



**WILSON COUNTY  
EMERGENCY SERVICES DISTRICT NO. 2**

**ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2019**



WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED SEPTEMBER 30, 2019

DISTRICT OFFICIALS

PRESIDENT	LARRY PHILLIPS
VICE PRESIDENT	GLENN CUNNINGHAM
SECRETARY	RUDY CANTU
TREASURER	KELLY HAWKINS
ASST. TREASURER	PAUL WITEK
WILSON COUNTY COMMISSIONER PCT.4	LARRY WILEY
ATTORNEY	LAW OFFICES OF LOUIS T. ROSENBERG, P.C.



WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
 ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

TABLE OF CONTENTS

	PAGE
TITLE PAGE	i
DISTRICT OFFICIALS	ii
TABLE OF CONTENTS	iii

FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT.....	1
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	3
BASIC FINANCIAL STATEMENTS .....	9
STATEMENT OF NET POSITION.....	10
STATEMENT OF ACTIVITIES.....	11
BALANCE SHEET .....	12
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION.....	13
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE .....	14
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES.....	15
NOTES TO BASIC FINANCIAL STATEMENTS .....	16
REQUIRED SUPPLEMENTARY INFORMATION.....	27
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND.....	28
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – SPECIAL REVENUE FUND .....	29
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL.....	30
SUPPLEMENTARY INFORMATION .....	31
COMPARATIVE BALANCE SHEETS – GENERAL FUND.....	32
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GENERAL FUND .....	33
COMPARATIVE BALANCE SHEETS - SPECIAL REVENUE FUND .....	34
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – SPECIAL REVENUE FUND.....	35





## INDEPENDENT AUDITOR'S REPORT

District Commissioners  
Wilson County Emergency Services District No. 2

### **Report on the Financial Statements**

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the Wilson County Emergency Services District No. 2, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Wilson County Emergency Services District No. 2's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Wilson County Emergency Services District No. 2's 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 controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Wilson County Emergency Services District No. 2, as of September 30, 2019, and the respective change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the Table of Contents 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 (GASB), 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wilson County Emergency Services District No. 2's financial statements. The comparative statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The comparative statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Armstrong, Vaughan & Associates, P.C.

April 17, 2020



## MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Wilson County Emergency Services District No. 2’s annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year ended September 30, 2019. Please read it in conjunction with the District’s financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The District’s total net position was \$559.3 thousand at September 30, 2019.
- During the year, the District’s expenses were \$175 thousand more than the \$1.2 million generated in taxes and other revenues for governmental activities.
- The total cost of the District’s programs increased by \$231 thousand from last year.
- Sales and use tax generated \$377.8 thousand as of September 30, 2019.
- EMS charges generated \$198.8 thousand and property tax generated \$498.8 thousand this year.
- The general fund reported a fund balance this year of \$261 thousand.
- The District entered into a note payable for the construction of a new Fire/EMS substation in the amount of \$1.42 million.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

**Figure A-1, Required Components of the District’s Annual Financial Report**

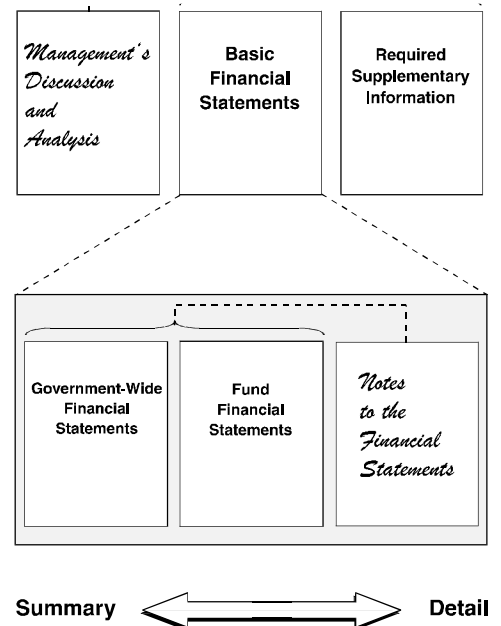


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

<b>Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements</b>		
	<b>Fund Statement</b>	
<i>Type of Statements</i>	Government-wide	Governmental Funds
<i>Scope</i>	Entire District's government (except fiduciary funds) and the District's component unit (District 2 Emergency Services District, Inc.)	The activities of the District that are not proprietary or fiduciary
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures &amp; Changes in Fund Balances</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

### **Government-Wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net Position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as Emergency Services and general administration. Property taxes will finance most of these activities.

## Fund Financial Statements

The District has the following kinds of funds:

- *Governmental funds*—All of the District’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District’s combined net position was \$559.3 thousand at September 30, 2019. (See Table A-1).

