

**Brazoria County Emergency Services District No. 6**

**BRAZORIA COUNTY, TEXAS**

***ANNUAL FINANCIAL REPORT***

**September 30, 2023**



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
Brazoria County Emergency  
Services District No. 6  
Brazoria County, Texas

### **Report on the Audit of the Financial Statements**

#### **Opinions**

I have audited the accompanying financial statements of the governmental activities and major fund of Brazoria County Emergency Services District No. 6, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Brazoria County Emergency Services District No. 6's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Brazoria County Emergency Services District No. 6, as of September 30, 2023, 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**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Brazoria County Emergency Services District No. 6, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### **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 Brazoria County Emergency Services District No. 6'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.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 auditor's report that includes my 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, I:

- 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 Brazoria County Emergency Services District No. 6'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Brazoria County Emergency Services District No. 6's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 on pages 5 through 8 and pages 24 through 25, respectively, 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. 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.

*Curtis T. Craig, CPA*

Rosenberg, Texas  
May 14, 2024

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## **Management's Discussion and Analysis**

As management of Brazoria County Emergency Services District No. 6 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended September 30, 2023.

### **FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$764,694 (net position).
- As of September 30, 2023, the District's governmental fund reported an ending fund balance of \$734,091.
- The District's cash and cash equivalents balances at September 30, 2023, totaled \$745,026, representing an increase of \$222,899 from September 30, 2022.
- The District had revenues of \$662,734 and an increase in net position of \$225,596 for the year ended September 30, 2023.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

The government-wide financial statements present functions of the District that are provided from funding sources (governmental activities). The government-wide financial statements can be found on pages 10 through 11 of this report.

## **FUND FINANCIAL STATEMENTS**

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

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide an adjustments column to facilitate this comparison between the governmental funds and *governmental activities*. The basic governmental fund financial statements can be found on pages 10 through 11 of this report.

## **NOTES TO THE FINANCIAL STATEMENTS**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 through 21 of this report.

## **OTHER INFORMATION**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's General Fund. Required supplementary information can be found on pages 24 through 25 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$764,694 as of September 30, 2023.

The entire amount of the District's net position represents unrestricted financial resources available for future operations (\$764,694).

**SUMMARY OF STATEMENT OF NET POSITION**  
**As of September 30, 2023 and 2022**

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Current and other assets	\$ 776,613	\$ 548,852
<b>Total Assets</b>	<b>776,613</b>	<b>548,852</b>
Current and other liabilities	11,919	9,754
<b>Total Liabilities</b>	<b>11,919</b>	<b>9,754</b>
<b>Net Position:</b>		
Unrestricted	764,694	539,098
<b>Total Net Position</b>	<b>\$ 764,694</b>	<b>\$ 539,098</b>

Net position of the District, all of which relate to governmental activities, increased by \$225,596. Key elements of the increase are as follows:

**CHANGES IN NET POSITION**  
**For the Fiscal Years Ended September 30, 2023 and 2022**

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Property taxes	\$ 625,400	\$ 628,706
Other	37,334	9,703
<b>Total Revenues</b>	<b>662,734</b>	<b>638,409</b>
<b>Expenses</b>		
Service operations	437,138	442,647
<b>Total Expenses</b>	<b>437,138</b>	<b>442,647</b>
<b>Change in Net Position</b>	<b>225,596</b>	<b>195,762</b>
<b>Net Position, Beginning</b>	<b>539,098</b>	<b>343,336</b>
<b>Net Position, Ending</b>	<b>\$ 764,694</b>	<b>\$ 539,098</b>

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

As previously noted, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's governmental fund is discussed below:

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

As of September 30, 2023, the District's governmental fund, the General Fund, reported an ending fund balance of \$734,091, which is an increase of \$220,753 from last year's total of \$513,338. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 167.7 percent of total General Fund expenditures, as compared to 115.8 percent in the prior year.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

For the 2023 fiscal year, the District anticipated an increase in fund balance of \$155,471 while the actual change in fund balance was an increase of \$220,753. Actual revenues were \$39,591 more than budgeted revenues. Actual expenditures were \$25,691 less than budgeted expenditures.

The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. The budgetary comparison schedule on page 24 of this report provides variance information for the General Fund.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Brazoria County Emergency Services District No. 6's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Brazoria County Emergency Services District No. 6, c/o Cordoba Law Firm, PLLC., 85 Oak Drive, Suite 102, Lake Jackson, TX 77566.

