

JEFFERSON COUNTY EMERGENCY
SERVICES DISTRICT NO. 4

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4
Annual Financial Report
For The Year Ended SEPTEMBER 30, 2023

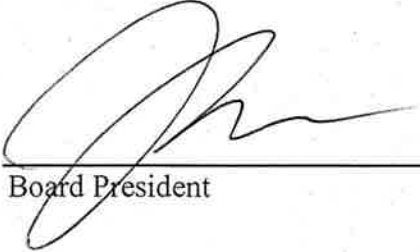
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JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4

CERTIFICATE OF BOARD

We, the undersigned, certify that this accompanying audit report of the above named district was reviewed and approved for the year ended September 30, 2023 at a meeting of the Board of Commissioners held on the 17th day of June, 2024.



Board President



Board Secretary ~~Secretary~~ Treasurer

INTRODUCTORY SECTION

FINANCIAL SECTION

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 and *Government 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 and *Government 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 on pages 4-9 and 24 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.

In this section of the Annual Financial Report, we, the managers of the Jefferson County Emergency Services District No. 4 (the District), discuss and analyze the District's financial performance for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with the independent auditors' report on page 2, and the District's Basic Financial Statements that begin on page 11.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$2,460,132 at September 30, 2023, as compared to \$2,260,511 at September 30, 2022.
- During the year, the District's expenses were \$199,621 less than the \$770,540 generated in taxes and other revenues for governmental activities. This compares to last year when expenses were \$235,457 less than revenues.
- The general fund reported a fund balance this year of \$1,385,025. All is for unrestricted use by the District. The prior year fund balance was \$1,144,387 at year end.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include three components: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required supplementary information.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. They include the Statement of Net Position and the Statement of Activities that provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

The Statement of Net Position presents information in a format that displays assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources to equal net position. Net position is displayed in three components – net investment in capital assets, restricted, and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. 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 *Statement of Activities* presents information showing how the government's net position changed during the current fiscal year. All changes in net position are reported for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Net Position (Table I) and Changes in Net Position (Table II) of the District's governmental activities.

The District's combined net position was \$2,460,132 at September 30, 2023. (See Table I)

Table I
JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
Net Position

	September 30, 2023	September 30, 2022
Current and Other Assets	\$ 1,423,891	\$ 1,203,324
Capital Assets	1,239,186	1,341,849
Total Assets	<u>2,663,077</u>	<u>2,545,173</u>
Long-term Liabilities	137,263	182,467
Other Liabilities	65,682	102,195
Total Liabilities	<u>202,945</u>	<u>284,662</u>
Net Assets:		
Invested in Capital Assets Net of Related Debt	1,058,715	1,076,011
Unrestricted	<u>1,401,417</u>	<u>1,184,500</u>
Total Net Position	<u>\$ 2,460,132</u>	<u>\$ 2,260,511</u>

A portion of the District's net position, \$1,058,715, reflects its investment in capital assets net of related debt. The District uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. The \$1,401,417 of unrestricted net position represents resources available to fund the programs of the District next year.

Changes in net position. The District's total revenues were \$770,540. For the current year most of the revenues resulted from property taxes levied. Miscellaneous revenues accounted for approximately 8 percent of total revenues.

In future years most of the District's revenues will be derived from property taxes.

Total Cost of all programs and services was \$570,919. The net position of the District for the current year increased \$199,621 (see Table II on page 7 of this report).

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Assets. At September 30, 2023 the District had \$1,239,186 (net of depreciation) invested in capital assets, buildings, equipment and vehicles.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
Capital Assets
Governmental Activities

	September 30, 2023	September 30, 2022
Buildings and Improvements	\$ 220,482	\$ 211,282
Emergency equipment and vehicles	1,950,336	1,878,022
Totals	<u>2,170,818</u>	<u>2,089,304</u>
Less Accumulated Depreciation:		
Buildings and Improvements	(11,203)	(8,193)
Emergency equipment and vehicles	<u>(920,429)</u>	<u>(739,262)</u>
Total Accumulated Depreciation	<u>(931,632)</u>	<u>(747,455)</u>
Net Capital Assets	<u>\$ 1,239,186</u>	<u>\$ 1,341,849</u>

Long-Term Debt. At year-end, the District had \$180,471 in notes payable outstanding. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
Outstanding Debt

	September 30, 2023	September 30, 2022
Governmental activities:		
Note Payable	\$ 180,471	\$ 265,839
Total	<u>\$ 180,471</u>	<u>\$ 265,839</u>

ECONOMIC FACTORS AND NEW YEAR'S BUDGETS AND RATES

- The District's board adopted a balanced budget for the next fiscal year after giving consideration to the property tax assessed valuations and the level tax rate along with the needs of the District.

