

***ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6***

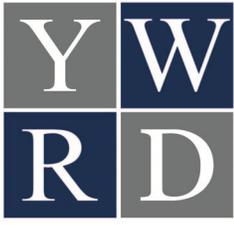
ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2020

**ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6**  
ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended September 30, 2020

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# YWRD, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA | Joyce Reeve, CPA | Brandon Diviney, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Ellis County Emergency Services District #6

We have audited the accompanying financial statements of the governmental activities and general fund of Ellis County Emergency Services District #6 as of and for the year ended September 30, 2020, 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**

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

An audit involves 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 for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Commissioners  
Ellis County Emergency Services District #6  
Page Two

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the Ellis County Emergency Services District #6 as of September 30, 2020, 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 7 and 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*YWRD, P.C.*

YWRD, P.C.  
*Certified Public Accountants*

July 19, 2021

## **ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Ellis County Emergency Services District #6, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2020.

#### **FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$2,384,010 (net position), of which \$1,074,632 is unrestricted and available for use within the District's policies.
- The District's total net position increased by \$158,000.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,092,057 or 136.1% of the total general fund expenditures.

#### **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 the financial statements. The government-wide and fund financial statements have been combined using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements rather than at the bottom of the statements or in an accompanying schedule.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental activity of the District consists of fire protection and emergency medical services.

The government-wide financial statements can be found on pages 8-9 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District currently maintains one governmental fund.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The combined government-wide and fund financial statements provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

All of the District's activity is maintained in one individual governmental fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 8-9 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10-17 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's general fund Budget Comparison Schedule. Required supplementary information can be found on page 19 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$2,384,010 as of September 30, 2020.

**ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6'S NET POSITION**

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 1,119,202	\$ 1,019,299
Capital assets	1,948,049	2,044,773
Total assets	<u>3,067,251</u>	<u>3,064,072</u>
Long term liabilities	638,671	805,737
Other liabilities	44,570	32,325
Total liabilities	<u>683,241</u>	<u>838,062</u>
Net Position:		
Net Investment in Capital Assets	1,309,378	1,239,036
Unrestricted	1,074,632	986,974
Total net position	<u>\$ 2,384,010</u>	<u>\$ 2,226,010</u>

The District uses capital assets to provide fire protection and emergency medical services; consequently these assets are not available for future spending.

**Analysis of the District's Operations.** The following table provides a summary of the District's operations for the year ended September 30, 2020. Governmental activities increased the District's net position by \$158,000.

**ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6'S CHANGES IN NET POSITION**

	<u>2020</u>	<u>2019</u>
Revenues:		
General revenues:		
Property taxes	\$ 876,361	\$ 782,552
Interest	16,325	14,234
Miscellaneous	-	23,944
Total revenues	<u>892,686</u>	<u>820,730</u>
Expenses:		
Public safety	734,686	717,733
Total expenses	<u>734,686</u>	<u>717,733</u>
Change in net position	158,000	102,997
Net position - beginning	2,226,010	2,123,013
Net position - ending	<u>\$ 2,384,010</u>	<u>\$ 2,226,010</u>

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

**Governmental Funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the sole fund of the District. At the end of the current fiscal year, unassigned fund balance as well as total fund balance was \$1,092,057. As a measure of liquidity, it may be useful to compare both unassigned and total fund balance to total expenditures. Unassigned fund balance as well as total fund balance represents 136.1% of total expenditures. The fund balance of the District's general fund increased \$91,593 during the current fiscal year.

**General Fund Budgetary Highlights.** Actual general fund revenues of \$893,377 exceeded budgeted revenues of \$891,873 by \$1,504. Budgeted general fund expenditures of \$891,873 exceeded actual expenditures of \$793,608 by \$98,265.

**CAPITAL ASSETS**

The District's investment in capital assets for its governmental activities as of September 30, 2020 amounts to \$1,948,049 (net of accumulated depreciation). This investment in capital assets includes building and machinery and equipment.

**Capital Assets at Year-End  
Net of Accumulated Depreciation**

	<b>2020</b>	<b>2019</b>
Building	\$ 742,777	\$ 711,303
Machinery and equipment	1,205,272	1,333,470
Total	\$ 1,948,049	\$ 2,044,773

Additional information on the District's capital assets can be found in note 3.D on page 16 of this report.

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the District had total debt of \$638,671.

**Outstanding Debt at Year End  
Notes Payable**

	<b>2020</b>	<b>2019</b>
Notes payable	\$ 638,671	\$ 805,737

Additional information on the District's debt can be found in note 3.E on page 17 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

In the 2020-2021 Budget the District's revenues are budgeted to increase by \$67,130 or 7.53% over the budget for fiscal year 2020.