## **BASIC FINANCIAL STATEMENTS**

# **BRAZORIA COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

Exhibit B(1)

## **STATEMENT OF NET POSITION AND GOVERNMENTAL FUND**

### **BALANCE SHEET**

**September 30, 2023**

	<b><u>General Fund</u></b>	<b><u>Adjustments (Note 3)</u></b>	<b><u>Statement of Net Position</u></b>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 745,026	\$	\$ 745,026
<b>Receivables:</b>			
Property taxes	30,603		30,603
Prepays	984		984
<b>Total Assets</b>	<u>776,613</u>		<u>776,613</u>
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position</u></b>			
<b><u>Liabilities</u></b>			
Accounts payable	11,919		11,919
<b>Total Liabilities</b>	<u>11,919</u>		<u>11,919</u>
<b><u>Deferred Inflows of Resources</u></b>			
Unavailable revenues - property taxes	30,603	(30,603)	
<b>Total Deferred Inflows of Resources</b>	<u>30,603</u>	<u>(30,603)</u>	
<b><u>Fund Balance/Net Position</u></b>			
<b>Fund Balance:</b>			
Nonspendable	984	(984)	
Unassigned	733,107	(733,107)	
<b>Total Fund Balance</b>	<u>734,091</u>	<u>(734,091)</u>	
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<u>\$ 776,613</u>		
<b>Net Position:</b>			
Unrestricted		764,694	764,694
<b>Total Net Position</b>		<u>\$ 764,694</u>	<u>\$ 764,694</u>

# **BRAZORIA COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

Exhibit B(2)

## **STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND** **REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**For the Year Ended September 30, 2023**

	<b>General Fund</b>	<b>Adjustments (Note 3)</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
Property taxes	\$ 620,557	\$ 4,843	\$ 625,400
Penalties and interest	6,961		6,961
Investment earnings	30,373		30,373
<b>Total Revenues</b>	<u>657,891</u>	<u>4,843</u>	<u>662,734</u>
<b>Expenditures/Expenses</b>			
<b>Service Operations:</b>			
EMS service	351,779		351,779
Dispatch service	32,025		32,025
Compensation of commissioners	975		975
Appraisal district fees	3,648		3,648
Tax collection fees	2,533		2,533
Legal	26,509		26,509
Accounting and audit	10,290		10,290
Legal notices and other publications	221		221
Printing and office supplies	168		168
Membership dues	275		275
Insurance and bonds	1,058		1,058
Website	2,577		2,577
Conferences and training	885		885
Travel	4,195		4,195
<b>Total Expenditures/Expenses</b>	<u>437,138</u>		<u>437,138</u>
<b>Net Change in Fund Balance</b>	220,753	(220,753)	
<b>Change in Net Position</b>		225,596	225,596
<b>Fund Balance/Net Position - Beginning</b>	<u>513,338</u>	<u>25,760</u>	<u>539,098</u>
<b>Fund Balance/Net Position - Ending</b>	<u>\$ 734,091</u>	<u>\$ 30,603</u>	<u>\$ 764,694</u>

See Notes to Financial Statements.

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# **BRAZORIA COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

**Exhibit B(3)**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 1 – CREATION OF THE DISTRICT**

Brazoria County Emergency Services District No. 6 (the "District"), located in Brazoria County, Texas, was created by the Commissioners' Court of Brazoria County on May 28, 2019, in accordance with Article III, Section 48-e, of the Texas Constitution. The District operates under Chapter 775 of the Health and Safety Code. The District was established to provide funds for the contracting of emergency services within the boundaries of the District. Per the Texas Constitution, emergency service districts cannot levy a tax rate in excess of \$0.10 per \$100 of assessed valuation. On May 28, 2019, the voters of the District approved a maximum tax rate of \$0.10 per \$100 of assessed valuation on all taxable property in the District.

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the primary accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant principles of the District are described below.

