

Robertson County Emergency Services District

Financial Statements

For the Year Ended September 30, 2022

Robertson County Emergency Services District
Table of Contents
For the Year Ended September 30, 2022

Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet-Governmental Funds	11
Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Notes to Financial Statements	16
Required Supplementary Information	26



Ingram, Wallis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Robertson County Emergency Services District as of September 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note I to the financial statements, in 2022 the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Subsequent Event

As discussed in Note XII to the financial statements, on November 14, 2022, Robertson County Emergency Medical Services, Inc. granted all of its real property and sold all of its tangible and intangible personal property to Robertson County Emergency Services District in exchange for the operation of emergency medical services in Robertson County, Texas. Both transactions were effective December 31, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

D Ingram, Waller ; Company

Bryan, Texas
August 2, 2023

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Management's Discussion and Analysis
September 30, 2022

Five persons are appointed by the County Judge and Commissioner's Court as Emergency Services Commissioners for two-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, Calvert and Bremond, responding to approximately 4,350 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 basis 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 basis of accounting. As it relates to Robertson County Emergency Services District, this basis 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, 2022

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, 2022. Please read it in conjunction with the District's financial statements, which begin on page 9.

Statement of Net Position

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$1,995,050	\$2,367,138
Property taxes receivable, net (\$2,828 and \$3,374, respectively)	173,053	179,577
Notes receivable	463,304	584,326
Prepaid expenses	15,226	17,223
Capital assets, net	<u>1,313,836</u>	<u>1,339,454</u>
Total Assets	<u>\$3,960,469</u>	<u>\$4,487,718</u>
Accrued payroll	\$ 2,673	\$ 2,673
Payroll liabilities	1,962	1,868
Accrued expense	12,538	21,440
Lease payable-current	3,945	1,505
Leases payable-noncurrent	145,945	138,755
Noncurrent liabilities (notes payable)		
Due within one year	67,076	117,222
Due in more than one year	-	67,076
Total Liabilities	<u>234,139</u>	<u>350,539</u>
Net investment in capital assets	1,313,836	1,339,454
Unrestricted	<u>2,412,494</u>	<u>2,797,725</u>
Total Net Position	<u>\$3,726,330</u>	<u>\$4,137,179</u>

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Management's Discussion and Analysis-Continued
September 30, 2022

Statement of Activities

	<u>2022</u>	<u>2021</u>
Operating contributions	\$ 27,092	\$ 407,345
Grants	<u>87,360</u>	<u>-</u>
Total program revenues	<u>114,452</u>	<u>407,345</u>
Property taxes	2,407,484	2,440,231
Tower lease	10,500	11,100
Interest income	21,812	21,188
Insurance recoveries	44,881	-
Other	<u>2,660</u>	<u>-</u>
Total general revenues	<u>2,487,337</u>	<u>2,472,519</u>
 Total revenues	 <u>2,601,789</u>	 <u>2,879,864</u>
General government	314,642	523,164
Public safety	<u>2,697,996</u>	<u>1,983,628</u>
Total expenses	<u>3,012,638</u>	<u>2,506,792</u>
 Change in net position	 (410,849)	 373,072
Net position, beginning of year, as restated	<u>4,137,179</u>	<u>3,764,107</u>
Net position, end of year	<u>\$3,726,330</u>	<u>\$4,137,179</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. Overall, net position of the District decreased by \$410,849 for the year ended September 30, 2022 as a result of an increase in expenses and a decrease in tax revenues.

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, 2022

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 1, 2021 sets the tax levy at \$0.07730 per \$100 of assessed valuation, which results in the following:

Taxable value	\$3,119,725,744
Levy	\$ 2,416,356

Financial Analysis of Governmental Fund

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,995,050	\$ 2,367,138
Property taxes receivable, net	173,053	179,577
Notes receivable	463,304	584,326
Prepaid expenses	<u>15,226</u>	<u>17,223</u>
Total Assets	<u>\$ 2,646,633</u>	<u>\$ 3,148,264</u>
Total Liabilities	<u>\$ 17,173</u>	<u>\$ 26,222</u>
Total Deferred Inflows of Resources	<u>159,696</u>	<u>171,432</u>
Nonspendable fund balance	478,530	601,549
Unassigned fund balance	<u>1,991,234</u>	<u>2,349,061</u>
Total Fund Balance	<u>2,469,764</u>	<u>2,950,610</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,646,633</u>	<u>\$ 3,148,264</u>

The General Fund pays for daily operating expenditures. When comparing actual to budget, actual expenditures were less than budgeted by approximately \$40,200 primarily due to accounting fees being less than expected. More detailed information about the District's budgetary comparison is presented in the Budgetary Comparison Schedule on page 26.

