

Robertson County Emergency Services District

Financial Statements

For the Year Ended September 30, 2019

Robertson County Emergency Services District
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For the Year Ended September 30, 2019

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Ingram, Wallis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Robertson County Emergency Services District
Franklin, Texas

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Robertson County Emergency Services District (the "District") as of and for the year ended September 30, 2019, 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.

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 the General Fund of the Robertson County Emergency Services District as of September 30, 2019, 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 3-7 and 26 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.

Ingram, Wallis + Company, P.C.

Bryan, Texas
July 31, 2020

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Management's Discussion and Analysis
September 30, 2019

Five persons are appointed by the County Judge and Commissioner's Court as Emergency Services Commissioners for three-year terms with a three and two-person rotation. They function as a board with regularly scheduled meetings every second Tuesday of the month as stated by an agenda posted at the county courthouse.

The District provides funding to Robertson County volunteer fire departments (VFDs) Blackjack, Bremond, Calvert, Easterly, Franklin, Hearne, Seale-Round Prairie, Wheelock, and also to Robertson County Emergency Medical Services (EMS), each of which provide fire, rescue, and emergency medical services to designated response areas within 866 square miles of Robertson County. The VFDs combined have an all-volunteer staff of approximately 137 firefighters with an average of 800 incidents per year out of the eight fire stations located in their respective areas. The EMS has paid paramedics and emergency medical technicians providing emergency medical care, life support, and transportation to citizens of Robertson County with stations in Hearne, Franklin, and Bremond, responding to approximately 3,500 calls per year.

Overview of the Financial Statements

Government-Wide Statements

The government wide financial statements and the fund financial statements are the basic financial statements under the reporting standards of GASB. Financial information reported in the government-wide financial statements uses the full-accrual method of accounting. Revenues are recognized when they are earned, and expenditures are recognized when they are incurred.

The financial statements of Robertson County Emergency Services District consist of:

- A government-wide Statement of Net Position and Statement of Activities;
- The governmental fund, a Balance Sheet, a Statement of Revenues, Expenditures and Changes in Fund Balance, a reconciliation of the fund Balance Sheet to the government-wide Statement of Net Position, and a reconciliation of the fund Statement of Revenues, Expenditures and Changes in Fund Balance to the government-wide Statement of Activities.

Operating Fund Statements

Financial data presented in the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances use the modified-accrual method of accounting. As it relates to Robertson County Emergency Services District, this method does not differ materially from full-accrual accounting. Revenues are recognized when they are susceptible to accrual, and expenses are recognized when the related liability is incurred. However, capital assets of land, buildings, property and equipment are not presented in the Balance Sheet, and depreciation is not presented in the Statement of Revenues, Expenditures and Changes in Fund Balances.

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Management's Discussion and Analysis-Continued
September 30, 2019

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2019. Please read it in conjunction with the District's financial statements, which begin on page 8.

Statement of Net Position

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$2,772,565	\$ 2,577,300
Property taxes receivable, net	141,439	116,992
Notes receivable	458,868	562,179
Prepaid expenses	15,602	15,602
Capital assets, net	<u>750,205</u>	<u>474,784</u>
Total Assets	<u>\$4,138,679</u>	<u>\$3,746,857</u>
Accrued payroll	\$ 2,673	\$ 2,673
Payroll liabilities	1,998	3,908
Accrued rent-noncurrent	23,398	23,155
Accrued expense	24,343	-
Obligations under capital lease-current	2,269	1,943
Obligations under capital lease-noncurrent	2,889	5,159
Noncurrent liabilities (notes payable)		
Due within one year	109,645	106,721
Due in more than one year	<u>326,200</u>	<u>435,845</u>
Total Liabilities	<u>493,415</u>	<u>579,404</u>
Net investment in capital assets	750,205	474,784
Unrestricted	<u>2,895,059</u>	<u>2,692,669</u>
Total Net Position	<u>\$3,645,264</u>	<u>\$3,167,453</u>

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Management's Discussion and Analysis-Continued
September 30, 2019

