

**Cameron County Emergency
Services District #1**

**Financial Statements and
Independent Auditors' Report**

For the year Ended September 30, 2023

CAMERON COUNTY
EMERGENCY SERVICES DISTRICT #1
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INDEPENDENT AUDITORS' REPORT

To the Board of Emergency Services Commissioners
Of the Cameron County Emergency Services District #1

Opinion

We have audited the accompanying financial statements of the governmental activities and the general fund of the Cameron County Emergency Services District # 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 general fund of the District, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 going concern for twelve months beyond the financial statement date, including any currently know information that may raise substantial doubt shortly thereafter.

Auditors' 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering the District's internal control over financial reporting and compliance.



Brownsville, Texas
September 11, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Cameron County Emergency Services District #1 (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2023. The MD&A should be read in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

The assets of the District's governmental activities were \$2,177,208 and \$1,962,858 and liabilities were \$112,138 and \$0 at September 30, 2023 and 2022, respectively.

The district recorded \$2,490 and \$5,014 in net position, invested in capital assets for the year ended September 30, 2023 and 2022, respectively.

A prior period adjustment was recorded to reclassify prior year Due to Service Providers in the amount of \$1,432,029 to fund balance. The reclassification was made to appropriately reflect fund balances in accordance with GASB 54. This adjustment did not affect any results of operations or cash flows of the District for the year ended September 30, 2023.

Some of the District's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

- The *government-wide statements* provide both long-term and short-term information about the District's overall financial status. These statements are presented for governmental activities, the only activity of the District. They are designed to provide readers with a broad overview of the District's finances just like a private sector business.
 - The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
 - The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year using full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

ADDITIONAL INFORMATION REGARDING THE DISTRICT'S FUND FINANCIAL STATEMENTS

The *fund* financial statements focus on individual parts of the District, reporting the District's operation in greater detail than the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

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

- The government funds statements show how general government services were financed in the short-term as well as what remains for future spending. The District considers the General fund to be a major fund.

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

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

The basic governmental fund financial statements can be found on pages as listed in the table of contents of this report. The budgetary comparison schedule is included as Required Supplementary Information (RSI) for the General Fund on pages as listed in the table of contents.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Of the Districts total assets of \$2,177,208 the largest components are: 1) cash and investments of \$1,597,472 or 73.4%, and, 2) receivables, which largely represent the deferred taxes for FY 2022 of \$577,246 or 26.5%. The receivables are offset by deferred inflows of resources since the FY 2022 tax revenue is not recognized until FY 2023 even though the levy takes place in FY 2022. The District has \$67,417 of accounts payable and \$44,721 of tax refund payable which are 100% of total liabilities at September 30, 2023.

The Districts assets equaled liabilities, deferred inflows of resources and net position invested in capital assets at the close of each of the last two recent fiscal years.

The District's Statement of Net Position for fiscal years ended September 30, 2023 and 2022 are summarized as follows:

	Governmental Activities	
	2023	2022 (Restated)
Assets	\$ 2,177,208	\$ 1,962,858
Total assets	2,177,208	1,962,858
Liabilities	112,138	-
Total liabilities	112,138	-
Investment in capital assets	2,490	5,014
Net position, unrestricted	2,062,580	1,957,844
Total net position	\$ 2,065,070	\$ 1,962,858

The District's change in Net Position for the fiscal years ended September 30, 2023 and 2022 are summarized as follows.

	Governmental Activities	
	2023	2022 (Restated)
Revenues:		
General revenues:		
Property taxes	\$ 4,403,359	\$ 4,149,700
Unrestricted investment earnings	8,401	12,452
Total revenues	4,411,760	4,162,152
Expenses:		
General government	546,033	577,388
Public safety	3,763,515	3,587,287
Total expenses	4,309,548	4,164,675
Change in net position	102,212 (2,523)
Net position - beginning	1,962,858	1,965,381
Net position - ending	\$ 2,065,070	\$ 1,962,858

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The District completed the year with a general fund balance of \$1,521,720, an increase of \$89,691 in comparison with the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

The budget is prepared in accordance with financial policies approved by the District Budget Officer and the Board of Emergency Services Commissioners following a public hearing. The Budget Officer is required by policy to present the Board of Emergency Services Commissioners with a balanced budget that contains a no-tax increase assumption as a starting point for budget discussions.

