

CRANE COUNTY  
EMERGENCY SERVICES  
DISTRICT NO. 1

CRANE COUNTY, TEXAS  
ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2023

Crane County Emergency Services District No. 1  
Crane, Texas  
Annual Financial Report  
For the Fiscal Year Ended September, 2023

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**SMITH & RIVES, PC**  
Certified Public Accountants

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American Institute of Certified  
Public Accountants  
Division of CPA Firms Private  
Companies Practice Section  
Texas Society of Certified Public  
Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Crane County Emergency  
Services District No. 1  
212 W 6<sup>th</sup> Street  
Crane County, Texas

**Opinions**

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

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

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Board of Commissioners  
Crane County Emergency Services District No. 1

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund 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.



Smith & Rives, PC

Certified Public Accountants  
Monahans, Texas

August 6, 2024

**CRANE COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Management's discussion and analysis of Crane County Emergency Services District No. 1's (the "District") financial performance provides an overview of the District's financial activities for the year ended September 30, 2023. Please read it in conjunction with the District's financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include: (1) fund financial statements and government-wide financial statements and (2) notes to the financial statements. The fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. This report also includes required and other supplementary information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

**CRANE COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund type. The General Fund accounts for resources not accounted for in another fund, property tax revenues, costs of assessing and collecting taxes, District services and general expenditures.

Governmental funds are reported in each of the financial statements. The focus in the fund financial statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

**NOTES TO THE FINANCIAL STATEMENTS**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

**OTHER INFORMATION**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). The budgetary comparison schedule is included as RSI for the General Fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,451,590 as of September 30, 2023.

The following is a comparative analysis of government-wide changes in net position:

**CRANE COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

Summary of Changes in the Statement of Net Position

	2022	2023	Change Positive (Negative)
Current and Other Assets	\$ 0	\$ 1,313,910	\$ 1,313,910
Capital Assets	0	137,680	137,680
<b>Total Assets</b>	<b>\$ 0</b>	<b>\$ 1,451,590</b>	<b>\$ 1,451,590</b>
Deferred Outflows of Resources	\$ 0	\$ 0	\$ 0
Long-Term Liabilities	\$ 0	\$ 0	\$ 0
Current and Other Liabilities	0	23,640	23,640
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 23,640</b>	<b>\$ 23,640</b>
Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0
<b>Net Position:</b>			
Net Investment in Capital Assets	\$ 0	\$ 137,680	\$ 137,680
Unrestricted	0	1,290,270	1,290,270
<b>Total Net Position</b>	<b>\$ 0</b>	<b>\$ 1,427,950</b>	<b>\$ 1,427,950</b>

The following table provides a summary of the District's operations for the year ended September 30, 2022 and the year ending September 30, 2023.

Summary of Changes in the Statement of Activities

	2022	2023	Change Positive (Negative) <sup>2</sup>
<b>Revenues:</b>			
Property Taxes	\$ 0	\$ 2,029,558	\$ 2,029,558
Interest Income & Other Revenues	0	40,251	40,251
<b>Total Revenues</b>	<b>\$ 0</b>	<b>\$ 2,069,809</b>	<b>\$ 2,069,809</b>
Expenses for Services	0	641,859	641,859
<b>Change in Net Position</b>	<b>\$ 0</b>	<b>\$ 1,427,950</b>	<b>\$ 1,427,950</b>
Net Position, Beginning of Year	0		0
<b>Net Position, End of Year</b>	<b>\$ 0</b>	<b>\$ 1,427,950</b>	<b>\$ 1,427,950</b>



**CRANE COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

The District's General Fund fund balance as of September 30, 2023, was \$1,276,840 an increase of \$1,276,840. Since this is the inaugural year of operation, the increase is simply the excess of revenues over expenditures in the current fiscal year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Commissioners did not amend the budget during the current year. Actual revenues were \$37,051 more than budgeted revenues. Actual expenditures were \$643,461 less than budgeted expenditures.

**CAPITAL ASSETS**

Capital assets as of September 30, 2023, total \$137,680 (net of accumulated depreciation) and include land, buildings, equipment and vehicles.

Capital Assets At Year-End Net of Accumulated Depreciation			Change Positive (Negative)
	2022	2023	
Capital Assets Not Being Depreciated:			
Land	\$ 0	\$ 0	\$ 0
Construction in Progress	0	0	0
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	0	0	0
Equipment and Vehicles	0	137,680	137,680
Total Net Capital Assets	\$ 0	\$ 137,680	\$ 137,680

**LONG-TERM DEBT ACTIVITY**

As of September 30, 2023, the District had no debts.