Statement of Activities

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Operating contributions	\$ 179,065	\$ 5,118
Total program revenues	<u>179,065</u>	<u>5,118</u>
Property taxes	2,419,226	2,307,799
Tower lease	11,100	10,800
Interest income	47,460	27,686
Other financing sources	<u>-</u>	<u>31,505</u>
Total general revenues	<u>2,477,786</u>	<u>2,377,790</u>
General government	367,982	376,911
Public safety	<u>1,811,058</u>	<u>1,786,842</u>
Total expenses	<u>2,179,040</u>	<u>2,163,753</u>
Change in net position	477,811	219,155
Net position, beginning of year	<u>3,167,453</u>	<u>2,948,298</u>
Net position, end of year	<u>\$3,645,264</u>	<u>\$3,167,453</u>

Financial Highlights

As of Oct 1, 2013, in lieu of disbursing tax dollars collected by the Robertson County Tax Assessor-Collector to each Volunteer Fire Department, the District now pays the expense on behalf of the Volunteer Fire Departments. The District continues to disburse the tax dollars collected by the Robertson County Tax Assessor-Collector to the EMS.

The District does not own any real property, but the District does own and operate a 500-foot radio communications tower.

The District operates five bank accounts and has three sources of income, namely property taxes, tower lease rentals, and interest earned on their deposits in a money market account. User fees from the radio tower are deposited into the tower operating and maintenance account.

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Management's Discussion and Analysis-Continued
September 30, 2019

Robertson County Tax Assessor Office computes the tax information and notifies RCESD on the legal requirements. RCESD is limited to a maximum rate of \$0.10 per hundred dollars of taxable value. The tax assessment as of October 01, 2018 sets the tax levy at \$0.08510 per \$100 of assessed valuation, which results in the following:

Taxable value	\$2,771,516,884
Levy	\$ 2,358,561

Financial Analysis of Governmental Fund

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 2,772,565	\$ 2,577,300
Property taxes receivable, net	141,439	116,992
Notes receivable	458,868	562,179
Prepaid expenses	<u>15,602</u>	<u>15,602</u>
Total Assets	<u>\$ 3,388,474</u>	<u>\$ 3,272,073</u>
Total Liabilities	<u>\$ 31,283</u>	<u>\$ 6,581</u>
Total Deferred Inflows of Resources	<u>136,157</u>	<u>112,028</u>
Nonspendable fund balance	458,868	562,179
Unassigned fund balance	<u>2,762,166</u>	<u>2,591,285</u>
Total Fund Balance	<u>3,221,034</u>	<u>3,153,464</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,388,474</u>	<u>\$ 3,272,073</u>

The General Fund pays for daily operating expenditures. When comparing actual to budget, actual expenditures were less than budgeted by approximately \$109,245 primarily due to miscellaneous expenses being less than expected. More detailed information about the District's budgetary comparison is presented in the Notes to the Financial Statements.

Capital Assets and Debt Administration

At the end of fiscal year 2019, the District had invested \$750,205 in capital assets as shown on the following page. More detailed information about the District's capital assets is presented in the Notes to the Financial Statements.

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Management's Discussion and Analysis-Continued
September 30, 2019

Capital Assets

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 115,608	\$ 112,168
Tower	293,405	293,405
Building Expansion	68,000	68,000
Building Improvements	42,433	-
SCBA Gear	192,882	-
Bunker gear	174,839	135,306
Vehicles	404,140	234,223
Emergency service equipment	<u>245,667</u>	<u>235,431</u>
Subtotal	<u>1,536,974</u>	<u>1,078,533</u>
Accumulated depreciation	(786,769)	(603,749)
Total	<u>\$ 750,205</u>	<u>\$ 474,784</u>

Long-Term Debt

At the end of fiscal year 2019, the District had \$435,845 in long-term debt outstanding as shown in the table below. More detailed information about the District's debt is presented in the Notes to the Financial Statements.

	<u>2019</u>	<u>2018</u>
Current portion	\$ 109,645	\$ 106,721
Long-term portion	<u>326,200</u>	<u>435,845</u>
Total long-term debt	<u>\$ 435,845</u>	<u>\$ 542,566</u>

Currently Known Facts, Decisions, or Conditions

The final fiscal year 2019 budgeted expenditures for the District are \$278,368. Property tax revenues increased in fiscal year 2019 by approximately 5% to \$2,419,226, as compared to fiscal year 2018 property tax revenue of \$2,307,799. The property tax rate decreased to .08142% beginning October 1, 2019.