The budget is prepared in accordance with accounting principles generally accepted in the United States of America by the District Budget Officer and approved by the Board of Emergency Services Commissioners following a public hearing. Appropriated budgets are approved and employed as a management control device during the year. The District maintains strict budgetary controls and sets its appropriations at the line item level for each department. Appropriation transfers may be made between line items or departments only with the approval of the Board of Emergency Services Commissioners. Reserves are established as a budget line item and may be transferred to other budget line items with approval of the Board of Emergency Services Commissioners.

The FY 2023 budget was adopted on August 31, 2022 with total fund expenditures of \$4,346,437.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES

The annual budget is developed to provide efficient, effective, and economic uses of the District's resources, as well as, a means to accomplish the highest priority objectives. Through the budget, the Board of Emergency Services Commissioners sets the direction of the District, allocates its resources, and establishes its priorities.

In considering the District budget for FY 2022-2023, the Board of Emergency Services Commissioners and management considered the following factors:

- Property tax revenues
- Interest earnings are planned to stabilize

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the appropriate financial officer at 1100 E. Monroe, Brownsville, Texas 78502.

**GOVERNMENT WIDE
FINANCIAL STATEMENTS**

CAMERON COUNTY EMERGENCY SERVICES DISTRICT #1
GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Assets	
Cash	\$ 1,597,472
Taxes receivable (net of allowance for uncollectible)	577,246
Capital assets - furniture and fixtures (net of accumulated depreciation)	2,490
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Total assets	2,177,208
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Liabilities	
Current liabilities	
Accounts payable	67,417
Tax refund payable (Note 8)	44,721
<hr/>	
Total current liabilities	112,138
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Net position	
Net investment in capital assets	2,490
Unrestricted	2,062,580
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Total net position	\$ 2,065,070
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The accompanying notes are an integral part of this financial statement.

**CAMERON COUNTY EMERGENCY SERVICES DISTRICT #1
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

		Program Revenues			Net (expenses)
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position	
				Governmental Activities	
Governmental Activities:					
General government	\$ 546,033	\$ -	\$ -	\$ (546,033)	
Public safety	3,763,515	-	-	(3,763,515)	
Total governmental activities	\$ 4,309,548	\$ -	\$ -	\$ (4,309,548)	
General revenues:					
Property taxes, levied for general purposes				\$ 4,403,359	
Unrestricted investment earnings				8,401	
Total general revenue				4,411,760	
Change in net position				102,212	
Net position - beginning				5,014	
Prior period adjustment (Note 6)				1,957,844	
Net position - beginning as restated				1,962,858	
Net position - ending				\$ 2,065,070	

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

CAMERON COUNTY EMERGENCY SERVICES DISTRICT #1
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2023

Assets		
Cash	\$	1,597,472
Taxes receivable (net of allowance for uncollectible)		577,246
<hr/>		
Total assets	\$	2,174,718
<hr/>		
Liabilities		
Accounts payable	\$	67,417
Refund payable		44,721
<hr/>		
Total current liabilities		112,138
<hr/>		
Deferred Inflows of Resources		
Unavailable revenue property taxes		540,860
<hr/>		
Total deferred inflows of resources		540,860
<hr/>		
Fund Balance		
Unassigned		1,521,720
<hr/>		
Total fund balance - unassigned		1,521,720
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Total liabilities, deferred inflows of resources, and fund balance	\$	2,174,718
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The accompanying notes are an integral part of this financial statement.

**CAMERON COUNTY EMERGENCY SERVICES DISTRICT #1
RECONCILIATION OF THE BALANCE SHEET OF THE GENERAL FUND
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Fund balance - general fund	\$	1,521,720
Amounts reported for governmental activities in the statement of net position are different because:		
Some of the District's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures due to providers.		540,860
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		2,490
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Net position - governmental activities	\$	2,065,070
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The accompanying notes are an integral part of this financial statement.