Capital Assets and Debt Administration

At the end of fiscal year 2022, the District had invested \$1,313,836 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, 2022

Capital Assets

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 126,777	\$ 120,889
Tower	293,405	293,405
Building expansion	68,000	68,000
Building improvements	51,648	51,648
SCBA gear	193,067	193,067
Bunker gear	316,952	253,086
Vehicles	1,335,062	1,176,460
Emergency service equipment	482,719	365,990
Tower lease	19,722	19,722
Land lease	126,890	126,890
Copier lease	13,441	-
Subtotal	<u>3,027,683</u>	<u>2,669,157</u>
Accumulated depreciation	(1,667,835)	(1,289,679)
Accumulated amortization	<u>(46,012)</u>	<u>(40,024)</u>
Total	<u>\$1,313,836</u>	<u>\$1,339,454</u>

Long-Term Debt

At the end of fiscal year 2022, the District had \$67,076 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>2022</u>	<u>2021</u>
Current portion	\$ 67,076	\$ 117,222
Long-term portion	-	67,076
Total long-term debt	<u>\$ 67,076</u>	<u>\$ 184,298</u>

Currently Known Facts, Decisions, or Conditions

The final fiscal year 2022 budgeted expenditures for the District are \$302,613. Property tax revenues decreased in fiscal year 2022 by approximately 0.01% to \$2,407,484, as compared to fiscal year 2022 property tax revenue of \$2,440,231. The property tax rate for fiscal year 2022 remained unchanged from fiscal year 2021 at .07730%.

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, 2022**

	<u>Governmental Activities</u> <u>September 30, 2022</u>
ASSETS	
Cash and cash equivalents	\$ 1,995,050
Property tax receivable, net of allowance for uncollectible amounts of \$2,828	173,053
Notes receivable	463,304
Prepaid expenses	15,226
Capital assets, net of accumulated depreciation	<u>1,313,836</u>
TOTAL ASSETS	<u><u>3,960,469</u></u>
LIABILITIES	
Accrued payroll	2,673
Payroll liabilities	1,962
Accrued expenses	12,538
Leases payable-current	3,945
Leases payable-noncurrent	145,945
Long-term liabilities (notes payable)	
Due within one year	67,076
Due in more than one year	<u>-</u>
TOTAL LIABILITIES	<u><u>234,139</u></u>
NET POSITION	
Net investment in capital assets	1,313,836
Unrestricted	<u>2,412,494</u>
TOTAL NET POSITION	<u><u>\$ 3,726,330</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, 2022**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Expenses</u>	<u>Operating Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	
Governmental Activities:				
General government	\$ 314,642	\$ -	\$ -	\$ (314,642)
Public safety	<u>2,697,996</u>	<u>27,092</u>	<u>87,360</u>	<u>(2,583,544)</u>
Total	<u>\$ 3,012,638</u>	<u>\$ 27,092</u>	<u>\$ 87,360</u>	<u>(2,898,186)</u>
 General revenues:				
Property taxes				2,407,484
Tower lease				10,500
Interest income				21,812
Insurance recoveries				44,881
Other				<u>2,660</u>
Total general revenues				<u>2,487,337</u>
Change in net position				(410,849)
Net position - beginning, as restated				<u>4,137,179</u>
Net position - ending				<u>\$ 3,726,330</u>

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

**Robertson County Emergency Services District
Balance Sheet - Governmental Funds
September 30, 2022**

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 1,995,050	\$ 1,995,050
Property tax receivable, net	173,053	173,053
Notes receivable	463,304	463,304
Prepaid expenses	15,226	15,226
TOTAL ASSETS	\$ 2,646,633	\$ 2,646,633
 LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES		
Liabilities		
Payroll liabilities	\$ 1,962	\$ 1,962
Accrued expenses	12,538	12,538
Accrued payroll	2,673	2,673
Total liabilities	17,173	17,173
 Deferred Inflows of Resources		
Unavailable revenues-property taxes	159,696	159,696
Total Deferred Inflows of Resources	159,696	159,696
 Fund Balance		
Nonspendable	478,530	478,530
Unassigned	1,991,234	1,991,234
Total Fund Balance	2,469,764	2,469,764
 TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	 \$ 2,646,633	 \$ 2,646,633