BASIC FINANCIAL STATEMENTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Governmental activities:				
General government	\$ 438,561	\$ -	\$ -	\$ (438,561)
Fire and emergency services	132,358	-	-	(132,358)
Total governmental activities	570,919	-	-	(570,919)
Total Primary Government	\$ 570,919	\$ -	\$ -	\$ (570,919)
				711,999
Property taxes, penalties and interest				58,541
Other miscellaneous				770,540
Total general revenues				199,621
Change in Net Position				2,260,511
Net Position- Beginning				2,460,132
Net Position - Ending				\$ 2,460,132

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

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Governmental fund balance as reported on the balance sheet for governmental funds.	\$ 1,358,025
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,239,186
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(180,471)
Recognition of deferred revenue as revenue increases net position.	<u>43,392</u>
Total net position as reported on the Statement of Net Position for Governmental Activities.	<u><u>\$ 2,460,132</u></u>

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net change in fund balances - total governmental funds (Exhibit D) \$ 213,638

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

Proceeds of sale of assets	\$ -	
Capital Outlay, net of asset dispositions	81,514	
Depreciation	<u>(184,177)</u>	(102,663)

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

Issuance of new debt	-	-
Principal payments on loan		85,368

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

3,278

Change in net position of governmental activities (Exhibit B) \$ 199,621

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available to finance expenditures of the fiscal period. Revenues are considered available when they are collectible within the current period or soon enough thereafter to be pay liabilities of the current period. For this purpose, the government considers revenues 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. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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. All other revenue items are considered to be measurable and available only when cash is received by the District.

E. Budgetary Data

The following procedures are utilized in establishing the budgetary data reflected in the basic financial statements:

- a. The Fire Chief submits to the Commissioners a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. The General Fund is the only Fund the District has at this time.
- b. A Public hearing is conducted, after proper official journal notification, to obtain taxpayer comments.
- c. Prior to September 30th, the budget is legally adopted.
- d. Budget appropriations lapse at year-end and are re-established in the succeeding year.
- e. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as expenditures.

L. Fund Equity

In the fund financial statements, governmental funds report classifications of fund balance based on controls placed upon the funds. In accordance with GASB Statement No. 54, fund balance classifications are recorded as follows:

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

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

Committed Fund Balance – amounts constrained to a specific purpose by the Commissioners (the highest level of authority within the District); amounts may only be appropriated by resolution of the Board of Commissioners and those amounts cannot be used for any other purpose unless the Commissioners take the same action to remove or change the constraint.

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

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

The District's unassigned general fund balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned general fund balance may only be appropriated by resolution of the Commissioners.

When it is appropriate for fund balance to be assigned, the Commissioners delegate authority to the District Fire Chief.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is from the most restrictive to the least restrictive, unless otherwise approved by the Commissioners.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 4: CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended September 30, 2023 was as follows:

Governmental Activities	Beginning	Current Year		Ending
	Balance	Increases	Decreases	Balance
Capital assets being depreciated:				
Buildings	\$ 211,282	\$ 9,200	\$ -	\$ 220,482
Fire equipment and vehicles	1,878,022	72,314	-	1,950,336
Total capital assets being depreciated:	<u>2,089,304</u>	<u>81,514</u>	<u>-</u>	<u>2,170,818</u>
Less accumulated depreciation:				
Buildings	(8,193)	(3,010)	-	(11,203)
Fire equipment and vehicles	(739,262)	(181,167)	-	(920,429)
Total accumulated depreciation	<u>(747,455)</u>	<u>(184,177)</u>	<u>-</u>	<u>(931,632)</u>
Total capital assets being depreciated, net	<u>1,341,849</u>	<u>(102,663)</u>	<u>-</u>	<u>1,239,186</u>
Governmental activities capital assets, net	<u>\$ 1,341,849</u>	<u>\$ (102,663)</u>	<u>\$ -</u>	<u>\$ 1,239,186</u>

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

Fire and Emergency Services	<u>\$ 180,471</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 180,471</u>

NOTE 5: LONG TERM DEBT

The District entered into a loan agreement for the purchase of a vehicle for fire and emergency services.

Long-term debt at September 30, 2023, is summarized as follows:

Date Issued	Amount	Final Maturity	Annual Installments	% Rate	Outstanding Balance
2022	222,465	2027	48,424	2.890%	180,471
					<u>\$ 180,471</u>

Interest on the loan shall be computed at a fixed rate as shown above for five years provided that such rate shall not exceed the highest lawful rate. This note may be prepaid in full according to the early redemption value on due date of the loan in years three and four as shown on the table below.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

COMPLIANCE SECTION

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.

Sincerely,

J. R. Edwards & Associates, LLC