#### **A. Reporting Entity**

The District is a political subdivision of the State of Texas and is governed by a Board of Commissioners. As required by generally accepted accounting principles, these financial statements present all activities and functions for which the District's governing board is considered to be financially accountable. Certain other entities providing like services within the area of Brazoria County are administered by separate boards, and, are not subject to oversight by the District's Board of Commissioners. The District is considered a primary government for financial reporting purposes and its activities are not a part of any other governmental reporting entity. These financial statements include all operations for which this governing body is considered to be financially accountable, and include all functions falling within the definition of the reporting entity as contained in standards set forth by the Governmental Accounting Standards Board. There are no component units as defined under those standards.

#### **Financial Statement Presentation**

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement, known as the "Reporting Model" statement, affects the way the District prepares and presents financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private-sector financial information.

# BRAZORIA COUNTY EMERGENCY SERVICES DISTRICT NO. 6

Exhibit B(3)

## NOTES TO FINANCIAL STATEMENTS

GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

Some of the significant changes of GASB Statement No. 34 include the following:

**Management's Discussion and Analysis** - GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" ("MD&A"). This analysis is similar to the analysis that private sector companies provide in their annual reports.

**Government-Wide Financial Statements** - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities, but also capital assets and long-term liabilities (such as buildings and infrastructure and general obligation debt). Accrual accounting reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter, as is the case with the modified accrual basis of accounting. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report related depreciation expense, the cost of "using up" capital assets, in the Statement of Activities. The net position of a government is broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

**Fund Financial Statements** - These statements focus on the District's major fund and are prepared using the modified accrual basis of accounting.

### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the primary government and its component units, as applicable. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The District had no business-type activities or component units as of and for the year ended September 30, 2023. The governmental fund financial statements consist of the balance sheet and statement of revenues, expenditures and changes in fund balance. These financial statements have been adjusted to arrive at the government-wide financial statement balances (statement of net position and statement of activities). Major individual governmental funds are reported as separate columns in the fund financial statements.

# BRAZORIA COUNTY EMERGENCY SERVICES DISTRICT NO. 6

## Exhibit B(3)

### NOTES TO FINANCIAL STATEMENTS

#### **B. Measurement Focus and Basis of Accounting**

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.

Governmental funds 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 60 days of the end of the current fiscal period. Revenues accrued include interest earned on investments and income from District operations. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service requirements, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Governmental Accounting Standards Board has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

#### **Nonspendable:**

To indicate fund balance associated with inventories, prepaids, long-term loans and notes receivable and property held for resale (unless the proceeds are restricted, committed or assigned).

#### **Restricted:**

To indicate fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. When restricted and unrestricted fund balance exists for the same purpose, restricted fund balance will be used first.

#### **Committed:**

To indicate fund balance that can be used only for the specific purposes determined by a formal action of the Board of Commissioners (the District's highest level of decision-making authority). Commitments may be changed or lifted only by the Board of Commissioners taking the same formal action that imposed the constraint originally.

#### **Assigned:**

To indicate fund balance to be used for specific purposes but do not meet the criteria to be classified as restricted or committed.

# **BRAZORIA COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

## **Exhibit B(3)**

### **NOTES TO FINANCIAL STATEMENTS**

#### **Unassigned:**

To indicate the residual classification of fund balance in the General Fund and includes all spendable amounts not contained in the other classifications.

In circumstances where an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

GASB 54 requires disclosure of any formally adopted minimum fund balance policies. The District does not currently have any such policies.

The accounting system is organized on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, liabilities, fund equity or deficit, revenues and expenditures.

The District reports the following governmental fund:

#### **General Fund**

The General Fund is the government's primary operating fund. The General Fund accounts for all financial resources of the District. The major revenue source is local property taxes. Expenditures include all costs associated with daily operations of the District. The District has only one fund, the General Fund.

#### **C. Investments**

Investments for the District are reported at fair value, except for the position in investment pools. The District's investment pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

#### **D. Prepaid Items**

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

#### **E. Deferred Inflows/Outflows of Resources**

In addition to liabilities, the governmental fund balance sheet and government-wide statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category.

# BRAZORIA COUNTY EMERGENCY SERVICES DISTRICT NO. 6

## NOTES TO FINANCIAL STATEMENTS

Exhibit B(3)

- Deferred inflows of resources for unavailable revenues - Reported in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

In addition to assets, the governmental fund balance sheet and government-wide statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not currently have any items that qualify for reporting in this category.

**F. Date of Management’s Review**

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through May 14, 2024, the date that the financial statements were available to be issued.

