

**VAN ZANDT COUNTY EMERGENCY
SERVICES DISTRICT NO. 4**

FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

VAN ZANDT COUNTY EMERGENCY SERVICES DISTRICT NO. 4
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Van Zandt County Emergency Services District No. 4
Wills Point, Texas

I have audited the accompanying financial statements of the governmental activities and general fund of Van Zandt County Emergency Services District No. 4, as of and for the year ended September 30, 2020, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit 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, I 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.

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund of the Van Zandt County Emergency Services District No. 4, as of September 30, 2020, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Commissioners
Van Zandt County Emergency Services District No. 4

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Misty Culpepper, CPA, PLLC

Misty Culpepper, CPA, PLLC
Certified Public Accountant

August 30, 2021

VAN ZANDT COUNTY EMERGENCY SERVICES DISTRICT NO. 4

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Van Zandt County Emergency Service District Number 4 (the "District"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with the financial statements in this report.

For purposes of Governmental Accounting Standards Board Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "General Fund" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

FINANCIAL HIGHLIGHTS

- The assets of the Van Zandt County Emergency Services District No. 4 exceeded its liabilities at the close of the most recent fiscal year by \$1,515,997 (Net Position).
- The District's total net assets increased by \$507,116.
- As of the close of the current fiscal year, the District's governmental fund reported ending fund balance of \$1,090,134, of which all was unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's financial statements are comprised of two statements: 1) Statement of Net Position and Governmental Fund Balance Sheet and 2) Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance.

The *Statement of Net Position and Governmental Fund Balance Sheet* includes a column (titled "General Fund") that represents a balance sheet prepared using modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. 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 and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance* includes a column (titled "General Fund") that derives the change in fund balance resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the District, assets exceeded liabilities by \$1,515,997 at the close of the most recent fiscal year.

**VAN ZANDT COUNTY EMERGENCY SERVICES
DISTRICT NO. 4 STATEMENT OF NET POSITION**

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 1,111,794	\$ 855,142
Capital assets	<u>460,614</u>	<u>244,972</u>
Total Assets	<u>1,572,408</u>	<u>1,100,114</u>
Short-term liabilities	36,750	35,627
Long-term liabilities	<u>19,661</u>	<u>55,606</u>
Total liabilities	<u>56,411</u>	<u>91,233</u>
Net position:		
Invested in Capital Assets, Net of Related Debt	404,203	153,739
Unrestricted	<u>1,111,794</u>	<u>855,142</u>
Total net position	<u>\$ 1,515,997</u>	<u>\$ 1,008,881</u>

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 net position by \$507,116.

**VAN ZANDT COUNTY EMERGENCY SERVICE
DISTRICT NO. 4 STATEMENT OF ACTIVITIES**

	<u>2020</u>	<u>2019</u>
Expenses:		
General Government	\$ 44,221	\$ 50,377
Public Safety	165,848	119,971
Interest on Long-Term Debt	<u>4,391</u>	<u>4,391</u>
Total Expenses	<u>214,460</u>	<u>174,739</u>
Revenues:		
General Revenues	504,665	472,374
Capital Contributions	210,000	-
Investment Earnings	<u>6,911</u>	<u>17,333</u>
Total Revenues	<u>721,576</u>	<u>489,707</u>
Change in Net Position	<u>\$ 507,116</u>	<u>\$ 314,968</u>

Capital Assets at Year-End – Net of Accumulated Depreciation

The District's investment in capital assets for its governmental activities as of September 30, 2020, amounts to \$460,614 (net of accumulated depreciation). This investment in capital assets includes land and equipment.

	Governmental Activities	
	2020	2019
Land	\$ 100,297	\$ 100,297
Machinery and Equipment	360,317	144,675
	<u>\$ 460,614</u>	<u>\$ 244,972</u>

Additional information on the District's capital assets can be found in Note C on page 16 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the District had a total debt of \$56,411. This amount is backed by capital assets.

Outstanding Debt at Year End-Note Payable

	Governmental Activities	
	2020	2019
Notes payable	\$ 91,233	\$ 56,411
Total	<u>\$ 91,233</u>	<u>\$ 56,411</u>

Additional information on the District's long term-debt can be found in Note C on page 17 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

The District's economic condition remains positive as continued increase in the tax rolls in Van Zandt County is expected due to both new construction and increase in values.

