used by the District:

Governmental Fund Types:

General Fund – The general fund is the general operating fund of the District. All financial resources, except those required to be accounted for in other funds, are accounted for in the general fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Account Groups:

General Fixed Assets (GFA) – The general fixed assets account group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. No depreciation is recorded on general fixed assets.

General Long-term Debt – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

E. Budgetary Data

The District submits an annual budget to the Board of Commissioners. In August, the Board adopts the annual fiscal year budget for District operating funds. Once approved, the District's Board may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenditures.

The budget for the operating funds is prepared on the cash receipts and expenditures-encumbrances basis. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued.

The combined statement of revenues, expenditures and changes in fund balance – budget and actual for the general fund – presents comparisons of legally adopted budgets with actual data on a budgetary basis. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year. Unused appropriations for the budgeted fund lapse at the end of the year.

F. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year end.

G. Property Taxes Receivable

In the governmental fund financial statements, property taxes that are measurable and available (receivable within the current period and collected within the current period or within 60 days thereafter to be used to pay liabilities of the current period) are recognized as revenue in the year of levy. Property taxes that are measurable, but not available, are recorded, net of estimated uncollectible amounts, as deferred revenues in the year of levy. Such deferred revenues are recognized as revenue in the fiscal year in which they become available.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**H. Capital Assets**

Capital assets which include property, 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 government as assets with an initial, individual cost of \$5,000 or more and an

estimated useful life in excess of one year. 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. 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. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

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

<u>Assets</u>	<u>Years</u>
Buildings	20-75
Leasehold Improvements	20-75
Equipment	5-20

I. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

K. Fund Equity

As of these financial statements, the District has adopted GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. In accordance with GASB Statement No. 54, fund balance classifications are recorded as follows:

Non-spendable Fund Balance – amounts that are not in spendable form or amounts that are legally and contractually required to be maintained intact.

Restricted Fund Balance – amounts constrained to a specific purpose by external parties through constitutional provisions or by enabling legislation.

Committed Fund Balance – amounts constrained to a specific purpose by the Commissioners (the highest level of authority within the District); amounts may only be appropriated by resolution of the

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Board of Commissioners and those amounts cannot be used for any other purpose unless the Commissioners take the same action to remove or change the constraint.

Assigned Fund Balance- the Board of Commissioners delegate authority to the District Fire Chief to assign amounts for specific purpose as appropriate.

Unassigned Fund balance – residual classification applicable to the general fund only.

When the government incurs expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then assigned fund balance, then unassigned fund balance, and finally committed fund balance.

The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution and formal action of the Board. This is done through adoption and amendment of the budget.

The fund balance as of September 30, 2024 includes the following classifications:

Unassigned	<u>\$ 429,478</u>
Total Fund Balance	<u>\$ 429,478</u>

NOTE 2: CASH AND INVESTMENTS

The District maintains cash accounts that are available for use by the general fund, the District's only fund type. The District conducts all of its banking transaction with its depository bank, First Financial Bank and Stellar Bank of Vidor, Texas.

Deposits: At September 30, 2024, the carrying amount of the District's deposits was \$426,627 and the bank balance was \$437,648. The District's funds were covered by Federal Deposit Insurance and \$145,000 pledged collateral from First Security Bank. First Financial Bank deposits were covered by FDIC insurance.

Cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 – Deposits are insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 – Deposits which are collateralized with securities held by pledging financial institutions, trust departments, or agent in the entity's name.

Category 3 – Deposits which are not collateralized.

Based on these three levels of risk, the District's deposits are all classified as Category 1.

Investments: The District has no cash investments.

NOTE 3: PROPERTY TAXES

District property taxes are assessed by the Orange County Appraisal District as mandated in the State Property Tax Code.

The District contracts with the Orange County Tax Assessor/Collector on an annual basis, from tax year to tax year, until either party makes a decision to terminate the collections contract, with written notice. The Orange County Tax Assessor/Collector transmits current and delinquent tax collections to the District periodically throughout each month, along with computerized statements detailing the transactions. They also furnish the District with a month end summary.

Property taxes are attached as an enforceable lien on the property as of January 1st. Taxes are levied on October 1st and payable by January 31st. Taxes paid after January 31st are subject to penalty and interest. Taxes are considered delinquent after June 30th and are subject to attorney fees in addition to penalty and interest. The District's taxes are billed and collected by the county. The District's property tax revenues are recognized as collected.

The effective tax rate \$.076984 per \$100 valuation for the tax year 2024 was approved by the Board of Commissioners.

