

**Nueces County Emergency
Services District #6**

Annual Financial Report

For the Year Ended September 30, 2020



GOWLAND, STREATLY, MORALES & COMPANY, PLLC

Certified Public Accountants

Nueces County Emergency
Services District #6
September 30, 2020

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CERTIFICATE OF BOARD

APPROVAL OR DISAPPROVAL OF AUDIT REPORT

NUECES COUNTY EMERGENCY SERVICES DISTRICT #6

I, _____, Chairman of the Board of Directors of Nueces County Emergency Services District No. 6, do hereby certify that this accompanying audit report for fiscal year ended September 30, 2020 from Gowland, Streatly, Morales & Company, A Professional Limited Liability Company, was reviewed and _____ approved / _____ disapproved at a meeting of the Board of Directors held on the _____ day of _____, 2021.

Chairman, Board of Directors

Date



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GOWLAND, STREALLY, MORALES & COMPANY, PLLC
Certified Public Accountants

INDEPENDENT AUDITORS REPORT

Board of Directors
Nueces County Emergency Services District #6
Bishop, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Nueces County Emergency Services District #6, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District'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 audits 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 of 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 risk 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.

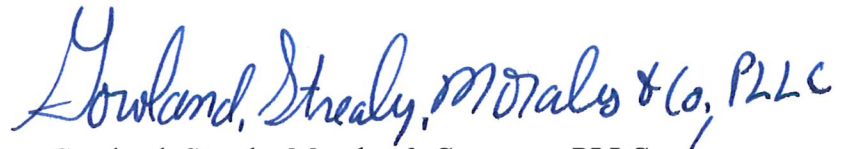
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of governmental activities of Nueces County Emergency Services District #6 as of September 30, 2020, and the respective changes in financial positions in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 21, 2021, on our consideration of Nueces County Emergency Services District #6 internal control over financial reporting and 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 Nueces County Emergency Services District #6 internal control over financial reporting and compliance.



Gowland, Streatly, Morales & Company, PLLC
Certified Public Accountants

Corpus Christi, Texas
May 21, 2021

Management's Discussion and Analysis

INTRODUCTION

Nueces County Emergency Services District No. 6 (the "District") is pleased to submit the following discussion and overview analysis concerning the District's financial statements for the year ended September 30, 2020. The accompanying Financial Audit for the fiscal year 2020 was performed by Gowland, Streatly, Morales & Co., PLLC, Corpus Christi, Texas. Please read it in conjunction with the District's financial statements, which follows this section.

Nueces County Emergency Services District No. 6, a governmental entity authorized under Texas statute, is a fire and first response medical provider within Nueces County, Texas.

The District is a taxing authority limited by statute to a maximum tax of 10 cents per hundred (100) dollars of property valuation. The District's fiscal year begins on October 1st and ends on September 30th. The majority of income to operate the District comes from property taxes. For the year ended September 30, 2020, the District's tax rate was 6.50000 cents per hundred (100) dollars of property valuation.

Nueces County Commissioner's Court appoints five (5) Commissioners who govern the operation of the District. The Commissioners represent a cross-section of the District and meet on a regular basis to determine administrative policy and perform financial oversight.

FINANCIAL HIGHLIGHTS

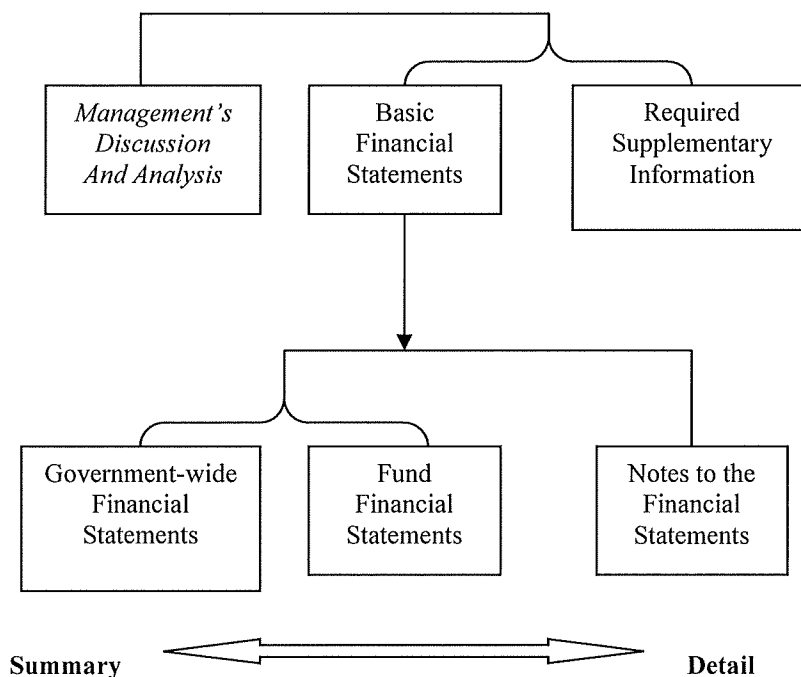
- The total assets of the District, including deferred outflows of resources exceeded its total liabilities, including deferred inflows of resources, by \$2,612,009.
- The balance of Net Assets increased by \$316,537 to \$2,612,009. This represents a 13.79% increase from the prior year's fund balance.
- Total assets equaled \$2,612,339 while total liabilities were \$330.