REQUEST FOR INFORMATION

The 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 should be addressed to Van Zandt County Emergency Services District No. 4, PO Box 611, Wills Point, Texas 75169.

**VAN ZANDT COUNTY EMERGENCY SERVICES DISTRICT NO. 4
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Total</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 870,046	\$ 870,046
Receivables, Net of Allowances for Uncollectible Amounts	241,748	241,748
Capital Assets:		
Non-depreciable	100,297	100,297
Depreciable (Net of Accumulated Depreciation)	360,317	360,317
Total Assets	<u>1,572,408</u>	<u>1,572,408</u>
LIABILITIES		
Current Liabilities		
Accounts Payable and Other Current Liabilities	-	-
Noncurrent Liabilities:		
Due Within One Year	36,750	36,750
Due in More Than One Year	19,661	19,661
Total Liabilities	<u>56,411</u>	<u>56,411</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	404,203	404,203
Unrestricted	1,111,794	1,111,794
Total Net Position	<u>\$ 1,515,997</u>	<u>\$ 1,515,997</u>

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

VAN ZANDT COUNTY EMERGENCY SERVICES DISTRICT NO. 4
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

Function / Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Expenses	Capital Grants and Contributions	Primary Governmental Activities	Total
Primary Government				
Governmental Activities:				
General Government	\$ 44,221	\$ -	\$ (44,221)	\$ (44,221)
Public Safety	165,848	210,000	44,152	44,152
Interest on Long-Term Debt	4,391	-	(4,391)	(4,391)
Total Governmental Activities	<u>214,460</u>	<u>210,000</u>	<u>(4,460)</u>	<u>(4,460)</u>
Total Primary Government	<u>214,460</u>	<u>210,000</u>	<u>(4,460)</u>	<u>(4,460)</u>
General Revenues:				
Property Taxes			504,665	504,665
Investment Earnings			6,911	6,911
Total General Revenues			<u>511,576</u>	<u>511,576</u>
Change in Net Position			507,116	507,116
Net Position - Beginning			1,008,881	1,008,881
Net Position - Ending			<u>\$ 1,515,997</u>	<u>\$ 1,515,997</u>

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

**VAN ZANDT COUNTY EMERGENCY SERVICES DISTRICT NO. 4
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2020**

	General Fund	Total Governmental Funds
ASSETS		
Cash	\$ 870,046	\$ 870,046
Receivables (Net of Allowance for Uncollectibles)	241,748	241,748
Total Assets	<u>\$ 1,111,794</u>	<u>\$ 1,111,794</u>
LIABILITIES		
Liabilities		
Accounts Payable and Other Current Liabilities	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes	21,660	21,660
Total Deferred Inflows of Resources	<u>21,660</u>	<u>21,660</u>
FUND BALANCES		
Unassigned	1,090,134	1,090,134
Total Fund Balances	<u>1,090,134</u>	<u>1,090,134</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,111,794</u>	

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.	460,614
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	21,660
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(56,411)
Net position of governmental activities	<u>\$ 1,515,997</u>

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

VAN ZANDT COUNTY EMERGENCY SERVICES DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Total Governmental Funds
REVENUES		
Property Tax	\$ 502,730	\$ 502,730
Revenues from use of money	6,911	6,911
Total Revenues	<u>509,641</u>	<u>509,641</u>
EXPENDITURES		
Current		
Volunteer Fire Department Funding	83,725	83,725
Equipment Purchases and Repairs	269,407	269,407
Tax appraisal/collection fees	26,500	26,500
Administrative Fees	23,505	23,505
Contract Labor	5,250	5,250
Insurance	10,205	10,205
Other Expenses	7,121	7,121
Debt Service		
Principal Retirement and Interest Charges	39,213	39,213
Total Expenditures	<u>464,926</u>	<u>464,926</u>
Excess (deficiency) of Revenues Over Expenditures	<u>44,715</u>	<u>44,715</u>
OTHER FINANCING SOURCES (USES)		
Capital Contributions	210,000	210,000
Total Other Financing Sources and Uses	<u>210,000</u>	<u>210,000</u>
Net Change in Fund Balance	254,715	254,715
Fund Balances - Beginning	835,419	835,419
Fund Balances - Ending	<u>\$ 1,090,134</u>	<u>\$ 1,090,134</u>

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

**VAN ZANDT COUNTY EMERGENCY SERVICES DISTRICT NO. 4
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT
 OF ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2020**

