

**WOOD COUNTY EMERGENCY
SERVICE DISTRICT NO. 1**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION
FOR THE YEARS ENDED
SEPTEMBER 30, 2019
WITH INDEPENDENT AUDITOR'S REPORT**

**Thomas R. Smith, CPA
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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Wood County Emergency Service District No. 1 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2019.

FINANCIAL HIGHLIGHTS

The assets – cash basis of the District, as of the close of fiscal year 2018, were \$2,729.

- The District's total net assets increased by \$1,095 at the end of fiscal 2019 to \$3,824.
- As of September 30, 2019, the District's governmental funds reported combined ending fund balances of \$3,824.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview for the District's finances.

The *statement of net assets-cash basis* presents information of the district's cash and investments and net assets. The reported change in financial condition is a change in cash position and not a change in the economic condition of the District.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as cash receipts are received and disbursements are made. Thus, receipts and disbursements are reported in these statements.

The governmental activities on the government wide financial statements of the District are principally supported by taxes.

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* government-wide financial statements.

The District adopts an annual appropriated budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS
WOOD COUNTY EMERGENCY SERVICE DISTRICT NO. 1's
NET ASSETS – CASH BASIS**

	Governmental Activities <u>2019</u>
Current assets	<u>\$3,824</u>
Total assets	<u>\$3,824</u>
Net assets:	
Restricted	<u>\$3,824</u>
Total net assets	<u>\$3,824</u>

Restricted net assets represents resources that are subject to external restrictions on how they may be used.

**WOOD COUNTY EMERGENCY SERVICE DISTRICT NO. 1's
CHANGE IN NET ASSETS- CASH BASIS**

	Governmental Activities <u>2019</u>
Receipts:	
Taxes	\$74,620
Other	<u>20</u>
Total Receipts	\$74,640
Disbursements	
Public Safety:	
Payments to HLVFD	\$69,785
Appraisal Fees	1,294
Administrative	<u>2,466</u>
Total Disbursements	73,545
Change in Net Assets	1,095
Net assets, beginning	2,729
Net assets, ending	<u>\$ 3,824</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's governmental fund is to provide information on cash receipts and disbursements.

At the end of fiscal year 2019, the District's governmental fund reported an ending cash basis fund balance of \$3,824.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning the information provided in this report or requests for additional financial information should be addressed to:

Wood County Emergency Service District No. 1
Elmer Lewis, President
126 PR 7869
Holly Lake, Tx. 75765

THOMAS R. SMITH, CPA
CERTIFIED PUBLIC ACCOUNTANT

To the Board of Commissioners
Wood County Emergency Service District # 1

I have audited the accompanying financial statements of the governmental activities and each major fund of Wood County Emergency Service District # 1 as of and for the year ended September 30, 2019, which collectively comprise the District's basic financial statements. All information included in these financial statements is the representation of the management of the District. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. An audit consists of such tests and procedures required for the accountant to perform a professional opinion as to the whether or not the accompanying financial statements reflect the financial position and results of operations of the Company in accordance with generally accepted accounting principles in all material respects. I have performed those tests and procedures considered necessary in the circumstances.

As discussed in Note 1, Wood County Emergency Service District # 1 prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis of the governmental activities and each major fund of Wood County Emergency Service District No. 1 as of September 30, 2019, and the respective changes in financial position – cash basis for the year then ended in conformity with the basis of accounting described in Note 1.

The management's discussion and analysis and information included in the accompanying supplementary information schedules is presented only for supplemental analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and I am not aware of any material modifications that should be made thereto. However, I did not audit the information and express no opinion on it.

Thomas R. Smith, CPA

Thomas R. Smith, CPA
December 16, 2019
Mineola, Texas

2461 FM 778 Mineola, Tx. 75773

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Wood County Emergency Service District No. 1

Statement of Net Assets - Cash Basis

September 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 3,824
Total Assets	\$ 3,824
NET ASSETS	
Restricted	\$ 3,824
Total Net Assets	\$ 3,824

**The accompanying notes are an integral part of these financial statements.
See accompanying Independent Auditors' Report.**

Wood County Emergency Service District No. 1
Statement of Activities - Cash Basis
For The Year Ended September 30, 2019

Functions/ Programs	<u>Cash</u> <u>Disbursements</u>	Net (Disbursements) Receipts and Changes in <u>Net Assets</u>
Public Safety:		
Payments to HLVFD	69,785	(69,785)
Payments on Behalf of HLVFD	-	-
Appraisal District Fees	1,294	(1,294)
Directors Expense Reimbursement	-	-
Administrative	2,466	(2,466)
Net Program (disbursements) receipts	73,545	(73,545)
General Receipts		
Taxes		
Property		
\$ 74,620		
Other		
20		
Total general receipts		
74,640		
Change in net assets		
1,095		
Net Assets - Beginning		
2,729		
Net Assets- Ending		
\$ 3,824		

The accompanying notes are an integral part of these financial statements.
See accompanying Independent Auditors' Report.