**Table A-1**  
Wilson County Emergency Services District No. 2 Net Position  
(In thousands dollars)

	Governmental Activities		Total Percentage Change
	2019	2018	2019-2018
<b>Current assets:</b>			
Cash and Investments	\$ 301.5	\$ 124.5	142.2%
Property Tax Receivable	23.7	24.9	-4.8%
Sales Tax Receivable	67.2	69.2	-2.9%
EMS Receivable (Net of Allowance)	163.3	152.8	6.9%
Prepaid Items	11.4	-	100.0%
<b>Noncurrent Assets:</b>			
Land	129.1	129.1	0.0%
Building Improvements	28.5	28.5	0.0%
Equipment and Vehicles	859.2	854.0	0.6%
Construction in Progress	1,334.2	61.3	2076.5%
Accumulated Depreciation	(400.8)	(300.0)	33.6%
<b>Total Assets</b>	<u>2,517.3</u>	<u>1,144.3</u>	120.0%
<b>Liabilities</b>			
Liabilities	65.7	64.7	1.5%
Long-term Liabilities	1,833.4	344.6	432.0%
<b>Total Liabilities</b>	<u>1,899.1</u>	<u>409.3</u>	364.0%
<b>Net Position:</b>			
Net Investment in Capital Assets	389.3	428.4	-9.1%
Unrestricted	170.1	306.6	-44.5%
<b>Total Net Position</b>	<u>\$ 559.4</u>	<u>\$ 735.0</u>	

**Changes in Net Position.** The District’s total revenues were \$1.20 million, an increase of 3.1%. A significant portion, 43% comes from property taxes, 32% comes from sales taxes, 17% relates to charges for services, and 5% comes from operating grants and contributions.

The total cost of all programs and services was \$1.35 million.

## Governmental Activities

- Property tax rates were assessed at \$0.1 per \$100 valuation.

**Table A-2**  
Changes in District's Net Position  
(In thousands dollars)

	Governmental Activities		Total Percentage Change
	2019	2018	2019-2018
<b>General Revenues</b>			
Property Taxes	\$ 498.8	\$ 464.2	7.5%
Sales Tax	377.8	343.1	10.1%
Charges for Services	198.8	265.1	-25.0%
Investment Income	18.4	0.4	4500.0%
Miscellaneous Income	15.1	6.4	135.9%
Operating Grants and Contributions	7.8	3.5	122.9%
Capital Grants and Contributions	56.6	55.4	2.2%
<b>Total Revenues</b>	<u>1,173.3</u>	<u>1,138.1</u>	3.1%
<b>General Expenses</b>			
Emergency Services	1,251.7	1,020.7	22.6%
General Government	85.6	74.6	14.7%
Interest on Long-term Debt	11.7	10.3	13.6%
<b>Total Expenses</b>	<u>1,349.0</u>	<u>1,105.6</u>	22.0%
<b>Increase (Decrease) in Net Position</b>	<u>\$ (175.7)</u>	<u>\$ 32.5</u>	-640.6%

Table A-3 presents the cost of each of the District's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by local tax dollars.

- The cost of all *governmental* activities this year was \$1.35 million.
- The amount that our taxpayers paid for these activities through property taxes was \$500 thousand
- Some of the cost, \$199 thousand, was paid by those who directly benefited from the programs.

**Table A-3**  
Net Cost of Selected District Functions  
(In thousands dollars)

	Total Cost of Services		Total Percentage Change
	2019	2018	2019-2018
Emergency Services	\$ 1,251.7	\$ 1,020.7	22.6%
General Administration	85.6	74.6	14.7%
Interest on long term debt	11.7	10.3	13.6%

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$1.2 million, an increase of 3.1% from the prior year. The increase in local revenues is a result of property and sales taxes.

### General Fund Budgetary Highlights

The District budgeted \$2.0 million for expenditures. Actual expenditures were \$250 thousand less than budget amounts. The most significant variances resulted from capital outlay costs.

Revenues were \$63 thousand less than the final budgeted amount, caused primarily by contributions/grants

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2019, the District had invested \$1.95 million in building improvements, equipment, vehicles, and land (net of accumulated depreciation). (See Table A-4). More detailed information about the District's capital assets is presented in the notes to the financial statements.

	Governmental Activities		Total Percentage Change
	2019	2018	2019-2018
Land	\$ 129.1	\$ 129.1	0.0%
Building Improvements	28.5	28.5	0.0%
Vehicles & Equipment	859.2	854.0	0.6%
Construction In Progress	1,334.3	61.3	2076.0%
Totals at Historical Cost	<u>2,351.1</u>	<u>1,073.0</u>	119.1%
Total Accumulated Depreciation	<u>(400.8)</u>	<u>(300.0)</u>	33.6%
Net Capital Assets	<u>\$ 1,950.3</u>	<u>\$ 773.0</u>	152.3%

### Long Term Debt

At year-end the District had \$1.83 million in long-term debt outstanding as is shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

**Table A-5**  
District's Long-term Debt  
(In thousands dollars)

	Governmental Activities		Total Percentage Change
	2019	2018	2019-2018
Long-term Debt	\$ 1,833.4	\$ 344.6	432%

