

**GREGG COUNTY EMERGENCY SERVICES
DISTRICT NO. 3**

BASIC FINANCIAL STATEMENTS

**For the Year Ended September 30, 2022
With Independent Auditor's Report**

**GREGG COUNTY EMERGENCY SERVICES
DISTRICT NO. 3**

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Independent Auditor's Report

To The Commissioners
Gregg County Emergency Services District No. 3
Longview, Texas

Opinion

We have audited the accompanying financial statements of the governmental activities of Gregg County Emergency Services District No. 3 (the District) as of and for the year ended September 30, 2022, 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 financial position of the governmental activities of the District as of September 30, 2022 and the changes in its 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 generally accepted auditing standards (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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.

HEARD, MCELROY & VESTAL, LLC

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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.

Other Matters

Report on 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 5, 6, 7, and 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Heard, McElroy & Vestal, LLC
Longview, Texas

March 16, 2023

**GREGG COUNTY EMERGENCY SERVICES DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

This section of the Gregg County Emergency Services District No. 3's (the District) annual financial report, the Management's Discussion and Analysis (MDA), provides the District's management narrative discussion and summary of the financial activities and performance of the District for the fiscal year ended September 30, 2022. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. For more detailed information regarding the District's activities, the reader should also review the actual financial statements, including the notes thereto.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities by \$1,001,000 (net position) for the fiscal year reported. This represents an increase from the previous year of \$315,000 (change in net position). Net position is made up of net investment in capital assets as well as unrestricted net position. Net investment in capital assets was \$936,000 at the end of the year. All remaining net position is unrestricted and is therefore available to maintain the District's continuing obligations. The District's total outstanding liabilities were \$344,000 at the end of the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's financial statements presented in this report include the basic financial statements, as well as required supplementary information. The basic financial statements attached hereto are comprised of the following major components:

The Governmental Funds Balance Sheet and Statement of Net Position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as fund balance/net position. 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 declining.

The Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities presents information showing how the District's net position/fund balance changed during the most recent fiscal year. 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. Thus, the accrual basis of accounting is used, which is similar to the accounting basis used by most private sector companies. All changes in fund balances of the governmental fund are reported on the modified accrual basis of accounting.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred inflows of resources, liabilities, deferred outflows of resources, fund balances, revenues and expenditures, or expenses as appropriate. Government resources are allocated and accounted for the purpose of carrying on specific activities in accordance with laws, regulations or other appropriate requirements.

In the District's basic financial statements, you will see the following major governmental fund-the general fund. The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those that would be required to be accounted for in another fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. There were no variances between final budget amounts and actual results that are expected to have a significant effect on future services or liquidity.

GREGG COUNTY EMERGENCY SERVICES DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

A summary of the District's financial statements is presented below:

**The District's Government Funds Balance Sheet
and Statement of Net Position (Condensed)**

Current and Other Assets	\$ 172,000
Capital Assets	<u>1,173,000</u>
Total Assets	<u>\$ 1,345,000</u>
Current Liabilities	\$ 164,000
Long-Term Liabilities	<u>180,000</u>
Total Liabilities	<u>344,000</u>
Net Position:	
Net Investment in Capital Assets	936,000
Unrestricted	<u>65,000</u>
Total Net Position	<u>1,001,000</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 1,345,000</u>

Governmental Activities: Governmental activities increased the District's net position by \$315,000. Total revenues from governmental activities amounted to \$914,000, which property taxes (including penalty and interest) amounted to 100 percent. The following table provides a summary of the District's operations for the year ended September 30, 2022.