**CRANE COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Crane County Emergency Services District No. 1, located at 212 W. 6th St., Crane, TX 79731

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

	General Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash	\$ 1,133,555	\$ 0	\$ 1,133,555
Investments	0	0	0
Delinquent Taxes Receivable	19,185	0	19,185
Allowance for Uncollectible Taxes	(5,755)	0	(5,755)
Prepaid Costs	166,667	0	166,667
Due from Other Governments	258	0	258
Net Pension Asset	0	0	0
Land	0	0	0
Construction in Progress	0	0	0
Capital Assets (Net of Accumulated Depreciation)	0	137,680	137,680
<b>TOTAL ASSETS</b>	<b>\$ 1,313,910</b>	<b>\$ 137,680</b>	<b>\$ 1,451,590</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows	\$ 0	\$ 0	\$ 0
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,313,910</b>	<b>\$ 0</b>	<b>\$ 1,451,590</b>
<b>LIABILITIES</b>			
Accounts/Intergovernmental Payable	\$ 23,640	\$ 0	\$ 23,640
Long-Term Liabilities:	0	0	0
Notes Payable, Due Within One Year	0	0	0
Notes Payable, Due After One Year	0	0	0
<b>TOTAL LIABILITIES</b>	<b>\$ 23,640</b>	<b>\$ 0</b>	<b>\$ 23,640</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	\$ 13,430	\$ (13,430)	\$ 0
<b>FUND BALANCE</b>			
Nonspendable:			
Prepaid Costs	\$ 166,667	\$ (166,667)	\$ 0
Unassigned	1,110,173	(1,110,173)	0
<b>TOTAL FUND BALANCE</b>	<b>\$ 1,276,840</b>	<b>\$ (1,276,840)</b>	<b>\$ 0</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 1,313,910</b>		
<b>NET POSITION</b>			
Net Investment in Capital Assets		\$ 137,680	137,680
Restricted: Pre-Paid Costs		\$ 166,667	166,667
Unrestricted		1,123,603	1,123,603
<b>TOTAL NET POSITION</b>		<b>\$ 1,427,950</b>	<b>\$ 1,427,950</b>

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

**CRANE COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023**

Total Fund Balance - Governmental Fund	\$	1,276,840
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Land, construction in progress, and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		137,680
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Deferred inflows of resources related to property tax revenues for the 2023 tax levy became part of recognized revenues in the governmental activities of the District.		13,430
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Portions of the change in net pension asset that are not immediately recognized as pension expense are recorded as deferred outflows and inflows of resources.		0
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Notes Payable Within One Year	\$	(0)		
Notes Payable After One Year		<u>(0)</u>		<u>(0)</u>
Total Net Position - Governmental Activities	\$			<u>1,427,950</u>

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

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

	General Fund	<u>Adjustments</u>	Statement of Activities
<b>REVENUES</b>			
Property Taxes	\$ 2,009,590	\$ 13,430	\$ 2,023,020
Penalty, Interest, Attn Fees	6,538		6,538
Investment Revenues	37,732		37,732
Miscellaneous Revenues	2,519		2,519
<b>TOTAL REVENUES</b>	<b>\$ 2,056,379</b>	<b>\$ 13,430</b>	<b>\$ 2,069,809</b>
<b>EXPENDITURES/EXPENSES</b>			
Service Operations:			
Operating Expenses	\$ 66,591	\$	\$ 66,591
Professional/Contracted Services	477,696		477,696
Repairs and Maintenance	19,756		19,756
Supplies	5,969		5,969
Training, Meals and Travel	9,268		9,268
Utilities	1,444		1,444
Salaries and Benefits	52,480		52,480
Depreciation	0	2,305	2,305
Commissioner Fees & Other	6,350		6,350
Capital Outlay	139,985	(139,985)	0
Debt Service:			
Note Principal	0	0	0
Note Interest	0	0	0
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 779,539</b>	<b>\$ (137,680)</b>	<b>\$ 641,859</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 1,276,840</b>	<b>\$ 151,110</b>	<b>\$</b>
<b>CHANGE IN NET POSITION</b>		<b>0</b>	<b>1,427,950</b>
<b>FUND BALANCE/NET POSITION - OCTOBER 1, 2023</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FUND BALANCE/NET POSITION - SEPTEMBER 30, 2023</b>	<b>\$ 1,276,840</b>	<b>\$ 151,110</b>	<b>\$ 1,427,950</b>

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

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

Net Change in Fund Balance - Governmental Fund	\$	151,110
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.		(13,430)
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Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		2,305
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Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.		(139,985)
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Change in Net Position - Governmental Activities	\$	<hr style="width: 100%; border: 0.5px solid black;"/> <u>0</u>
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The accompanying notes to the financial statements are an integral part of this report.