The District entered into a note payable for the construction of a new Fire/EMS substation in the amount of \$1.42 million.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Appraised value used for the 2020 budget provides an anticipated revenue generation of \$1.35 million.
- General operating fund administrative and professional fee spending for 2020 was estimated at \$1.35 million or a .31% increase over 2019 actual expenses.
- The District expects to incur capital expenditures for the construction of the new Cimarron Station.
- If the estimates are realized, the District's budgetary general fund balance is expected to increase less than 1% by the close of 2020.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The Insurance Service Office, Inc. (ISO) collects information on municipal fire-protection efforts in communities throughout the United States to help establish an appropriate fire insurance premium for residential and commercial properties based on fire-protection services. Using this information, municipal entities are assigned a Public Protection Classification from 1 to 10. Class 1 generally represents superior property fire protection, and Class 10 indicates that the area's fire-suppression program doesn't meet ISO's minimum criteria. Wilson County Emergency Services District No. 2 was given an ISO Protection Class 6 rating.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide Wilson County Emergency Services District No. 2 citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Treasurer by phone at 830-581-8243.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board (GASB). The sets of statements include:

- Government – wide financial statements
- Fund financial statements:
  - Governmental funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2019

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 179,179
Investments	122,368
Property Tax Receivable	23,715
Sales Tax Receivable	67,185
EMS Receivables (Net of Allowance)	163,335
Prepaid Items	11,424
Capital Assets:	
Land	129,115
Buildings & Improvements	28,509
Equipment & Vehicles	859,198
Construction In Progress	1,334,229
Accumulated Depreciation	(400,796)
<b>TOTAL ASSETS</b>	<u>2,517,461</u>
<b>LIABILITIES</b>	
<i>Liabilities:</i>	
Accounts Payable	23,398
Retainage Payable	59,126
Accrued Expenses	42,258
<i>Long-term Liabilities:</i>	
Debt Due within One Year	249,661
Debt Due in more than One Year	1,583,706
<b>TOTAL LIABILITIES</b>	<u>1,958,149</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	389,256
Unrestricted	170,056
<b>TOTAL NET POSITION</b>	<u>\$ 559,312</u>

The accompanying notes are an integral part of these statements.



WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses), Revenues and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary Government:</b>					
Governmental Activities:					
Emergency Services	\$ 1,251,719	\$ 198,752	\$ 7,775	\$ 56,500	\$ (988,692)
General Administration	85,481	-	-	-	(85,481)
Interest on Long-term Debt	11,662	-	-	-	(11,662)
<b>Total Governmental Activities</b>	<u>1,348,862</u>	<u>198,752</u>	<u>7,775</u>	<u>56,500</u>	<u>(1,085,835)</u>
<b>Total Primary Government</b>	<u>\$ 1,348,862</u>	<u>\$ 198,752</u>	<u>\$ 7,775</u>	<u>\$ 56,500</u>	<u>(1,085,835)</u>
<b>General Revenues:</b>					
General Property Taxes					498,784
Sales Tax					377,783
Interest Income					18,412
Miscellaneous Income					15,129
<b>Total General Revenues</b>					<u>910,108</u>
Change in Net Position					(175,727)
<b>Net Position at Beginning of Year</b>					<u>735,039</u>
<b>Net Position at End of Year</b>					<u>\$ 559,312</u>

The accompanying notes are an integral part of these statements.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019

	General Fund	Special Revenue Fund District 2 Emergency Services	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 156,885	\$ 22,294	\$ 179,179
Investments	122,368	-	122,368
Property Tax Receivable	23,715	-	23,715
Sales Tax Receivable	67,185	-	67,185
EMS Charges (Net of Allowance)	163,335	-	163,335
Prepaid Insurance	11,424	-	11,424
Due from Other Funds	-	19,964	19,964
<b>TOTAL ASSETS</b>	<b>\$ 544,912</b>	<b>\$ 42,258</b>	<b>\$ 587,170</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Accounts Payable	\$ 23,398	\$ -	\$ 23,398
Retainage Payable	59,126	-	59,126
Payroll Liabilities	-	42,258	42,258
Due to Other Funds	19,964	-	19,964
<b>TOTAL LIABILITIES</b>	<b>102,488</b>	<b>42,258</b>	<b>144,746</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Property Tax Revenue	18,583	-	18,583
Unavailable EMS Charges	163,335	-	163,335
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>181,918</b>	<b>-</b>	<b>181,918</b>
<b>FUND BALANCE</b>			
Nonspendable	11,424	-	11,424
Unassigned	249,082	-	249,082
<b>TOTAL FUND BALANCE</b>	<b>260,506</b>	<b>-</b>	<b>260,506</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 544,912</b>	<b>\$ 42,258</b>	<b>\$ 587,170</b>

The accompanying notes are an integral part of these statements.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2019