**Government Funds Revenues, Expenditures, and
Changes in Fund Balances and Statement of Activities (Condensed)**

Revenues:	
Property Tax	\$ 907,000
Penalties and Interest on Property Taxes	6,000
Interest Income	<u>1,000</u>
Total Revenues	<u>914,000</u>
Expenses:	
General Government and Administration	67,000
Fire and Emergency Services	523,000
Debt Service	<u>9,000</u>
Total Expenses	<u>599,000</u>
Increase in Net Position	315,000
Net Position, Beginning	<u>686,000</u>
Net Position, Ending	<u>\$ 1,001,000</u>

**GREGG COUNTY EMERGENCY SERVICES DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

Capital Assets

Net property, plant, and equipment at September 30 was composed of the following:

Property, Plant, and Equipment:	
Land	\$ 358,000
Buildings	135,000
Vehicles	486,000
Fire Equipment	<u>256,000</u>
	1,235,000
Accumulated Depreciation	<u>(198,000)</u>
	1,037,000
Construction in Progress	<u>136,000</u>
Net Property, Plant, and Equipment	<u>\$ 1,173,000</u>

Long-Term Debt

The District has outstanding debt of \$237,000 at September 30, 2022. A summary of the debt activity in 2022 is listed in the following schedule:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
Texas National Bank Note 1	\$ <u>292,000</u>	\$ <u>-0-</u>	\$ <u>(55,000)</u>	\$ <u>237,000</u>

All notes are direct borrowings. Additional information on the District's notes payable can be found in Note 3 of this report.

CONTACTING DISTRICT MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and creditors 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 additional financial information, contact the District's Commissioners at P. O. Box 4203, Longview, TX 75606.

GREGG COUNTY EMERGENCY SERVICES DISTRICT NO. 3
GOVERNMENTAL FUNDS BALANCE SHEET
AND STATEMENT OF NET POSITION
September 30, 2022

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 154,863	\$ -0-	\$ 154,863
Property taxes receivable, net of \$1,240 allowance	14,478		14,478
Prepaid expenses	2,785		2,785
Capital assets, net of accumulated depreciation		1,172,723	1,172,723
Total Assets	\$ 172,126	\$ 1,172,723	\$ 1,344,849
LIABILITIES			
Accounts payable	\$ 98,671	\$ -0-	\$ 98,671
Other accrued liabilities	9,000		9,000
Long-term liabilities:			
Due within one year		56,571	56,571
Due in more than one year		180,048	180,048
Total Liabilities	107,671	236,619	344,290
DEFERRED INFLOWS OF RESOURCES			
Uncollected property taxes	14,478	(14,478)	-0-
Total Deferred Inflows of Resources	14,478	(14,478)	-0-
FUND BALANCE/NET POSITION			
Unassigned	49,977	(49,977)	-0-
Total Fund Balance	49,977	(49,977)	-0-
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 172,126		
Net Position:			
Net investment in capital assets		936,104	936,104
Unrestricted		64,455	64,455
Total Net Position		1,000,559	1,000,559
Total Liabilities, Deferred Inflows of Resources, and Net Position		\$ 1,172,723	\$ 1,344,849

(The accompanying notes are an integral part of these financial statements.)

GREGG COUNTY EMERGENCY SERVICES DISTRICT NO. 3
GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
AND STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

	General Fund	Adjustments	Statement of Activities
REVENUES			
Gregg County property taxes	\$ 904,068	\$ 2,811	\$ 906,879
Penalties and interest on property taxes	5,750		5,750
Interest income	1,574		1,574
Total Revenues	<u>911,392</u>	<u>2,811</u>	<u>914,203</u>
EXPENDITURES/EXPENSES			
General Government:			
Accounting fees	12,785		12,785
Appraisal district fees	13,109		13,109
Legal fees	18,154		18,154
Office expense	770		770
Tax collection services	4,500		4,500
Insurance	280		280
Medical Director	18,000		18,000
Other	156		156
Total General Government	<u>67,754</u>	<u>-0-</u>	<u>67,754</u>
Emergency Services:			
Operations	428,274		428,274
Depreciation		94,883	94,883
Purchase of capital assets	438,033	(438,033)	-0-
Total Emergency Services	<u>866,307</u>	<u>(343,150)</u>	<u>523,157</u>
Debt Services:			
Principal	54,923	(54,923)	-0-
Interest	8,739		8,739
Total Debt Services	<u>63,662</u>	<u>(54,923)</u>	<u>8,739</u>
Total Expenditures/Expenses	<u>997,723</u>	<u>(398,073)</u>	<u>599,650</u>
Net Change in Fund Balances/Net Position	<u>(86,331)</u>	<u>400,884</u>	<u>314,553</u>
Fund Balances/Net Position at Beginning of Year	<u>136,308</u>	<u>549,698</u>	<u>686,006</u>
Fund Balances/Net Position at End of Year	<u>\$ 49,977</u>	<u>\$ 950,582</u>	<u>\$ 1,000,559</u>

(The accompanying notes are an integral part of these financial statements.)