CAMERON COUNTY EMERGENCY SERVICES DISTRICT #1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN GENERAL FUND
BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Revenues	
Property taxes, net of refunds	\$ 4,388,315
Interest	8,401
Total revenues	4,396,716
Expenditures	
Contractual	
Emergency medical services	1,535,184
Fire services	2,228,330
Total contractual	3,763,514
Professional	
Appraisal district	58,125
County fire marshal department	305,000
Legal and accounting	44,250
Total professional	407,375
Other	
Administration	92,220
Advertising	4,137
Emergency consultant	15,000
Miscellaneous	24,779
Total other	136,136
Total expenditures	4,307,025
Excess of revenues over expenditures	89,691
Fund balance - beginning of the year	-
Prior period adjustment (Note 6)	1,432,029
Fund balance - beginning, as restated	1,432,029
Fund balance at the end of the year	\$ 1,521,720

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

**CAMERON COUNTY EMERGENCY SERVICES DISTRICT #1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN GENERAL FUND BALANCE TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Excess revenues over expenditures - general fund	\$	89,691
<p>General fund reports capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Depreciation expense	(2,522)
Change in property taxes are not available to pay current period expenditures and therefore are unavailable in the funds.		15,044
<hr/>		
Change in net position - governmental activities	\$	102,212
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The accompanying notes are an integral part of this financial statement.

CAMERON COUNTY EMERGENCY SERVICES DISTRICT #1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1- Purpose of Entity

Cameron County Emergency Service District #1 (District) is a political subdivision organized under Article III, Section 48-e, of the Texas constitution, as proposed by S.J.R. No. 27, Act of the 70th Legislature, Regular Session, 1987 and adopted by the voters to supply the rural areas of Cameron County (County) with fire and ambulance services.

Note 2- Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows:

a. The Reporting Entity

The District is a taxing entity separate from the County. The County Commissioners Court appoints District board members; however, the County exercises no management responsibility over operations, nor does the County significantly influence operations. The funding for the District's activities are generated through its ability to tax property owners within the District's boundaries and all debt incurred by the District is the responsibility of the District.

b. Government-wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's non fiduciary activities. Governmental activities include programs supported primarily by taxes. The fund financial statements provide information on the financial condition and results of operations for governmental fund categories. As of September 30, 2023, the District reported one fund category and fund, the General Fund. The General Fund accounts for all revenues and expenditures not required to be accounted for in other funds.

c. Basis of Accounting and Financial Statement Presentation

The government-wide financial statements (i.e. the statement of net position and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the 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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The District does not report any program revenues and is solely supported by property taxes.

CAMERON COUNTY EMERGENCY SERVICES DISTRICT #1
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2023

Note 2- Summary of Significant Accounting Policies – Continued

d. Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

e. Property Taxes

The County is the property tax collection agent for the District, as well as other entities. The County bills and collects taxes through the Cameron County Tax Assessor-Collector's Ad Valorem Tax Fund and are remitted to the District periodically. For fiscal year 2023, the District adopted a tax rate of \$.083067 per \$100 of taxable value for operations and maintenance. The District's annual assessment for fiscal year 2023 was \$4,435,139.

Taxes are levied each October and are delinquent if not paid by the following February, at which time a lien can be placed on the property. The amounts included in the accompanying balance sheet under the caption "taxes receivable" represent the amount of taxes that have not been collected since the District was organized in 1988. The allowance for uncollectible taxes is estimated to be 8% or \$47,924 of the total delinquent taxes receivable at September 30, 2023.

f. Budget

On August 31, 2022, the Board of Emergency Services Commissioners approved a budget of \$4,346,437. The budget was based on a 98% expected collection rate of the annual tax assessment for the previous fiscal year. The net operating budget became effective October 1, 2022.

g. Cash and Cash Equivalents

The District considers cash in bank and investments with a maturity of three months or less when purchased to be cash equivalents.

h. Fund Balance Reporting

The District follows the provisions of GASB Statement No. 54 ("GASB 54") which provide a more structured classification of fund balance financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

CAMERON COUNTY EMERGENCY SERVICES DISTRICT #1
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2023

Note 2- Summary of Significant Accounting Policies – Continued

h. Fund Balance Reporting - Continued

GASB Statement No. 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of these classifications include prepaid items and inventories.

In addition to the nonspendable fund balance, GASB Statement No. 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority. The responsibility to commit funds rests with the Board of Directors.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The responsibility to assign funds rests with the Board of Directors.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

At September 30, 2023, the District's had \$1,521,720 as unassigned fund balance.

i. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the district's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications-committed and then assigned fund balances before using unassigned fund balances.

j. Estimates

The preparation of financial statements in conformity with GAAP 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.

Note 3- Contract for Services

The District has executed contracts with various fire departments and emergency medical service suppliers to provide services to the District on an annual basis.

CAMERON COUNTY EMERGENCY SERVICES DISTRICT #1
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2023

Note 4- Deposits and Investments

On September 30, 2023, the District had total deposits of \$1,823,401. Of those deposits, \$250,000 was insured by the FDIC and \$1,573,401 was collateralized by the bank with pledged securities.