<b>TOTAL FUND BALANCE - GOVERNMENTAL FUNDS</b>	<b>\$ 260,506</b>
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.	1,950,255
Property taxes receivable are not available to pay current period expenditures and, therefore, are unavailable in the funds statements.	18,583
EMS revenues in the Statement of Activities do not provide current financial resources and are deferred in the fund statements.	163,335
Long-term notes payable are not due in the current period and therefore, are not reported in the funds.	<u>(1,833,367)</u>
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 559,312</u></u></b>

The accompanying notes are an integral part of these statements.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Special Revenue Fund District 2 Emergency Services	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 500,675	\$ -	\$ 500,675
Sales Tax	377,783	-	377,783
EMS Charges	188,235	-	188,235
Contributions/Grants	64,275	-	64,275
Interest and Other Income	18,412	-	18,412
Miscellaneous Income	15,129	-	15,129
<b>TOTAL REVENUES</b>	<u>1,164,509</u>	<u>-</u>	<u>1,164,509</u>
<b>EXPENDITURES</b>			
Current:			
Emergency Services	286,513	841,441	1,127,954
General Administration	61,962	2,519	64,481
Capital Outlay	1,301,058	-	1,301,058
<i>Debt Service:</i>			
Principal	82,189	-	82,189
Interest	11,662	-	11,662
Debt Issuance Costs	21,000	-	21,000
<b>TOTAL EXPENDITURES</b>	<u>1,764,384</u>	<u>843,960</u>	<u>2,608,344</u>
<b>Excess (Deficiency) Over (Under)</b>			
<b>Expenditures</b>	(599,875)	(843,960)	(1,443,835)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	(843,960)	843,960	-
Proceeds from Notes Payable	1,571,000	-	1,571,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>727,040</u>	<u>843,960</u>	<u>1,571,000</u>
<b>Net Change in Fund Balance</b>	127,165	-	127,165
<b>Fund Balance at Beginning of Year</b>	<u>133,341</u>	<u>-</u>	<u>133,341</u>
<b>Fund Balance at End of Year</b>	<u>\$ 260,506</u>	<u>\$ -</u>	<u>\$ 260,506</u>

The accompanying notes are an integral part of these statements.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE  
GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

**NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS** \$ 127,165

Amounts reported for governmental activities in the Statement of  
Activities are different because:

Governmental funds report 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 expenses.

Current Year Additions	1,278,071	
Current Year Depreciation	<u>(100,778)</u>	1,177,293

Revenues in the Statement of Activities that do not provide current  
financial resources are not reported as revenues in the funds. The  
changes are as follows:

Property Taxes	(1,891)	
EMS Charges	<u>10,517</u>	8,626

The issuance of long-term debt (e.g. notes payable and capital 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 and related items.

Principal Payments of Notes Payable and Capital Leases	82,189	
Proceeds from Notes Payable	<u>(1,571,000)</u>	

**CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES** \$ (175,727)

The accompanying notes are an integral part of these statements.



NOTES TO BASIC FINANCIAL STATEMENTS

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

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

The Wilson County Emergency Services District No. 2 is a political subdivision of the State of Texas and was created by the Wilson County Commissioners' Court after a Public Election on November 2, 2010 to be effective January 1, 2011. The District was created to provide emergency services and promote public safety, welfare, health and convenience of persons residing in the District.

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

A. THE FINANCIAL REPORTING ENTITY

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 61, "The Financial Reporting Entity." The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The District has the following component unit:

District 2 Emergency Services, Inc. is a local nonprofit emergency services provider without powers of taxation, organized exclusively for the purpose of providing fire protection and emergency services to the area covered by Wilson County Emergency Services District No. 2. Wilson County Emergency Services District No. 2 appoints its Board of Commissioners as the directors of the nonprofit. The District has elected to present a blended presentation of those financial statements in the District's annual financial report. Complete financial statements of District 2 Emergency Services, Inc. for the year ended September 30, 2019 may be obtained from District management.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the District. Governmental activities are supported primarily by property taxes. The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 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 in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds. The General Fund and District 2 Special Revenue Fund meets the criteria of a *major governmental fund*. The District has no other governmental funds.



WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)  
SEPTEMBER 30, 2019

**NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

C. 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. Revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue and charges for services. Property taxes are recognized in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs and investment earnings.

**Governmental fund level financial statements** are reported using 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues other than EMS charges that are expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Property taxes which were levied prior to September 30, 2018, and became due October 1, 2018 have been assessed to finance the budget of the fiscal year beginning October 1, 2018.

Expenditures generally are recorded when an expense is incurred.

The government reports the following major governmental funds:

**The General Fund** is the general operating fund of the District and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes and investment of idle funds. Primary expenditures are for general administration and emergency services.

**The Special Revenue Fund** is a nonprofit corporation, District 2 Emergency Services. This corporation is considered a blended component unit.

D. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the District.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)  
SEPTEMBER 30, 2019

**NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**E. INVESTMENTS**

State statutes authorize the District to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d); or, (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. The District has all its monies in interest bearing checking accounts. Earnings from these investments are added to each account monthly or quarterly.

**F. ACCOUNTS RECEIVABLE**

Property taxes are levied based on taxable value at January 1 and become due October 1 and past due after the following January 31. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property taxes receivable for prior year's levy is shown net of the allowance for doubtful accounts.

Reimbursements for EMS services performed are recorded as receivables and revenue when they are earned in the government-wide statements.

**G. CAPITAL ASSETS**

Capital assets, which include land; buildings and improvements; and equipment and vehicles, are reported in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$500 or more for equipment, while computer equipment is defined as an asset with a cost of \$1,000 or more. Donated capital assets are recorded at estimated fair market value at the date of donation.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)  
 SEPTEMBER 30, 2019

**NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

G. CAPITAL ASSETS (CONT.)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building Improvements	20 years
Equipment	7 - 10 years
Vehicles	10 years

H. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period, while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. Unavailable revenues from property tax and EMS revenues are deferred and recognized as inflow of resource in the period the amount becomes available.

I. LONG-TERM OBLIGATIONS

In government-wide financial statements, long-term debt and other long-term obligations (if any) are reported as liabilities under governmental activities. Bond premiums and discounts are amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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.

J. FUND EQUITY

Fund balances in governmental funds are classified as follows:

Nonspendable – Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)  
SEPTEMBER 30, 2019

**NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**J. FUND EQUITY (CONT.)**

Restricted – Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed – Represents amounts that can only be used for a specific purpose determined by a formal action of the government’s highest level of decision-making authority. The District Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned – Represents amounts which the District intends to use for a specific purpose but do not meet the criteria of restricted or committed. The District Commissioners may make assignments through formal documentation in the minutes. The District Commissioners are the only entities that may make assignments at this time.

Unassigned – Represents the residual balance that may be spent on any other purpose of the District.

When an expenditure is incurred for a purpose in which multiple classifications are available, the District considers restricted balances spent first, committed second, assigned third, and unassigned fourth.

**K. NET POSITION**

Net position represents the difference between assets and liabilities. 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 improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**L. USE OF 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 the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**M. RECLASSIFICATIONS**

Certain reclassifications have been made to the prior periods presented to conform to the current presentation. These reclassifications had no effect on fund equity.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)  
SEPTEMBER 30, 2019

**NOTE 2 -- CASH AND CASH INVESTMENTS**

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledge securities in an amount sufficient to protect District funds on a day to day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash

At September 30, 2019, the carrying amount of the District's deposits in the bank were fully covered by a combination of federal deposit insurance and pledged securities from the District's depository.

2. Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at September 30, 2019 consist of \$122,368 in Texas Class, a 2a7-like public funds investment pool. Texas Class operates in accordance with the provisions of the Texas Public Funds Investment Act and is rated AAAM. The investment in Texas Class is included in cash and cash equivalents and is reported at net asset value, which approximates fair market value.

3. Analysis of Specific Deposits and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the specific investment risks at year end and if so, the reporting of certain related disclosures. The District has analyzed its investment risks and determined that for the year ending September 30, 2019 the District was not exposed to any significant risks.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)  
 SEPTEMBER 30, 2019

**NOTE 3 -- AD VALOREM (PROPERTY) TAXES**

The District has contracted with the Wilson County Tax Assessor-Collector to collect taxes on its behalf. Current year taxes become delinquent February 1. Current year delinquent taxes not paid by July 1 are turned over to attorneys for collection action.

For fiscal year 2019, the assessed tax rate for the District was \$0.1000 per \$100 on an assessed valuation of \$507,173,071. Total tax levy for fiscal year 2019 was \$507,173. As of September 30, 2019, the delinquent current taxes for 2019 were \$7,056.

**NOTE 4 -- RECEIVABLES**

The following is a summary of the gross property taxes and charges for services receivable and the related allowances for uncollectible amounts:

Receivables	General
Taxes:	
Property Taxes	\$ 23,715
Sales Taxes	67,185
<i>Charges for Services:</i>	
EMS Charges	544,450
Gross Receivables	635,350
Less: Allowance for Uncollectibles	(381,115)
Net Total Receivables	\$ 254,235

**NOTE 5 -- CAPITAL ASSETS**

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

Governmental Activities	Beginning Balance	Additions	Adjustments and Disposals	Ending Balance
Land	\$ 129,115	\$ -	\$ -	\$ 129,115
Building Improvements	28,509	-	-	28,509
Vehicles & Equipment	854,037	5,161	-	859,198
Construction In Progress	61,319	1,272,910	-	1,334,229
Less: Accumulated Depreciation	(300,018)	(100,778)	-	(400,796)
	\$ 772,962	\$ 1,177,293	\$ -	\$ 1,950,255

Depreciation expense was charged to governmental function in the Emergency Services.

