

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

**INDEPENDENT AUDITOR'S REPORT**

**AND**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Brazos County Emergency Services District No. 1

### **Opinion**

We have audited the accompanying financial statements of the governmental activities and the major (general) fund of Brazos County Emergency Services District No. 1 (the District) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 opinion.

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

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

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

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

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

In performing an audit in accordance with GAAS, 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 on pages 3-6 and page 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

*Thompson, Derrig & Craig, PC*

**THOMPSON, DERRIG & CRAIG, PC**

June 19, 2024



## MANAGEMENT'S DISCUSSION AND ANALYSIS

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, the management of Brazos County Emergency Services District No. 1 (the District) offers the following financial performance of the District for the year ended September 30, 2023. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read in conjunction with the District's financial statements that follow.

### DISTRICT PROFILE

Five persons are appointed by the County Judge and Commissioners Court as Emergency Service District Commissioners District No. 1 for two-year terms with a three- and two-person rotation. They function as a board with regularly scheduled meetings every second Tuesday of the month as stated by an agenda posted at the county courthouse. The District maintains P.O. Box 696, Millican, Texas 77866 as a working address.

The District contracts with South Brazos County Fire Department to provide fire, rescue, and emergency medical services to 110 square miles of rural south Brazos County with an all-volunteer staff of firefighters working in the four fire stations located at 14841 South Dowling, 3030 Wingfall Street, 1601 Greens Prairie Road, and 1550 Arrington Road. In addition, the District employs paid firefighters who provide services similar as the volunteers.

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the District's financial statements, which begin on page 7.

### **Financial Highlights:**

- Net Position at the close of the most recent period was \$4,565,170.

For purposes of GASB Statement No. 34, the District is considered a special-purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "General Fund" column. An adjustment column includes those entries needed to convert to the full-accrual basis government-wide statements. Government-wide statements are comprised of the State of Net Position and the Statement of Activities.

The District operates five bank accounts (two operating accounts, property tax, sales tax, money market), and an investment account with the Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS). The District has three sources of income as of September 30, 2023,

namely property and sales taxes and interest earned on their deposits and investments. The major expenses of the District are payroll, station operations and capital improvement costs.

The Brazos County Tax Assessor Office computes the tax information and notifies District #1 on the legal requirements. District #1 under current law is limited to a maximum tax rate of \$0.03 per hundred dollars of taxable value. The commissioners set the effective tax rate of \$0.0225630/100 for 2022 (for the year ended September 30, 2023).

## **Overview of the Basic Financial Statements**

The District's reporting is comprised of two parts:

- Management's Discussion and Analysis (this section)
- Basic Financial Statements:
  - Statement of Net Position and Governmental Fund Balance Sheet
  - Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance
  - Statement of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—General Fund
  - Notes to Basic Financial Statements

The Statement of Net Position and Governmental Fund Balance Sheet includes a column titled "General Fund" that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net position will indicate financial health.

The Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance includes a column titled "General Fund" that derives the change in fund balance resulting from current year revenues and expenditures. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The Statement of Revenues, Expenditures, and Changes in Fund Balance –Budget and Actual—General Fund presents a comparison statement between the District's adopted budget to its actual results.

The Notes to Basic Financial Statements provide additional information that is essential to a full understanding of the information presented in the financial statements.

## **The District as a Whole**

The District's combined net position for the years ending September 30, 2023 and 2022 are as shown in the table below. Our analysis below focuses on the net position and changes in the net position of the District's governmental activities as reported on the accrual basis of accounting.

**STATEMENT OF NET POSITION**

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,039,059	\$ 2,077,649
Investments	2,115,389	-
Other current assets	135,428	107,220
Fixed assets, net	<u>1,301,470</u>	<u>954,725</u>
Total Assets	<u>\$ 4,591,346</u>	<u>\$ 3,139,594</u>
Current liabilities	\$ 26,176	\$ 2,552
Net position:		
Net investments in capital assets	1,301,470	954,725
Unrestricted	<u>3,263,700</u>	<u>2,182,317</u>
Total net position	<u>4,565,170</u>	<u>3,137,042</u>
Total Liabilities & Net Position	<u>\$ 4,591,346</u>	<u>\$ 3,139,594</u>

The changes in net position for the respective periods are also shown in the table below:

