



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

ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30, 2022**



GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2022

DISTRICT OFFICIALS

PRESIDENT	RENE DE LA GARZA
VICE PRESIDENT	COMMIE HISEY, D.O.
SECRETARY	LINDA CARTER
TREASURER	CHRISTINA JAHNS
ASSISTANT TREASURER	ANTHONY STONE
ATTORNEY	BURNS, ANDERSON, JURY & BRENNER, L.L.P.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

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Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

District Commissioners
Gonzales County Emergency Services District #1

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Gonzales County Emergency Services District #1 as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Gonzales County Emergency Services District #1'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 Gonzales County Emergency Services District #1, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gonzales County Emergency Services District #1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Gonzales County Emergency Services District #1's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Gonzales County Emergency Services District #1's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gonzales County Emergency Services District #1's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gonzales County Emergency Services District #1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Schedule of Changes – Net Pension Liability and Related Ratios, the Schedule of Employer Contributions as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gonzales County Emergency Services District #1, Texas', basic financial statements. The comparative statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. These statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements are fairly stated, in all material respects, in relation to the financial statements as a whole.



Armstrong, Vaughan & Associates, P.C.

May 31, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Gonzales County Emergency Services District #1’s annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year ended September 30, 2022. Please read it in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District’s total net position was \$6.5 million at September 30, 2022.
- During the year, the District’s expenses were \$1.6 million less than the \$5 million generated in taxes and other revenues for governmental activities.
- The total cost of the District’s programs were \$3.4 million.
- The District received \$75 thousand from Mrs. Ruby Alexander for protective equipment purchases.
- The District received \$189 thousand from Gonzales County for the purchase of radios and other communications equipment.
- This is the first full year the District has contributed to Texas County & District Retirement System and Texas Emergency Services Retirement System.
- The General Fund reported a fund balance this year of \$3.4 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1, Required Components of the District’s Annual Financial Report

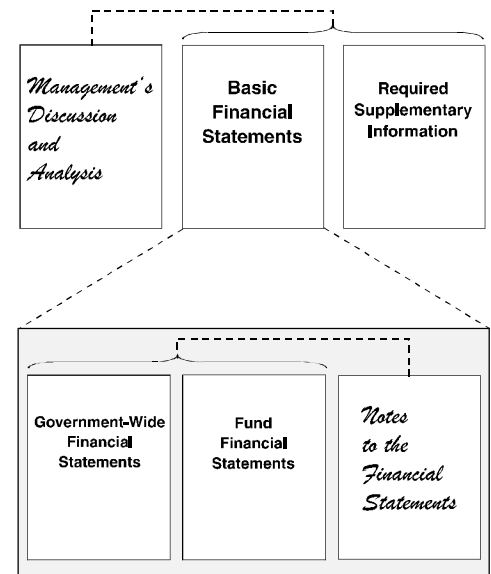


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements		
		Fund Statement
<i>Type of Statements</i>	Government-wide	Governmental Funds
<i>Scope</i>	Entire District's government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net Position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. All of the District's basic services are included here, such as Emergency Services and general administration. Property taxes and EMS charges will finance most of these activities.

Fund Financial Statements

The District has the following kinds of funds:

- *Governmental funds*—All of the District’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District’s combined net position was \$6.5 million at September 30, 2022. (See Table A-1).

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

	Governmental Activities		Total Percentage Change
	2022	2021	2022-2021
Current assets:			
Cash and Investments	\$ 2,938,272	\$ 2,396,088	22.6%
Restricted Cash	75,000	-	100.0%
Certificates of Deposit	422,033	417,019	1.2%
Property Tax Receivable	179,581	166,960	7.6%
EMS Charges Receivable	190,955	137,176	39.2%
Other Receivables	560	7,154	-92.2%
Prepaid Items	51,506	53,101	-3.0%
Medical Supplies Inventory	39,385	6,153	540.1%
Noncurrent Assets:			
Capital assets	2,659,837	1,771,894	50.1%
Net Pension Asset	4,522	-	100.0%
Total Assets	6,561,651	4,955,545	32.4%
Deferred Outflows	39,608	24,838	59.5%
Current Liabilities			
Accounts Payable	47,917	27,164	76.4%
Payroll Liabilities	34,122	34,060	0.2%
Accrued Compensated Absences	21,152	15,499	36.5%
Total Liabilities	103,191	76,723	34.5%
Deferred Inflows	7,147	-	100.0%
Net Position:			
Net Investment in Capital Assets	2,659,837	1,771,894	50.1%
Unrestricted	3,831,084	3,131,766	22.3%
Total Net Position	\$ 6,490,921	\$ 4,903,660	32.4%

Changes in Net Position. The District’s total revenues were \$5 million. The District’s revenue comes from property taxes, EMS charges, grants, contributions, donations, interest and miscellaneous.