Land and construction in progress are not depreciated.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)  
SEPTEMBER 30, 2019

**NOTE 6 – NOTES AND LEASES PAYABLE**

1. Notes Payable

On January 31, 2014 the District entered into a note payable with South Trust Bank, N.A. for the purchase of a new ambulance in the amount of \$117,000. The note calls for monthly payments of \$1,627 beginning March 1, 2014 through February 1, 2021. The interest rate on the note is at 3.75%, and the note is secured by the 2013 Ford F-450 ambulance.

On July 2, 2015 the District entered into a note payable with First State Bank for the purchase of a new ambulance in the amount of \$120,000. The note calls for monthly payments of \$1,592 beginning August 2, 2015 and ending on July 2, 2022. The interest rate on the note is 3.125%, and the note is secured by granting the debtor a security interest in all ad valorem tax revenues and other funds on hand not otherwise pledged to pay a debt of the District.

On February 29, 2016 the District entered into a note payable with Southside Bank, for the purchase of a new fire truck in the amount of \$250,410. The note calls for monthly payments of \$3,307 beginning May 7, 2016 through April 7, 2023. The interest rate on the note is at 2.99%, and the note is secured by granting the debtor a security interest in all ad valorem tax revenues and other funds on hand not otherwise pledged to pay a debt of the District.

On August 29, 2019, the District took out a short-term operating loan in the amount of \$150,000. Interest on the loan was 1.79% and the entire amount was due December 15, 2019. Subsequent to year end, the District has paid back the full amount of the loan.

On November 15, 2018 the District entered into a note payable with Government Capital Corporation, which was then sold to Southside Bank, for the construction of a new fire/EMS substation in the amount of \$1,421,000. The note calls for increasing annual payments beginning November 15, 2019 of \$75,000 through November 15, 2024 when the annual payment remains at \$117,999 through November 15, 2038. The interest rate on the note is 4.25%, and the note is secured by granting the debtor a security interest in all ad valorem tax revenues and other funds on hand not otherwise pledged to pay a debt of the District. As well as the operation or ownership of the property, its receivables and revenues.

2. Leases Payable

On April 26, 2018 the District entered into a lease agreement with Ferno Financial Services for the purchase of two new stretchers in the amount of \$32,783. The agreement calls for 60 payments of \$622 beginning August 24, 2018 and ending July 24, 2023. The interest rate on the agreement is 5.25%. The District has recognized depreciation expense of \$7,029 on the ambulance as of September 31, 2019 and has accumulated depreciation of \$9,957.

On April 16, 2018 the District entered into a lease agreement with Community First National Bank for the purchase of one new air compressor in the amount of \$31,163. The agreement calls for 5 payments of \$7,048 beginning May 8, 2019 and ending May 8, 2023. The interest rate on the agreement is 4.24%. The District has recognized depreciation expense of \$4,037 on the ambulance as of September 31, 2019 and has accumulated depreciation of \$4,373.

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)  
 SEPTEMBER 30, 2019

**NOTE 6 -- NOTE PAYABLE (CONT.)**

Future note payments are to be made as follows:

Fiscal Year Ending	Principal	Interest	Total
2020	\$ 237,432	\$ 68,576	\$ 306,008
2021	81,451	63,052	144,503
2022	80,165	60,447	140,612
2023	55,119	58,032	113,151
2024-2038	1,327,880	537,099	1,864,979
Total Debt Payments	<u>\$1,782,047</u>	<u>\$ 787,206</u>	<u>\$2,569,253</u>

Future lease payments are to be made as follows:

Fiscal Year Ending	Lease Payments
2020	\$ 14,517
2021	14,517
2022	14,517
2023	<u>13,269</u>
Total	56,820
Less: Amount Representing Interest	<u>(5,500)</u>
	<u>\$ 51,320</u>

The changes in general long-term debt during the year are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
<i>Notes Payable:</i>					
Loan #44863	\$ 42,819	\$ -	\$ (18,230)	\$ 24,589	\$ 18,925
Loan #7053	68,947	-	(17,199)	51,748	17,744
Loan #7323	169,803	-	(35,093)	134,710	36,156
Loan #8444	-	1,421,000	-	1,421,000	14,608
Loan #3344937	-	150,000	-	150,000	150,000
<i>Total Notes Payable:</i>	<u>281,569</u>	<u>1,571,000</u>	<u>(70,522)</u>	<u>1,782,047</u>	<u>237,433</u>
 <i>Capital Lease Obligations:</i>					
Stretcher Lease	31,823	-	(5,940)	25,883	6,259
Air Compressor Lease	31,164	-	(5,727)	25,437	5,969
<i>Total Capital Lease Obligations:</i>	<u>62,987</u>	<u>-</u>	<u>(11,667)</u>	<u>51,320</u>	<u>12,228</u>
	<u>\$ 344,556</u>	<u>\$1,571,000</u>	<u>\$ (82,189)</u>	<u>\$1,833,367</u>	<u>\$ 249,661</u>



WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)  
 SEPTEMBER 30, 2019

**NOTE 7 -- CONTINGENT LIABILITIES**

Litigation

The District is not aware of any pending or threatened litigation.