<b>REVENUE</b>		
Property tax revenue	\$ 496,031	\$ 493,599
Sales tax revenue	1,828,454	1,426,999
Interest income and other income	<u>67,879</u>	<u>917</u>
Total Revenue	2,392,364	1,921,515
<b>EXPENSES</b>		
Administration	27,652	15,904
Bookkeeping	55,531	55,186
Contract services	129,875	31,404
Depreciation	186,284	163,971
Automobile	23,011	12,189
Insurance	75,912	57,982
Payroll	288,913	46,739
Utilities	16,597	14,338
License & Fees	21,904	10,085
Supplies and maintenance	125,336	32,949
Telephone	<u>12,874</u>	<u>7,362</u>
Total Expenses	963,889	448,109
Excess (Deficit) of Revenues over Expenses	1,428,475	1,473,406
Net Position, Beginning of Year	<u>3,136,695</u>	<u>1,663,289</u>
Net Position, End of Year	<u>\$ 4,565,170</u>	<u>\$ 3,136,695</u>

Total revenues increased from the prior year due to the addition of sales tax, while total expenditures increased primarily due to the addition of payroll expenses.

**Capital Assets**

At September 30, 2023 and 2022, the District had the following capital assets in operation:

	2023	2022
Buildings	\$ 654,854	\$ 654,854
Equipment	3,586,297	2,847,769
Land	12,000	12,000
Accumulated depreciation	(2,951,681)	(2,555,245)
	<u>\$ 1,301,470</u>	<u>\$ 959,378</u>

### **Contacting the District's Financial Management**

This financial report is intended to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Brazos County ESD No. 1  
 Attn: Treasurer  
 P.O. Box 696  
 Millican, TX 77866

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET**  
**SEPTEMBER 30, 2023**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
Current assets			
Cash	\$ 1,039,059	\$ -	\$ 1,039,059
Investments	2,115,389	-	2,115,389
Receivables	128,589	-	128,589
Prepaid expenses	6,839	-	6,839
Total current assets	3,289,876	-	3,289,876
Capital assets (net of accumulated depreciation)	-	1,301,470	1,301,470
TOTAL ASSETS	\$ 3,289,876	\$ 1,301,470	\$ 4,591,346
<b>LIABILITIES AND NET POSITION</b>			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 26,176	-	\$ 26,176
Total liabilities	26,176	-	26,176
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - sales and property taxes	\$ 128,589	\$ (128,589)	\$ -
<b>FUND BALANCE/NET POSITION</b>			
Fund balances:			
Non-spendable			
Unassigned	3,135,111	(3,135,111)	-
Total fund balance	3,135,111	(3,135,111)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,289,876		
Net position:			
Net investment in capital assets		1,301,470	1,301,470
Unrestricted		3,263,700	3,263,700
Total net position		\$ 4,565,170	\$ 4,565,170

See independent auditor's report and accompanying notes to the financial statements.

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

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENSES</b>			
Current			
Advertisement	\$ 2,778	\$ -	\$ 2,778
Conference & education	593	-	593
Depreciation	-	186,284	186,284
Dues & subscriptions	17,916	-	17,916
Legal fees	16,841	-	16,841
Automobile	23,011	-	23,011
Insurance	75,912	-	75,912
Utilities	16,597	-	16,597
License & fees	21,904	-	21,904
Telephone	12,874	-	12,874
Professional fees	168,565	-	168,565
Payroll expenses	288,913	-	288,913
Miscellaneous	5,233	-	5,233
Supplies & maintenance	125,336	-	125,336
Uniforms	1,131	-	1,131
Capital outlay	528,376	(528,376)	-
<b>TOTAL EXPENSES</b>	<u>1,305,980</u>	<u>(342,092)</u>	<u>963,888</u>
<b>GENERAL REVENUES</b>			
Property taxes & penalties	495,144	887	496,031
Sales taxes	1,795,414	33,040	1,828,454
Interest income & other	67,878	-	67,878
<b>TOTAL GENERAL REVENUES</b>	<u>2,358,436</u>	<u>33,927</u>	<u>2,392,363</u>
Excess of revenues over expenditures	<u>1,052,456</u>	<u>376,019</u>	<u>-</u>
Net change in fund balance	<u>1,052,456</u>	<u>(1,052,456)</u>	
Change in net position		<u>1,428,475</u>	<u>1,428,475</u>
Fund Balance/Net Position			
Beginning of year	<u>2,082,655</u>	<u>1,054,040</u>	<u>3,136,695</u>
End of year	<u>\$ 3,135,111</u>	<u>\$ 2,482,515</u>	<u>\$ 4,565,170</u>