GREGG COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

Note 1 – Summary of Significant Accounting Policies:

Basis of Presentation

The Gregg County Emergency Services District No. 3 ("GCESD3", the "District", or "we") is a political subdivision under the provisions of the State of Texas. The District operates to provide funding for fire and other emergency services to portions of Gregg County, Texas. This funding is provided by the levy of property taxes in the provided areas. The District is not included in any other reporting entity.

For financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The criteria used is as follows:

Financial Accountability – The primary government is deemed to be financially accountable if it appoints a voting majority of the organization's governing body and 1) it is able to impose its will on that organization, or 2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board.

Based on the criteria above, the District has no component units.

The government-wide financial statements (Governmental Funds Balance Sheet and Statement of Net Position and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities) report information on all of the activities of GCESD3. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. GCESD3 has only one fund, the governmental fund.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. The significant estimate that is reasonably possible to change in the near term include the allowance for bad debts.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government entities that use proprietary fund accounting which includes all pronouncements issued by the Government Accounting Standards Board (GASB). GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" incorporates the Statements and Interpretations issued by the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedures issued on or before November 30, 1989. GASB No. 62 eliminates the option for business-type activities and enterprise funds to follow FASB statements and interpretations issued after November 30, 1989.

We comply with GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (GASB No. 34)" as amended by GASB No. 37. GASB No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net position categories:

GREGG COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

Note 1 – Summary of Significant Accounting Policies: (continued)

- **Net investment in capital assets:**

Capital assets, net of accumulated depreciation and net of the outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- **Restricted:**

- **Nonexpendable – Net position subject to externally imposed stipulations that require the District to maintain them permanently.**
- **Expendable – Net position whose use by the District is subject to externally imposed stipulations that can be fulfilled by actions of the District pursuant to those stipulations or that expire by the passage of time.**

- **Unrestricted:**

Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action by management or the Commissioners or may otherwise be limited by contractual agreements with outside parties.

Net Position

Net position represents the residual interest in our assets after liabilities are deducted and consist of three sections: invested in capital assets, net of related debt, restricted and unrestricted. Net position invested in capital assets, net of debt includes capital assets, net of accumulated depreciation, reduced by outstanding debt. Net position is reported as restricted when constraints are imposed by third parties or by legislation. Unrestricted net position is comprised of the remainder of net position that has no restrictions. Though we have no restricted net position, restricted resources would be used prior to unrestricted resources whenever an expense is incurred for purposes in which both are available.

Deferred Outflows / Inflows of Resources

In addition to assets, Governmental Funds Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District's governmental fund does not have any items that meet the definition of deferred outflows of resources. In addition to liabilities, the Governmental Funds Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District's governmental fund has only one item that meets this definition and qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the Governmental Funds Balance Sheet and Statement of Net Position. The District's governmental fund reports unavailable revenue from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. For the accrual basis government-wide statement of net position, the availability test does not apply; therefore, the deferred inflow is removed and the change in deferred inflow from prior year is included in government-wide revenues.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

GREGG COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

Note 1 – Summary of Significant Accounting Policies: (continued)

Income Tax Status

GCESD3 is not a tax paying entity. We are not required to file an income tax return.

Property, Plant, and Equipment

Property, plant, and equipment are carried at cost. Assets retired or otherwise disposed of and the related amounts of accumulated depreciation are eliminated from the accounts and a gain or loss is recognized.

