



**NUECES COUNTY EMERGENCY SERVICES
DISTRICT #2**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

YEAR ENDED AUGUST 31, 2016

NUECES COUNTY EMERGENCY SERVICES DISTRICT #2
Year Ended August 31, 2016

Table of Contents

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Statement of Net Assets/Government Fund Balance Sheet	7
Reconciliation of Net Assets of Governmental Activities	8
Statement of Activities/Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances.....	9
Reconciliation of Statement of Activities to Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds	10
Notes to Financial Statements.....	11
Statement of Revenues on Expenditures and Changes in Fund Balances- Budget and Actual.....	18



J U A Q U I N " J A K E " S A N C H E Z
Certified Public Accountant

www.JJSNPS.BIZ

**UNMODIFIED OPINION ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Nueces County Emergency Services District #2
Corpus Christi, TX

I have audited the accompanying financial statements of the governmental activities and each major fund, of Nueces County Emergency Services District #2 as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not got the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Independent Auditor's Report

Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my 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 Nueces County Emergency Service District #2, as of August 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 3 through 6 and page 18 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Juaquin "Jake" Sanchez
CERTIFIED PUBLIC ACCOUNTANT

May 5, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

MISSION STATEMENT

OUR MISSION IS TO SERVE THE NEEDS OF THE PUBLIC EFFICIENTLY AND EFFECTIVELY, WHILE ENSURING THAT ALL MEMBERS OF THE EMERGENCY SERVICES DEPARTMENT OPERATE WITH A COMMON SET OF WORK VALUES.

Management of the Nueces County Emergency Services District #2 offers to readers of the District's financial statements this narrative overview and analysis of the financial activities of the District during the fiscal year ended August 31, 2016. We encourage readers to consider the information presented here in conjunction with the audited financial statements taken as a whole, the notes to the financial statements, and other supplementary information presented.

FINANCIAL HIGHLIGHTS

The District's funded net assets at August 31, 2016, amounted to \$1,086,071. This amount results from the difference between total assets of \$1,705,430 and total funded liabilities of \$619,359. The funded net assets may be used to meet the District's ongoing obligations to citizens in accordance with its policies.

The District's net assets decreased by \$155,908 from operating activities during fiscal year ended August 31, 2016.

- Current assets total \$516,424 and primarily consist of \$465,853 in cash and investment activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District implemented Government Accounting Standards Board Statement #34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Government's" (Statement 34) at the beginning of fiscal year 2005-2006. The purpose of the statement is to enhance the understandability and usefulness of the general-purpose external financial reports of state and local governments primarily for the following user groups:

Citizens – Those to whom the District is primarily accountable, including intermediaries such as media, advocacy groups, and public finance researchers.

Legislative and oversight bodies – Those who directly represent the citizens, including governing Districts and agencies that make oversight decisions.

Investors and creditors - Those who lend or participate in the lending process.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

The District issues two basic financial statements and related notes to the financial statements:

1. Statement of Net Assets (previously the "Combined Balance Sheet")
2. Statement of Activities and Changes in Net Assets (previously the "Statement of Revenues and Expenditures and Changes in Fund Balance")

These statements are presented using the economic resources measurement focus and the accrual basis of accounting similar to the way private sector businesses present their financial information. The District is structured as a single enterprise with revenues recognized in the financial statement when both earned and measurable, not when actually received in cash. Expenses are recognized when they are incurred, not when they are paid.

The Statement of Net Asset presents information on all the District's assets and liabilities, with the difference between the two being reported as "net assets". Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Net assets increase when revenues exceed expenses. Increases in assets without a corresponding increase in liabilities have a similar effect on net assets and, thus, improve the financial position of the District. The presentation of net assets also distinguished between restricted and unrestricted assets of the District.

The Statement of Activities and Changes in Net Assets accounts for all the current year's revenue and expense activities. This statement measures the District's operation and can also be used to determine whether the District has successfully recovered all of its costs through payments of property taxes received and other payments to the District. This statement can also serve as a basis for creditworthiness.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes should be read as an integral part of the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT

The first of two statements reviewed is the statement of Net Assets. The District's net assets provide one indicator of the financial position and overall health of the organization. These net assets are presented in two components: (1) those invested in capital assets and (2) those currently unreserved and internally designated by District's policy. It is important to understand that unreserved net assets are not idle assets without a purpose attached to them. Instead, these assets should be understood as funds that currently do not meet the criteria for restricted net assets or invested in capital assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The District internally designates most of these unrestricted net assets for specific operations or for specific uses in the future. The District's long-range financial projections provide a more in-depth forecast of the planned uses of these funds over the future.