Requests for Information

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District at P.O. Box 658, Franklin, Texas, 77856.

Robertson County Emergency Services District
Statement of Net Position
As of September 30, 2019

	Governmental Activities September 30, 2019
ASSETS	
Cash and cash equivalents	\$ 2,772,565
Property tax receivable, net of allowance for uncollectible amounts of \$2,679	141,439
Notes receivable	458,868
Prepaid expenses	15,602
Capital assets, net of depreciation	<u>750,205</u>
TOTAL ASSETS	<u><u>4,138,679</u></u>
LIABILITIES	
Accrued payroll	2,673
Payroll liabilities	1,998
Accrued rent-noncurrent	23,398
Accrued Expenses	24,343
Obligations under capital lease-current	2,269
Obligations under capital lease-noncurrent	2,889
Long-term liabilities (notes payable)	
Due within one year	109,645
Due in more than one year	<u>326,200</u>
TOTAL LIABILITIES	<u>493,415</u>
NET POSITION	
Net investment in capital assets	750,205
Unrestricted	<u>2,895,059</u>
TOTAL NET POSITION	<u><u>\$ 3,645,264</u></u>

The accompanying notes are an integral part of the financial statements.

**Robertson County Emergency Services District
Statement of Activities
For the Year Ended September 30, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Operating</u> <u>Contributions</u>	<u>Net (Expense) Revenue</u> <u>and Changes in Net</u> <u>Position</u>
			<u>Governmental Activities</u>
Governmental Activities:			
General government	\$ 367,982	\$ 177,481	\$ (190,501)
Public safety	<u>1,811,058</u>	<u>1,584</u>	<u>(1,809,474)</u>
Total	<u>\$ 2,179,040</u>	<u>\$ 179,065</u>	<u>\$ (1,999,975)</u>

General revenues:

Property taxes	2,419,226
Tower lease	11,100
Interest income	<u>47,460</u>
Total general revenues	<u>2,477,786</u>
Change in net position	477,811
Net position - beginning	<u>3,167,453</u>
Net position - ending	<u>\$ 3,645,264</u>

The accompanying notes are an integral part of the financial statements.

**Robertson County Emergency Services District
Balance Sheet - Governmental Funds
September 30, 2019**

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 2,772,565	\$ 2,772,565
Property tax receivable, net	141,439	141,439
Notes receivable	458,868	458,868
Prepaid expenses	15,602	15,602
TOTAL ASSETS	\$ 3,388,474	\$ 3,388,474
 LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES		
Liabilities		
Payroll liabilities	\$ 1,998	\$ 1,998
Obligations under capital lease	2,269	2,269
Accrued expenses	24,343	24,343
Accrued payroll	2,673	2,673
Total liabilities	31,283	31,283
 Deferred Inflows of Resources		
Unavailable revenues-property taxes	136,157	136,157
Total Deferred Inflows of Resources	136,157	136,157
 Fund Balance		
Nonspendable	458,868	458,868
Unassigned	2,762,166	2,762,166
Total Fund Balance	3,221,034	3,221,034
 TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	 \$ 3,388,474	 \$ 3,388,474

The accompanying notes are an integral part of the financial statements.

Robertson County Emergency Services District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2019

Total fund balance, governmental funds		\$	3,221,034
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 funds.			750,205
Other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.			136,157
Long-term liabilities are not due and payable in the current period, therefore are not reported in the governmental funds balance sheet.			
Notes payable - due within one year	(109,645)		
Notes payable - due in more than one year	(326,200)		
Obligations under a capital lease	(2,889)		
Accrued rent	(23,398)		
			<u>(462,132)</u>
Net position of governmental activities		\$	<u>3,645,264</u>

The accompanying notes are an integral part of the financial statements.