See independent auditor's report and accompanying notes to the financial statements.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**STATEMENT OF ACTIVITES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Actual Amounts	Budget	Favorable (Unfavorable) General Fund to Budget Variance
<b>GENERAL REVENUES</b>			
Property taxes and penalties	\$ 495,144	\$ 442,753	\$ 52,391
Sales tax	1,795,414	1,548,972	246,442
Interest income and other	67,878	1,800	66,078
	<b>\$ 2,358,436</b>	<b>\$ 1,993,525</b>	<b>\$ 364,911</b>
<b>EXPENDITURES</b>			
Advertising	\$ 2,778	\$ 15,000	\$ 12,222
Conference & Education	593	3,000	2,407
Dues and subscriptions	17,916	3,500	(14,416)
Fuel	23,011	35,000	11,989
Insurance	75,912	76,500	588
Utilities	16,597	15,000	(1,597)
License & Fees	21,904	10,750	(11,154)
Telephone	12,874	10,000	(2,874)
Miscellaneous	6,364	32,200	25,836
Professional fees	185,406	187,800	2,394
Payroll	288,913	188,200	(100,713)
Supplies and maintenance	125,336	53,500	(71,836)
Volunteer recruitment and training	-	15,500	15,500
Capital outlay	528,376	426,000	(102,376)
	<b>1,305,980</b>	<b>1,071,950</b>	<b>(234,030)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>1,052,456</b>	<b>921,575</b>	<b>130,881</b>
Fund Balance, Beginning of Year	<u>2,082,655</u>		
Fund Balance, End of Year	<u>\$ 3,135,111</u>		

See independent auditor's report and accompanying notes to the financial statements.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**Note 1 – Creation of District**

Brazos County Emergency Services District No. 1 (the District) was created after a public election held in 1990 under the provision of Section 48-d of Article III of the Constitution of Texas and the Texas Safety and Health Code, Chapter 775. The District was established to provide fire protection and emergency services to residents of the district.

**Note 2 – Significant Accounting Policies**

The District’s financial statements are prepared in accordance with generally accepted accounting policies (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

***Reporting Entity***

The District is a political subdivision of the State of Texas governed by an appointed board. GASB has provided the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state or local governments. Under these criteria, the District is a primary government and not a component unit of any other government. The District is a special-purpose government engaged in a single governmental program - fire prevention and emergency services. As such, as allowed by GASB No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, the District presents its fund financial statements and its government-wide financial statements in a single set of combined statements.

***Basic Financial Statements***

The District’s basic financial statements include combined government-wide financial statements and fund financial statements prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards part II, Financial Reporting (“GASB Codification”).

GASB requires external financial reporting to include a Statement of Net Position and a Statement of Activities. It also requires the classification of net position into three components, as shown below:

- Net Investment in Capital Assets – This component consists of capital assets, net of accumulated depreciation and reduced by any associated debt.
- Restricted Net Position – This component consists of external constraints such as debt covenants or grantor requirements.
- Unrestricted Net Position – This component consists of net assets that do not meet the other definitions.

See independent auditor’s report.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**Note 2 – Significant Accounting Policies (continued)**

***Basic Financial Statements (continued)***

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and a Statement of Activities are combined with the governmental fund financial statements.

The Statement of Net Position is reported by adjusting the government fund types to report on a full accrual basis, economic resource measurement focus, which recognizes all long-term assets and receivables.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to the current year revenues and expenditures, such as capital outlays and depreciation expense.

Governmental Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Governmental Fund Balance Sheet and a Government Fund Statement of Revenues, Expenditures and Changes in Fund Balance.

Governmental Funds

The District has one governmental fund, the general fund. The general fund is used to the general operating fund of this District. This fund includes all the available operating revenues and accumulates reserves for future operating activities.

***Basis of Accounting/Measurement Focus***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The District uses the current financial measurement focus to report its governmental funds.

Accrual – The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Other revenues are recognized when earned and expenses are recognized when incurred.

See independent auditor's report.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**Note 2 – Significant Accounting Policies (continued)**

***Basis of Accounting/Measurement Focus (continued)***

Modified accrual – The governmental funds financial statements are presented on the current financial measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Property and sales tax revenues are recognized in the period for which levied or assessed provided they are also available.

***Financial Statement Amounts***

Cash – All the District’s cash is maintained in a local bank and is collateralized as described in Note 3.