CONDENSED SUMMARY OF NET ASSETS:

	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 516,424	\$ 614,403
Capital Assets, net of accumulated depreciation	<u>1,189,006</u>	<u>1,302,271</u>
Total Assets	<u>\$1,705,430</u>	<u>\$1,916,674</u>
Current liabilities	\$ 37,871	\$ 39,881
Long term Liabilities	<u>581,488</u>	<u>673,072</u>
Total Liabilities	<u>\$ 619,359</u>	<u>\$ 712,953</u>
Net Assets		
Investment in fixed assets	\$ 607,518	\$ 574,522
Unrestricted	<u>478,553</u>	<u>629,199</u>
Net Assets	<u>\$ 1,086,071</u>	<u>\$1,203,721</u>

The largest portion of the District's total net assets reflects an investment in land and buildings. The District uses these assets for the purpose of achieving its mission.

Condensed Summary of Revenues, Expenses and Changes in Net Assets

Revenues:		
Operating Revenues	\$ 20,097	\$ 1,175
Non-Operating Revenues:		
Property Tax Income	911,749	837,335
Investment Income	99	131
Intergovernmental	<u>-</u>	<u>107,980</u>
Total Revenues	\$ 931,945	\$ 946,621
Expenses:		
Operating Expenses	<u>1,087,853</u>	<u>961,845</u>
Change in Net Assets	(155,908)	(15,224)
Other Financing		
Resources (Insurance Proceeds)	41,114	37,631
Uses (NBV of Retired Assets)	(2,856)	-
Net Assets, Beginning of year	<u>1,203,721</u>	<u>1,181,314</u>
Net Assets, End of year	<u>\$ 1,086,071</u>	<u>\$ 1,203,721</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET ACTIVITIES

During the fiscal year, the District had major capital asset activity. The \$76,726 reported as purchase of fixed assets includes major equipment purchases. Major equipment purchases consists of a 2 used ambulances, 1 stretcher, 1 evacuation chair, 1 inflatable rescue boat and 1 ambulance monitor. The old fire station building on Laguna Shores and other property with a combined net book value (NBV) of \$2,856 were retired during the year as follows:

Cost	\$ 277,255
Accumulated Depreciation	<u>274,399</u>
Net Book Value	<u>\$ 2,856</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In the fiscal 2016 budget, the District conservatively estimated property tax levels consistent with twelve months that were certain at the time budget was prepared.

REQUEST FOR INFORMATION

This financial report is designed to provide overview of the District's finances for those with an interest in its finances. Questions concerning why of the information in this report or requests for additional information should be addressed to Nueces County Emergency Services District #2, 337 Yorktown Blvd., Corpus Christi, TX 78418.

NUECES COUNTY EMERGENCY SERVICES DISTRICT #2
STATEMENT OF NET ASSETS/GOVERNMENT FUND BALANCE SHEET
AUGUST 31, 2016

	Statement of Net Assets	Adjust	Govt Fund
ASSETS			
Cash	\$ 465,853	\$ -	\$ 465,853
Taxes Receivable	31,580	-	31,580
Prepaid Expense	18,991	-	18,991
Capital Assets net of Acc. Depr.	<u>1,189,006</u>	<u>(1,189,006)</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,705,430</u>	<u>\$ (1,189,006)</u>	<u>\$ 516,424</u>
LIABILITIES			
Accounts Payable	\$ 21,212	\$ -	\$ 21,212
Accrued Expense	16,659	-	16,659
Deferred Revenue	-	31,580	31,580
Notes Payable			
Portion due within 1 year	95,860	(95,860)	-
Portion due after 1 year	<u>485,628</u>	<u>(485,628)</u>	<u>-</u>
Total Liabilities	<u>\$ 619,359</u>	<u>\$ (549,908)</u>	<u>\$ 69,451</u>
NET ASSETS			
Undesignated	\$ 478,553	\$ (31,580)	\$ 446,973
Investment in General Fixed Assets	<u>607,518</u>	<u>(607,518)</u>	<u>-</u>
Total Net Assets	<u>\$ 1,086,071</u>	<u>\$ (639,098)</u>	<u>\$ 446,973</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 1,705,430</u>	<u>\$ 0</u>	<u>\$ 516,424</u>

See accompanying notes to general purpose financial statements.

