

COUNTY OF ROCKWALL
EMERGENCY SERVICES CORPORATION

ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2023

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, 2023**

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**COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
DIRECTORS AND OFFICERS
SEPTEMBER 30, 2023**

Board of Directors

Dana Macalik	County of Rockwall
Frank New	County of Rockwall
Trace Johannesen	City of Rockwall
Dennis Lewis	City of Rockwall
Heather Buegeler.....	City of Fate
David Billings	City of Fate
Brandon Seery.....	City of Heath
Bryan McNeal	City of McLendon-Chisholm
Kenny Phillips	City of Mobile City
Debra Shinder.....	City of Rowlett
Clay Ellis	City of Royse City
James Branch	City of Royse City
Brandon Peterson	City of Heath

Officers

Frank New	President
Dana Macalik	Vice President
James Branch.....	Secretary
Kristy Teague.....	Assistant Secretary
David Peek	Treasurer

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INDEPENDENT AUDITOR'S REPORT

Members of the Board:

Opinion

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, 2023, and the related notes to the financial statements which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the proprietary funds of the County of Rockwall Emergency Services Corporation as of September 30, 2023, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

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

Independent Auditor's Report – Continued

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 Station's basic financial statements. 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 schedules identified in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used in the preparation of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement 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 the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2024, 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 the effectiveness of the Station's 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 Station's internal control over financial reporting and compliance.



March 12, 2024
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, 2023, 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, 2024.

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*.

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 PC

March 12, 2024
Greenville, Texas

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

Financial Statement Findings (Section I)

NONE

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

Prior Year Findings (Section II)

NONE

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2023

Corrective Action Plans (Section III)

NONE

**COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2023**

This section of the County of Rockwall Emergency Services Corporation's (Corporation) annual financial report presents our discussion and analysis of the Corporation's financial performance during the year ended September 30, 2023. Please read it in conjunction with the Corporation's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The corporation's total fund net position was \$ 1,539,183 at September 30, 2023.
- During the year, the Corporation's expenses were \$ 53,045 more than the \$ 405,419 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 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) note 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 readers understanding of the financial operations of the Corporation.

The fund financial statements present the activities of the Corporation. A fund is 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 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

Net Position

Please refer to Table A-1 during the following discussion. Total assets decreased 3.71% 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 changes in fixed assets. The 3.71% decrease reflected the \$ 53,045 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 reflect net position unavailable to meet currently maturing obligations and provided for operations, 2) Restricted, which are funds that have a legal restriction place up them, 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, 2023**

The corporation's total net position is \$ 1,539,183 at September 30, 2023

Net Position			Table A-1
	2023	2022	Total Percentage Change 2022 - 2023
Assets			
Cash and Investments	\$ 4,627	\$ 3,602	28.46%
Capital Assets, Net	1,549,184	1,610,078	-3.78%
Total Assets	\$ 1,553,811	\$ 1,613,680	-3.71%
Liabilities			
Current Liabilities	\$ -	\$ 6,188	-100.00%
Non Current Liabilities	14,628	15,264	-4.17%
Total Liabilities	\$ 14,628	\$ 21,452	-31.81%
Net Position			
Net Investment in Capital Assets	\$ 1,534,556	\$ 1,594,814	-3.78%
Unrestricted	4,627	(2,586)	-278.92%
Total Net Position	\$ 1,539,183	\$ 1,592,228	-3.33%

Change 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 \$ 53,045. The decrease is a reflection of the annual depreciation on the gun range facility.

Charges for services increased \$ 118,819. The increase is due to the increase in cost for emergency management services provided.

Operating expenses reflect a 28.55% increase. The increase reflects the same change in operation cost of emergency management services.

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.

**COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2023**

The following condensed financial information provides activity for the year:

Changes in Net Position			Table A-2
	2023	2022	Percentage Change 2022 - 2023
Operating Revenues:			
Charges for Services	\$ 405,419	\$ 286,600	41.46%
Total Operating Revenues	\$ 405,419	\$ 286,600	41.46%
Operating Expenses:			
Administrative Costs	\$ 5,100	\$ 4,900	4.08%
Ambulance Services	8,687	10,188	-14.73%
Emergency Management Services	349,888	252,769	38.42%
Firing Range	33,895	27,895	21.51%
Depreciation	60,894	60,894	0.00%
Total Operating Expenses	\$ 458,464	\$ 356,646	28.55%
Increase (Decrease) in Net Position	\$ (53,045)	\$ (70,046)	24.27%
Net Position - Beginning (October 1)	1,592,228	1,662,274	-4.21%
Net Position - Ending (September 30)	\$ 1,539,183	\$ 1,592,228	-3.33%

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 \$ 2,909,348 in a broad range of capital assets, including buildings and equipment. (See Table A-3).

Capital Assets			Table A-3
	2023	2022	Total Percentage Change 2022 - 2023
Buildings and Improvements	\$ 2,569,983	\$ 2,569,983	0.00%
Infrastructure	307,774	307,774	0.00%
Equipment	15,691	15,691	0.00%
Right of Use,	15,900	15,900	0.00%
Totals at Historical Cost	\$ 2,909,348	\$ 2,909,348	0.00%
Total Accumulated Depreciation	(1,360,164)	(1,299,270)	4.69%
Net Capital Assets	\$ 1,549,184	\$ 1,610,078	-3.78%

**COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2023**

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 2024.

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, 2023

	Enterprise Fund
ASSETS	
Current Assets:	
Cash and Investments	\$ 4,627
Total Current Assets	<u>\$ 4,627</u>
Non-Current Assets:	
Capital Assets:	
Buildings and Improvements, Net	\$ 1,384,951
Infrastructure, Net	143,629
Equipment, Net	5,976
Right of Use Assets, Net	<u>14,628</u>
Total Non-Current Assets	<u>\$ 1,549,184</u>
Total Assets	<u>\$ 1,553,811</u>
LIABILITIES	
Non Current Liabilities:	
Lease Payable	\$ 14,628
Total Non Current Liabilities:	<u>\$ 14,628</u>
Total Liabilities	<u>\$ 14,628</u>
NET POSITION	
Net Investment in Capital Assets	\$ 1,534,556
Unrestricted	<u>4,627</u>
Total Net Position	<u>\$ 1,539,183</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, 2023

	Enterprise Fund
OPERATING REVENUES	
Charges for Services	\$ 405,419
Total Operating Revenues	\$ 405,419
OPERATING EXPENSES	
Administrative Costs	\$ 5,100
Ambulance Consulting	8,687
Emergency Management Services	349,888
Firing Range	33,895
Depreciation	60,894
Total Operating Expenses	\$ 458,464
Net Operating Revenue (Expenses)	\$ (53,045)
Change in Net Position	\$ (53,045)
Net Position - Beginning (October 1)	1,592,228
Net Position - Ending (September 30)	\$ 1,539,183

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, 2023

	Enterprise Fund
Cash Flows from Operating Activities:	
Cash Received from Member Entities	\$ 405,419
Cash Payments for Goods and Services	(403,758)
Net Cash Provided by (Used for) Operating Activities	\$ 1,661
Cash Flows from Capital and Other Related Financing Activities:	
NONE	\$ -
Net Cash Provided by (Used for) Capital and Other Related Financing Activities	
Payments on Lease Agreement	\$ (636)
Cash Flows from Investing Activities:	
NONE	\$ -
Net Cash Provided by (Used for) Investing Activities	\$ -
Net Increase (Decrease) in Cash and Investments	\$ 1,025
Cash and Investments - Beginning (October 1)	3,602
Cash and Investments - Ending (September 30)	\$ 4,627
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Net Operating Revenue (Expenses)	\$ (53,045)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	60,894
Change in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	(6,188)
Net Cash Provided by (Used for) Operating Activities	\$ 1,661

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, 2023

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.