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, 2022

Total fund balance, governmental funds	\$	2,469,764
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		1,313,836
<p>Other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.</p>		159,696
<p>Long-term liabilities are not due and payable in the current period, therefore are not reported in the governmental funds balance sheet.</p>		
Notes payable	\$ (67,076)	
Leases payable	<u>(149,890)</u>	<u>(216,966)</u>
Net position of governmental activities	\$	<u>3,726,330</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, 2022

	General Fund	Total Governmental Funds
SUPPORT AND REVENUES		
Support		
Contributions	\$ 27,092	\$ 27,092
Other	2,660	2,660
Total Support	29,752	29,752
Revenues		
Property taxes	2,419,486	2,419,486
Grant revenue	87,360	87,360
Interest income	21,812	21,812
Tower lease	10,500	10,500
Total Revenues	2,539,158	2,539,158
TOTAL SUPPORT AND REVENUES	2,568,910	2,568,910
EXPENDITURES		
Insurance & bonds	21,753	21,753
Public notices	43	43
Postage	202	202
Accounting fees	25,450	25,450
Legal fees	7,445	7,445
Appraisal costs	51,635	51,635
Membership dues	2,742	2,742
Miscellaneous	23,793	23,793
Rent & utilities	5,855	5,855
Salaries & benefits	61,618	61,618
Payroll taxes	4,231	4,231
Supplies	2,757	2,757
Tax assessor/collector fees	3,143	3,143
Tower maintenance	40,792	40,792
Tower electricity/ground maintenance	3,219	3,219
Computer costs/maintenance	1,514	1,514
Travel costs	6,196	6,196
Fire department operating expenses	677,848	677,848
EMS support	1,672,500	1,672,500
Debt Service		
Principal	120,792	120,792
Interest	15,358	15,358
Capital Outlay	358,791	358,791
TOTAL EXPENDITURES	\$ 3,107,677	\$ 3,107,677

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, 2022

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Deficiency of Support and Revenues Under Expenditures	\$ (538,767)	\$ (538,767)
OTHER FINANCING SOURCES		
Insurance recoveries	44,481	44,481
Leases	<u>13,440</u>	<u>13,440</u>
TOTAL OTHER FINANCING SOURCES	<u>57,921</u>	<u>57,921</u>
 CHANGE IN FUND BALANCE	 <u>(480,846)</u>	 <u>(480,846)</u>
 FUND BALANCES, BEGINNING	 <u>2,950,610</u>	 <u>2,950,610</u>
 FUND BALANCES, ENDING	 <u>\$ 2,469,764</u>	 <u>\$ 2,469,764</u>

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, 2022

Net change in fund balances - total governmental funds	\$	(480,846)
<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	\$ 358,791	
Less - current year depreciation	(384,144)	(25,353)
<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		(12,001)
<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>		
Repayment of principal	\$ 120,792	
Consummation of lease	(13,441)	107,351
Change in net position of governmental activities	\$	(410,849)

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

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Notes to Financial Statements
Year Ended September 30, 2022

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, 2022

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, 2) contributions and 3) grants. 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 60-day 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, 2022

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. Additions or betterments of \$500 and/or a useful life of one year are capitalized. 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, 2022, 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 \$159,696 as of September 30, 2022.

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Notes to Financial Statements-Continued
Year Ended September 30, 2022

Note I – Significant Accounting Policies-Continued

I. Fund Balances

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, 2022

Note I – Significant Accounting Policies-Continued

K. Recently Adopted Accounting Pronouncement

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. During the year ended September 30, 2022, the District implemented the new standard, the effect of which is reflected on the financial statements and within the footnotes.

