JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1

ANNUAL FINANCIAL REPORT

For the year ended September 30, 2025

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
ANNUAL FINANCIAL REPORT
September 30, 2025

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Commissioners
Jackson County Emergency Services District No. 1
Vanderbilt, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Jackson County Emergency Services District No. 1 (the "District") as of and for the year ended September 30, 2025, 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 each major fund of the District as of September 30, 2025 and the respective changes in financial position thereof 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 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 the 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.

Commissioners of the
Jackson County Emergency Services District No. 1

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 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.

Required Supplementary Information

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

Harrison, Waldrop & Uherek, LLP

HARRISON, WALDROP & UHEREK, L.L.P.
Certified Public Accountants
Victoria, Texas

April 8, 2026

In this section of the Annual Financial Report, we, the Commissioners of Jackson County Emergency Services District No. 1 (the "District"), discuss and analyze the District's financial performance for the year ended September 30, 2025. Please read it in conjunction with the independent auditors' report on page 1 and the District's basic financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2025 by $2,128,513. Of this amount, $807,040 of unrestricted net position is available to meet the District's ongoing obligations to its citizens and creditors.

- At September 30, 2025, the District's General Fund reported an ending fund balance of $754,834, which is an increase of $205,643.

- At September 30, 2025, the unassigned fund balance for the General Fund was $754,834 or 160% of total expenditures of $472,921.

- At September 30, 2025, the District had $1,321,473, net of accumulated depreciation, invested in capital assets. This amount represents a net decrease of $46,687 or 3% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 8 through 11). These statements provide information about the activities of the District as a whole and present a longer-term view of the District's financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (also on pages 8 through 11) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget.

The notes to financial statements (starting on page 12) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS - **(Continued)**

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 5. Its primary purpose is to show whether the District's financial condition improved or declined as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year, while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These statements apply the accrual basis of accounting, which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All of the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current year or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or declining. To fully assess the overall health of the District, however, one should consider non-financial factors as well, such as changes in the District's property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we disclose the District's one type of activity:

Governmental activities - All of the District's basic services are reported here. Property taxes, operating grants and contributions, and unrestricted investment earnings finance most of these activities.

Fund Financial Statements

The fund financial statements begin on page 8 and provide detailed information about the most significant funds - not the District as a whole. Laws and contracts require the District to establish some funds. The District's administration can establish other funds, such as debt service and capital projects, to help it control and manage money for particular purposes. The District has only one fund, the General Fund, which is governmental.

Governmental funds - All of the District's basic services are reported in governmental funds, which use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds, as shown in the adjustments column, in reconciliation schedules immediately following the financial statements on pages 8 through 11.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position serves over time as a useful indicator of a government's financial position. The assets of the District exceeded its liabilities by $2,128,513 at the close of the year ended September 30, 2025.

The largest portion of the District's net position (62%) reflects the District's net investment in capital assets (i.e., buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of $807,040 may be used to meet the District's ongoing obligations to citizens and creditors.

At the end of the current year, the District is able to report positive balances in all categories of net position, for the government as a whole, as well as for the governmental activities.

Jackson County Emergency Services District No. 1
NET POSITION

	Governmental Activities		Total %
	2025	2024*	Change
ASSETS			
Current assets	$ 808,707	$ 677,882	19.30%
Capital assets (net)	1,321,473	1,368,160	-3.41%
Total assets	2,130,180	2,046,042	4.11%
LIABILITIES			
Other liabilities	1,667	6,456	-74.18%
Total liabilities	1,667	6,456	-74.18%
NET POSITION			
Net investment in capital assets	1,321,473	1,368,160	-3.41%
Unrestricted net position	807,040	603,575	33.71%
Total net position	$ 2,128,513	$ 1,971,735	7.95%

*2024 balances have been restated. See note 8 for details.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

Jackson County Emergency Services District No. 1
CHANGES IN NET POSITION

	Governmental Activities		Total %
	2025	2024*	Change
REVENUES			
Program revenues			
Charges for services	$ 4,210	$ 4,320	-2.55%
Operating grants and contributions	8,190	2,239	265.79%
General revenues			
Tax collections	653,892	713,035	-8.29%
Investment earnings	7,207	5,471	31.73%
Miscellaneous income	2,887	1,847	56.31%
Total revenues	676,386	726,912	-6.95%
EXPENSES			
General government	519,608	535,761	-3.01%
Total expenses	519,608	535,761	-3.01%
Change in net position	156,778	191,151	-17.98%
Beginning net position, as restated	1,971,735	1,780,584	
Ending net position	$ 2,128,513	$ 1,971,735	7.95%

*2024 balances have been restated. See note 8 for details.

