

**HARDIN COUNTY EMERGENCY SERVICE DISTRICT #7
COMPILED FINANCIAL STATEMENTS
FOR THE YEAR ENDING
SEPTEMBER 30, 2024**

TABLE OF CONTENTS

	<u>PAGE</u>
COMPILATION REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	2-5
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet – Governmental Funds	8
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	9
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	10
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	11
Notes to the Financial Statements	12-14
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	15

COMPILATION REPORT

Board of Directors and Management
Hardin County Emergency Service District #7
Beaumont, Texas

Management is responsible for the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Hardin County Emergency Service District #7 as of and for the year ended September 30, 2024 , and related notes to the financial statements, which collectively comprise Hardin County Emergency Service District #7's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedule on pages 2-5 and 15 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required 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. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Mitchell T. Fontenote CPA, Inc.

Port Neches, Texas
May 22, 2025

HARDIN COUNTY EMERGENCY SERVICE DISTRICT #7

MANAGEMENT DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2024

This section of Hardin County Emergency Service District #7's annual financial report presents our discussion and analysis of the District's financial performance during the calendar year ended September 30, 2024. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$4,708 at September 30, 2024.
- During the year, the District's expenses were \$4,708 less than the \$5,000 in taxes, other revenues for governmental activities.
- The general fund reported a fund balance this year of \$4,708. Of this, all \$4,708 is for unrestricted use by the District.

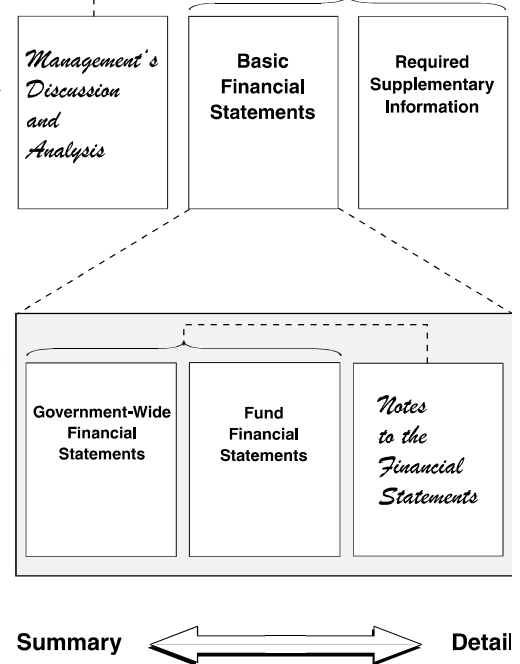
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1, Required Components of the District's Annual Financial Report



Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

HARDIN COUNTY EMERGENCY SERVICE DISTRICT #7

MANAGEMENT DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2024

- 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 government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as fire and emergency care. Property taxes finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Commissioners can establish other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was \$4,708 at September 30, 2024. (Table A-1).

Table A-1
HARDIN COUNTY EMERGENCY SERVICE DISTRICT #7
Net Position

	2024	2023
Current and Other Assets	\$ 4,708	\$ -
Total Assets	4,708	-
Net Position:		
Invested in Capital Assets Net of Related Debt	-	-
Unrestricted	4,708	-
Total Net Position	\$ 4,708	\$ -

Approximately \$0 of the District's net position represent investments in capital assets net of related debt. The \$4,708 of unrestricted net position represents resources available to fund the programs of the District next year.

HARDIN COUNTY EMERGENCY SERVICE DISTRICT #7**MANAGEMENT DISCUSSION AND ANALYSIS****SEPTEMBER 30, 2024**

Changes in Net Position. The District's total revenues were \$4,708. Grant income makes up 100 percent.

The total cost of all programs and services was \$292; all costs are for governmental operations.

Table A-2
HARDIN COUNTY EMERGENCY SERVICE DISTRICT #7
Changes in Net Position

	2024	2023
General Revenues:		
Other	\$ 5,000	\$ -
Total Revenue	<u>5,000</u>	<u>-</u>
Expenses:		
General Government	292	-
Total Expenses	<u>292</u>	<u>-</u>
Increase (Decrease) in Net Assets	4,708	-
Net Position, Beginning	-	-
Net Position, Ending	<u>\$ 4,708</u>	<u>\$ -</u>

Governmental Activities

- No property taxes were established for 2024; the next scheduled property tax implementation is set for 2025.
- For the 2024 tax year, Hardin County Emergency Services District #7 did not levy a property tax.
- The cost of all *governmental* activities this year was \$292.
- The amount that our taxpayers paid for these activities through property taxes was \$0.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District continues to operate from a very conservative viewpoint due to a variety of issues. This is done to meet the emergency needs of the community.

General Fund Budgetary Highlights

As the District was newly established in 2024, budgeted revenues and expenditures were limited to donated funds available during the year. In future years, the District will budget according to property taxes levied.

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

As of September 30, 2024, Hardin County Emergency Services District #7 did not hold any capital assets, such as land, buildings, equipment, or vehicles. Consequently, there were no capital asset balances to report for the fiscal year.

HARDIN COUNTY EMERGENCY SERVICE DISTRICT #7

MANAGEMENT DISCUSSION AND ANALYSIS**SEPTEMBER 30, 2024****ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District has adopted a budget for 2025 of \$45,336 which reflects a property tax value of \$0.05 per 100 dollars valuation. Fiscal year 2025 will be the first year the District levied a property tax. Consequently, they will monitor the budget closely and make amendments as necessary to cover District operations.

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 demonstrate 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 Services Department.