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.

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.

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023

A. Summary of Significant Accounting Policies (Continued)

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.

7. Right of Use Assets and Liabilities

GASB Statement 87, *Leases* created new financial statements "Right of Use" assets and similar offsetting liabilities. A "Right of Use" asset accounts for the net present value of future payments attached to a leased asset. Common examples of "Right of Use" assets are copiers, printers, and other types of equipment that the Corporation does not take ownership of but uses under the lease agreement. The assets value will be amortized over the life of the lease using a straight-line method. The liability offsetting the "Right of Use" is presented as lease payable.

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
Right of Use Assets	15,900	-	-	15,900
Totals at Historical Cost	\$ 2,909,348	\$ -	\$ -	\$ 2,909,348
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 1,137,275	\$ 47,757	\$ -	\$ 1,185,032
Infrastructure	153,886	10,259	-	164,145
Equipment	7,473	2,242	-	9,715
Right of Use Assets	636	636	-	1,272
Total Accumulated Depreciation	\$ 1,299,270	\$ 60,894	\$ -	\$ 1,360,164
Net Capital Assets	\$ 1,610,078	\$ (60,894)	\$ -	\$ 1,549,184

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.

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023

C. Deposits, Securities, and Investments (Continued)

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.

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.

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023

F. Long Term Obligations

The Corporation executed an agreement identified here as leases. Leases are obligations that represent the net present value of the obligations to be paid over a specified term and do not transfer ownership.

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 maturing in the 2047 year. The detailed schedule of the life and outstanding lease obligations is below.

<u>Description</u>	<u>Interest Rate</u>	<u>Agreement Date</u>	<u>Orginal Value</u>	<u>Outstanding Amount</u>
City of Rockwall - Land Lease	0%	10/1/2006	\$ 25,440	\$ 14,628

Maturity requirements on right of use leases at period end are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Total Requirements</u>
2024	\$ 636	\$ 636
2025	636	636
2026	636	636
2027	636	636
2028	636	636
2028-2031	2,544	2,544
2032-2035	2,544	2,544
2036-2039	2,544	2,544
2040-2043	2,544	2,544
2044-2045	1,272	1,272
	<u>\$ 14,628</u>	<u>\$ 14,628</u>

G. Subsequent Events

Corporation management has evaluated subsequent events through March 12, 2024, 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.

H. Change in Accounting Principles

The Governmental Accounting Standards Board (GASB) issued Statement 96, *Subscription-Based Information Technology Arrangements (SBITA)*, with an effective date of fiscal year beginning after June 15, 2022. This required the Corporation to implement the provisions of the Statement during the year. The Statement requires the recognition of longer than 12 month agreements to utilize other types of subscription based technology. No SBITA's were identified by the Corporation.

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services	\$ 405,419	\$ 405,419	\$ 405,419	\$ -
Total Operating Revenues	\$ 405,419	\$ 405,419	\$ 405,419	\$ -
OPERATING EXPENSES				
Administrative Costs	\$ 6,000	\$ 6,000	\$ 5,100	\$ 900
Ambulance Consulting	15,000	15,000	8,687	6,313
Emergency Management Services	349,888	349,888	349,888	-
Firing Range	34,531	34,531	33,895	636
Depreciation	-	-	60,894	(60,894)
Total Operating Expenses	\$ 405,419	\$ 405,419	\$ 458,464	\$ (53,045)
Net Operating Revenue (Expense)	\$ -	\$ -	\$ (53,045)	\$ (53,045)
Change in Net Assets	\$ -	\$ -	\$ (53,045)	\$ (53,045)
Net Assets - Beginning (October 1)	1,592,228	1,592,228	1,592,228	-
Net Assets - Ending (September 30)	\$ 1,592,228	\$ 1,592,228	\$ 1,539,183	\$ (53,045)