## **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ellis County Emergency Services District #6, PO Box 2521, Waxahachie, Texas 75168.

**ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6**  
**STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET**  
September 30, 2020

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,110,779	\$ -	\$ 1,110,779
Accounts receivable	8,424	-	8,424
Capital assets:			
Depreciable (net of accumulated depreciation)	-	1,948,049	1,948,049
Total Assets	<u>\$ 1,119,202</u>	<u>\$ 1,948,049</u>	<u>3,067,251</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 880	-	\$ 880
Accrued payroll payable	18,993	-	18,993
Accrued interest	-	24,697	24,697
Noncurrent liabilities:			
Due within one year	-	135,904	135,904
Due in more than one year	-	502,767	502,767
Total Liabilities	<u>19,873</u>	<u>663,368</u>	<u>683,241</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	7,273	(7,273)	-
Total Deferred Inflows of Resources	<u>7,273</u>	<u>(7,273)</u>	<u>-</u>
<b>FUND BALANCE</b>			
Unassigned	1,092,057	(1,092,057)	-
Total Fund Balance	<u>1,092,057</u>	<u>(1,092,057)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,119,202</u>		
<b>NET POSITION</b>			
Net investment in capital assets		1,309,378	1,309,378
Unrestricted		1,074,632	1,074,632
Total Net Position		<u>\$ 2,384,010</u>	<u>\$ 2,384,010</u>

See accompanying notes to financial statements.

**ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE**  
For the Fiscal Year Ended September 30, 2020

	<b>General Fund</b>	<b>Adjustments (Note 2)</b>	<b>Statement of Activities</b>
<b>REVENUES</b>			
Property taxes	\$ 877,865	\$ (1,504)	\$ 876,361
Interest	16,325	-	16,325
Total Revenues	<u>894,190</u>	<u>(1,504)</u>	<u>892,686</u>
<b>EXPENDITURES/EXPENSES</b>			
Current:			
Contract Fire - ESD#6 VFD	125,487	(9,649)	115,838
Contract Fire - Forreston VFD	127,644	-	127,644
Utilities	240	-	240
Administration and office	221,624	-	221,624
Training	976	-	976
Communications equipment	3,900	-	3,900
Legal	3,900	-	3,900
Appraisal district	10,796	-	10,796
Audit	850	-	850
Insurance	52,826	-	52,826
Reserve funds	64,225	(56,878)	7,347
Depreciation	-	163,251	163,251
Debt service:			
Principal retirement	167,066	(167,066)	-
Interest charges	23,062	2,431	25,493
Total debt service	<u>190,128</u>	<u>(164,635)</u>	<u>25,493</u>
Total Expenditures/Expenses	<u>802,597</u>	<u>(67,911)</u>	<u>734,686</u>
Net Change in Fund Balance	91,593	(91,593)	-
Change in Net Position	-	158,000	158,000
Fund Balance/Net Position, Beginning of Year	<u>1,000,464</u>	<u>1,225,546</u>	<u>2,226,010</u>
Fund Balance/Net Position, End of Year	<u>\$ 1,092,057</u>	<u>\$ 1,291,953</u>	<u>\$ 2,384,010</u>

See accompanying notes to financial statements.

**ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. Governmental activities, the only type of activities conducted by the District, are supported by property taxes and other various nonexchange transactions.

**B. Reporting entity**

The Ellis County Emergency Services District #6 (District) is a grassroots government created by voters in an area to fund fire protection, emergency medical services, or both. The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

The District applies the criteria set forth in GASB Statement No. 61, The Financial Reporting Entity, to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected official's accountability to their constituents. The financial reporting entity follows the same accountability. In addition, the financial statements of the reporting entity should allow the user to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units. Criteria for inclusion of an entity into the primary governmental unit (in blended or discrete presentation) includes, but is not limited to, legal standing, fiscal dependency, imposition of will and the primary recipient of services. The District presently has no component units included within its reporting entity.

**C. Basis of presentation - government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds. The statement of net position reports all financial and capital resources. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

**D. Basis of presentation - fund financial statements**

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

**ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of presentation - fund financial statements (continued)**

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.

**E. Budgetary and compliance information**

**1. Budgetary basis of accounting**

Annual budgets are adopted on a basis on the budgetary basis of accounting for the general fund. All annual appropriations lapse at fiscal year end. The legal level of budgetary control is the fund level.

**2. Compliance with finance related legal and contractual provisions**

The District has no material violations of finance related legal and contractual provisions, including the Texas Public Funds Investment Act.

**F. Assets, liabilities, deferred inflows of resources, and fund balance/net position**

**1. Cash and cash equivalents**

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

**2. Receivables and allowances for doubtful accounts**

All property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is the lesser of 0.2 percent of the tax levy for each fiscal year or the outstanding property taxes for each fiscal year at year end.