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

**NOTE 1. CREATION OF DISTRICT**

Following an election held on November 2, 2021, the Crane County Emergency Services District No. 1 (the "District"), located in Crane County, Texas, was created by action of the Commissioners' Court of Crane County on January 25, 2022 who then appointed five Commissioners to comprise the Board of Directors, in accordance with Article III, Section 48-e, of the Texas Constitution. The District operates under Chapter 775 of the Health and Safety Code. The District was established to provide funds for the contracting of emergency services within the boundaries of the District. The date of the Board's very first meeting was March 1, 2022. Though the Board conducted their initial business in the first few months, there were no revenues or expenditures until the beginning of this inaugural year starting October 1, 2022.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB").

The District is a political subdivision of the State of Texas governed by an appointed board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification").

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

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

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

- Restricted Net Position - This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenues and expenses in the government-wide Statement of Activities.

Fund Financial Statements

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

Governmental Funds

The District has one governmental fund; therefore, this fund is a major fund.



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

**NOTE 2.      SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

General Fund - To account for resources not required to be accounted for in another fund, property tax revenues, costs of assessing and collecting taxes and general expenditures.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current year or soon enough thereafter to pay current liabilities. The District considers revenues reported in governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenues include the 2022 tax levy collections during the period October 1, 2022, to September 30, 2023. Since this was the inaugural year of existence, there were no prior tax levies. The 2023 tax levy has been fully deferred to meet the District's planned expenditures in the 2024 fiscal year.

Capital Assets

Capital assets, which include land, buildings and equipment, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as an expenditure in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset after completion. Installation costs, professional fees and certain other costs are capitalized as part of the asset.

Personal tangible assets (computers, office machines, office furniture, etc.) and all other capital assets (including installation costs and professional fees) are capitalized if they have an original cost of \$5,000 or more and a useful life of at least two years. Depreciation is calculated on each

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

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets (Continued)

class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Furniture and Equipment	5-20
Vehicles	7-15

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Commissioners. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund presents the original and amended budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District makes payments into the social security system for the employees. Currently, the District has no provision for a pension plan but may establish one in the future.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Governmental Fund Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

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

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

*Nonspendable:* amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted:* amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The District does not have any restricted fund balances.

*Committed:* amounts that can be spent only for purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

*Assigned:* amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District does not have any assigned balances.

*Unassigned:* all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount 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 expenditures during the reporting period. Actual results could differ from those estimates.

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

**NOTE 3. TAX LEVY**

In May of 2022, the voters of the District approved a maximum tax rate of \$0.10 per \$100 of assessed valuation on all taxable property within the District. During the year ended September 30, 2023, the District levied an ad valorem tax at the rate of \$0.10 per \$100 of assessed valuation on October 1, 2022, which resulted in an original tax levy of \$2,019,475. After the adjustments and supplements, the adjusted tax levy was \$2,030,133. The original taxable valuation for the year was \$2,016,328,680 before any adjustments or supplements for the 2022 tax year.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied on October 1<sup>st</sup> each year, are due upon receipt and are delinquent the following February 1<sup>st</sup>. Penalty and interest attach thereafter.

**NOTE 4. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. Alternatively, the District's funds could also be covered by an adequate Letter of Credit. At September 30, 2023, the carrying amount of the District's deposits was \$1,138,916 and the bank balance was a total of \$1,133,555. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Fund Balance Sheet and the Statement of Net Position at September 30, 2023, as listed below:

	Cash
GENERAL FUND	\$ <u>1,133,555</u>

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety

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

**NOTE 4. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Commissioners.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District is in the process of developing and adopting a written investment policy to establish the guidelines by which it may invest. This policy is to be reviewed annually. Once developed, the District's investment policy may be more restrictive than the Public Funds Investment Act.

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

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 5. CAPITAL ASSETS**

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

	October 1, 2022	Increases	Decreases	September 30, 2023
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Construction in Progress	0	0	0	0
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Capital Assets Subject to Depreciation</b>				
Buildings and Improvements	\$ 0			\$ 0
Equipment and Vehicles	0	139,985		139,985
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 0</u>	<u>\$ 139,985</u>	<u>\$ 0</u>	<u>\$ 139,985</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	\$ 0	\$ 0	\$ 0	\$ 0
Equipment and Vehicles	0	2,305		2,305
<b>Total Accumulated Depreciation</b>	<u>\$ 0</u>	<u>\$ 2,305</u>	<u>\$ 0</u>	<u>\$ 2,305</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 0</u>	<u>\$ 137,680</u>	<u>\$ 0</u>	<u>\$ 137,680</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 0</u>	<u>\$ 137,680</u>	<u>\$ 0</u>	<u>\$ 137,680</u>

**NOTE 6. VOLUNTEER FIRE DEPARTMENT EMERGENCY SERVICES**

The District has an informal relationship with the Crane Volunteer Fire Department of Crane, Texas (the "CVFD") for fire protection and emergency services to the persons and commercial interests within the boundaries of the District. The CVFD is not a political subdivision and is not listed on the Texas Secretary of State as an actual non-profit organization. The District does have an assumed name certificate on file with the Crane County Clerk listed as "dba Crane Fire Department". But that does not give the District access to the assets of the CVFD nor does its Board exert control over the organization. The Board does not control the fundraising activities nor does it oversee and approve the CVFD expenditures. But there is a strong working relationship between the two and appears to be functioning well and to the satisfaction of all parties concerned. The scope of this audit does not include any of the assets, revenues or expenditures of the CVFD. The District, however, would not be able to provide the same level of emergency services without the relationship that exists between the government and the CVFD.