NUECES COUNTY EMERGENCY SERVICES DISTRICT #2
RECONCILIATION OF NET ASSETS OF GOVERNMENTAL ACTIVITIES
TO TOTAL GOVERNMENTAL FUND BALANCES
AUGUST 31, 2016

Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds	\$ 1,189,006
Notes Payable attributable to Capital Assets are not reported in the funds	\$ 581,488
Investment in Capital Assets is not reported in the funds	\$ 607,518
Taxes Receivable reported as deferred revenue in funds	\$ 31,580

See accompanying notes to general purpose financial statements.

NUECES COUNTY EMERGENCY SERVICES DISTRICT #2
STATEMENT OF ACTIVITIES/STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2016

	Statement of Activities	Adjustments	General Fund
Revenues:			
Taxes	\$ 911,749	\$ 1,417	\$ 913,166
Intergovernmental Grants	-	-	-
Other Income	20,097	-	20,097
Interest	99	-	99
Total Revenues	<u>\$ 931,945</u>	<u>\$ 1,417</u>	<u>\$ 933,362</u>
Expenditures/Expenses:			
Current:			
Personnel Services	\$ 548,135	\$ -	\$ 548,135
Professional Service	17,370	-	17,370
Insurance	25,909	-	25,909
Maintenance	76,712	-	76,712
Equipment	31,994	-	31,994
Utilities	16,427	-	16,427
Other	163,469	-	163,469
Depreciation	187,134	(187,134)	-
Capital Outlay	-	76,726	76,726
Debt Service:			
Principal	-	91,583	91,583
Interest	20,703	-	20,703
Total Expenditures/Expenses	<u>\$ 1,087,853</u>	<u>\$ (18,825)</u>	<u>\$ 1,069,028</u>
Change in Net Assets	\$ (155,908)	\$ 20,242	\$ (135,666)
Other Financing Resources (Uses)	-	-	-
Resources(Insurance Proceeds)	41,114	-	41,114
Uses (NBV of Retired Assets)	(2,856)	2,856	-
Excess (deficiency) of			
Revenues over Expenditures	\$ (117,650)	\$ 23,098	\$ (94,552)
Fund Balances/Net Assets:			
Beginning of the Year	1,203,721	(53,651)	541,525
End of the Year	<u>\$ 1,086,071</u>	<u>\$ (30,553)</u>	<u>\$ 446,973</u>

See accompanying notes to general purpose financial statements.

NUECES COUNTY EMERGENCY SERVICES DISTRICT #2
RECONCILIATION OF STATEMENT OF ACTIVITIES TO STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
AUGUST 31, 2016

Depreciation expense included in the Statement of Activities does not require the use of current financial resources and therefore not reported in the Statement of Revenues and Expenditures	\$ 187,134
---	------------

Expenditures included in Statement of Revenues and Expenditures not included in the Statement of Activities

Capital Outlay	\$ 76,726
Debt Service - Note Principal	\$ 91,583
Taxes	\$ 1,417

See accompanying notes to general purpose financial statements.

NUECES COUNTY EMERGENCY SERVICES DISTRICT #2
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The District was originally created in 1973 as a Rural Fire Prevention District in compliance with the Texas Health Code. In 2003, an election was held to change its name to Nueces County Emergency Services District #2. It is organized to operate as a volunteer fire department serving Flour Bluff and Padre Island. The District is governed by the Nueces County Commissioners, but is administered locally by a five- member board, which establishes the budget and approves all expenditures.

The tax roll is prepared by the Nueces County Appraisal District and property taxes are collected by the Nueces County Tax Assessor- Collector.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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. Other items not properly included among program revenues are reported instead as *general revenue*. The District has only a general fund to account for all activities.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental 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 both measurable and available.