The District's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property. Appraised values are established by the Elis Appraisal District as market value and assessed at 100% of appraised value. Property taxes attach an enforceable lien on property as of January 1. The Ellis County Tax Assessor/Collector bills and collects the District's property taxes which are due October 1. Full payment can be made prior to the next January 31 to avoid penalty and interest charges. Over time substantially all property taxes are collected.

**ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Assets, liabilities, deferred inflows of resources, and fund balance/net position (continued)**

**3. Prepaid items**

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**4. Capital assets**

The District's capital assets, which include a building and machinery and equipment, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Building and machinery and equipment are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Building	15-40
Machinery and equipment	7-20

**5. Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position will sometimes 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. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**6. Long-term obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

**ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Assets, liabilities, deferred inflows of resources, and fund balance/net position (continued)**

**7. Net position flow assumption**

Net position represent the difference between assets, liabilities and deferred inflows of resources on the government-wide financial statements. Net position is classified in the following categories:

*Net investment in capital assets* —This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

*Restricted net position* —This amount is restricted by creditors, grantors, contributors, or laws or regulations.

*Unrestricted net position* —This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

**8. Fund balance flow assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of restricted and unassigned fund balance). In order to calculate the amounts to report as restricted and unassigned fund balance in the governmental fund financials statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, restricted fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**9. Fund balance policies**

The governmental fund financials present fund balance categorized based on the nature and extent of the constraints placed on the specific purposes for which a government's funds may be spent. The following classifications describe the relative strength of the spending constraints:

*Nonspendable fund balance* —amounts that are not in spendable form (such as prepaid items) or are required to be maintained intact.

*Restricted fund balance* —amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

**ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Assets, liabilities, deferred inflows of resources, and fund balance/net position (continued)**

*Committed fund balance*—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

*Assigned fund balance*—amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

*Unassigned fund balance*— amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed, or assigned. Positive balances are reported only in the general fund.

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The combined statement of net position and the governmental funds balance sheet and the combined statement of activities and governmental funds revenues, expenditures and changes in fund balance include an adjustments column that reconciles the amounts reported in the governmental funds to show how each would change when reported on the accrual basis of accounting.

Amounts reported for governmental activities in the statement of net position are different because capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds and because long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The adjustment to report these amounts include an increase in capital assets of \$1,948,049 and an increase in noncurrent liabilities of \$638,671.

Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The adjustment to report these amounts included a decrease in expenditures in the amount of \$66,527.

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds. The adjustment to report these amounts included an increase in depreciation expense in the amount of \$163,251.

**ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2020

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**  
**(continued)**

The issuance of long-term debt (e.g., note payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. Notes payable retired amounted to \$167,066.

Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. The adjustments to report these amounts included an increase in current liabilities of \$24,697, a decrease in beginning net position of \$24,697, and an increase in interest expense in the amount of \$2,431.

Property taxes receivable not estimated to be collectible within sixty days after the balance sheet date are not considered to be susceptible to accrual and are recorded as unavailable revenue in the fund financial statements. However, in the government-wide financial statements these amounts are recognized as revenues. The adjustments to report these amounts included a decrease in unavailable revenue of \$7,273, an increase in beginning net position of \$7,273, and a decrease in property taxes in the amount of \$1,504.

**NOTE 3 – DETAIL NOTES – ALL FUNDS**

**A. Cash deposits with financial institutions**

*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. State statutes require that all deposits in financial institutions be fully insured or collateralized by U. S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. At year end the bank balance of the District's deposits was \$1,184,834, of which \$279,987 was covered by federal depository insurance. Of the remaining uninsured balance of \$904,847, \$700,000 was covered by collateral pledged in the District's name by the safekeeping department of the pledging bank's agent. The District had an uninsured, uncollateralized balance of \$204,847.

**ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**NOTE 3 – DETAIL NOTES – ALL FUNDS (continued)**

**B. Receivables**

Receivables as of year end, including the applicable allowance for uncollectible accounts, are as follows:

<b>Receivables:</b>	
Taxes	\$ 16,872
Less: Allowance for uncollectibles	(8,448)
Net total receivables	<u>\$ 8,424</u>

**C. 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. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**D. Capital Assets**