Receivables – All receivables are stated net of estimated uncollectible amounts.

Capital Assets – Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost. Contributed assets are reported at estimated fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Fire trucks and equipment	7 - 10 years
Improvements	14 years

Deferred Inflows of Resources - The District follows GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District’s net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District’s acquisition of net position applicable to a future reporting period.

Property Tax Calendar and Revenues – The District is responsible for levying property taxes, but the taxes are collected by Brazos County. Taxes are levied annually on October 1, and are due one half by November 30, and one half by June 30, or in full by January 31. Delinquent tax payments throughout the year are recognized in the year received.

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

See independent auditor’s report.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**Note 2 – Significant Accounting Policies (continued)**

*Fair Value of Financial Instruments* – The carrying amounts of cash and cash equivalents, short-term investments and accounts receivable approximate fair value because of the short maturity of those financial instruments.

**Note 3 – Deposits**

At year end, the carrying amount of the District’s bank deposits was \$1,039,059. Deposits are categorized to give an indication of the level of risk assumed at year end. Categories are as follows:

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

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

Category 3 – Uncollateralized.

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

**Note 4 – Expenditures**

The District expends funds for the purchase and maintenance of fire equipment for Brazos County Volunteer Fire Department No. 1 and its own use, for the construction and maintenance of fire stations used by the department, and for debt service.

**Note 5 – Property Taxes**

During the year ended September 30, 2023, the District levied an ad valorem tax at the rate of \$0.022563 per \$100 assessed valuation, which resulted in a tax levy of \$492,236 on the taxable valuation of \$2,255,824,104 for the tax year.

**Note 6 – Sales Tax**

In May of 2021, the voters of District 1 approved a 1.5% sales tax for the District. During the year ended September 30, 2023, approximately \$1.8 million in sales tax was collected.

See independent auditor’s report.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**Note 7 – Capital Assets**

The table below reflects the capital assets activity for the year ended September 30, 2023.

	Beginning of Year	Additions	Dispositions	End of Year
Buildings	\$ 654,854	\$ -	\$ -	\$ 654,854
Equipment	3,057,921	528,376	-	3,586,297
Land	12,000	-	-	12,000
Accumulated Depreciation	(2,765,397)	-	(186,284)	(2,951,681)
	<u>\$ 959,378</u>	<u>\$ 528,376</u>	<u>\$ (186,284)</u>	<u>\$ 1,301,470</u>

**Note 8 – Commitments**

In April 2012, the District entered into a lease for a fire station at 1550 Arrington Road in College Station for \$1 per year expiring in 2042 and renewable for another 10 years. This below-market value lease is for a building approximately 2,000 square feet valued at \$165,410 at the inception of the lease, and this amount was recorded as a fixed asset being depreciated over the 30-year life of the lease. In 2006, the District entered into a 99-year ground lease with the Millican Community Center for a plot of land in Millican to construct a fire station. That lease required a single payment of \$10. The District determined that the small plot of land had no readily determinable market value due to its location and lack of transferability.

**Note 9 – Investments**

The District is authorized to invest its funds in accordance with the Texas Public Funds Act, Government Code Chapter 2256 and its subsequent amendments. The District’s investment policy is strictly based on State law. During the year ended September 30, 2023 the District’s investments consisted of \$2,115,389 in Texas Cooperative Liquid Assets Securities System (Texas CLASS) valued at net asset value.

*Interest-Rate Risk*

Texas CLASS is a local government investment pool that emphasizes safety, liquidity, convenience, and competitive yield and invests only in securities allowed by the Texas Public Funds Investment Act. It is subject to the general supervision of the Board of Trustees and its Advisory Board, both of which are elected by the participants. The portfolio’s weighted average maturity to reset is kept under 60 days to enhance liquidity and limit market price exposure. The investment pool does not have any limitations or restrictions on withdrawals and does not impose any liquidity fees or redemption gates.

See independent auditor’s report.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**Note 9 – Investments (Continued)**

*Credit Risk*

State law limits investments in the investment pool to at least an AAA or AAAM rating or an equivalent rating by at least one nationally recognized rating service. Texas CLASS investments are rated AAAM by Standard & Poor's, the highest rating a local government investment pool can achieve. The pool seeks to maintain a \$1.00 value per share as required by the Texas Public Funds Investment Act.

**Note 10 – Subsequent Events**

Management has evaluated subsequent events through June 19, 2024, the date the financial statements were available to be issued.

See independent auditor's report.