Net position of the District increased by $156,778. Key elements of the net increase in revenues are as follows:

- Operating grants and contributions increased by $5,951 or 266% due to more donations and fundraiser monies received in the current year.
- Investment earnings increased by $1,736 or 32% due to an increase in cash balances in comparison to the prior year .

The cost of all governmental activities this year was $519,608, compared to $535,761 last year. The net decrease of $16,153 or 3% was primarily due to a decrease in repairs and maintenance costs compared to the prior year. Depreciation expense increased by $82,866 or 60% due to equipment and vehicle purchases in the current year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, the General Fund reported a fund balance of $754,834, which is more than last year's total of $617,041. Total revenues increased by $7,786, mainly due to an increase in donations and fundraiser revenue. Total expenditures decreased by $17,945, primarily due to a decrease in repairs and maintenance costs.

The General Fund is the chief operating fund of the District. At the end of fiscal year 2025, fund balance of the General Fund was $754,834, all of which was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Both unassigned and total fund balance represent 160% of the total General Fund expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's Commissioners did not amend the budget for the 2025 fiscal year. Actual revenues were greater than budgeted amounts by $158,564, primarily due to more tax collections than expected in the amount of $138,957. Actual expenditures were less than budgeted amounts by $47,079, mainly due to less capital outlay expenditures than expected in the amount $57,735.

CAPITAL ASSET ADMINISTRATION

Capital Assets

At September 30, 2025, the District had $1,321,473 net of accumulated depreciation, invested in land, construction in progress, buildings, equipment, and vehicles. This amount represents a net decrease of $46,687 or 3% from the prior year.

Major capital asset events included the purchase of a new pumper truck, a new vehicle, and various equipment.

More detailed information about the District's capital assets is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's Commissioners considered various factors when setting the 2026 budget and tax rate. Some factors considered included routine maintenance projects for equipment, purchases of equipment, fees to be paid for contracted services, and expected administrative costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors 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 business office, at Jackson County Emergency Services District No. 1, P.O. Box 455, Vanderbilt, Texas 77991.

BASIC FINANCIAL STATEMENTS

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
September 30, 2025

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Current assets			
Cash and cash equivalents	$ 756,106	$ -	$ 756,106
Receivables (net)	52,206	-	52,206
Due from other governments	395	-	395
Total current assets	808,707	-	808,707
Noncurrent assets			
Capital assets not being depreciated			
Land	-	26,286	26,286
Construction in progress	-	10,000	10,000
Capital assets net of accumulated depreciation			
Buildings, equipment, and vehicles (net)	-	1,285,187	1,285,187
Total noncurrent assets	-	1,321,473	1,321,473
Total assets	808,707	1,321,473	2,130,180
LIABILITIES			
Current liabilities			
Accounts payable	311	-	311
Accrued expenses	1,356	-	1,356
Total current liabilities	1,667	-	1,667
Total liabilities	1,667	-	1,667
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	52,206	(52,206)	-
Total deferred inflows of resources	52,206	(52,206)	-
FUND BALANCES/NET POSITION			
Fund balance			
Unassigned	754,834	(754,834)	-
Total fund balances	754,834	(754,834)	-
Total liabilities, deferred inflows and fund balances	$ 808,707		
Net position			
Net investment in capital assets		1,321,473	1,321,473
Unrestricted		807,040	807,040
Total net position		$ 2,128,513	$ 2,128,513

The accompanying notes are an integral part of this statement.

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2025

Total governmental fund balance		$ 754,834
Amounts reported for governmental activities in the statement of net position are different because:		
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as "unavailable" in the funds financial statements.		52,206
Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:		
Governmental capital assets costs	$ 3,481,591	
Accumulated depreciation	(2,160,118)	1,321,473
Net position of governmental activities		$ 2,128,513

The accompanying notes are an integral part of this statement.