The total cost of all programs and services was \$3.4 million.

Governmental Activities

- Property tax rates were assessed at \$0.099800 per \$100 valuation.

Table A-2
Changes in District’s Net Position

	Governmental Activities		Total Percentage Change
	2022	2021	2022-2021
General Revenues			
Property Taxes	\$ 3,286,076	\$ 3,662,249	-10.3%
Interest income	21,786	23,402	-6.9%
Miscellaneous	58,755	8,168	619.3%
Charges for Service			
EMS Charges	1,297,272	921,895	40.7%
Operating Grants and Contributions	270,991	31,406	762.9%
Capital Grants and Contributions	15,427	108,927	-85.8%
Total Revenues	<u>4,950,307</u>	<u>4,756,047</u>	4.1%
General Expenses			
Emergency Services	2,776,416	2,615,943	6.1%
General Administration	586,630	512,157	14.5%
Total Expenses	<u>3,363,046</u>	<u>3,128,100</u>	7.5%
Increase (Decrease) in Net Position	1,587,261	1,627,947	-2.5%
Net Position at Beginning of year	<u>4,903,660</u>	<u>3,275,713</u>	49.7%
Net Position at End of Year	<u>\$ 6,490,921</u>	<u>4,903,660</u>	32.4%

- The cost of all governmental activities this year was \$3.4 million, and were financed 66% through taxes, 26% through EMS revenues 8% though grant, interest, and miscellaneous income.

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Revenues from governmental fund types totaled \$4.9 million, a decrease of 1%. The decrease in local revenues is a result of decreased appraised property values.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget to appropriate for actual expenditures incurred during the year. Actual expenditures were \$600 thousand less than budget amounts. Emergency Services expenses were under budget primarily with regard to the budget for long term capital reserves. Revenues were \$19 thousand more than budgeted amounts. Emergency Services and miscellaneous income were over budget in the current year and grants and property taxes were under budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the District had invested \$2.7 million in capital assets, net of accumulated depreciation. (See Table A-3). More detailed information about the District's capital assets is presented in the notes to the financial statements.

Table A-3
District's Capital Assets

	Governmental Activities		Total Percentage Change
	2022	2021	2022-2021
Land	\$ 466,972	\$ 90,460	416.2%
Buildings	1,020,495	1,020,495	0.0%
Vehicles	664,039	664,039	0.0%
Equipment	664,749	315,327	110.8%
Construction in Progress	374,276	-	100.0%
Totals at Historical Cost	<u>3,190,531</u>	<u>2,090,321</u>	52.6%
Total Accumulated Depreciation	<u>(530,694)</u>	<u>(318,427)</u>	66.7%
Net Capital Assets	<u>\$ 2,659,837</u>	<u>\$ 1,771,894</u>	50.1%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The property tax rate for the fiscal year 2023 decreased at \$0.0938 per \$100 valuation. Appraised value used for the 2023 budget provides an anticipated revenue generation of 4.3 million.
- General operating fund spending for 2023 was estimated at \$5.8 million or an 26% increase over 2022 actual expenditures.

If the estimates are realized, the District's budgetary general fund balance is expected to increase by \$0 by the close of 2023.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide Gonzales County Emergency Services District #1 citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Treasurer by phone at 830-672-4949.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board (GASB). The sets of statements include:

- Government – wide financial statements
- Fund financial statements:
 - Governmental funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Governmental Activities
ASSETS	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 2,938,272
Cash and Cash Equivalents - Restricted for Equipment	75,000
Certificates of Deposit	422,033
Receivables (net of allowances for uncollectibles)	
Property Taxes	179,581
EMS Charges	190,955
Gonzales County Health Foundation Grant	560
Prepaid Items	51,506
Medical Supplies Inventory	39,385
<i>Total Current Assets</i>	3,897,292
 <i>Noncurrent Assets:</i>	
<i>Property and Equipment:</i>	
Land	466,972
Buildings	664,039
Equipment	664,749
Vehicles	1,020,495
Construction In Progress	374,276
Accumulated Depreciation	(530,694)
<i>Total Property and Equipment</i>	2,659,837
Net Pension Asset	4,522
<i>Total Noncurrent Assets</i>	2,664,359
TOTAL ASSETS	6,561,651
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Related Outflows	39,608
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 39,608

The accompanying notes are an integral part of these statements.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
STATEMENT OF NET POSITION (CONT.)
SEPTEMBER 30, 2022

	<u>Governmental Activities</u>
LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	\$ 47,917
Payroll Liabilities	34,122
Accrued Compensated Absences	21,152
<i>Total Current Liabilities</i>	<u>103,191</u>
TOTAL LIABILITIES	<u>103,191</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Related Inflows	<u>7,147</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,147</u>
 NET POSITION	
Net Investment in Capital Assets	2,659,837
Restricted for Equipment	75,000
Unrestricted	<u>3,756,084</u>
TOTAL NET POSITION	<u><u>\$ 6,490,921</u></u>

The accompanying notes are an integral part of these statements.



GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions and Programs	Expenses	Program Revenues			Net (Expenses), Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
Emergency Services	\$ 2,776,416	\$ 1,297,272	\$ 270,991	\$ 15,427	\$ (1,192,726)
General Administration	586,630	-	-	-	(586,630)
Total Governmental Activities	<u>3,363,046</u>	<u>1,297,272</u>	<u>270,991</u>	<u>15,427</u>	<u>(1,779,356)</u>
Total Primary Government	<u>\$ 3,363,046</u>	<u>\$ 1,297,272</u>	<u>\$ 270,991</u>	<u>\$ 15,427</u>	<u>(1,779,356)</u>
General Revenues:					
General Property Taxes					3,286,076
Interest Income					21,786
Miscellaneous Income					58,755
Total General Revenues					<u>3,366,617</u>
Change in Net Position					1,587,261
Net Position at Beginning of Year					<u>4,903,660</u>
Net Position at End of Year					<u>\$ 6,490,921</u>

The accompanying notes are an integral part of these statements.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2022

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 2,938,272
Cash and Cash Equivalents - Restricted for Equipment	75,000
Certificates of Deposit	422,033
Accounts Receivable, Net of Allowance for Uncollectible	
Property	179,581
EMS Charges	190,955
Other Receivable	560
Prepaid Items	51,506
Medical Supplies Inventory	39,385
TOTAL ASSETS	<u><u>\$ 3,897,292</u></u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
 <i>Liabilities</i>	
Accounts Payable	\$ 47,917
Payroll Liabilities	34,122
<i>Total Liabilities</i>	<u><u>82,039</u></u>
 <i>Deferred Inflows of Resources</i>	
Unavailable Property Tax Revenue	176,793
Unavailable EMS Charges	190,955
<i>Total Deferred Inflows of Resources</i>	<u><u>367,748</u></u>
 <i>Fund Balance</i>	
Nonspendable - Prepaid	51,506
Nonspendable - Inventory	39,385
Restricted for Equipment Purchase	75,000
Unassigned	3,281,614
<i>Total Fund Balance</i>	<u><u>3,447,505</u></u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	 <u><u>\$ 3,897,292</u></u>

The accompanying notes are an integral part of these statements.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

TOTAL FUND BALANCE - GOVERNMENTAL FUND \$ 3,447,505

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

Capital Assets used in governmental activities are not financial
resources, and therefore, are not reported in the funds. 2,659,837

Property taxes receivable are not available to pay current period
expenditures and, therefore, are unavailable in the funds statements. 176,793

EMS revenues in the Statement of Activities do not provide current
financial resources and are deferred in the fund statements. 190,955

Accrued vacation leave payable is not due and payable in the current
period and, therefore, not reported in the governmental funds. (21,152)

Net pension assets (and related deferred outflows and inflows of resources)
do not provide current financial resources and are not reported in the funds.

Net Pension Asset (Liability)	4,522
Pension Related Deferred Inflows	(7,147)
Pension Related Deferred Outflows	39,608
	39,608

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 6,490,921

The accompanying notes are an integral part of these statements.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>General Fund</u>
REVENUES	
EMS Charges	\$ 1,273,794
Property Taxes	3,264,666
Grants	297,806
Interest	21,786
Miscellaneous Income	<u>17,066</u>
TOTAL REVENUES	<u><u>4,875,118</u></u>
 EXPENDITURES	
Current:	
Emergency Services	2,797,988
General Administrative	359,284
Capital Outlay	<u>1,100,210</u>
TOTAL EXPENDITURES	<u><u>4,257,482</u></u>
 Net Change in Fund Balance	 617,636
 Fund Balance at Beginning of Year	 <u>2,829,869</u>
 Fund Balance at End of Year	 <u><u>\$ 3,447,505</u></u>

The accompanying notes are an integral part of these statements.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE OF THE
 GOVERNMENT FUND TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND \$ 617,636

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

Governmental funds report capital outlays contributed capital assets 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.