An analysis of taxes receivable for the year ended September 30, 2024:

Taxes receivable – September 30, 2024	\$ 69,152
Provision for uncollectible taxes	<u>(4,149)</u>
Net Taxes Receivable – September 30, 2024	\$ <u>65,003</u>

NOTE 4: CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Current Year		Ending Balance
		Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 44,325	\$ -	\$ -	\$ 44,325
Total capital assets not being depreciated:	44,325	-	-	44,325
Capital assets being depreciated:				
Buildings	\$ 164,950	\$ -	\$ -	\$ 164,950
Fire equipment and vehicles	1,540,670	550,136	-	2,090,806
Total capital assets being depreciated:	1,705,620	550,136	-	2,255,756
Less accumulated depreciation:				
Buildings	(105,059)	(4,843)	-	(109,902)
Fire equipment and vehicles	(1,283,800)	(85,127)	-	(1,368,927)
Total accumulated depreciation	(1,388,859)	(89,970)	-	(1,478,829)
Total capital assets being depreciated, net	316,761	460,166	-	776,927
Governmental activities capital assets, net	<u>\$ 361,086</u>	<u>\$ 460,166</u>	<u>\$ -</u>	<u>\$ 821,252</u>

Depreciation expense of the governmental activities was charged to functions/programs as follows:

Fire and Emergency Services	\$ 89,970
Total Depreciation Expense - Governmental Activities	<u>\$ 89,970</u>

NOTE 5: LONG TERM DEBT

On January 2, 2024, the District issued a note with First Security Bank for \$525,516, with a \$100,000 downpayment bringing total financed to \$425,516, with interest rate 5.0%. The loan was used in the purchase of a new 2023 Freightliner 3,000 Gallon Fire Truck for services in their District, which is located at 10691 Highway 62 N in Orange County, Texas.

Long-term liability activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
First Security Bank	-	525,516	159,131	366,385
Totals	<u>\$ -</u>	<u>\$ 525,516</u>	<u>\$ 159,131</u>	<u>\$ 366,385</u>

NOTE 5: LONG TERM DEBT Continued

Annual requirements to maturity for the loans are as follows:

Year Ending September 30,	Principal	Interest	Total
2025	62,750	22,250	85,000
2026	66,561	18,439	85,000
2027	70,604	14,396	85,000
2028	74,892	10,108	85,000
2029	91,551	5,560	97,111
Total	<u>\$ 366,358</u>	<u>\$ 70,753</u>	<u>\$ 437,111</u>

NOTE 5: RISK MANAGEMENT

The District is exposed to various risks of losses related to theft of, damage to and destruction of fixed assets; error and omission; injuries to employees; and natural disasters. The District has obtained commercial insurance coverage for these risks and provided various employee education and prevention programs.

NOTE 6: GRANT AND CONTRIBUTION REVENUE

For the year ended September 30, 2024, the District received the following grants:

Corporate Contribution	\$ <u>4,114</u>
Total Contributions	<u>\$ 4,114</u>

NOTE 7: OTHER INFORMATION**A. Subsequent Events**

The Orange County Emergency Services District # 4 has evaluated subsequent events through June 23, 2025, the date on which the financial statements were available for issue.

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REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes, penalties and interest	\$ 710,000	\$ 710,000	\$ 725,428	\$ 15,428
Grant income	-	-	4,114	
Other miscellaneous	2,400	2,400	6,632	4,232
Total revenue	712,400	712,400	736,174	23,774
EXPENDITURES				
Human resources	121,500	121,500	59,071	62,429
Supplies	280,650	280,650	227,605	53,045
Contract services	63,854	63,854	73,366	(9,512)
Debt service			25,842	(25,842)
Capital acquisitions	375,000	375,000	550,136	(175,136)
Total expenditures	841,004	841,004	936,020	(95,016)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(128,604)	(128,604)	(199,846)	(71,242)
OTHER FINANCING SOURCES (USES)				
Proceeds from loan	-	-	525,516	525,516
Principal payments on loan	-	-	(159,158)	(159,158)
Total other financing sources and uses	-	-	366,358	366,358
NET CHANGE IN FUND BALANCES	(128,604)	(128,604)	166,512	295,116
FUND BALANCES AT BEGINNING OF YEAR	262,966	262,966	262,966	-
FUND BALANCE AT END OF YEAR	\$ 134,362	\$ 134,362	\$ 429,478	\$ 295,116

The accompanying notes are an integral part of this financial statement.

COMPLIANCE SECTION



June 23, 2025

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Orange County Emergency Services District No. 4
Orange County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of Orange County Emergency Services District No. 4 (District), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 23, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Orange County Emergency Services District No. 4 financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marino CPA Firm