Wood County Emergency Service District No. 1
Statement of Cash Basis Assets and Fund Balance and Cash Receipts,
Disbursements And Changes in Cash Basis Fund Balance -
Governmental Funds
For The Year Ended September 30, 2019

	<u>Total Governmental Funds</u>
RECEIPTS	
Taxes	\$ 74,620
Other	20
Total Receipts	74,640
DISBURSEMENTS	
Public Safety:	
Payments to HLVFD	69,785
Payments on Behalf of HLVFD	-
Appraisal District Fees	1,294
Directors' Expense Reimbursement	-
Administrative	2,466
Total Disbursements	73,545
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	1,095
CASH BASIS FUND BALANCE, BEGINNING	2,729
CASH BASIS FUND BALANCE, ENDING	\$ 3,824
CASH BASIS ASSETS, ENDING	
Cash	3,824
CASH BASIS FUND BALANCE, ENDING	
Reserved	\$ 3,824

The accompanying notes are an integral part of these financial statements.
See accompanying Independent Auditors' Report.

WOOD COUNTY EMERGENCY SERVICE DISTRICT NO. 1
Notes to Financial Statements
September 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wood County Emergency Service District No. 1 ("the District") was created after a special public election held May of 2003, under provision of Section 48-d of Article III of the Constitution of Texas. The Board of Commissioners held its first meeting on July 20, 2003. The District was established to provide fire protection to the residence of the District. The Wood County Emergency Service District No. 1 Board of Commissioners is made up of five Commissioners. The Commissioners are elected by the Wood County Commissioners' Court and serve two-year terms.

These financial statements are presented on the cash basis of accounting. The cash basis differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied to the extent that they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

A. Reporting Entity.

The District's basic financial statements include all cash accounts handled by the District. The District has no oversight responsibility for any other governmental entity.

B. Government-wide Fund Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes.

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, revenues and expenditures/expenses.

The District reports the following governmental funds:

The General Fund is the primary operating fund of the District. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

The government-wide and fund financial statements are presented under the cash basis of accounting. The cash basis of accounting involves the measurement of cash and investments and changes in cash and investments resulting from cash receipts and disbursement transactions.

WOOD COUNTY EMERGENCY SERVICE DISTRICT NO. 1
Notes to Financial Statements
September 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as capital assets, accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as long-term debt, accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the government-wide financials would be presented on the accrual basis of accounting.

C. Assets, Liabilities and Net Assets or Equity

Cash and Cash Investments

The District's cash and cash equivalents at year-end were entirely covered by federal depository insurance.

Net Assets

Equity is classified as net assets and displayed in two components:

Restricted net assets - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations or other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Assets. - all other net assets that do not meet the definition of "restricted".

Note 2. COMMITMENTS

On October 20, 2003, the District entered into a contract with the Holly Lake Volunteer Fire Department to operate a fire prevention, fire protection, and fire fighting operation as well as an emergency medical first responder program to the community. Either party may terminate this continuous agreement upon adequate written notice.

WOOD COUNTY EMERGENCY SERVICE DISTRICT NO. 1

Notes to Financial Statements

September 30, 2019

Note 3: FINANCIAL INSTRUMENTS

Wood County Emergency Services District # 1 estimates that the fair value of all financial instruments at September 30, 2019 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Corporation by using available market information and appropriate valuation methodologies.

NOTE 4: EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 16, 2019, the date which the financial statements were available to be issued.

**THOMAS R. SMITH, CPA
CERTIFIED PUBLIC ACCOUNTANT**

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Board of Commissioners
Wood County Emergency Services District No. 1
126 PR 7869
Holly Lake, Tx. 75765
Members of the Board:

I have audited the financial statements of the Wood County Emergency Services District No. 1 ("the District") as of and for the year ended September 30, 2019, and have issued my report thereon dated December 31, 2019.

I conducted my audit in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit based on reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Wood County Emergency Services District No. 1 is the responsibility of the District's management and board.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of the audit was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, Wood County Emergency Services District No. 1 complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused us to believe that the District has not complied, in all material respects, with those provisions.

This report is intended for the information of the District. However, this report is a matter of public record and its distribution is not limited.



Thomas R. Smith
Certified Public Accountant
Mineola, Texas
December 16, 2019

THOMAS R. SMITH, CPA
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Board of Commissioners
Wood County Emergency Services District No. 1
126 PR 7869
Holly Lake, Tx. 75765

Members of the Board:

I have audited the financial statements of the Wood County Emergency Services District No. 1 as of and for the year ended September 30, 2019, and have issued my report thereon dated December 16, 2019.

I conducted my audit in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit based on reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing my audit of the financial statements of Wood County Emergency Services District No. 1 for the year ended September 30, 2019, I considered its internal control structure in order to determine the auditing procedures for the purpose of expressing my opinion on the financial statements and no to provide assurance on the internal control structure.

The management of Wood County Emergency Services District No. 1 is responsible for establishing and maintaining an internal control structure. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objective of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities my nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Cash and Cash equivalents

Fund Balance
Revenues
Expenditures

For all of the internal control structure listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed into operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board however, this report is a matter of public record and its distribution is not limited.

Thomas R. Smith, CPA

Thomas R. Smith, CPA
Certified Public Accountant
Mineola, Tx.
December 16, 2019