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

**NOTE 7. RISK MANAGEMENT**

Section 775.033 of the Texas Health and Safety Code states that a District is not liable for a claim arising from the act or omission of an employee or volunteer under an oral or written contract with the District if the act or omission:(1) is in the course and scope of the employee's or volunteer's duties for the District; (2) takes place or during the provision of emergency services; (3) is not in violation of a statute or ordinance applicable to emergency action; and (4) is not willful or wantonly negligent. The District is exposed to liability for all other acts or omissions outside the scope of this Section of the Texas Health and Safety Code, for which the District carries commercial insurance. There have been no significant reductions in coverages from the prior year and no claims have been filed to date.

**NOTE 8. INTERLOCAL AGREEMENTS**

On January 9, 2024, the District entered into an agreement with Crane County Commissioners Court, (the "County"). The County agreed to provide the District the use of all the facilities owned and operated by the County for the administrative and operations use by the District. Conversely, the District agreed to provide the County the use of all the facilities owned and operated by the District.

On January 23, 2024 the District entered into an interlocal participation agreement with the County Information Resources Agency to provide central, cooperative and coordinated assistance and services to the District in all matters relating to information resources and technologies in order to increase efficiencies and improve the quality, reliability and interoperability of their information resources, technologies and services. The term is for the duration of one year, but will automatically renew on each anniversary of the commencement date. The District may elect to withdraw from the agreement at any time upon action of the Board and notice given.

On November 8, 2022 the District entered into an agreement with 1<sup>st</sup> Response LLC (the Provider) to provide medical transportation services. The Provider agrees to provide District with 24-Hour Pre-Hospital emergency Ambulance Services 7 days a week for all District patients requiring services and further agrees to provide 1 properly staffed and equipped vehicle necessary to accommodate the patients' needs for emergency ambulance response. The duration of the agreement is for one year with two subsequent one-year extension option periods. The District can terminate the agreement for convenience with or without cause or further disability upon at least 90 days prior written notice to the Provider.

## **CRANE COUNTY EMERGENCY SERVICES DISTRICT NO. 1**

### **NOTE 9. PENSION PLAN**

The District currently does not provide a pension plan for all of its full-time employees, though a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS) may be established in the future.



CRANE COUNTY EMERGENCY SERVICES DISTRICT NO. 1

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2023

**CRANE COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 2,016,328	\$ 2,016,328	\$ 2,009,590	\$ ( 6,738)
Penalty, Interest, Attn Fees	0	0	6,538	6,538
Investment Revenues	0	0	37,732	37,732
Miscellaneous Revenues	0	0	2,519	2,519
<b>TOTAL REVENUES</b>	<b>\$ 2,016,328</b>	<b>\$ 2,016,328</b>	<b>\$ 2,056,379</b>	<b>\$ 37,051</b>
<b>EXPENDITURES</b>				
Service Operations:				
Operating Expenses	\$ 453,000	\$ 453,000	\$ 66,591	\$ 386,409
Professional/Contracted Services	620,000	620,000	477,696	142,304
Repairs and Maintenance	100,000	100,000	19,756	80,244
Supplies	10,000	10,000	5,969	4,031
Training, Meals and Travel	10,000	10,000	9,268	732
Salaries and Benefits	200,000	200,000	52,480	147,520
Utilities	0	0	1,444	(1,444)
Commissioner Fees & Other	30,000	30,000	6,350	23,650
Capital Outlay	0	0	139,985	(139,985)
Debt Service	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,423,000</b>	<b>\$ 1,423,000</b>	<b>\$ 779,539</b>	<b>\$ 643,461</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 593,328</b>	<b>\$ 593,328</b>	<b>\$ 1,276,840</b>	<b>\$ 683,512</b>
<b>FUND BALANCE - OCTOBER 1, 2022</b>	0	0	0	
<b>FUND BALANCE - SEPTEMBER 30, 2023</b>	<b>\$ 593,328</b>	<b>\$ 593,328</b>	<b>\$ 1,276,840</b>	<b>\$ 683,512</b>

See accompanying independent auditor's report.