Capital Outlay	1,100,210	
Depreciation Expense	<u>(212,267)</u>	887,943

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

Property Taxes	21,411	
EMS Revenues	<u>53,779</u>	75,190

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

Compensated Absences		(5,653)
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The governmental funds report pension contributions as expenditures when paid. However, the statement of activities records pension expense based on the actuarial projected cost of the plan. This amount represents the difference between amounts paid into the plan and the actuarial cost.

12,145

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 1,587,261

The accompanying notes are an integral part of these statements.

NOTES TO BASIC FINANCIAL STATEMENTS

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Gonzales County Emergency Services District #1 is a political subdivision of the State of Texas and was created by the Gonzales County Commissioners' Court after a Public Election on May 6, 1989. The District was created to provide emergency services and promote public safety, welfare, health and convenience of persons residing in the District. The District is governed by a board of five commissioners who serve two-year terms and are appointed by the County.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

A. THE FINANCIAL REPORTING ENTITY

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, "The Financial Reporting Entity." The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the foregoing criteria, there was no component units identified that would require inclusion in this report.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the District. Governmental activities are supported primarily by property taxes and EMS revenues.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds. The General Fund meets the criteria of a *major governmental fund*. The District has no other governmental funds.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2022

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

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

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue and charges for services. Property taxes are recognized in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. EMS revenues which are measurable and collected as of September 30, 2022 are recorded as revenues.

Property taxes which were levied prior to September 30, 2021, and became due October 1, 2021 have been assessed to finance the budget of the fiscal year beginning October 1, 2021.

Expenditures generally are recorded when they become due and payable.

The government reports the following major governmental fund:

The General Fund is the general operating fund of the District and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, EMS charges and investment of idle funds. Primary expenditures are for general administration and emergency services.

The District has no other funds.

D. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the District.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2022

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

E. INVESTMENTS

State statutes authorize the District to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d); or, (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. The District has all its monies in interest bearing checking accounts, savings accounts and money market accounts. Earnings from these investments are added to each account monthly or quarterly.

The District reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for similar assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

F. ACCOUNTS RECEIVABLE

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

Property taxes are levied based on taxable value at January 1 and become due October 1 and past due after the following January 31. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property taxes receivable for prior year's levy is shown net of the allowance for uncollectible accounts.

G. PREPAID ITEMS

Payments made for goods and services in advance are recorded as prepaid items in both government-wide and fund financial statements. At September 30, 2022, the District had prepaid insurance of \$23,487, and other prepaid expenditures of \$28,019.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2022

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

H. INVENTORY

Inventories of medical supplies maintained by the District are valued using the first-in first-out method. At September 30, 2022, the District had an inventory balance of \$39,385.

I. CAPITAL ASSETS

Capital assets, which include land; buildings and improvements; and equipment and vehicles, are reported in the government-wide financial statements. Capital assets are defined as assets with a cost of \$1,000 or more and have a useful live of greater than one year. 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. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Equipment	5-7 Years
Vehicles	10 Years
Buildings	25-50 Years

Land is not depreciated.

J. COMPENSATED ABSENCES

The District permits employees to accumulate earned but unused vacation pay benefits up to certain limits. Upon resignation, an employee may receive pay for any unused accrued vacation provided. Upon resignation or termination, a maximum of 48 hours of unused accrued vacation leave will be paid provided the employee gives sufficient notice of planned separation and all issued equipment and uniforms have been returned to the District.

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

K. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District currently has pension deferred outflows of resources

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2022

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

K. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES (CONT.)

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under a modified basis of accounting. Unavailable revenues from property tax and EMS charges are deferred and recognized as an inflow of resources in the period the amounts become available. The District also has pension related deferred inflows.

Property tax and EMS charges are recognized when they become both measurable and available in the fund statements. Available means when due or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue and EMS charges not expected to be available for the current period are reflected as deferred inflows. Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. Unavailable revenues from property tax and EMS charges are deferred and recognized as inflow of resource in the period the amount becomes available.

L. LONG-TERM OBLIGATIONS

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

In the fund financial statements, governmental fund types recognize debt proceeds. 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 does not have any long term debt obligations.

M. PENSIONS

The net pension liability, deferred inflows and outflows of resources related to pensions and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS), and additions to and deductions from TCERS's fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2022

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

M. PENSIONS (CONT.)

In January 2021, Gonzales County Emergency Services District #1 approved to participate in the statewide Texas County and District Retirement Systems (TCDRS) effective February 1, 2022. The TCDRS retirement is in a nontraditional, defined benefit pension plan

N. FUND EQUITY

Fund balances in governmental funds are classified as follows:

Nonspendable – Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted – Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

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

Assigned – Represents amounts which the District intends to use for a specific purpose but do not meet the criteria of restricted or committed. The District Commissioners may make assignments through formal documentation in the minutes. The District Commissioners are the only entities that may make assignments at this time.