**NOTE 8 -- CONCENTRATION OF EXPENDITURES**

For fiscal year 2019, the District paid District 2 Emergency Services, Inc. \$843,960 for providing emergency services to the District, which was 100% of the total expenditures of the District.

**NOTE 9 -- RISK MANAGEMENT**

The Wilson County Emergency Services District No. 2 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To cover the risk the District contracts with Volunteer Firemen’s Insurance Services (VFIS) of Texas to provide insurance coverage for Property/Casualty. Contributions are set annually by VFIS. Liability by the District is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2019 were \$20,592.

**NOTE 11 -- COMMITMENTS**

The District has contracts with two engineering firms to provide services related to the construction of the Cimarron Station. The remaining balance on the contracts are as follows:

	Martinez Architects	AG/CM	Northstar	Total
Original Contract Amount	\$ 71,675	\$ 56,260	\$ 1,210,773	\$ 1,338,708
Less Incurred to Date	70,600	49,120	1,182,517	1,302,237
Remaining as of 9/30/19	<u>\$ 1,075</u>	<u>\$ 7,140</u>	<u>\$ 28,256</u>	<u>\$ 36,471</u>

**NOTE 12 -- SUBSEQUENT EVENT**

The Company’s ongoing profitability may experience instability and estimates included in the financial statements may change due to current political and economic conditions as a result of public health concerns related to the novel coronavirus, or COVID-19. The duration and intensity of these impacts and resulting disruption to which these events effect the Company’s business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

**NOTE 13 -- DUE TO OTHER FUNDS**

The District provides 100% of financial support to District 2 Emergency Services, Inc. As of September 30, 2019, District 2 payroll liabilities exceeded cash in the amount of \$19,964. This is shown as an interfund liability on the general fund.



## REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Special Revenue Fund

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budget Amounts		Actual	Variance
	Original	Final		(Unfavorable)
<b>REVENUES</b>				
Property Tax	\$ 459,880	\$ 459,880	\$ 500,675	\$ 40,795
Sales Tax	321,429	321,429	377,783	56,354
EMS Charges	215,000	215,000	188,235	(26,765)
Contributions/Grants	206,500	206,500	64,275	(142,225)
Interest and Other Income	-	-	18,412	18,412
Miscellaneous Income	24,900	24,900	15,129	(9,771)
<b>TOTAL REVENUES</b>	<u>1,227,709</u>	<u>1,227,709</u>	<u>1,164,509</u>	<u>(63,200)</u>
<b>EXPENDITURES</b>				
<i>Current:</i>				
Emergency Services	241,618	241,618	286,513	(44,895)
General Administrative	51,000	51,000	61,962	(10,962)
Capital Outlay	1,582,000	1,582,000	1,301,058	280,942
<i>Debt Service:</i>				
Principal	94,000	94,000	82,189	11,811
Interest	-	-	11,662	(11,662)
Issuance of Debt Costs	-	-	21,000	21,000
<b>TOTAL EXPENDITURES</b>	<u>1,968,618</u>	<u>1,968,618</u>	<u>1,764,384</u>	<u>246,234</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(740,909)	(740,909)	(599,875)	141,034
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)	(829,480)	(829,480)	(843,960)	(14,480)
Proceeds from Notes Payable	1,571,000	1,571,000	1,571,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>741,520</u>	<u>741,520</u>	<u>727,040</u>	<u>(14,480)</u>
<b>Net Change in Fund Balance</b>	611	611	127,165	126,554
<b>Fund Balance at Beginning of Year</b>	<u>133,341</u>	<u>133,341</u>	<u>133,341</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 133,952</u>	<u>\$ 133,952</u>	<u>\$ 260,506</u>	<u>\$ 126,554</u>

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>EXPENDITURES</b>				
<i>Current:</i>				
Emergency Services	810,680	810,680	\$ 841,441	(30,761)
General Administrative	3,800	3,800	2,519	1,281
<b>TOTAL EXPENDITURES</b>	<b>814,480</b>	<b>814,480</b>	<b>843,960</b>	<b>(29,480)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(814,480)</b>	<b>(814,480)</b>	<b>(843,960)</b>	<b>29,480</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)	829,480	829,480	843,960	(14,480)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>829,480</b>	<b>829,480</b>	<b>843,960</b>	<b>(14,480)</b>
<b>Net Change in Fund Balance</b>	<b>15,000</b>	<b>15,000</b>	<b>-</b>	<b>15,000</b>
<b>Fund Balance at Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance at End of Year</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>	<b>\$ -</b>	<b>\$ 15,000</b>

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
SEPTEMBER 30, 2019

**Budgetary Information** – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The District maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District’s Board and as such is a good management control device.