Robertson County Emergency Services District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2019

	General Fund	Total Governmental Funds
SUPPORT AND REVENUES		
Support		
Reimbursement from fire departments	\$ 486	\$ 486
Other	1,098	1,098
Total Support	1,584	1,584
Revenues		
Property taxes	2,395,097	2,395,097
Grant revenue	177,481	177,481
Interest income	47,460	47,460
Tower lease	11,100	11,100
Total Revenues	2,631,138	2,631,138
TOTAL SUPPORT AND REVENUES	2,632,722	2,632,722
EXPENDITURES		
Insurance & bonds	20,453	20,453
Public notices	70	70
Postage	125	125
Accounting fees	6,700	6,700
Equipment testing	-	-
Legal fees	5,500	5,500
Appraisal costs	49,999	49,999
Membership dues	1,300	1,300
Miscellaneous	2,035	2,035
Rent & utilities	4,377	4,377
Salaries & benefits	54,177	54,177
Payroll taxes	3,936	3,936
Supplies	1,629	1,629
Tower maintenance	3,851	3,851
Tower electricity/ground maintenance	2,222	2,222
Travel costs	2,666	2,666
Fire department operating expenses	411,058	411,058
EMS support	1,400,000	1,400,000
Property lease	8,640	8,640
Tower lease	1,200	1,200
Debt Service		
Principal	108,664	108,664
Interest	15,839	15,839
Capital Outlay	458,442	458,442
TOTAL EXPENDITURES	2,562,883	2,562,883

The accompanying notes are an integral part of the financial statements.

Robertson County Emergency Services District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Continued
For the Year Ended September 30, 2019

	General Fund	Total Governmental Funds
Excess (Deficiency) of Support and Revenues Over (Under) Expenditures	69,839	69,839
FUND BALANCES, BEGINNING	3,153,464	3,151,195
FUND BALANCES, ENDING	\$ 3,223,303	\$ 3,221,034

The accompanying notes are an integral part of the financial statements.

Robertson County Emergency Services District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2019

Net change in fund balances - total governmental funds	\$	69,839
<p>Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for capital assets	\$ 458,442	
Less - current year depreciation	(183,020)	275,422
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes		24,129
<p>The issuance of long-term debt (e.g., notes payable, leases) 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. This is the net effect of these differences in the treatment of long-term debt.</p>		
		108,664
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Deferred rent		(243)
Change in net position of governmental activities	\$	<u>477,811</u>

The accompanying notes are an integral part of the financial statements.

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Notes to Financial Statements-Continued
Year Ended September 30, 2019

Note I – Significant Accounting Policies

A. Reporting Entity

Robertson County Emergency Services District (the District) was created after a public election held on November 7, 2000 under the provision of Section 48-d of Article III of the Constitution of Texas and the Texas Safety and Health Code, Chapter 775. The District provides fire protection and emergency response services to residents of the District.

B. Basis of Presentation

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for the state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

The financial statements of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that compromise its assets, liabilities, reserves, net assets, revenues and expenditures/expenses.

The following fund types are used by the District:

General Fund – The General Fund is the general operating fund of the District. This fund includes all the available operating revenues and accumulates reserves for future operating activities.

C. Government-Wide Financial Statements

Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government and its component units.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied.

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Notes to Financial Statements-Continued
Year Ended September 30, 2019

Note I – Significant Accounting Policies-Continued

C. Government-Wide Financial Statements-Continued

The statement of activities demonstrates the degree to which the expenses of a given function are offset by program revenues. Expenses are those that are clearly identifiable with a specific function. Program revenues include 1) reimbursements from volunteer fire departments and 2) contributions. Taxes and other items properly not included among program revenues are reported instead as general revenues.

D. Fund Level Financial Statements

In the governmental funds financial statements, the governmental-type activities are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means that the amount of the transaction can be determined, and “available” means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year period is used for recognition for all governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

The fund level financial statements are reported using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balances (net current assets) are considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

E. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures of assets, liabilities, revenues and expenditures. Accordingly, actual results could differ from those estimates.

F. Cash and cash equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less.

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Notes to Financial Statements-Continued
Year Ended September 30, 2019

Note I – Significant Accounting Policies-Continued

G. Capital Assets

As stated in the Texas Health and Safety Code, Title 9, Subtitle B, Chapter 775, Section 775.073 as of September 1, 2013, any property, including interest in property, purchased or leased using district funds, wholly or partly, must remain the property of the district, regardless of whether the property is used by a third party under a contract for services or otherwise, until the property is sold to a third party following the procedures under Section 263.003, 263.007, or 263.008.