Unassigned – Represents the residual balance that may be spent on any other purpose of the District.

When expenditure is incurred for a purpose in which multiple classifications are available, the District considers restricted balances spent first, committed second, assigned third, and unassigned fourth.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2022

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

O. NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

P. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Q. RECLASSIFICATIONS

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

R. NEW ACCOUNTING PRONOUNCEMENT

The District implemented Governmental Accounting Standards Board Statement 87 regarding leases as of October 1, 2021. This Statement changed the way leases are presented and recorded. The District analyzed its contracts and found no leases at this time.

NOTE 2 -- CASH AND CASH INVESTMENTS

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

1. Cash & Certificates of Deposit

At September 30, 2022, the full bank balance was covered by federal deposit insurance. All of the District's cash and amortized CDs were fully collateralized.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2022

NOTE 2 -- CASH AND CASH INVESTMENTS (CONT.)

2. Investments

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

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

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper. The District had no investments at September 30, 2022.

3. Analysis of Specific Deposits and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the District’s name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty’s trust department or agent but not in the District’s name. At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

The risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. At year end, the District was not exposed to a concentration of credit risk.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2022

NOTE 2 -- CASH AND CASH INVESTMENTS (CONT.)

3. Analysis of Specific Deposits and Investment Risks (Cont.)

d. Interest Rate Risk

This is the risk that the changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Rate

This is the risk that the exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

NOTE 3 -- AD VALOREM (PROPERTY) TAXES

The District has contracted with the Gonzales County Tax Assessor-Collector to collect taxes on its behalf. Current year taxes become delinquent February 1. Current year delinquent taxes not paid by July 1 are turned over to attorneys for collection action.

For fiscal year 2022, the assessed tax rate for the District was \$0.0998 per \$100 on an assessed valuation of \$3,321,879,990, net of exemptions. Legally, the District may assess up to \$0.1000 per hundred on assessed valuations. Total tax levy for fiscal year 2022 was \$3,315,236. As of September 30, 2022, the current delinquent taxes for 2022 were \$55,409. An allowance for uncollectible property taxes has been established in the amount of \$20,558 as of September 30, 2022.

NOTE 4 -- RECEIVABLES

The following is a summary of the accounts receivable and the related allowances for uncollectible amounts:

<u>Assets</u>	<u>Amount Receivable</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivable</u>
<i>Taxes:</i>			
Property Taxes	\$ 200,139	\$ 20,558	\$ 179,581
<i>Charges for Services:</i>			
EMS Services	1,608,150	1,417,195	190,955
<i>Other</i>			
Other Receivable	560	-	560
Total	<u>\$1,808,849</u>	<u>\$1,437,753</u>	<u>\$ 371,096</u>

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2022

NOTE 5 -- CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments and Disposals</u>	<u>Ending Balance</u>
Land	\$ 90,460	\$ 376,512	\$ -	\$ 466,972
Vehicles	1,020,495	-	-	1,020,495
Buildings	664,039	-	-	664,039
Equipment	315,327	349,422	-	664,749
Construction In Progress	-	374,276	-	374,276
Less: Accumulated Depreciation	<u>(318,427)</u>	<u>(212,267)</u>	<u>-</u>	<u>(530,694)</u>
	<u>\$ 1,771,894</u>	<u>\$ 887,943</u>	<u>\$ -</u>	<u>\$ 2,659,837</u>

Depreciation expense was charged to the governmental function in the Emergency Services.
 Land and Construction in Progress are not depreciated

NOTE 6 -- EMPLOYEE'S RETIREMENT SYSTEM

Plan Description

The District participates as one of over 700 plans in the nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). TCDRS is an agency created by the state of Texas and administered in accordance with the TCDRS Act as an agent multiple-employer retirement system for County and District employees in the State of Texas. The Board of Trustees of TCDRS is responsible for the administration and management of the system. TCDRS in the aggregate issues a comprehensive annual financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at PO Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the District, within the options available in the State statutes governing TCDRS. Members can retire at age 60 and above with 8 or more years of service or with 20 years regardless of age or when the sum of their age and years of service equals 75 or more. A member is vested after 10 years but must leave his accumulated contributions in the plan. Members who withdraw their personal contributions in a partial lump sum are entitled to any amounts contributed by the employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute.

At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2022

NOTE 6 -- EMPLOYEE'S RETIREMENT SYSTEM (CONT.)