**G. Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 3 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.**

The governmental fund balance sheet includes an adjustments column to arrive at the government-wide statement of net position balances. Amounts reported in the statement of net position are different because:

Total fund balance - governmental fund	\$ 734,091
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	<u>30,603</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 764,694</u></u>

# BRAZORIA COUNTY EMERGENCY SERVICES DISTRICT NO. 6

Exhibit B(3)

## NOTES TO FINANCIAL STATEMENTS

### B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures and changes in fund balance includes an adjustments column to arrive at changes in net position as reported in the government-wide statement of activities. Amounts reported in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 220,753
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This represents the net change in property taxes receivable on the accrual basis of accounting.	<u>4,843</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 225,596</u></u>

### NOTE 4 – DEPOSITS AND INVESTMENTS

#### A. Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was \$59,233 and the bank balance was \$59,233. The District was not exposed to custodial credit risk at year-end. As of September 30, 2023, all of the District's deposits were covered by federal depository insurance and securities pledged by the District's bank.

#### B. Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first;

# BRAZORIA COUNTY EMERGENCY SERVICES DISTRICT NO. 6

Exhibit B(3)

## NOTES TO FINANCIAL STATEMENTS

preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgement and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Commissioners.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC, serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. Wells Fargo Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The fair value of the District's position in the pool is the same as the value of the pool shares. There is no limitations or restrictions on withdrawals from Texas CLASS.

As of September 30, 2023, the District has the following cash and cash equivalents:

	<b>Reported Value</b>	<b>Weighted Average Maturity (Days)</b>
Cash deposits	\$ 59,233	
Texas CLASS	685,793	1
<b>Total Cash and Cash Equivalents</b>	<b>\$ 745,026</b>	

### **NOTE 5 - PROPERTY TAXES**

All property values are determined by the Brazoria County Central Appraisal District. A tax lien attaches to all properties within the District on January 1st of each year. Taxes are generally levied on October 1 and are due upon receipt of the tax bill by the property owner. Penalties and interest are charged if taxes are not paid by the succeeding January 31<sup>st</sup>.

For the current year, the District levied a tax rate of \$0.054348 per \$100 of assessed valuation. The resulting tax levy was \$624,844 on the adjusted taxable valuation of \$1,149,709,253 for the 2022 tax year.

# BRAZORIA COUNTY EMERGENCY SERVICES DISTRICT NO. 6

Exhibit B(3)

## NOTES TO FINANCIAL STATEMENTS

Property taxes receivable at September 30, 2023, consisted of the following:

<u>Tax Year</u>	<u>General Fund</u>
2022	\$ 14,709
2021	7,184
2020	5,101
2019	3,609
	<u>\$ 30,603</u>

### **NOTE 6 - RECEIVABLES**

Receivables as of year-end for the government's individual major fund are as follows:

	<u>General Fund</u>
Receivables:	
Taxes	\$ 30,603
<b>Total Receivables</b>	<u>\$ 30,603</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, deferred inflows of resources reported in the governmental fund were as follows:

Delinquent property taxes receivable - General Fund	\$ 30,603
<b>Total Deferred Inflows for Governmental Funds</b>	<u>\$ 30,603</u>

### **NOTE 7 – AGREEMENTS FOR PROVIDING EMERGENCY MEDICAL SERVICES**

The District has contracted with Sweeny Hospital District ("Sweeny") to provide staff, facilities, equipment, programs, and/or services it considers necessary to provide or obtain emergency services that the District is authorized to provide. The term of the agreement is for three years, with the first term commencing October 1, 2019, the second term commencing on October 1, 2020, and the third term commencing October 1, 2021. The agreement will be renewed for two additional terms of three years each unless notice of termination is given by either party at least six months prior to the expiration of the initial term or renewal term. Sweeny will be the exclusive provider of emergency medical services to the District and, as such, will provide the District with twenty-four hour emergency medical services seven days a week. The District will pay Sweeny for medical services provided as follows: \$350,000 for the first term, \$350,000 for the second term, and an amount to be determined based on the actual cost to Sweeny in



# **BRAZORIA COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

**Exhibit B(3)**

## **NOTES TO FINANCIAL STATEMENTS**

providing emergency medical services to the District for the fiscal year of October 1, 2018, to September 30, 2019, for the third term of the agreement. The cost of the first year of the first renewal term will be based on actual cost to Sweeny in providing emergency medical services to the District for the fiscal year of October 1, 2019, to September 30, 2020, which will be determined by Sweeny's annual financial audit. The costs for all future years under this agreement shall be determined in the same manner. Payments from the District to Sweeny for emergency medical services will be paid quarterly for all years under the agreement.

