

COUNTY OF ROCKWALL
EMERGENCY SERVICES CORPORATION

ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2019

RUTHERFORD, TAYLOR & COMPANY, P.C.
Certified Public Accountants
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(903) 455-6252

**COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2019**

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**COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
DIRECTORS AND OFFICERS
SEPTEMBER 30, 2019**

Board of Directors

Cliff Sevier.....	County of Rockwall
David Sweet.....	County of Rockwall
Trace Johannesen	City of Rockwall
Jim Pruitt.....	City of Rockwall
Joe Burger	City of Fate
David Billings	City of Fate
Frank New	City of Heath
Jim Bloom	City of McLendon-Chisholm
Kenny Phillips	City of Mobile City
Brownie Sherrill.....	City of Rowlett
Janet Nichol	City of Royse City

Officers

David Sweet.....	President
Janet Nichol	Vice President
David Billings	Secretary
Kristy Cole.....	Assistant Secretary
David Peek	Treasurer

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INDEPENDENT AUDITOR'S REPORT

Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the proprietary funds of the County of Rockwall Emergency Services Corporation (Corporation), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the proprietary funds of the County of Rockwall Emergency Services Corporation (Corporation), as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements as a whole. The schedules identified in the table of contents as other supplementary information are presented for the purpose of additional analysis, and are not a required part of the basic financial statements.

The other supplementary information schedules 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 other supplementary information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2020, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



March 12, 2020
Greenville, Texas

RUTHERFORD, TAYLOR & COMPANY, P.C.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the proprietary funds of the County of Rockwall Emergency Services Corporation (Corporation), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 12, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Report on Internal Control – Continued

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rutherford, Taylor & Company, P.C.

March 12, 2020
Greenville, Texas

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019

Financial Statement Findings (Section I)

NONE

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019

Prior Year Findings (Section II)

NONE

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2019

Corrective Action Plans (Section III)

NONE

**COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019**

This section of the County of Rockwall Emergency Services Corporation's annual financial report presents our discussion and analysis of the Corporation's financial performance during the year ended September 30, 2019. Please read it in conjunction with the Corporation's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Corporation's total net position was \$ 1,782,666 at September 30, 2019.
- During the year, the District's expenses were \$ 62,828 more than the \$ 230,083 generated from charges for services and other revenues for business-type activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this required supplementary section), the basic financial statements, and other supplementary information.

This discussion and analysis is intended to serve as an introduction to the County of Rockwall Emergency Service Corporation's basic financial statements. The Corporation's basic financial statements consist of two components; 1) fund financial statements and 2) notes to the financial statements. Because the Corporation is a special purpose government entity, the Corporation is not required to present government-wide financial statements. These basic financial statements are supplemented with other supplemental information that will enhance the reader's understanding of the financial operation of the Corporation.

The fund financial statements present the activities of the Corporation. 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 Corporation uses fund accounting to ensure and reflect compliance with finance related legal requirements, such as the Texas' Statutes or the Corporation's budget by-laws. The funds of the Corporation are classified as proprietary type funds (enterprise funds). Proprietary type funds are used to report activities in which the Corporation receives funds to provide for the expenses for operation much like an entity in business operates. These types of funds are enterprise funds and are accounted for on an accrual basis of accounting.

FINANCIAL ANALYSIS OF THE CORPORATION AS A WHOLE

Please refer to Table A-1 during the following discussion. Total assets decreased 3.4% from the prior year. The annual depreciation of capital assets contributed to the noted decrease.

Liabilities remained the same in the current year.

The decrease in net position is the result of depreciation expense lowering net Capital Assets. The 3.4% decrease reflects the \$ 62,828 change in net position from operating and non-operating revenues and expenses. Net position is divided into three components: 1) Net Investment in Capital Assets, which reflects net position unavailable to meet currently maturing obligations and provide for operations, 2) Restricted, which are funds that have a legal restriction placed upon them, and 3) Unrestricted, which are balances available to meet future operating expenses and obligations. The largest component is the net value of the capital assets. The unavailable balances should decrease as capital assets continue to depreciate. The unrestricted balance reflects the ending financial position of available funds.

**COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019**

The Corporation's total net position is \$ 1,782,666 at September 30, 2019.

Net Position			Table A-1
	2019	2018	Total Percentage Change 2018 - 2019
Assets			
Cash and Investments	\$ 7,078	\$ 26,834	-73.62%
Capital Assets, Net	1,775,588	1,818,660	-2.37%
Total Assets	\$ 1,782,666	\$ 1,845,494	-3.40%
Liabilities			
Current Liabilities	\$ -	\$ -	0.00%
Total Liabilities	\$ -	\$ -	0.00%
Net Position			
Net Investment in Capital Assets	\$ 1,775,588	\$ 1,818,660	-2.37%
Unrestricted	7,078	26,834	-73.62%
Total Net Position	\$ 1,782,666	\$ 1,845,494	-3.40%

CHANGES IN NET POSITION

Table A-2 on the following page presents the changes in net position for the year. The change in net position reflects the revenues and expenses of the Corporation and the resulting change in net position for the year. The various changes in the types of revenues and expenses are presented in the table.

Net position for the year decreased \$ 62,828. The decrease is a reflection of the annual depreciation on the gun range facility. Additionally, other revenue generated by annual services provided being \$ 4,065 less than expenses incurred.

Charges for services decreased \$ 8,618. The decrease reflects reduced income related to revenues allocated to contributing entities being lowered in the budget process.

Operating expenses reflect a 10.6% decrease. The decrease reflects decreased costs related to an overall decrease in the various services provided.

The Corporation had no non-operating revenues or non-operating expenses in the year. The Corporation had no funds in interest bearing accounts during the year. Interest expense is no longer incurred as all debt was retired in a previous year.

During the year, the Corporation acquired a CPR Chest Compression device to provide medical assistance to the emergency services personnel in the county. This device will be available from the county-wide ambulance service.

**COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019**

The following condensed financial information provides activity for the year:

Changes in Net Position			Table A-2
	2019	2018	Percentage Change 2018 - 2019
Operating Revenues:			
Charges for Services	\$ 230,083	\$ 238,701	-3.61%
Total Operating Revenues	\$ 230,083	\$ 238,701	-3.61%
Operating Expenses:			
Administrative Costs	\$ 5,967	\$ 4,500	32.60%
Ambulance Consulting	-	4,209	-100.00%
Emergency Management Services	196,944	186,615	5.53%
Firing Range	31,237	30,336	2.97%
Depreciation	58,763	101,952	-42.36%
Total Operating Expenses	\$ 292,911	\$ 327,612	-10.59%
Increase (Decrease) in Net Position	\$ (62,828)	\$ (88,911)	29.34%
Net Position - Beginning (October 1)	1,845,494	1,934,405	-4.60%
Net Position - Ending (September 30)	\$ 1,782,666	\$ 1,845,494	-3.40%

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Corporation has invested in capital assets and has no long term obligations during the year. The following information presents the capital assets at year end.

Capital Assets

At year end, the Corporation had invested \$ 2,893,448 in a broad range of capital assets, including buildings and equipment. (See Table A-3). The Corporation acquired a piece of medical equipment for use in the county.

Capital Assets			Table A-3
	2019	2018	Total Percentage Change 2018 - 2019
Buildings and Improvements	\$ 2,569,983	\$ 2,569,983	0.00%
Infrastructure	307,774	307,774	0.00%
Equipment	15,691	-	100.00%
Totals at Historical Cost	\$ 2,893,448	\$ 2,877,757	0.55%
Total Accumulated Depreciation	(1,117,860)	(1,059,097)	5.55%
Net Capital Assets	\$ 1,775,588	\$ 1,818,660	-2.37%

**COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019**

Long Term Debt

The Corporation had no debt outstanding at year end.

BUDGET, ECONOMIC ENVIRONMENT AND RATES

At this time, the County of Rockwall Emergency Services Corporation is not aware of any decisions or conditions that would impact the Corporation's operations through 2020.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Corporation's finances and to demonstrate the Corporation's accountability for the funds it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to David Peek, Treasurer for the Corporation.