NUECES COUNTY EMERGENCY SERVICES DISTRICT #2
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditure generally are recorded when a liability is incurred, as under accrual accounting.

Grants and entitlements and interest associated with the current fiscal period are all considered being susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the District receives cash.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Texas and the bylaws of the District.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

NUECES COUNTY EMERGENCY SERVICES DISTRICT #2
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within thirty-one days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Expenses/Expenditures

On an accrual basis of accounting, are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

D. CAPITAL ASSETS

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$1,500. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Property and equipment of the primary government is depreciated using the straight- line method over the following useful lives:

NUECES COUNTY EMERGENCY SERVICES DISTRICT #2
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Assets</u>	<u>Life in Years</u>
Buildings	40
Building Improvements	20
Equipment- major	10-20
Equipment - minor	6

E. COMPENSATED ABSENCES

The District does not accrue compensatory time on exempt employees. Sick and vacation time must be used in the year earned or all unused time expires.

F. PROPERTY TAX REVENUES

The District is responsible for levying property taxes, but the taxes are collected by the County. Taxes are levied on October 1 based on assessed values at July 25. Property tax payments are due in two installments. Allowance for uncollectibles is set for delinquent tax over ten years.

G. NET ASSETS

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

H. ESTIMATES

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 may differ from those estimates.

NOTE 2: DEPOSITS AND INVESTMENTS

Cash resources are combined to form a pool of cash and investments. Statutes require the classification of funds held by the District into three categories.

Category 1 consists of "active" funds – those funds required to be kept in "cash" or "near cash" status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

NUECES COUNTY EMERGENCY SERVICES DISTRICT #2
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE 2: DEPOSITS AND INVESTMENTS (continued)

Category 2 consists of “inactive” funds – those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds – those funds not needed for immediate use, but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of less than 90 days and local government pools. State statutes and the District’s official Investment Policy authorize the District to invest in obligations of the U.S. and its agencies, certificates of deposit, local government pools, repurchase agreements, and direct obligations of states, agencies, counties, cities, and other political subdivisions of any state rated “A” or its equivalent.

Investments for the District, as well as for its component units, are reported at fair market value in accordance with provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. All investment income is recognized as revenue in the appropriate fund’s statement of revenues, expenditures and changes in fund balance. Deposit and Investment Risk Disclosures are in accordance with GASB Statement No. 40.

NOTE 3: COLLATERALIZED DEPOSITS

The Corporation’s bank deposits are covered by the Federal Deposit Insurance Corporation (FDIC) and pledged collateral. The following is a summary of coverage at August 31:

American Bank	\$ 465,853
Total	465,853
FDIC & Pledged Collateral	<u>612,361</u>
Excess Collateral	<u>\$ 146,508</u>

The above deposits are classified as category 1 which are insured or registered and held in the District’s name by its agent.

NUECES COUNTY EMERGENCY SERVICES DISTRICT #2
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE 4: LONG-TERM DEBT

Wells Fargo Building Lease and Purchase Agreement

On November 5, 2002 entered in a lease/purchase agreement with Wells Fargo Brokerage Services LLC for the construction of a fire station on District property for \$750,000. The terms of the agreement call for sixteen annual payments of \$74,669.45. The interest rate is 5.49% and matures on November 5, 2017. Beginning Balance \$201,491, Principal Paid \$63,608, Ending Balance \$137,883.

Oshkosh Capital Corporation

On October 28, 2013, the district purchased Pumper truck for \$498,795 financed with Oshkosh Capital Corporation. The terms of the agreement call for fifteen annual payments of \$41,180. The interest rate of 2.8% and maturity date of October 28, 2028. Beginning balance \$471,581, Principal Paid \$27,976, Ending Balance \$443,605.