The District has contracted with Sweeny and the City of Brazoria, Texas, ("Brazoria") to provide, through Brazoria's police department, dispatching services twenty-four hours per day, seven days a week to relay dispatch calls requesting emergency medical services to the District. The term of the agreement is for one year, with the first term commencing on October 1, 2019, and ending on September 30, 2020. The agreement will automatically renew for each fiscal year commencing on October 1<sup>st</sup> of the renewal year and ending the following September 30<sup>th</sup> unless sixty days written notice of termination is given by either party. The District agrees to pay Brazoria twenty-five (\$25.00) per call and Brazoria will send a detailed bill to the District each quarter with payment due within forty-five days of the District's receipt.

### **NOTE 8 - RISK MANAGEMENT**

Section 775.033 of the Texas Health and Safety Code states that a District is not liable for a claim arising from the act or omission of an employee or volunteer under an oral or written contract with the District if the act or omission: (1) is in the course and scope of the employee's or volunteer's duties for the District; (2) takes place during the provision of emergency services; (3) is not in violation of a statute or ordinance applicable to emergency action; and (4) is not wilful or wantonly negligent. The District is exposed to liability for all other acts or omissions outside the scope of this Section of the Texas Health and Safety Code, for which the District carries commercial insurance. There has been no significant reduction in insurance coverage during the year ended September 30, 2023. As of September 30, 2023, the District is unaware of any material liability for unpaid claims or unasserted claims.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**BRAZORIA COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

Exhibit C(1)

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND****Year Ended September 30, 2023**

	<b>Budgeted Amounts</b>			<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Property taxes	\$ 617,400	\$ 617,400	\$ 620,557	\$ 3,157
Penalties and interest			6,961	6,961
Investment earnings	900	900	30,373	29,473
<b>Total Revenues</b>	<u>618,300</u>	<u>618,300</u>	<u>657,891</u>	<u>39,591</u>
<b>Expenditures</b>				
<b>Service Operations:</b>				
EMS service	351,779	351,779	351,779	
Dispatch service	40,000	40,000	32,025	7,975
Compensation of commissioners	5,000	5,000	975	4,025
Appraisal district fees	4,000	4,000	3,648	352
Tax collection fees	3,500	3,500	2,533	967
Legal	25,000	25,000	26,509	(1,509)
Accounting and audit	12,000	12,000	10,290	1,710
Legal notices and other publications	500	500	221	279
Printing and office supplies	500	500	168	332
Membership dues	1,000	1,000	275	725
Insurance and bonds	2,000	2,000	1,058	942
Website	3,500	3,500	2,577	923
Conferences and training	3,450	3,450	885	2,565
Travel	4,000	4,000	4,195	(195)
Communications and outreach	4,500	4,500		4,500
Miscellaneous	2,100	2,100		2,100
<b>Total Expenditures</b>	<u>462,829</u>	<u>462,829</u>	<u>437,138</u>	<u>25,691</u>
<b>Net Change in Fund Balance</b>	<u>155,471</u>	<u>155,471</u>	<u>220,753</u>	<u>65,282</u>
<b>Fund Balance - Beginning</b>	<u>513,338</u>	<u>513,338</u>	<u>513,338</u>	
<b>Fund Balance - Ending</b>	<u>\$ 668,809</u>	<u>\$ 668,809</u>	<u>\$ 734,091</u>	<u>\$ 65,282</u>

# **BRAZORIA COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

Exhibit C(2)

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

### **A. Budget and Budgetary Accounting**

An annual budget is adopted for the General Fund by the District's Board of Commissioners. The budget is prepared using the same method of accounting as for financial reporting and serves as a planning tool. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund presents the original and final budget amounts compared to the actual amounts of revenues and expenditures for the current year.

### **B. Excess of Expenditures over Appropriations**

For the year ended September 30, 2023, expenditures exceeded appropriations for legal and travel of the General Fund in the amounts of \$1,509 and \$195, respectively. These expenditures in excess of appropriations were funded by greater than anticipated revenues in the General Fund.

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