BASIC FINANCIAL STATEMENTS

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Enterprise Fund
ASSETS	
Current Assets:	
Cash and Investments	\$ 7,078
Total Current Assets	<u>\$ 7,078</u>
Non-Current Assets:	
Capital Assets:	
Buildings and Improvements, Net	\$ 1,575,979
Infrastructure, Net	184,665
Equipment, Net	<u>14,944</u>
Total Non-Current Assets	<u>\$ 1,775,588</u>
Total Assets	<u>\$ 1,782,666</u>
LIABILITIES	
Current Liabilities:	
Unearned Revenue	\$ -
Total Current Liabilities	<u>\$ -</u>
Total Liabilities	<u>\$ -</u>
NET POSITION	
Net Investment in Capital Assets	\$ 1,775,588
Unrestricted	<u>7,078</u>
Total Net Position	<u>\$ 1,782,666</u>

The accompanying notes are an integral part of this statement.

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2019

	Enterprise Fund
OPERATING REVENUES	
Charges for Services	\$ 229,643
Miscellaneous Income	440
Total Operating Revenues	\$ 230,083
OPERATING EXPENSES	
Administrative Costs	\$ 5,967
Emergency Management Services	196,944
Firing Range	31,237
Depreciation	58,763
Total Operating Expenses	\$ 292,911
Net Operating Revenue (Expenses)	\$ (62,828)
Change in Net Position	\$ (62,828)
Net Position - Beginning (October 1)	1,845,494
Net Position - Ending (September 30)	\$ 1,782,666

The accompanying notes are an integral part of this statement.

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2019

	Enterprise Fund
Cash Flows from Operating Activities:	
Cash Received from Member Entities	\$ 229,643
Cash Receipts from Others	440
Cash Payments for Goods and Services	<u>(234,148)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (4,065)</u>
Cash Flows from Capital and Other Related Financing Activities:	
Purchase of Equipment	<u>\$ (15,691)</u>
Net Cash Provided by (Used for) Capital and Other Related Financing Activities	<u>\$ (15,691)</u>
Cash Flows from Investing Activities:	
NONE	<u>\$ -</u>
Net Cash Provided by (Used for) Investing Activities	<u>\$ -</u>
Net Increase (Decrease) in Cash and Investments	\$ (19,756)
Cash and Investments - Beginning (October 1)	<u>26,834</u>
Cash and Investments - Ending (September 30)	<u>\$ 7,078</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Net Operating Revenue (Expenses)	\$ (62,828)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	58,763
Change in Assets and Liabilities:	
NONE	<u></u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (4,065)</u>

The accompanying notes are an integral part of this statement.

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The Board of Directors (Board) constitutes an on-going entity, and is the level of government which has governance responsibilities over all activities related to providing emergency services within the jurisdiction of the Corporation. Members of the Board are appointed by the governing bodies of the sponsoring local governments, have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters. The Corporation is not included in any other governmental "Reporting Entity" as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units presented.

2. Basis of Presentation

The accounts of the Corporation are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenue and expenses. The fund type utilized by the Corporation is described below:

a. Proprietary fund types include the following –

The *Enterprise Fund* is used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) the governing body has decided periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989 and continue to follow new FASB pronouncements unless they conflict with GASB guidance.

3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the balance sheet. Fund equity is identified as net position.

4. Budget

The Board adopts an annual budget for the Corporation's activities. The Budget is adopted under a basis consistent with GAAP. The Board approves amendments to the annual budget as prepared by the Treasurer of the Corporation.

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

A. Summary of Significant Accounting Policies (Continued)

5. Property, Plant and Equipment

Additions to the plant, property and equipment are recorded at cost or, if contributed property, at its estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of capital assets is recovered by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings & Improvements	20-45 years
Infrastructure	10-30 years
Equipment	5-10 years

6. Cash and Cash Equivalents

Cash and Cash Equivalents are comprised of deposits in financial institutions including time deposits. For the purpose of the statement of cash flows, a cash equivalent is considered any highly liquid investment with a maturity of three months or less. Restricted assets are not included.