Amounts reported for governmental activities in the statement of activities (page 7) are different because:

Net change in fund balance-total governmental funds (page 9) \$ 254,715

Governmental funds report capital outlays as expenditures, however, in the government-wide statement of activities and changes in net assets the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay recorded as capital assets in the current year. 232,744

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets but does not require the use of current financial resources. Therefore depreciation expense is not reported as expenditure in governmental funds. (17,102)

The issuance of long-term debt (e.g. bonds, 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 assets. Also governmental funds report the effect of issuance costs, 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 \$ 34,822 34,822

Some property tax and intergovernmental revenues will not be collected for several months after the City's fiscal year end. These are not considered "available" revenues in the governmental funds until received. Change in the amount deferred on fund statements. 1,937

Change in net position of governmental activities (page 7) \$ 507,116

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

**VAN ZANDT COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Van Zandt County Emergency Services District No. 4 (the "District") was approved by voters of the District in a general election on July 16, 2015. Pursuant to Texas Legislature S.B. 1021, which became effective September 1, 2003, all rural fire prevention districts were automatically converted into emergency service districts. As a result, the name of the District changed effective September 1, 2003 and the District automatically assumed all rights and obligations of the former entity. The District provides fire suppression, emergency medical and rescue first response, hazardous material incident response, and other emergency incident response that may arise within its boundaries.

Reporting Entity

The reporting entity of the District encompasses those activities and functions over which the District's appointed officials exercise significant oversight or control. The District is governed by a five member Board of Commissioners (the "Board") which has been appointed in accordance with State law. The District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board ("GASB") Statement No. 14 since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units which are included in the District's reporting entity.

Government-wide and fund financial statements

For purposes of Governmental Accounting Standards Board Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "General Fund" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

The government-wide financial statements report information on all of the activities of the District.

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. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

**VAN ZANDT COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Major revenue sources considered susceptible to accrual include interest income and property taxes. Delinquent property taxes at year end that are not collected within sixty days of year end are reported as deferred inflows of resources.

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. Any unassigned fund balances of the general fund are considered resources available for current operations.

Assets, liabilities, and net position or equity

Deposits and investments -

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The District has not adopted an investment policy.

Receivables -

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivables in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to .2 percent of outstanding property taxes at year end. In September 2019, the District levied a tax rate of \$0.099 per \$100 of assessed valuation to financial operating expenditures. The total 2020 tax levy was \$499,225.

**VAN ZANDT COUNTY EMERGENCY SERVICES DISTRICT NO. 4
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, liabilities, and net position or equity (continued)

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 Van Zandt County Appraisal District as market value and assessed at 100% of appraised value. Property taxes attach as an enforceable lien on property as of January 1. Van Zandt County bills and collects property taxes for the District, 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.

Capital assets -

Capital assets, which include buildings, improvements, machinery and equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems), are reported in the applicable governmental or business-type 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 three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Machinery and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Machinery and equipment	5-15

Long-term obligations -

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity -

The following fund balance classifications describe the relative strength constraints placed on the purposes for which resources can be used:

**VAN ZANDT COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, liabilities, and net position or equity (continued)

- *Nonspendable fund balance* – amounts that are not in a spendable form (such as inventory) 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;
- *Committed fund balance* – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change to constraint;
- *Assigned fund balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official body to which the governing body delegates the authority;
- *Unassigned fund balance* – amounts that are available for any purpose; positive amounts are reported only in the general fund

The Board establishes (and modifies and rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service, or for other purposes).

In the general fund, the District strives to maintain an unassigned fund balance to be used for unanticipated emergencies.

Deferred Outflows and Inflows of Resources –

The District adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources, and Net Position*, which provided guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows or resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reports as assets and liabilities.

**VAN ZANDT COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information

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

NOTE C – DETAILED NOTES ON ALL FUNDS

Deposits and investments

Deposits – State statutes require that all deposits in financial institutions be fully 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. The District's deposits were fully insured or collateralized as required by State statutes at September 30, 2020. At year end the bank balance of the District's deposits were \$871,308, of which \$250,000 was covered by federal depository insurance. The remaining balance of \$621,308 was covered by collateral pledged in the District's name.

Investments – State statutes authorize the District to invest in certificates of deposit, obligations of the U.S. Treasury and the state treasurer's investment pool. The District does not have a written investment policy that would further limit its investment choices.