It is recommended that actual expenditures do not exceed appropriations, however, actual expenditures exceeded appropriations for the year ended September 30, 2019 due to costs associated with the District’s emergency services and capital outlay.

The District does not use encumbrances.

## SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Balance Sheet – General Fund
- Comparative Statements of Revenues, Expenditures and Changes in Fund Balances – General Fund
- Comparative Balance Sheet – Special Revenue Fund
- Comparative Statements of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Fund

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
 COMPARATIVE BALANCE SHEETS – GENERAL FUND  
 SEPTEMBER 30, 2019 AND 2018

	2019	2018
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 156,885	\$ 121,164
Investments	122,368	-
Property Tax Receivable	23,715	24,906
Sales Tax Receivable	67,185	69,189
EMS Charges (Net of Allowance)	163,335	152,817
Prepaid Items	11,424	-
<b>TOTAL ASSETS</b>	<b>\$ 544,912</b>	<b>\$ 368,076</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
Accounts Payable	\$ 23,398	\$ 61,444
Retainage Payable	59,126	-
Due to Other Funds	19,964	-
<b>TOTAL LIABILITIES</b>	<b>102,488</b>	<b>61,444</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Property Tax Revenue	18,583	20,474
Unavailable EMS Charges	163,335	152,817
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>181,918</b>	<b>173,291</b>
 <b>FUND BALANCE</b>		
Nonspendable	11,424	-
Unassigned	249,082	133,341
<b>TOTAL FUND BALANCE</b>	<b>260,506</b>	<b>133,341</b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
	<b>\$ 544,912</b>	<b>\$ 368,076</b>



WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES – GENERAL FUND  
 FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
<b>REVENUES</b>		
Property Taxes	\$ 500,675	\$ 463,201
Sales Tax	377,783	343,103
EMS Charges	188,235	218,704
Contributions	64,275	58,929
Interest and Other Income	18,412	6,312
Miscellaneous Income	15,129	-
<b>TOTAL REVENUES</b>	<b>1,164,509</b>	<b>1,090,249</b>
<b>EXPENDITURES</b>		
<i>Current:</i>		
Emergency Services	286,513	305,733
General Administration	61,962	72,253
Capital Outlay	1,301,058	187,494
<i>Debt Service:</i>		
Principal	82,189	69,251
Interest	11,662	10,315
Debt Issuance Costs	21,000	-
<b>TOTAL EXPENDITURES</b>	<b>1,764,384</b>	<b>645,046</b>
<b>Excess (Deficiency) Over (Under) Expenditures</b>	<b>(599,875)</b>	<b>445,203</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In (Out)	(843,960)	(625,972)
Proceeds from the Notes Payable	1,571,000	63,946
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>727,040</b>	<b>(562,026)</b>
<b>Net Change in Fund Balance</b>	<b>127,165</b>	<b>(116,823)</b>
<b>Fund Balance at Beginning of Year</b>	<b>133,341</b>	<b>250,164</b>
<b>Fund Balance at End of Year</b>	<b>\$ 260,506</b>	<b>\$ 133,341</b>

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
 COMPARATIVE BALANCE SHEETS - SPECIAL REVENUE FUND  
 DISTRICT 2 EMERGENCY SERVICES  
 SEPTEMBER 30, 2019 AND 2018

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 22,294	\$ 3,302
Due from Other Funds	<u>19,964</u>	<u>28,972</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 42,258</u></b>	<b><u>\$ 32,274</u></b>
 <b>LIABILITIES</b>		
Payroll Liabilities	\$ 42,258	\$ 3,302
Due to Other Funds	<u>\$ 19,964</u>	<u>\$ 28,972</u>
<b>TOTAL LIABILITIES</b>	<b><u>42,258</u></b>	<b><u>32,274</u></b>
 <b>FUND BALANCE</b>		
Unassigned	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCE</b>	<b><u>-</u></b>	<b><u>-</u></b>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 42,258</u></b>	<b><u>\$ 32,274</u></b>

WILSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - SPECIAL REVENUE FUND  
 DISTRICT 2 EMERGENCY SERVICES  
 FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<b>2019</b>	2018
<b>REVENUES</b>		
Miscellaneous Income	\$ -	\$ 492
<b>TOTAL REVENUES</b>	<b>-</b>	492
<b>EXPENDITURES</b>		
<i>Current:</i>		
Emergency Services	<b>841,441</b>	623,806
General Administration	<b>2,519</b>	2,384
<b>TOTAL EXPENDITURES</b>	<b>843,960</b>	626,190
<b>Excess (Deficiency) Over (Under) Expenditures</b>	<b>(843,960)</b>	(625,698)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In (Out)	<b>843,960</b>	625,972
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>843,960</b>	625,972
<b>Net Change in Fund Balance</b>	-	274
<b>Fund Balance at Beginning of Year (Deficit)</b>	-	(274)
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>