B. Capital Assets

The following schedule presents changes in capital assets during the year:

	Beginning Balances	Additions and Reclassifications	Retirements	Ending Balances
Buildings and Improvements	\$ 2,569,983	\$ -	\$ -	\$ 2,569,983
Infrastructure	307,774	-	-	307,774
Equipment	-	15,691	-	15,691
Totals at Historical Cost	\$ 2,877,757	\$ 15,691	\$ -	\$ 2,893,448
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 946,247	\$ 47,757	\$ -	\$ 994,004
Infrastructure	112,850	10,259	-	123,109
Equipment	-	747	-	747
Total Accumulated Depreciation	\$ 1,059,097	\$ 58,763	\$ -	\$ 1,117,860
Net Capital Assets	\$ 1,818,660	\$ (43,072)	\$ -	\$ 1,775,588

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

C. Deposits, Securities and Investments

The Corporation's funds are deposited and invested under the terms of a depository contract with American National Bank of Texas. The contract requires the depository to pledge approved securities in an amount significant to protect the Corporation's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At year end, all Corporation cash deposits were covered by FDIC insurance or by pledged collateral held by the depository bank. The Corporation's deposits appear to have been secured at all times throughout the fiscal year.

The Corporation's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The Corporation appears to be in compliance with the requirements of the Act.

State statutes and local policy authorize the Corporation to invest in the following types of investment goods:

- a. obligations of the U.S. or its agencies or instrumentalities,
- b. obligations of the State of Texas or its agencies,
- c. obligations guaranteed by the U.S. or State of Texas or their agencies or instrumentalities,
- d. obligations of other states, agencies or political subdivisions having a national investment rating of "A" or greater,
- e. guaranteed or securitized certificates of deposit issued by a bank domiciled in the State of Texas, or
- f. fully collateralized repurchase agreements.

At year end, the Corporation had no temporary investments.

GASB Statement No. 40 requires a determination as to whether the Corporation was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year end, the Corporation was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Corporation's name.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Corporations' name. At year end, the Corporation was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the Corporation was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the Corporation was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the Corporation was not exposed to foreign currency risk.

**COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019**

D. Litigation

The Corporation does not appear to be involved in any litigation as of year end.

E. Risk Management

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

F. Lease

The Corporation entered into a long term lease agreement with the City of Rockwall, Texas to obtain access to the land upon which the firing range complex was constructed. The lease terms require an annual payment of \$ 636. The lease began during the 2007 year and is in effect for 40 years which computes to an end date in the 2047 year.

G. Subsequent Events

Corporation management has evaluated subsequent events through March 12, 2020, which is the date the financial statements were available to be issued. There do not appear to be any events occurring after year end that could have a material effect on the financial statements at year end as presented.

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
OPERATING REVENUES				
Charges for Services	\$ 229,643	\$ 229,643	\$ 229,643	\$ -
Miscellaneous Revenue	-	-	440	440
Total Operating Revenues	<u>\$ 229,643</u>	<u>\$ 229,643</u>	<u>\$ 230,083</u>	<u>\$ 440</u>
OPERATING EXPENSES				
Administrative Costs	\$ 5,600	\$ 5,600	\$ 5,967	\$ (367)
Ambulance Consulting	22,137	22,137	-	22,137
Emergency Management Services	230,188	230,188	196,944	33,244
Firing Range	31,236	31,236	31,237	(1)
Depreciation	-	-	58,763	(58,763)
Total Operating Expenses	<u>\$ 289,161</u>	<u>\$ 289,161</u>	<u>\$ 292,911</u>	<u>\$ (3,750)</u>
Net Operating Revenue (Expense)	<u>\$ (59,518)</u>	<u>\$ (59,518)</u>	<u>\$ (62,828)</u>	<u>\$ (3,310)</u>
Change in Net Assets	\$ (59,518)	\$ (59,518)	\$ (62,828)	\$ (3,310)
Net Assets - Beginning (October 1)	<u>1,845,494</u>	<u>1,845,494</u>	<u>1,845,494</u>	<u>-</u>
Net Assets - Ending (September 30)	<u>\$ 1,785,976</u>	<u>\$ 1,785,976</u>	<u>\$ 1,782,666</u>	<u>\$ (3,310)</u>
Other Payments:				
Capital Outlay	<u>\$ -</u>	<u>\$ 15,691</u>	<u>\$ 15,691</u>	<u>\$ -</u>