Any property purchased by the fire departments prior to September 1, 2013, remains property of the individual fire departments.

Capital assets are recorded at cost if purchased and fair market value if donated. Capital assets are depreciated using the straight-line method over the estimated useful lives.

Estimated useful lives for depreciable assets are as follows:

Buildings and Building Improvements	15 years
Furniture and fixtures	7 years
Machinery and equipment	5 years
Vehicles and equipment	5-10 years

H. Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of net position and/or balance sheet 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 and so will not be recognized as an inflow of resources (revenue) until then. For the year ended September 30, 2019, the District has the following item that qualifies for reporting in this category.

- Unavailable revenues – The unavailable revenues which arise only under the modified accrual basis of accounting qualify for reporting in this category in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes of \$136,157 for the year ended September 30, 2019.

I. Fund Balances

In the fund financial statements, reservations of fund balance represent amounts that are not subject to appropriation or are legally segregated for a specific purpose.

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Notes to Financial Statements-Continued
Year Ended September 30, 2019

Note I – Significant Accounting Policies-Continued

I. Fund Balances-Continued

GASB Statement No.54, “Fund Balance Reporting and Governmental Fund Type Definitions,” establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The implementation of GASB 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. Under GASB 54, fund balances are required to be reported according to the following classifications:

Nonspendable Fund Balance - Amounts that cannot be spent because they are either not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted Fund Balance - Amounts that can be spent only for specific purposes because of constraints placed on the use of these resources by creditors (such as through debt covenants), grantors, contributors or other governments; or constraints are imposed by law (through constitutional provisions or enabling legislation).

Committed Fund Balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority.

Assigned Fund Balance - Amounts that are constrained by the government's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given.

Unassigned Fund Balance – All amounts not included in other spendable classifications.

J. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on the use by either external parties or enabling legislation.

It is the District’s policy to expend restricted resources first and to use unrestricted resources when the restricted resources have been depleted.

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Notes to Financial Statements-Continued
Year Ended September 30, 2019

Note I – Significant Accounting Policies-Continued

K. Recently Issues Accounting Pronouncements

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2020. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended September 30, 2022.

Note II – Receivables

The reported property tax receivable is the amount of taxes anticipated to be collected after September 30, 2019. The difference between the receivable and the associated allowance is reported as unavailable revenue in the governmental funds balance sheet.

The reported note receivable is due from Robertson County Emergency Medical Services, Inc. and Franklin Volunteer Fire Department and is reported as nonspendable fund balance in the governmental funds balance sheet.

Note III – Capital Assets

Depreciation expense for the year ended September 30, 2019 totaled \$183,020 and was charged to functions as follows:

Governmental Activities:	
General Government	\$ 27,873
Public Safety	<u>155,147</u>
	<u>\$ 183,020</u>

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Notes to Financial Statements-Continued
Year Ended September 30, 2019

Note III – Capital Assets-Continued

Capital asset activity for the year ended September 30, 2019 was as follows:

<u>Beginning Balance</u>	<u>ESD</u>	<u>Volunteer Fire Departments</u>	<u>Robertson County Emergency Medical Services</u>	<u>Total</u>
Tower	\$ 293,405	\$ -	\$ -	\$ 293,405
Furniture & Equipment	94,432	17,736	-	112,168
Bunker Gear	-	135,307	-	135,307
SCBA Gear	-	-	-	-
Building Expansion	-	68,000	-	68,000
Building Improvements	-	-	-	-
Emergency Services Equipment	-	235,430	-	235,430
Vehicles	-	234,222	-	234,222
Total	<u>387,837</u>	<u>690,695</u>	<u>-</u>	<u>1,078,532</u>
 <u>Additions</u>				
Furniture & Equipment	-	3,440	-	3,440
Bunker Gear	-	39,532	-	39,532
SCBA Gear	-	192,882	-	192,882
Building Improvements	-	42,433	-	42,433
Emergency Services Equipment	-	10,237	-	10,237
Vehicles	-	-	169,918	169,918
Total Additions	<u>-</u>	<u>288,524</u>	<u>169,918</u>	<u>458,442</u>
 <u>Disposals</u>				
Furniture & Equipment	-	-	-	-
Total Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Assets	\$ 387,837	\$ 979,219	\$ 169,918	\$ 1,536,974
Less Accumulated Depreciation	<u>(270,167)</u>	<u>(499,610)</u>	<u>(16,992)</u>	<u>(786,769)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 117,670</u>	<u>\$ 479,609</u>	<u>\$ 152,926</u>	<u>\$ 750,205</u>