Debt Service requirements on outstanding long-term debts are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	95,860	19,990	115,850
2017	96,461	19,389	115,850
2018	30,392	10,788	41,180
2019	31,247	9,933	41,180
2020	32,118	9,062	41,180
REST	<u>295,410</u>	<u>32,909</u>	<u>328,319</u>
TOTAL	<u>\$ 581,488</u>	<u>\$ 102,071</u>	<u>\$ 683,559</u>

NOTE 5: CHANGES IN FIXED ASSETS

	<u>Balance</u> <u>9/01/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>8/31/16</u>
Land	\$ 21,742	\$ -	\$ -	\$ 21,742
Buildings & Improvements	750,000	-	(200,000)	550,000
Equipment	<u>1,671,576</u>	<u>76,726</u>	<u>(77,255)</u>	<u>1,671,047</u>
Total Assets	\$ 2,443,318	\$ 76,726	\$(277,255)	\$ 2,472,789
Accumulated Depreciation	<u>(1,141,047)</u>	<u>(187,134)</u>	<u>274,399</u>	<u>(1,053,782)</u>
Net Fixed Assets	<u>\$ 1,302,271</u>	<u>\$ (110,408)</u>	<u>\$ 2,856</u>	<u>\$ 1,189,007</u>

NUECES COUNTY EMERGENCY SERVICES DISTRICT #2
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE 6: LITIGATION

There is no pending or threatened litigation, claims, or assessment or unasserted claims or assessment that will materially affect the District's operations or financial position.

NOTE 7: SUBSEQUENT NOTE

Date of Management Evaluation – Management of Nueces County Emergency Services District #2 has evaluated subsequent events through May 5, 2017 the date the financial statements were available to be issued.

NUECES COUNTY EMERGENCY SERVICES DISTRICT #2
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2016

	Original Budget	Final Budget	Actual	Variance Favorable Unfavorable
REVENUES				
Taxes	\$ 883,211	\$ 883,211	\$ 913,166	\$ 29,955
Intergovernmental	-	-	-	-
Interest	-	-	99	99
Other Income	-	-	20,097	20,097
TOTAL REVENUES	<u>\$ 883,211</u>	<u>\$ 883,211</u>	<u>\$ 933,362</u>	<u>\$ 50,151</u>
EXPENDITURES				
Payroll Wages Expense	\$ 447,715	\$ 447,715	\$ 443,731	\$ 3,984
Payroll Tax Expense	39,870	39,870	36,048	3,822
Advertising	5,700	5,700	4,477	1,223
Appraisal District Fees	9,180	9,180	9,790	(610)
Bank Charges and Postage	1,440	1,440	2,108	(668)
Cell Phones	1,860	1,860	2,440	(580)
Communication Contracts	3,921	3,921	4,173	(252)
Communication Equipment	1,500	1,500	1,519	(19)
County ID Cards	770	770	554	216
Debt Service	115,850	115,850	112,286	3,564
Equipment Testing	4,525	4,525	854	3,671
Fire Chief Assic Qtr Meetings	700	700	-	700
Fuel and Oil	10,800	10,800	7,657	3,143
Insurance	74,750	74,750	94,266	(19,516)
Internet	780	780	3,741	(2,961)
Maintenance and Repair	15,100	15,100	54,589	(39,489)
Major Equipment	2,073	2,073	80,706	(78,633)
Medical Supplies	1,500	1,500	22,123	(20,623)
Membership Dues	4,300	4,300	3,088	1,212
Minor Equipment	4,000	4,000	30,882	(26,882)
Office Supplies	3,036	3,036	5,652	(2,616)
PC Airtime	2,760	2,760	289	2,471
Physicals/shot/drug test	1,020	1,020	250	770
Professional Fees	10,900	10,900	17,370	(6,470)
SCBA Maintenance	1,200	1,200	1,200	-
SFFMA-Certifications	400	400	-	400
Station Maintenance	7,640	7,640	15,000	(7,360)
Tax Collection fee	36,000	36,000	30,297	5,703
TCDRS - Retirement plan	44,771	44,771	40,360	4,411
Telephone and Utilities	12,950	12,950	12,687	263
Texas Commission on Fire Pro	3,600	3,600	340	3,260
Training	3,000	3,000	12,855	(9,855)
Travel Expenses	4,800	4,800	6,456	(1,656)
Uniforms	4,800	4,800	10,939	(6,139)
Volunteer Incentive Pay	-	-	301	(301)
TOTAL EXPENDITURES	<u>\$ 883,211</u>	<u>\$ 883,211</u>	<u>\$ 1,069,028</u>	<u>\$ (185,817)</u>