A summary of restatements driven by the implementation of GASB Statement No. 87 as of September 30, 2021 follows:

	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Total Net Position</u>	<u>Change in Net Position</u>
Amounts as previously presented	\$4,381,130	\$ 234,404	\$ 4,146,726	\$ 377,395
Restatements to implement GASB Statement No. 87:				
Land lease	90,728	122,133	(31,405)	(3,952)
Tower lease	15,860	17,886	(2,026)	(614)
Deferred rent	-	(23,884)	23,884	243
Amounts as restated	<u>\$4,487,718</u>	<u>\$ 350,539</u>	<u>\$4,137,179</u>	<u>\$ 373,072</u>

Note II – Receivables

The reported property tax receivable is the amount of taxes anticipated to be collected after September 30, 2022. The difference between the receivable and the associated allowance is reported as unavailable revenue in the governmental funds balance sheet.

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

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Notes to Financial Statements-Continued
Year Ended September 30, 2022

Note III – Capital Assets

Depreciation and amortization expense for the year ended September 30, 2022, totaled \$384,144 and was charged to functions as follows:

Governmental Activities:	
General Government	\$ 21,827
Public Safety	<u>362,317</u>
	<u>\$ 384,144</u>

Capital asset activity for the year ended September 30, 2022 was as follows:

Beginning Balance	ESD	Volunteer Fire Departments	Robertson County Emergency Medical Services	Total
Tower	\$ 293,405	\$ -	\$ -	\$ 293,405
Furniture & Equipment	94,432	26,457	-	120,889
Bunker Gear	-	253,085	-	253,085
SCBA Gear	-	193,067	-	193,067
Building Expansion	-	68,000	-	68,000
Building Improvements	-	51,648	-	51,648
Emergency Services Equipment	-	365,727	-	365,727
Vehicles	-	926,773	249,687	1,176,460
Tower Lease	19,722	-	-	19,722
Land Lease	<u>126,890</u>	<u>-</u>	<u>-</u>	<u>126,890</u>
Total	<u>534,449</u>	<u>1,884,757</u>	<u>249,687</u>	<u>2,668,893</u>
 Additions				
Furniture & Equipment	-	5,888	-	5,888
Bunker Gear	-	63,867	-	63,867
Emergency Services Equipment	-	116,993	-	116,993
Copier Lease	13,440	-	-	13,440
Vehicles	-	158,602	-	158,602
Total Additions	<u>13,440</u>	<u>345,350</u>	<u>-</u>	<u>358,790</u>
 Total Disposals	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Total Capital Assets	 547,889	 2,230,107	 249,687	 3,027,683
Less Accumulated Amortization	(46,012)	-	-	(46,012)
Less Accumulated Depreciation	<u>(331,750)</u>	<u>(1,217,142)</u>	<u>(118,943)</u>	<u>(1,667,835)</u>
Total Capital Assets, Net of Depreciation and Amortization	 <u>\$ 170,127</u>	 <u>\$ 1,012,965</u>	 <u>\$ 130,744</u>	 <u>\$ 1,313,836</u>

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Notes to Financial Statements-Continued
Year Ended September 30, 2022

Note IV – Noncurrent Liabilities

The following is a summary of note payable transactions during the year ended September 30, 2022:

<u>Balance</u> <u>10/1/2021</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>9/30/2022</u>
\$ 184,298	\$ -	\$117,222	\$ 67,076

Notes payable at September 30, 2022 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>\$ 67,076</u>
Total notes payable	67,076
Less current maturities	<u>(67,076)</u>
Total long-term debt	<u>\$ -</u>

Annual payments required to amortize all long-term notes payable outstanding as of September 30, 2022 including interest payments are as follows:

<u>Year Ended</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	<u>\$67,076</u>	<u>\$1,838</u>	<u>\$68,914</u>

Note V – Net Investment in Capital Assets

For September 30, 2022, net investment in capital assets showed a balance of \$1,313,836. This amount is derived from total capital assets net of accumulated depreciation and amortization.

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, 2022

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 1, 2021, sets the tax levy at \$0.07330 per \$100 of assessed valuation, which results in the following:

	<u>October 1, 2021</u>
Taxable value	\$3,119,725,744
Levy	\$ 2,416,356

Note VIII – Leases

The District has entered into 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, 2022, the tower had a cost of \$293,405 with accumulated depreciation of \$254,283. The District offers tower space under leases to outside parties. The leases are annual leases.