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the year ended September 30, 2025

	General Fund	Adjustments	Statement of Activities
EXPENDITURES			
Current			
Appraisal District	$ 16,226	$ -	$ 16,226
Awards and meals	3,361	-	3,361
Clothing allowance	20	-	20
Contract services	12,050	-	12,050
Fire Commissioners	2,659	-	2,659
Fire prevention and dues	928	-	928
Fire run allowance	5,200	-	5,200
Fire training	58	-	58
Fire vehicle fuel	3,471	-	3,471
Insurance	57,535	-	57,535
Miscellaneous	3,775	-	3,775
Payroll	24,072	-	24,072
Professional fees	7,442	-	7,442
Public notices	288	-	288
Repairs and maintenance	112,562	(10,000)	102,562
Supplies	25,889	-	25,889
Telephone and internet	9,358	-	9,358
Utilities	16,862	-	16,862
Capital outlay			
Capitalized assets	163,939	(163,939)	-
Expenditures not capitalized	7,226	-	7,226
Depreciation	-	220,626	220,626
Total expenditures	472,921	46,687	519,608
REVENUES			
Program revenues			
Charges for services	4,210	-	4,210
Operating grants and contributions	8,190	-	8,190
Total program revenues	12,400	-	12,400
Net program revenues/expenses			507,208
General revenues			
Tax revenues			
Tax collections	656,070	(2,178)	653,892
Penalty and interest	2,887	(2,887)	-
Unrestricted investment earnings	7,207	-	7,207
Miscellaneous	-	2,887	2,887
Total general revenues	666,164	(2,178)	663,986
Total revenues	678,564	(2,178)	676,386
Change in fund balance/net position	205,643	(48,865)	156,778
FUND BALANCE/NET POSITION			
Beginning of year, as previously reported	617,041	1,422,544	2,039,585
Error correction	(67,850)	-	(67,850)
Beginning of year, as restated	549,191	1,422,544	1,971,735
End of year	$ 754,834	$ 1,373,679	$ 2,128,513

The accompanying notes are an integral part of this statement.

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the year ended September 30, 2025

Total net change in fund balances - governmental funds		$ 205,643
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Increase in capital assets	$ 173,939	
Depreciation	(220,626)	(46,687)
Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Similarly, other revenues are not currently available at year end and are not reported as revenue in the governmental funds.		
Ad valorem taxes		(2,178)
Change in net position of governmental activities		$ 156,778

The accompanying notes are an integral part of this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Jackson County Emergency Services District No. 1 (the "District") was legally created and formed on October 9, 2003.

The Commissioners are appointed by the Commissioners' Court of Jackson County and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters including taxing authority. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to governments.

A. Reporting Entity

In evaluating how to define the government, 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 the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units.* Under these guidelines there are not any entities that are considered to be component units.

B. Government-wide and Fund Financial Statements

The combined government-wide and fund financial statements (i.e., the Statement of Net Position and Governmental Fund Balance Sheet and the Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balance) report information on all activities of the District.

The combined Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balance demonstrate the degree to which the direct expenses of the District are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide and fund financial statements are provided for the District with a column for adjustments between the two statements.

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

The government-wide financial information (i.e., the columns labeled "Statement of Net Position" and "Statement of Activities") in the financial statements is 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Continued)

The governmental fund (i.e., the column labeled "General Fund") financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current 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.

The District reports the following major governmental fund:

> The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The District reports no other fund types.

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

D. Budgets and Budgetary Accounting

The Commissioners prepare and vote on the adopted budget. The budget for the General Fund is adopted on a basis consistent with generally GAAP. All budget amendments must be approved by the Commissioners. The District does not employ the use of encumbrances in its budgetary accounting.

E. Other Accounting Policies

Deposits and Investments

Cash and cash equivalents include amounts in petty cash, demand deposits, time deposits, and any investment purchased with an original maturity date of 90 days or less.

The District may invest its excess funds in any instruments authorized by the Public Funds Investment Act of Texas. Investments authorized under this Act include, but are not limited to, the following: Obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; certificates of deposit issued by a state or financial institution domiciled in the State of Texas which is guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or otherwise secured; and certain repurchase agreements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Other Accounting Policies - (Continued)

Receivables

All property tax receivables are shown net of an allowance for uncollectibles.

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental activities columns in the government-wide statement of net position. The District defines capital assets, as assets with an estimated useful life in excess of one year, regardless of cost.

As the District constructs or acquires capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original amount. In the case of donations, the District values these capital assets at acquisition value at the date of donation.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Machinery and equipment	5-10
Vehicles	5-10
Buildings	20

Deferred Inflows of Resources

In addition to liabilities, the statement of net position can also report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. This year, the District has the following item that qualifies for reporting in this category.