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Notes to Financial Statements-Continued
Year Ended September 30, 2019

Note IV – Noncurrent Liabilities

The following is a summary of note payable transactions during the year ended September 30, 2019:

Balance 10/1/18	Additions	Payments	Balance 9/30/19
\$ 542,566	\$ -	\$106,721	\$ 435,845

Notes payable at September 30, 2019 consisted of the following:

Robertson County Bank, dated July 12, 2016, payable in annual installments of \$121,587, including interest at 2.74%, matures July 2023	<u>\$ 435,845</u>
Total notes payable	435,845
Less current maturities	<u>(109,645)</u>
Total long-term debt	<u>\$ 326,200</u>

Annual payments required to amortize all long term notes payable outstanding as of September 30, 2019 including interest payments are as follows:

Year Ended Sep 30	Principal	Interest	Total
2020	109,645	11,942	121,587
2021	112,649	8,938	121,587
2022	115,736	5,851	121,587
2023	<u>97,815</u>	<u>2,680</u>	<u>100,495</u>
	<u>\$435,845</u>	<u>\$29,411</u>	<u>\$465,256</u>

Note V – Net Investment in Capital Assets

For September 30, 2019, net investment in capital assets showed a balance of \$750,205. This amount is derived from total fixed assets net of depreciation.

Note VI– Fire Department Expenses

As of October 1, 2013, in lieu of disbursing funds directly to the individual volunteer fire departments, Robertson County Emergency District enforced the policy of directly paying the operating expenses of the individual volunteer fire departments. These expenses are reflected as fire department operating expenses on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Notes to Financial Statements-Continued
Year Ended September 30, 2019

Note VII – Property Taxes

Property taxes are collected and remitted to the District by the Robertson County Tax Assessor Collector. Property taxes attach as an enforceable lien on property as of January 1 of a given year. Property taxes are levied each October 1 on the assessed value as of the previous January 1 for all real property located in the District and are payable by January 31 of the following year. Property taxes become delinquent on February 1 at which time they begin accruing penalty and interest. Delinquent payments throughout the year are recognized in the year received.

The tax assessment of October 01, 2018 sets the tax levy at \$0.0851 per \$100 of assessed valuation, which results in the following:

	<u>October 01, 2018</u>
Taxable value	\$2,771,516,884
Levy	\$ 2,358,561

Note VIII – Capital Leases

During fiscal year 2019, the District signed a capital lease agreement with Texas Imaging Systems for a term of five years. The following is an analysis of the District's assets under this capital lease:

Furniture and equipment	\$ 10,080
Less: accumulated amortization	<u>(5,352)</u>
	<u>\$ 4,728</u>

The following is a summary of capital lease activity and outstanding balances at September 30, 2019:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
Governmental Activities:	10/1/18			9/30/19
Capital Leases	\$ 7,101	\$ -	\$ 1,943	\$ 5,158

Future minimum lease payments for the asset under capital lease at September 30, 2019 are as follows:

Fiscal year 2020	2,916
Fiscal year 2021	2,916
Fiscal year 2022	<u>243</u>
Net minimum obligations	6,075
Less interest	<u>(917)</u>
Present value of net minimum obligations	5,158
Less current portion	<u>(2,269)</u>
Long-term obligations at September 30, 2019	<u>\$ 2,889</u>

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Notes to Financial Statements-Continued
Year Ended September 30, 2019

Note IX – Operating Leases

The District has entered into operating leases as both lessee and lessor.