Contributions

The District has elected the annually determined contribution rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the District is actuarially determined annually. The District contributed using the actuarially determined rate of 1.75% for the months of the accounting year 2021, and 2.29% for the months of the accounting year in 2022.

The contribution rate payable by the employee members for 2021 and 2022 is the rate of 7% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Benefits Provided

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the District, within the options available in the state statutes governing TCDRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the District-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the December 31, valuation and measurement date, the following employees were covered by the benefit terms:

	2020	2021
Active employees	-	33
Inactive Employees Entitled to but Not Yet Receiving Benefits	-	3
Inactive Employees or Beneficiaries Currently Receiving Benefits	-	-
	-	36

Net Pension Liability

The District's Net Pension Liability/(Asset) (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability/(Asset) was determined by an actuarial valuation as of that date.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2022

NOTE 6 -- EMPLOYEE'S RETIREMENT SYSTEM (CONT.)

Actuarial Assumptions

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Real Rate of Return	5.00%
Inflation	2.50%
Investment Rate of Return*	7.60%

*Presented net of pension plan investment expense, including inflation

Depositing Members	135% of the RP-2010 Active Employee Mortality Table for males and 120% of the RP-2010 Active Employee Mortality Table for females, projected with 100% of the MP-2021 Ultimate scale after 2010.
Service Retirees, Beneficiaries and Non-Depositing Members	135% of the RP-2010 Healthy Annuitant Mortality Table for males and 120% of the RP-2010 Healthy Annuitant Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled Retirees	160% of the RP-2010 Disabled Annuitant Mortality Table for males and 125% of the RP-2010 Disabled Annuitant Mortality Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010.

Actuarial Assumptions are reviewed annually. Updated mortality assumptions were adopted in 2017. All other actuarial assumptions that determine the total pension liability as of December 31, 2021 were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 68.

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultation, Cliffwater LLC. The number shown are based on the January 2021 information for a 10 year time horizon.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2022

NOTE 6 -- EMPLOYEE'S RETIREMENT SYSTEM (CONT.)

Actuarial Assumptions (Cont.)

Note that the valuation assumption for long-term expected return is reassessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in March 2021. See Milliman's TCDRS Investigation of Experience report for the period of January 1, 2017 – December 31, 2020 for more details

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected Minus Inflation)
US Equities	11.50%	3.80%
Global Equities	2.50%	4.10%
Int'l Equities - Developed Markets	5.00%	3.80%
Int'l Equities - Emerging Markets	6.00%	4.30%
Investment-Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	1.77%
Direct Lending	16.00%	6.25%
Distressed Debt	4.00%	4.50%
REIT Equities	2.00%	3.10%
Master Limited Partnerships (MLPs)	2.00%	3.85%
Private Real Estate Partnerships	6.00%	5.10%
Private Equity	25.00%	6.80%
Hedge Funds	6.00%	1.55%
Cash Equivalents	2.00%	-1.05%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2022

NOTE 6 -- EMPLOYEE'S RETIREMENT SYSTEM (CONT.)

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the District, calculated using the discount rate of 7.60%, as well as what the District's net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.60%) or 1-percentage point higher (8.60%) than the current rate:

	Discount Rate 6.60%	Discount Rate 7.60%	Discount Rate 8.60%
Total Pension Liability	\$ 122,926	\$ 101,157	\$ 84,061
Fiduciary Net Position	105,679	105,679	105,679
Net Pension Liability/(Asset)	<u>\$ 17,247</u>	<u>\$ (4,522)</u>	<u>\$ (21,618)</u>

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the District recognized pension expense of \$27,813. Also as of September 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 4,359	\$ -
Changes in Actuarial Assumptions	-	1,479
Differences Between Projected and Actual Investment Earnings	-	5,668
Contributions Subsequent to the Measurement Date	35,249	-
	<u>\$ 39,608</u>	<u>\$ 7,147</u>

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2022

NOTE 6 -- EMPLOYEE'S RETIREMENT SYSTEM (CONT.)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Deferred outflows of resources in the amount of \$35,249 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2022	\$ (1,097)
2023	(1,097)
2024	(1,097)
2025	(1,097)
2026	320
Thereafter	1,280
	\$ (2,788)

Changes in Net Pension Liability/(Asset)

The below schedule presents the changes in the Net Pension Liability/(Asset) as of December 31, 2021:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2020	\$ -	\$ -	\$ -
Charges for the year:			
Service Cost	95,472	-	95,472
Interest on Total Pension Liability	7,084	-	7,084
Change in Annuity Purchase Rates	-	-	-
Difference Between Expected and Actual Experience	4,843	-	4,843
Changes of Assumptions	(1,643)	-	(1,643)
Refund of Contributions	(4,600)	(4,600)	-
Contributions - Employer	-	29,548	(29,548)
Contributions - Employee	-	67,537	(67,537)
Net Investment Income	-	10,630	(10,630)
Benefit Payments	-	-	-
Administrative Expense	-	(57)	57
Other Charges	-	2,620	(2,620)
Net Charges	101,156	105,678	(4,522)
Balance at December 31, 2021	\$ 101,156	\$ 105,678	\$ (4,522)

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2022

NOTE 6 -- EMPLOYEE'S RETIREMENT SYSTEM (CONT.)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained at www.tcdrs.com.