- Delinquent property taxes receivable (only in fund financial statements) – These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Other Accounting Policies - (Continued)

Fund Balance

GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*," (the "Statement") was issued in February 2009. This Statement eliminates the requirement to report governmental fund balances as reserved, unreserved, or designated. It replaces those categories with five possible classifications of governmental fund balances - nonspendable, restricted, committed, assigned, and unassigned. This Statement also redefines the governmental funds for clarity and to be consistent with these new fund balance classifications. The provisions of this Statement are effective for periods beginning after June 15, 2010. The District did not adopt a new fund balance policy in accordance with GASB Statement No. 54 during fiscal year 2025. This Statement did not have an impact on the District's functions, financial position or results of operations.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Use of Estimates

The preparation of the government-wide and fund financial statements in conformity with generally accepted accounting principles requires management to make estimates and assessments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

The preparation of financial statements in conformity with GAAP requires the use of the management's estimates.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

For the fiscal year ended September 30, 2025, the District's actual expenditures were less than budgeted expenditures by $47,079.

NOTE 3: DEPOSITS AND INVESTMENTS

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas Public Funds Investment Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository bank's agent bank. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of FDIC insurance.

As of September 30, 2025, the District had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)	Credit Rating	Portfolio %age
TexPool	$ 3,103	41	AAAm	100%
	$ 3,103			

Following the criteria for GASB Statement No. 79, Certain External Investment Pools and Pool Participants, TexPool uses amortized cost to value portfolio assets. The pool operates in a manner consistent with the Securities and Exchange Commission's (SEC) Rule 2(a)(7) of the Investment Company Act of 1940 but is not registered with the SEC as an investment company. Instead, the regulatory oversight for the pool is the State of Texas. The investment pool transacts at a net asset value of $1.00 per share and is classified as cash and cash equivalents for reporting purposes.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of September 30, 2025, the District did not have investments to categorize within the fair value hierarchy.

NOTE 3: DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk

In accordance with the District's investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio for investments to less than two years from the time of purchase. However, the District may purchase investments with a longer maturity when it is determined that it can be held to maturity.

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. As of September 30, 2025, and for the year then ended, the District was not exposed to credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of September 30, 2025, and for the year then ended, the District was not exposed to concentration of credit risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the District by the depository bank in an amount equal to at least 102% of the carrying value of deposits held. During the fiscal year and at year-end, all deposits held in the depository bank were fully insured by the FDIC and therefore the District was not exposed to custodial credit risk.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy requires that securities be held in the name of the District or held on behalf of the District and that all securities are purchased using the delivery versus payment method. As of September 30, 2025, and for the year then ended, the District was not exposed to any custodial credit risk.

NOTE 4: RECEIVABLES

Receivables at September 30, 2025, including the applicable allowances for uncollectible accounts, consisted of the following:

	General Fund	Total
Gross receivables:		
Ad valorem taxes	$ 54,954	$ 54,954
Total gross receivables	54,954	54,954
Less: Allowances	2,748	2,748
Total net receivables	$ 52,206	$ 52,206

The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. Taxes are delinquent by February 1 following the October 1 levy date. A statutory lien becomes effective on all property with unpaid taxes as of January 1 of the year following the assessment. Taxes are billed and collected by the Jackson County Tax Assessor Collector.

Property taxes levied for the 2024 tax roll were $668,892 with a maintenance tax rate set at $0.0642 per $100 valuation. The assessed value at January 1, 2024, upon which the 2024 levy was based, was $1,041,887,850.

The District's General Fund reports unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The General Fund also defers revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable and unearned revenue reported in the General Fund were as follows:

	Unavailable	Unearned	Total
General Fund			
Ad valorem taxes receivable	$ 52,206	$ -	$ 52,206
	$ 52,206	$ -	$ 52,206

NOTE 5: DUE FROM OTHER GOVERNMENTS

The District reported amounts due from other governments as of the end of the current fiscal year. These amounts are comprised of the following at September 30, 2025:

	General Fund	Total
Property taxes	$ 395	$ 395
	$ 395	$ 395

NOTE 6: CAPITAL ASSETS

The District's capital asset activity for the year ended September 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	$ 26,286	$ -	$ -	$ 26,286
Construction in progress	-	10,000	-	10,000
Total capital assets not being depreciated	26,286	10,000	-	36,286
Capital assets, being depreciated				
Buildings	501,680	-	-	501,680
Equipment and vehicles	2,779,686	163,939	-	2,943,625
Total capital assets being depreciated	3,281,366	163,939	-	3,445,305
Less accumulated depreciation for				
Buildings	115,098	25,084	-	140,182
Equipment and vehicles	1,824,394	195,542	-	2,019,936
Total accumulated depreciation	1,939,492	220,626	-	2,160,118
Total capital assets being depreciated, net	1,341,874	(56,687)	-	1,285,187
Governmental activities capital assets, net	$ 1,368,160	$ (46,687)	$ -	$ 1,321,473

Depreciation expense of $220,626 was charged to the general government function/program.