Receivables

Receivables as of year-end for the Districts individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	
Taxes	\$ 28,529
Grant	200,000
Other	16,072
Gross receivables	<u>244,601</u>
Less: allowance for uncollectables	<u>(2,853)</u>
Net total receivables	<u>\$ 241,748</u>

**VAN ZANDT COUNTY EMERGENCY SERVICES DISTRICT NO. 4
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020**

NOTE C – DETAILED NOTES ON ALL FUNDS

Capital assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 100,297	\$ -	\$ -	\$ 100,297
Total capital assets not being depreciated	<u>100,297</u>	<u>-</u>	<u>-</u>	<u>100,297</u>
Capital assets being depreciated:				
Buildings	\$ -	\$ -	\$ -	\$ -
Improvements	-	-	-	-
Machinery and equipment	187,091	-	232,744	419,835
Totals capital assets being depreciated	<u>187,091</u>	<u>-</u>	<u>232,744</u>	<u>419,835</u>
Less accumulated depreciation for:				
Buildings	-	-	-	-
Improvements	-	-	-	-
Machinery and equipment	(42,416)	(17,102)	-	(59,518)
Total accumulated depreciation	<u>(42,416)</u>	<u>(17,102)</u>	<u>-</u>	<u>(59,518)</u>
Total capital assets, being depreciated, net	<u>144,675</u>	<u>(17,102)</u>	<u>232,744</u>	<u>360,317</u>
Governmental activities capital assets, net	<u>\$ 244,972</u>	<u>\$ (17,102)</u>	<u>\$ 232,744</u>	<u>\$ 460,614</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Public safety	\$ 17,102
Total depreciation expense - governmental activities	<u>\$ 17,102</u>

**VAN ZANDT COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE C – DETAILED NOTES ON ALL FUNDS

Long-term debt

Note Payable -

The District's notes payable currently outstanding and reported as a liability of the District's governmental activities is:

<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>	<u>Collateral</u>
\$ 95,020	FY 2022	4.75%	\$ 39,543	Brush Truck Land
\$ 80,000	FY 2021	4.45%	16,868	
			<u>\$ 56,411</u>	

Annual debt service requirements to maturity are as follows –

<u>Year Ending September 30</u>	<u>Note Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 36,750	\$ 1,871
2022	19,661	522
	<u>\$ 56,411</u>	<u>\$ 2,393</u>

Changes in long-term liabilities –

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental activities: Notes payable	91,233	-	(34,822)	56,411	36,750
Governmental activity Long-term liabilities	<u>\$ 91,233</u>	<u>\$ -</u>	<u>\$ (34,822)</u>	<u>\$ 56,411</u>	<u>\$ 36,750</u>

**VAN ZANDT COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE D – OTHER INFORMATION

Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, and natural disasters. During fiscal year 2020, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there are no settlements exceeding insurance coverage for each of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund

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

VAN ZANDT COUNTY EMERGENCY SERVICES DISTRICT NO. 4
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original and Final Budgeted Amounts	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Over (Under) Budget
REVENUES					
Property Tax	\$ 499,225	\$ 502,730	\$ (4,160)	\$ 498,570	\$ (655)
Intergovernmental	10,000	210,000	-	210,000	200,000
Revenues from use of money	10,000	6,911	-	6,911	(3,089)
Total Revenues	<u>519,225</u>	<u>719,641</u>	<u>(4,160)</u>	<u>715,481</u>	<u>196,256</u>
EXPENDITURES					
Current					
Volunteer Fire Department Funding	100,000	83,725	(13,817)	69,908	(30,092)
Equipment Purchases and Repairs	288,000	269,407	-	269,407	(18,593)
Tax appraisal/collection fees	30,000	26,500	-	26,500	(3,500)
Administrative Fees	25,400	23,505	-	23,505	(1,895)
Contract Labor	5,000	5,250	-	5,250	250
Insurance	15,000	10,205	-	10,205	(4,795)
Principal Retirement and Interest Charges	41,835	39,213	-	39,213	(2,622)
Other Expenses	13,990	7,121	-	7,121	(6,869)
Total Public Safety	<u>519,225</u>	<u>464,926</u>	<u>(13,817)</u>	<u>451,109</u>	<u>(68,116)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 254,715</u>	<u>\$ 9,657</u>	<u>\$ 264,372</u>	<u>\$ 264,372</u>