A summary of capital asset activity for the year ended September 30, 2022 is as follows:

	Beginning Balance	Additions and Transfers In	Deletions and Transfers Out	Ending Balance
Capital Assets Being Depreciated:				
Buildings	\$ -0-	\$ 135,299	\$ -0-	\$ 135,299
Vehicles	486,527	-0-	-0-	486,527
Fire and communication equipment	<u>139,803</u>	<u>115,033</u>	<u>-0-</u>	<u>254,836</u>
Capital Assets Being Depreciated, Gross	<u>626,330</u>	<u>250,332</u>	<u>-0-</u>	<u>876,662</u>
Less Accumulated Depreciation for:				
Buildings	-0-	(2,255)	-0-	(2,255)
Vehicles	(75,556)	(54,643)	-0-	(130,199)
Fire and communication equipment	<u>(27,765)</u>	<u>(37,985)</u>	<u>-0-</u>	<u>(65,750)</u>
Total Accumulated Depreciation	<u>(103,321)</u>	<u>(94,883)</u>	<u>-0-</u>	<u>(198,204)</u>
Capital Assets Being Depreciated, Net	<u>523,009</u>	<u>155,449</u>	<u>-0-</u>	<u>678,458</u>
Capital Assets Not Being Depreciated:				
Land	300,277	58,235	-0-	358,512
Construction in progress	<u>6,288</u>	<u>129,465</u>	<u>-0-</u>	<u>135,753</u>
Total Capital Assets Not Being Depreciated	<u>306,565</u>	<u>187,700</u>	<u>-0-</u>	<u>494,265</u>
Total Capital Assets, Net	<u>\$ 829,574</u>	<u>\$ 343,149</u>	<u>\$ -0-</u>	<u>\$ 1,172,723</u>

Capital assets are depreciated using the straight-line depreciation method over estimated useful lives ranging from five to thirty years. Depreciation expense was \$94,883 for the year ended September 30, 2022.

Budgets and Budgetary Accounting

A budget adopted by the Board is presented in the accompanying financial statements on the budgetary basis. The budget is not legally binding. Annual appropriations lapse at the end of the fiscal year. There were no significant differences between original and final budgeted amounts for the year other than estimated emergency services expense.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

GREGG COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

Note 2 – Deposit and Investment Risk Disclosures:

The District contracts with Texas Bank and Trust to serve as depository for funds of the District. Our policy is that all monies, whether in interest bearing accounts or certificates of deposit, be collateralized by pledged securities to the extent insurance coverage provided by the depository institution is exceeded.

As of September 30, 2022, GCESD3 does not have any investments.

Note 3 – Long-Term Debt:

The District has entered into a note agreement with Texas National Bank to finance certain capital assets. Long-term debt consists only of direct borrowings as defined by GASB Statement No. 88. There were no direct placements of debt in 2022.

Notes payable is comprised of the following terms at September 30, 2022:

Texas National Bank	
3% interest, payments of \$63,670, due annually, secured by vehicles and equipment	\$ 236,619
Less: Current maturities	<u>(56,571)</u>
Total Long-Term Debt	<u>\$ 180,048</u>

Maturities of long-term debt for notes payable for the fiscal years subsequent to September 30, 2022 are as follows:

	<u>Principal</u>	<u>Interest</u>
Years Ending September 30,		
2023	\$ 56,571	\$ 7,009
2024	58,269	5,401
2025	60,017	3,653
2026	<u>61,762</u>	<u>1,853</u>
Total	<u>\$ 236,619</u>	<u>\$ 17,916</u>

Note 4 – Fire Protection Services:

On October 1, 2019, the District entered into an agreement with the Judson Metro Volunteer Fire Department to provide fire protection and emergency medical first responder services within the District. This agreement is to remain in full force until terminated by either party upon 90 days written notice.

Note 5 – Expenditures:

The District reimburses the Judson Metro VFD monthly for actual allowable costs incurred in the performance of its programs that have been budgeted and annually approved by the District. The District may also approve additional funding assistance with major acquisitions of property and equipment. Reimbursements from the District for the current year ended were \$866,307 for expenses incurred. This includes \$438,033 for purchases of assets that are capitalized by the District and treated as revenue and expense by Judson Metro VFD.