Capital asset activity for the year ended September 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Building	\$ 848,934	\$ 54,919	\$ -	\$ 903,853
Machinery and equipment	2,626,900	11,608	-	2,638,508
Total capital assets being depreciated	<u>3,475,834</u>	<u>66,527</u>	<u>-</u>	<u>3,542,361</u>
Less accumulated depreciation:				
Building	(137,631)	(23,445)	-	(161,076)
Machinery and equipment	(1,293,430)	(139,806)	-	(1,433,236)
Total accumulated depreciation	<u>(1,431,061)</u>	<u>(163,251)</u>	<u>-</u>	<u>(1,594,312)</u>
Total capital assets being depreciated (net)	<u>2,044,773</u>	<u>(96,724)</u>	<u>-</u>	<u>1,948,049</u>
Governmental activities capital assets, net	<u>\$ 2,044,773</u>	<u>\$ (96,724)</u>	<u>\$ -</u>	<u>\$ 1,948,049</u>

Depreciation expense was charged to governmental activities as follows:

Governmental activities	<u>\$ 163,251</u>
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**ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2020

**NOTE 3 – DETAIL NOTES – ALL FUNDS (continued)**

**E. Long-term liabilities**

Notes Payable -

Notes payable currently outstanding and reported as liabilities of the District's governmental activities are:

	<b>Note Amount</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Year-end Balance</b>	<b>Collateral</b>
\$	402,042	10/04/2023	3.85%	\$ 179,279	Vehicle
	311,250	10/15/2023	4.25%	246,654	Vehicle
	354,546	10/15/2025	3.85%	212,738	Vehicle
				<u>\$ 638,671</u>	

Annual debt service requirements to maturity are as follows -

<b>Year Ending September 30</b>	<b>Notes Payable</b>	
	<b>Principal</b>	<b>Interest</b>
2021	\$ 135,904	\$ 25,538
2022	139,996	20,074
2023	144,263	14,443
2024	147,598	8,636
2025	35,455	2,730
2026	35,455	1,365
	<u>\$ 638,671</u>	<u>\$ 72,786</u>

Changes in long-term liabilities -

Long-term liability activity for the year ended September 30, 2020, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Notes payable	\$ 805,737	\$ -	\$ (167,066)	\$ 638,671	\$ 135,904
Long-term liabilities	<u>\$ 805,737</u>	<u>\$ -</u>	<u>\$ (167,066)</u>	<u>\$ 638,671</u>	<u>\$ 135,904</u>

**F. Subsequent Events**

Subsequent to year end, the District approved the following items:

- Concrete work in the amount of \$37,786
- The purchased of new radios with the issuance of debt in the mount of \$299,997

REQUIRED SUPPLEMENTARY INFORMATION

Major Governmental Fund

This supplementary schedule is included to supplement the basic financial statements as required by Governmental Accounting Standards Board.

**ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6**  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 GENERAL FUND

For the Fiscal Year Ended September 30, 2020

	<b>Original and Final Budgeted Amounts</b>	<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget - Over (Under) Budget</b>
<b>REVENUES</b>					
Property taxes	\$ 879,873	\$ 877,865	\$ (814)	\$ 877,052	\$ (2,821)
Interest	12,000	16,325	-	16,325	4,325
Total Revenues	<u>891,873</u>	<u>894,190</u>	<u>(814)</u>	<u>893,377</u>	<u>1,504</u>
<b>EXPENDITURES</b>					
Current:					
Contract Fire - ESD#6 VFD	192,100	125,487	(880)	124,607	(67,493)
Contract Fire - Forreston VFD	167,701	127,644	-	127,644	(40,057)
Utilities	300	240	-	240	(60)
Administration and office	192,000	221,624	(8,110)	213,514	21,514
Due and memberships	25	-	-	-	(25)
Training	6,000	976	-	976	(5,024)
Communications equipment	3,900	3,900	-	3,900	-
Legal	6,500	3,900	-	3,900	(2,600)
Appraisal district	15,000	10,796	-	10,796	(4,204)
Audit	1,500	850	-	850	(650)
Insurance	55,000	52,826	-	52,826	(2,174)
Reserve funds	13,592	64,225	-	64,225	50,633
Capital expenditures:					
Land	16,000	-	-	-	(16,000)
Buildings	14,000	-	-	-	(14,000)
Capital improvements fund	30,000	-	-	-	(30,000)
Debt service:					
Principal retirement	178,255	167,066	23,062	190,128	11,873
Interest and fiscal charges	-	23,062	(23,062)	-	-
Total debt service	<u>178,255</u>	<u>190,128</u>	<u>-</u>	<u>190,128</u>	<u>11,873</u>
Total Expenditures	<u>891,873</u>	<u>802,597</u>	<u>(8,990)</u>	<u>793,608</u>	<u>(98,265)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 91,593</u>	<u>\$ 8,176</u>	<u>\$ 99,769</u>	<u>\$ 99,769</u>

**1. Budgetary basis of accounting**

The annual budget for the general fund is prepared on the budgetary basis of accounting. Appropriations in the budgeted fund lapse at the end of the fiscal year. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.