Note 5- Transactions with Cameron County

The District conducts its operations in the Cameron County Courthouse in Brownsville, Texas and is not required to pay rent for the space it occupies; however, the District paid the County \$92,220 for the services provided by one County employee for administrative services, \$305,000 for a Fire Marshal, Administrative Assistant to the Fire Marshal, and two Fire (Arson) Investigators and \$15,000 for one emergency consultant that works out of the Emergency Management department of the County. In addition, the District paid the County \$58,125 (a 1% fee of taxes collected) for assessing and collecting its ad valorem taxes during the year.

Note 6- Prior Period Adjustment

A prior period adjustment was recorded to reclassify prior year amount Due to Service Providers in the amount of \$1,432,029 to fund balance. The reclassification was made to appropriately reflect fund balances in accordance with GASB 54. This adjustment did not affect any results of operations or cash flows of the District for the year ended September 30, 2023.

Note 7- Contingent Liabilities

The District currently has no pending litigation nor is aware of any litigation.

Note 8- Subsequent Events

On April 22, 2024 the Cameron County Appraisal District notified the Cameron County Emergency Services District #1 of an Agreed Judgement that involved disputed property taxes from a taxpayer. The judgment ordered a refund of taxes from various jurisdictions including the District. The amount of refund apportioned to the District totaled \$ 44,721. Accordingly, the District has recorded a tax refund liability charged against tax revenue for the same amount for the year ended September 30, 2023.

REQUIRED SUPPLEMENTARY
INFORMATION

CAMERON COUNTY EMERGENCY SERVICES DISTRICT #1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Property taxes	\$ 4,346,437	\$ 4,346,437	4,388,315	\$ 41,878
Interest income	-	-	8,401	8,401
Total revenues	<u>4,346,437</u>	<u>4,346,437</u>	<u>4,396,716</u>	<u>50,279</u>
Expenditures				
Contractual				
Emergency medical services	1,502,684	1,502,684	1,535,184	(32,500)
Fire services	2,254,026	2,254,026	2,228,330	25,696
Total contractual	<u>3,756,711</u>	<u>3,756,711</u>	<u>3,763,514</u>	<u>(6,803)</u>
Professional services				
Appraisal district	54,000	54,000	58,125	(4,125)
County fire marshal	314,971	314,971	305,000	9,971
Legal	30,000	30,000	30,000	-
Audit	10,500	10,500	14,250	(3,750)
Total professional	<u>409,471</u>	<u>409,471</u>	<u>407,375</u>	<u>2,096</u>
Other				
Administration	75,016	75,016	92,220	(17,204)
Advertising	2,500	2,500	4,137	(1,637)
Fire Marchall - Public Education	3,500	3,500	0	3,500
Travel and traning	17,000	17,000	15,367	1,633
Insurance	2,500	2,500	2,500	-
Memberships	1,100	1,100	1,100	-
Supplies and equipment	17,639	17,639	3,463	14,176
Budget Consulting Services	3,500	3,500	-	3,500
Website	2,000	2,000	-	2,000
Miscellaneous	500	500	2,349	(1,849)
First Responder Allocation	40,000	40,000	-	40,000
Emergency Services Consultant	15,000	15,000	15,000	-
Total other	<u>180,255</u>	<u>180,255</u>	<u>136,136</u>	<u>44,119</u>
Total expenditures	<u>4,346,437</u>	<u>4,346,437</u>	<u>4,307,025</u>	<u>39,412</u>
Excess of expenditures over revenues	-	-	89,691	89,691
Fund balance - beginning of year (as restated)	-	-	1,432,029	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,521,720</u>	<u>\$ -</u>

A. Budgetary Information:

Cameron County Emergency Services District #1 adopts annual budget for the general fund that is prepared on a basis consistent with generally accepted accounting principles. Any revisions that alter total expenditures must be approved by the Board of Directors. Budget information is based on the budget approved by the Board of Directors.

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

Board of Emergency Services Commissioners
Of the Cameron County Emergency Services District #1

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Cameron County Emergency Services District #1 (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, and have issued our report thereon dated September 11, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Burton, McCumber, & Longoria LLP

Brownsville, Texas
September 11, 2024

CAMERON COUNTY EMERGENCY SERVICES DISTRICT#1
Status of Prior Year Findings in Accordance with
Governmental Auditing Standards
For the year ended September 30, 2023

None.