NOTE 7: CONTINGENCIES

Legal Proceedings

At September 30, 2025, the District had no pending or threatened litigation.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding coverage.

NOTE 8: CORRECTION OF AN ERROR

The District reported inventory and prepaid items in the prior period in error. Those amounts totaled $67,850 and therefore overstated Governmental Activities net position and General Fund fund balance by the same amount.

The error correction resulted in the restatement of beginning balances, as follows:

	Government-wide	Fund Level
	Governmental Activities	General
Net position/fund balance at September 30, 2024, as previously reported	$ 2,039,585	$ 617,041
Correction of an error	(67,850)	(67,850)
Net position/fund balance at September 30, 2024, as restated	$ 1,971,735	$ 549,191

NOTE 9: SIGNIFICANT FORTHCOMING STANDARDS

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the District include the following:

GASB Statement No. 103, Financial Reporting Model Improvements - The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, Disclosure of Certain Capital Assets - The objective of the Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 105, Subsequent Events - The objective of the Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and the impact has not yet been determined.

NOTE 10: SUBSEQUENT EVENT

No events have occurred subsequent to the balance sheet date that would materially affect the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property tax revenues	$ 520,000	$ 520,000	$ 658,957	$ 138,957
Interest earnings	-	-	7,207	7,207
Donations and fundraisers	-	-	8,190	8,190
Rent	-	-	4,210	4,210
Total revenues	520,000	520,000	678,564	158,564
EXPENDITURES				
Current				
Appraisal District	15,000	15,000	16,226	(1,226)
Awards and meals	4,700	4,700	3,361	1,339
Clothing allowance	-	-	20	(20)
Contract services	9,800	9,800	12,050	(2,250)
Fire Commissioners	3,000	3,000	2,659	341
Fire prevention and dues	3,000	3,000	928	2,072
Fire run allowance	8,800	8,800	5,200	3,600
Fire training	5,500	5,500	58	5,442
Fire vehicle fuel	13,000	13,000	3,471	9,529
Insurance				
Building	37,000	37,000	40,043	(3,043)
General liability	2,000	2,000	1,646	354
Vehicles	16,000	16,000	14,783	1,217
Workers comp	1,000	1,000	1,063	(63)
Miscellaneous	-	-	3,775	(3,775)
Payroll				
Wages	16,600	16,600	20,400	(3,800)
Bonus	2,000	2,000	2,000	-
Taxes	5,900	5,900	1,672	4,228
Professional fees	10,000	10,000	7,442	2,558
Public notices	500	500	288	212
Repairs and maintenance				
Building	62,800	62,800	79,602	(16,802)
Communicaitons	8,100	8,100	1,583	6,517
Fire vehicle	18,500	18,500	31,377	(12,877)
Supplies				
Fire supplies	18,100	18,100	22,703	(4,603)
Office supplies	4,200	4,200	3,186	1,014
Telephone and internet	8,400	8,400	9,358	(958)
Utilities				
Electric	14,600	14,600	14,423	177
Gas	2,600	2,600	2,439	161
Capital outlay	228,900	228,900	171,165	57,735
Total expenditures	520,000	520,000	472,921	47,079

(continued)

JACKSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Excess (deficiency) of revenues over (under) expenditures (GAAP BUDGETARY BASIS)	$ -	$ -	$ 205,643	$ 205,643
Fund balance at beginning of year, as previously reported	617,041	617,041	617,041	-
Error correction	(67,850)	(67,850)	(67,850)	-
Fund balance at beginning of year, as restated	549,191	549,191	549,191	-
Fund balance at end of year	$ 549,191	$ 549,191	$ 754,834	$ 205,643

The accompanying notes to required supplementary information are an integral part of this schedule.

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

The District annually adopts budgets that are prepared using the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.