During 2009, the District completed construction of a 500 foot radio communications tower for the use of the District’s emergency services departments. At September 30, 2019 the tower had a cost of \$324,888 with accumulated depreciation of \$212,217. The District offers tower space under operating leases to outside parties. The future minimum lease payments to be received are as follows:

2020	\$ 5,859
Total	<u>\$ 5,859</u>

During 2007, the District entered into an operating lease for land to use for the District’s tower. The lease expires in 2037. Rent expense included in the financial statements for the year ended September 30, 2019 is \$8,833. The remaining minimum lease payments are as follows:

Fiscal Year(s)	Amount
2020	\$ 8,640
2021	8,640
2022	9,504
2023	9,504
2024	9,504
2025-2029	50,371
2030-2034	55,408
2035-2037	<u>23,000</u>
Total	<u>\$ 174,571</u>

During 2019, the District entered into an operating lease for tower space on the Blackjack Tower Site located in Hearne, TX. The lease expires in 2023. Rent expense included in the financial statements for the year ended September 30, 2019 is \$1,200. The remaining minimum lease payments are as follows:

Fiscal Year(s)	Amount
2020	\$ 1,236
2021	1,273
2022	1,311
2023	<u>1,351</u>
Total	<u>\$ 5,171</u>

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Notes to Financial Statements-Continued
Year Ended September 30, 2019

Note X – Budgetary Comparison Schedule

During the fiscal year, the District approved a budget for administrative expenses. The budgetary comparison schedule is presented on page 26.

Notes XI – Deposits

The District’s bank balances were covered by federal depository insurance or by collateral held by the District’s agent in the District’s name. At September 30, 2019, the carrying amount of the District’s bank deposits was \$2,786,040. Deposits are categorized to give an indication of the level of risk assumed at year end. Categories are as follows:

Category 1 – Insured or collateralized with securities by the District or its agency in the District name.

Category 2 – Collateralized with securities and/or letter of credit held by the pledging financial institution’s trust department or agency in the District’s name.

Category 3 – Uncollateralized.

At year end, the District’s deposits are categorized as follows:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
2019	\$500,000	\$2,286,040	\$ -

Note XII – Commitments

During fiscal year 2019, the District renewed its agreements with the following volunteer fire departments: Franklin, Easterly, Wheelock, Bremond, Seale-Round Prairie, Blackjack, Hearne, and Calvert. These agreements are effective October 1, 2019 and under the agreements the fire departments agreed to provide emergency services to all persons and property within the emergency services district.

During fiscal year 2019, the District renewed its agreement with the Robertson County Emergency Medical Services. This agreement is effective October 1, 2019 and under the agreement Robertson County Emergency Medical Services agreed to provide emergency medical services to all persons and property within the emergency services district.

Amounts to be paid to the volunteer fire departments and Robertson County Emergency Medical Services shall be disbursed at the discretion of the Board and may include expenses for operations and other expenditures approved by the District for maintaining emergency services within the District.

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Notes to Financial Statements-Continued
Year Ended September 30, 2019

Note XIII – Interest Expense

Cash paid for interest expense was \$15,839 during the year ended September 30, 2019.

Note XIV – Subsequent Events

Management has evaluated subsequent events through July 31, 2020, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**Robertson County Emergency Services District
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the year ended September 30, 2019**

	Original Budget	Final Budget	Actual	(Over)/Under
Insurance and bonds	\$ 20,000	\$ 20,453	\$ 20,453	\$ -
Public notices	1,000	1,000	70	930
Postage	200	200	125	75
Accounting fees	25,000	25,000	6,700	18,300
Computer expenses	1,500	1,500	-	1,500
Bond for tax assesor/collector	1,850	1,850	-	1,850
Legal fees	11,000	11,000	5,500	5,500
Appraisal costs	52,000	52,000	49,999	2,001
Membership dues	1,220	1,300	1,300	-
Miscellaneous	70,000	69,467	2,035	67,432
Rent/utilities	5,000	5,000	4,377	623
Salaries and benefits	65,548	65,281	54,177	11,104
Payroll	-	267	3,936	(3,669)
Supplies	5,000	5,000	1,629	3,371
Tower maintenance	2,050	3,901	3,851	50
Tower electricity/ground maintenance	4,800	2,949	2,222	727
Travel	3,000	3,000	2,666	334
Property lease	9,200	9,200	8,640	560
Tower lease	-	-	1,200	(1,200)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 278,368</u>	<u>\$ 278,368</u>	<u>\$ 168,880</u>	<u>\$ 109,488</u>