During 2007, the District entered into a lease for land to use for the District’s tower. The lease expires in 2037 with seven additional ten-year extension periods. The District intends to exercise its option to extend the lease for two additional ten-year extension periods. The monthly rental payment at the inception of the lease was \$500 per month. However, the initial monthly rental payment of \$500 per month is increased by various escalation clauses during the lease term.

During 2019, the District entered into a lease for tower space on the Blackjack Tower Site located in Hearne, TX. The lease expires in 2023 with three additional five-year extension periods. The District intends to exercise all of the options to extend. The monthly rental payment at the inception of the lease was \$100 per month. However, the initial monthly rental payment of \$100 per month is increased by various escalation clauses during the lease term.

During 2022, the District entered into a copier lease. The lease expires in October 2026. The monthly rental payments are \$243 per month plus monthly excess usage charges.

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Notes to Financial Statements-Continued
Year Ended September 30, 2022

Note VIII – Leases-continued

Total lease assets and accumulated amortization as of September 30, 2022, were \$160,053 and \$46,012, respectively. Amortization expense for the year ended September 30, 2022, was \$5,988.

Future lease payments for all leases are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 3,945	\$ 11,200	\$ 15,145
2024	4,122	11,030	15,152
2025	4,310	10,850	15,160
2026	4,501	10,666	15,167
2027	1,999	10,503	12,502
2028-2032	10,835	50,461	61,296
2033-2037	15,234	46,061	61,295
2038-2042	14,556	40,274	54,830
2043-2047	19,641	33,573	53,214
2048-2052	29,628	23,587	53,215
2053-2057	<u>41,119</u>	<u>8,559</u>	<u>49,678</u>
Totals	<u>\$149,890</u>	<u>\$256,764</u>	<u>\$406,654</u>

Note IX – 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 X – 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, 2022, the amount of the District's bank deposits was \$2,048,636. 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 held by the District or its agent in the District's name.

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

Category 3 – Uncollateralized.

ROBERTSON COUNTY EMERGENCY SERVICES DISTRICT
Notes to Financial Statements-Continued
Year Ended September 30, 2022

Notes X – Deposits-continued

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

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
2022	\$501,197	\$1,547,439	\$ -

Note XI – Commitments

During fiscal year 2022, 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, 2022, 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 2022, the District renewed its agreement with the Robertson County Emergency Medical Services. This agreement is effective October 1, 2022, 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. See Note XII.

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.

Note XII – Subsequent Events

On October 11, 2022, the District filed an assumed name certificate. The assumed name under which the District will operate will be Robertson County Emergency Medical Services. The period during which the assumed name will be used is ten years from the date of filing with the county clerk of Robertson County, Texas.

On November 14, 2022, Robertson County Emergency Services, Inc. granted the District all of its real property through a general warranty deed receiving as consideration the operation of emergency medical services in Robertson County, Texas. On November 14, 2022, Robertson County Emergency Services, Inc. also sold all of its tangible and intangible personal property, as is, to the District and received as consideration the operation of emergency medical services in Robertson County, Texas. Both transactions were effective December 31, 2022.

Management has evaluated subsequent events through August 2, 2023, 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, 2022

	Original Budget	Final Budget	Actual	(Over)/Under
Insurance and bonds	\$ 25,000	\$ 19,757	\$ 21,753	\$ (1,996)
Public notices	1,000	50	43	7
Postage	200	202	202	-
Accounting fees	25,000	43,050	25,450	17,600
Computer expenses	2,000	1,514	1,514	-
Bond for tax assessor/collector	3,200	3,200	3,143	57
Legal fees	10,000	7,445	7,445	-
Appraisal costs	54,000	51,635	51,635	-
Membership dues	1,220	1,682	2,742	(1,060)
Miscellaneous	12,500	26,717	23,793	2,924
Rent/utilities	5,200	5,855	5,855	-
Salaries and benefits	76,659	68,838	61,618	7,220
Payroll taxes	-	-	4,231	(4,231)
Supplies	5,000	5,430	2,757	2,673
Tower maintenance	21,746	46,565	40,792	5,773
Tower electricity/ground maintenance	2,510	3,819	3,219	600
Travel	6,500	6,500	6,196	304
Property lease	9,504	10,353	-	10,353
Total	\$ 261,239	\$ 302,612	\$ 262,388	\$ 40,224

Note: Fire department operating expenses, EMS support, debt service and capital outlay are not budgeted by the District.