GREGG COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

Note 6 – Ad Valorem Property Taxes:

In accordance with Texas statutes, the Commissioners approve a tax rate and order to levy taxes in September of each year. Property taxes are billed by the county tax assessor-collector as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are payable upon receipt of the tax bill and are delinquent if not paid before February 1 of each year following the year in which imposed. On January 1, of the year following the District's order to levy taxes (the assessment date), a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. The assessment date represents the date on which an enforceable legal claim arises and attaches as the lien on the assessed property. In the basic financial statements, property tax revenues are considered available when they become due and receivable within the current period, including those property taxes expected to be collected during a 60-day period after the close of the District's fiscal year.

The total assessed value for real and personal property on the tax roll was approximately \$909,508,105 for Gregg County for the year ended September 30, 2022, as certified by the Gregg County Appraisal District.

The District's assessed tax rates approved by the Commissioners for 2021-2022 general fund operations were \$0.09858 per \$100 valuation.

As of September 30, 2022, unavailable property tax revenue totaled \$14,478. Property taxes receivable at September 30, 2022 consisted of the following:

	<u>General Fund</u>
Gregg County	\$ 15,718
Less: Allowance for Uncollectibles	<u>(1,240)</u>
Total	<u>\$ 14,478</u>

The District is prohibited from writing off real property taxes without specific authority from the Texas Legislature.

Note 7 – Concentrations of Credit Risks:

Financial instruments that subject us to concentrations of credit risk consist primarily of temporary cash investments and trade receivables. Our policy is to place temporary cash investments with major federally insured financial institutions, to limit the amount of credit exposure to any one financial institution.

We maintain checking accounts with major financial institutions. Cash balances with financial institutions are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At September 30, 2022, substantially all deposits were covered by insurance.

Note 8 – Subsequent Events:

We have evaluated subsequent events through March 16, 2023, the date which the financial statements were available to be issued. We have a commitment with HLH Hugman-Lammers-Hawkins for \$2,585,863 for the construction of a new fire station, signed November 2022. This construction is being financed by Texas Bank and Trust.

SUPPLEMENTARY INFORMATION

GREGG COUNTY EMERGENCY SERVICES DISTRICT NO. 3
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2022

	Actual Amount	Budgeted Amount	Variance with Final Budget
Revenues:			
Gregg County property taxes	\$ 904,068	\$ 896,593	\$ 7,475
Penalties and interest on property taxes	5,750	-0-	5,750
Interest income	1,574	-0-	1,574
Total Revenues	<u>911,392</u>	<u>896,593</u>	<u>14,799</u>
Expenditures from Operating Funds:			
General Government:			
Accounting fees	12,785	18,600	(5,815)
Appraisal District fees	13,109	12,000	1,109
Legal fees	18,154	18,000	154
Office expense	770	-0-	770
Tax collection services	4,500	6,000	(1,500)
Insurance	280	1,500	(1,220)
Miscellaneous	156	-0-	156
Medical Director	18,000	18,000	-0-
Total General Government	<u>67,754</u>	<u>74,100</u>	<u>(6,346)</u>
Debt Services:			
Principal	54,923	54,923	-0-
Interest	8,739	8,739	-0-
Total Debt Services	<u>63,662</u>	<u>63,662</u>	<u>-0-</u>
Emergency Services:			
Operations	428,274	582,237	(153,963)
Capital assets	438,033	165,000	273,033
Total Emergency Services	<u>866,307</u>	<u>747,237</u>	<u>119,070</u>
Total Expenditures/Expenses	<u>997,723</u>	<u>884,999</u>	<u>112,724</u>
Excess of Revenues Over Operating Expenditures	(86,331)	11,594	(97,925)
Fund Balances/Net Position, Beginning of Year	<u>136,308</u>	<u>136,308</u>	<u>-0-</u>
Fund Balances/Net Position, End of Year	<u>\$ 49,977</u>	<u>\$ 147,902</u>	<u>\$ (97,925)</u>

(The accompanying notes are an integral part of these financial statements.)