HARDIN COUNTY EMERGENCY SERVICE DISTRICT #7

STATEMENT OF NET POSITION**SEPTEMBER 30, 2024**

	Governmental Activities
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 4,708
Total Assets	<u>4,708</u>
<u>LIABILITIES AND NET ASSETS:</u>	
Net Position	
Net invested in capital assets	-
Unrestricted	4,708
Total Net Position	<u>\$ 4,708</u>

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

HARDIN COUNTY EMERGENCY SERVICE DISTRICT #7**STATEMENT OF ACTIVITIES****FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Program Revenues			Net (Expense)
				Revenue and
				Changes in
				Net Assets
Primary Government	Expenses	Charges for	Operating	Governmental
		Services	Grants and	Activities
			Contributions	
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 292	\$ -	\$ -	\$ (292)
Fire and Emergency Services	-	-	-	-
Total Governmental Activities	\$ 292	\$ -	\$ -	\$ (292)
			Grant Income	5,000
			Other miscellaneous	-
			Total General Revenues	5,000
			Change in Net Position	4,708
			Net Position - Beginning	-
			Net Position - Ending	\$ 4,708

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

HARDIN COUNTY EMERGENCY SERVICE DISTRICT #7**BALANCE SHEET – GOVERNMENTAL FUNDS****SEPTEMBER 30, 2024**

	Total Governmental Funds
<u>ASSETS:</u>	
Cash and Cash Equivalents	4,708.00
Taxes Receivable	-
Total Assets	<u>\$ 4,708</u>
<u>LIABILITIES AND FUND BALANCE:</u>	
Fund Balance:	
Unassigned Fund Balance	4,708
Total Fund Balance	<u>\$ 4,708</u>

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

HARDIN COUNTY EMERGENCY SERVICE DISTRICT #7

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

Governmental fund balance as reported on the balance sheet for governmental funds.	\$	4,708
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		-
Recognition of deferred revenue as revenue increases net position		-
		<hr/>
Total net position as reported on the Statement of Net Position for Governmental Activities.	\$	<u>4,708</u>

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

HARDIN COUNTY EMERGENCY SERVICE DISTRICT #7**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Total Governmental Funds General Fund
<u>Revenues:</u>	
Donations	\$ 5,000
Other miscellaneous	-
Total Revenue	<u>5,000</u>
<u>Expenditures:</u>	
General government	292
Fire and Emergency Services	-
Total expenditures	<u>292</u>
Net Changes in Fund Balance	<u>4,708</u>
<u>Fund Balances:</u>	
Beginning of year	-
End of year	<u>\$ 4,708</u>

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

HARDIN COUNTY EMERGENCY SERVICE DISTRICT #7

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Net change in fund balance for governmental funds:	\$	4,708
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.		-
Varrious other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue, adjusting current year revenue to show the revenue from the current year's levy. The net effect of these reclassifications and recognition is to increase net assets.		-
Total change in Net Position	\$	<u>4,708</u>

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

HARDIN COUNTY EMERGENCY SERVICE DISTRICT #7

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Hardin County Emergency Service District #7 (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The most significant accounting and reporting policies of the District are described in the following notes to the financial statements.

A. Reporting Entity

The Hardin County Emergency Service District #7 was organized in November 2023 under the provisions of Section 48-e, Article III of the Constitution of the State of Texas for the protection of life and health as provided for under this Act.

Members of the Board have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters. Therefore, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

The accounting policies of the Hardin Emergency Service District #7 conform to generally accepted accounting principles, as applicable to governments. The following is a summary of the more significant policies.

B. Basis of Presentation – Basis of Accounting

1. Basis of Presentation

- a. Government-Wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

- b. Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- (1) General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation – Basis of Accounting Continued

2. Measurement Focus, Basis of Accounting

- a. Government-Wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.
- b. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

C. Government-wide Fund Balance – Governmental Funds

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

- a. Non-Spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The District has \$0 classified as Non-Spendable.
- b. Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The District has \$0 classified as Restricted.
- c. Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year end. The District has \$0 classified as Committed.
- d. Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Director. The District has \$0 classified as Assigned.

HARDIN COUNTY EMERGENCY SERVICE DISTRICT #7**NOTES TO THE FINANCIAL STATEMENTS****SEPTEMBER 30, 2024****NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- e. Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds. The District has \$4,708 classified as Unassigned.

The appointed board of directors, for the entity, has no authority to commit, assign, or restrict fund balances. In some instances a restriction is a result of meeting contractual or otherwise legal requirements, for example debt service requirements contained in the bond covenant.

NOTE 2 – DEPOSITS, SECURITIES AND INVESTMENTS

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank, approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Cash Deposits: The District's cash deposits at September 30, 2024 and during the year ended September 30, 2024, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

As to Section 775.0821(a)(3) of the Texas Health and Safety Code, the \$250,000 threshold is the final end of the year balance once all the accrued expenses have been paid. Therefore, the District has cash available for us of \$4,708, see below.

Cash and cash equivalents	\$	4,708
Accounts payable		<u>-</u>
Cash available for use	\$	<u><u>4,708</u></u>

NOTE 3 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 22, 2025 the date the financial statements were available to be issued. No instances existed that would require disclosure.

HARDIN COUNTY EMERGENCY SERVICE DISTRICT #7**BUDGETARY COMPARISON SCHEDULED
SEPTEMBER 30, 2024**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>				
Grant Income	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Total Revenues	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>
<u>Expenditures:</u>				
General government	5,000	5,000	292	(4,708)
Fire and Emergency Services	-	-	-	-
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>292</u>	<u>(4,708)</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>4,708</u>	<u>4,708</u>
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,708</u>	<u>\$ 4,708</u>

Notes to Required Supplementary Information:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).