NOTE 7 -- TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

The District's volunteer firefighters participated in a cost-sharing multiple-employer defined benefit plan that is administered by the Texas Emergency Services Retirement System ("TESRS"). TESRS was created by the Texas Legislature and administers contributions made to it from various statewide emergency and fire-fighting organizations (primary volunteer groups). The minimum contribution requirements are set by board rule (currently \$36 per member per month) and there is no maximum contribution rate. The District makes 100% of all contributions currently at \$36 per volunteer per month. No contributions are required by the members nor are they allowed.

NOTE 8 -- COMPENSATED ABSENCES

The District permits employees to accumulate earned but unused vacation pay benefits. When an employee leaves the service of the District, he or she will be paid for all accrued but unused vacation leave upon retirement. Upon resignation or termination, a maximum of 48 hours of unused accrued vacation leave will be paid. The rate of pay will be determined by the salary rate in effect at the time of separation. Compensated absences as of September 30, 2021 and 2022 were \$15,499 and \$21,152 respectively.

NOTE 9 -- LITIGATION

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

NOTE 10 -- RISK MANAGEMENT

The Gonzales County Emergency Services District #1 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To cover the risk the District contracts with Volunteer Firemen's Insurance Services (VFIS) of Texas to provide insurance coverage for Property/Casualty. Contributions are set annually by VFIS. Liability by the District is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2022 were \$14,775.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2022

NOTE 11 -- SUBSEQUENT EVENTS

In July 2022, the District entered into an agreement with Weaver & Jacobs Constructors, Inc. to build Gonzales County ESD No.1 Central EMS & Rescue Station. Construction began subsequent to year end. The total contract amount is \$4,730,419. The District is going to finance the construction through operating revenues and unrestricted cash and investments.

As a result of the May 7, 2022 election to adopt sales and use tax within the Gonzales County Emergency Services District No. 1. The District has designated two distinct areas within its boundary for local sales tax purposes. The District excludes, for sales tax purposes, any area within the cities of Gonzales, Nixon or Waelder. The District does include the city of Smiley with a local rate below the 2% maximum. The District also completely overlaps Gonzales County Emergency Services District No. 2. In order to administer the two rates in the portions of the district, The Texas Comptroller has created the Gonzales County Emergency Services District No. 1 with a rate of 3/8% and the Gonzales County Emergency Services District No. 1-A with a rate of 1/8%. The local sales and use tax will become effective within the boundaries of the District on October 1, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Changes – Net Pension Liability and Related Ratios
- Notes to Schedule of Changes – Net Pension Liability and related Ratios

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
 REQUIRED SUPPLEMENTARY INFORMATION
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES -BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budget Amounts		Actual	Variance	2021
	Original	Final		Favorable (Unfavorable)	
REVENUES					
EMS Charges	\$ 1,006,000	\$ 1,254,017	\$ 1,273,794	\$ 19,777	\$ 1,133,707
Property Taxes	3,185,000	3,273,455	3,264,666	(8,789)	3,662,920
Grants	11,800	304,959	297,806	(7,153)	114,375
Interest	20,000	21,785	21,786	1	23,402
Miscellaneous Income	-	2,066	17,066	15,000	8,168
TOTAL REVENUES	<u>4,222,800</u>	<u>4,856,282</u>	<u>4,875,118</u>	<u>18,836</u>	<u>4,942,572</u>
EXPENDITURES					
<i>Current:</i>					
Emergency Services	2,693,588	3,411,923	2,797,988	613,935	2,655,405
Administrative	429,002	344,149	359,284	(15,135)	288,585
Capital Outlay	1,100,210	1,100,210	1,100,210	-	530,428
TOTAL EXPENDITURES	<u>4,222,800</u>	<u>4,856,282</u>	<u>4,257,482</u>	<u>598,800</u>	<u>3,474,418</u>
Net Change in Fund Balance	-	-	617,636	617,636	1,468,154
Fund Balance - Beginning of Year	<u>2,829,869</u>	<u>2,829,869</u>	<u>2,829,869</u>	-	<u>1,361,715</u>
Fund Balance - End of Year	<u><u>\$ 2,829,869</u></u>	<u><u>\$ 2,829,869</u></u>	<u><u>\$ 3,447,505</u></u>	<u><u>\$ 617,636</u></u>	<u><u>\$ 2,829,869</u></u>

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SEPTEMBER 30, 2022

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The District maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District’s Board and as such is a good management control device.

It is recommended that actual expenditures do not exceed appropriations. Actual expenditures did not exceed appropriations for the year ended September 30, 2022.

The District does not use encumbrances.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
 REQUIRED SUPPLEMENTARY INFORMATION
 TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
 SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
 LAST CALENDAR YEAR

Total Pension Liability	
	2021
Service Cost	\$ 95,472
Interest on Total Pension Liability	7,085
Change in Annuity Purchase Rates	-
Difference Between Expected and Actual Experience	4,843
Changes of Assumptions	(1,643)
Refund of Contributions	(4,600)
Benefit Payments	-
Net Change in Total Pension Liability	101,157
Total Pension Liability - Beginning	-
Total Pension Liability - Ending	\$ 101,157
Plan Fiduciary Net Position	
	2021
Contributions - Employer	\$ 29,548
Contributions - Employee	67,537
Net Investment Income	10,630
Other	2,620
Refund of Contributions	(4,600)
Benefit Payments	-
Administrative Expense	(56)
Net Change in Plan Fiduciary Net Position	105,679
Plan Fiduciary Net Position - Beginning	-
Plan Fiduciary Net Position - Ending	\$ 105,679
Net Pension Liability (Asset) - Ending	\$ (4,522)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.47%
Covered Payroll	\$ 1,688,436
Net Pension Liability as a Percentage of Covered Payroll	-0.27%

Note: The schedule above reflects the changes in the net pension liability for the current year. GASB Statement No. 68 requires 10 fiscal years of data to be provided in this schedule. The District will build the schedule over the 10-year period beginning December 31, 2021 as data become available.

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
 SCHEDULE OF CONTRIBUTIONS
 THIS FISCAL YEAR

	2022
Actuarially Determined Contribution	\$ 43,189
Contributions in Relation to the Actuarially Determined Contribution	43,189
Contribution Deficiency (Excess)	\$ -
 Covered Payroll	 \$ 1,992,862
 Contributions as a Percentage of Covered Payroll	 2.17%

This schedule is presented to illustrate the requirements for 10 years. The District will build this schedule over the 10-year period beginning December 31, 2021 as data becomes available.

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/21 valuation)
Asset Valuation Method	5 year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.5%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% pf RP-2010 Healthy Annuitant Mortality Table for males and 120% of the RP-2010 Helathy Annuitant Martality Table for females, both projected with 100% of th eMP-2021 Ultimate scale after 2010.
Changes in Plan Provisions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Assumptions Reflected in the Schedule	2015 and 2016: No changes in plan provisions 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018, 2019, 2020 and 2021: No changes in plan provisions



SUPPLEMENTARY INFORMATION

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

Such statements and schedule include:

- Comparative Balance Sheet – General Fund

GONZALES COUNTY EMERGENCY SERVICES DISTRICT #1
 COMPARATIVE BALANCE SHEETS – GENERAL FUND
 SEPTEMBER 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 2,938,272	\$ 2,396,088
Cash and Cash Equivalents - Restricted for Equipment	75,000	-
Certificates of Deposit	422,033	417,019
Accounts Receivable, Net of Allowance for Uncollectible		
Property	179,581	166,960
EMS Charges	190,955	137,176
Gonzales County Health Foundation Grant	560	7,154
Prepaid Items	51,506	53,101
Medical Supplies Inventory	39,385	6,153
TOTAL ASSETS	\$ 3,897,292	\$ 3,183,651
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
<i>LIABILITIES</i>		
Accounts Payable	\$ 47,917	\$ 27,164
Payroll Liabilities	34,122	34,060
TOTAL LIABILITIES	82,039	61,224
 <i>DEFERRED INFLOWS OF RESOURCES</i>		
Unavailable Property Tax Revenue	176,793	155,382
Unavailable EMS Charges	190,955	137,176
TOTAL DEFERRED INFLOWS OF RESOURCES	367,748	292,558
 <i>FUND BALANCE</i>		
Nonspendable	90,891	59,254
Restricted for Equipment Purchase	75,000	-
Unassigned (Deficit)	3,281,614	2,770,615
TOTAL FUND BALANCE	3,447,505	2,829,869
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 3,897,292	\$ 3,183,651