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 presented financial statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District’s *overall* financial status.

Figure A-1. Required Components of the County’s Annual Financial Report



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 explain and support 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-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.

			Fund Statements	
<i>Type of Statements</i>	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire District's government (except fiduciary funds) and the District's component units	The activities of the District that are not proprietary or fiduciary: All included as Govt. Wide.	Activities of the District operate similar to private business: None	Instances in which the District is the trustee or agent for someone else's resources: None
<i>Required financial statement</i>	*Statement of net position	*Balance Sheet	*Statement of net position	*Statement of fiduciary net position
	*Statement of activities	*Statement of revenues, expenditures & changes in fund balances	*Statement of revenues, expenses, and changes in fund net position *Statement of cash flows	*Statement of changes in fiduciary net position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic 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	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term, the District's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenue and expenses during the 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	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements provide both long-term and short-term information about the District's overall financial status. These statements are presented for both governmental activities and business-type activities. They are designed to provide readers with a broad overview of the District's finances, similar to a private-sector business.

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 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, you need to consider additional non-financial 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 general government, building and grounds maintenance, etc. Property taxes and charges for services finance these activities.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

Net position serves, over time, as a useful indicator of the District's financial position. At September 30, 2020, the net position totaled \$2,612,009; \$316,537 higher than the prior year.

A portion of the District's net position, 34.15%, are invested in capital assets (e.g., land, buildings, machinery, and equipment). The District uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is not reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. All of the District's total net position is unrestricted in their use for District activities.

Changes in net position

The change in net position was due to revenues exceeding costs and expenses by \$316,537 during 2020.

Governmental Activities

As noted above, Net position increased from the prior year.

- The cost of all *governmental* activities this year was \$258,425.
- However, the amount that taxpayers paid for these activities through property taxes was \$482,988.

The District's total revenues were \$574,962. A significant portion, 84.00%, of the District's revenues comes from taxes, while 11.90% comes from the Hospital District, and 4.10% relate to interest income and penalties. The total cost of all programs and services was \$258,425, in which \$150,000, or 58.04%, of these costs are for contracted ambulance services. Property taxes increased by \$51,908, or 12.04%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the District had invested \$1,042,206 in capital assets, before deducting for accumulated depreciation in a broad range of capital assets, including land, building, and equipment.

This amount represents a net increase (including additions and deductions) of \$139,614 or 15.47% over last year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The adopted budget for 2021 sets general fund revenues from all sources at \$666,917, which is \$91,955 or 15.99% more than the 2020 actual revenues. The three causes of this projected increase in revenues from 2021 to 2020 is due to Ad Valorem revenue projected at \$592,417 for 2021, Interest Income being projected at \$20,500 for 2021 and Hospital District revenue being projected at \$54,000 for 2021. The 2021 revenue forecast was conservatively budgeted by the Board of Directors. Property tax revenues are expected to make up 88.83% of total general fund revenues for 2021.

If the budgeted revenue and expenditures are achieved the Net Assets of the District would increase by \$245,578.

DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Board of Directors, the County Commissioners' Court, citizens, taxpayers, customers, creditors, and other governmental sectors with a general overview of the District's financial condition and to demonstrate the District's accountability for the funds it receives.

If you have any questions about this report or need additional information, contact:

Nueces County Emergency Services District #6
Board Treasurer
P.O. Box 749
Orange Grove, Texas 78372

361-290-0962

Nueces County Emergency Services District #6
Statement of Financial Position
September 30, 2020

	2020
<u>ASSETS</u>	
CURRENT ASSETS:	
Cash - Operating Account	\$ 201,173
Cash - savings/reserve	1,432,801
Cash and Cash Equivalents	1,633,974
Taxes Receivable	55,286
Accounts Receivable	20,884
Prepaid Expenses	10,047
Total Current Assets	1,720,191
Fixed Assets:	
Land	47,275
Building & Improvements	936,233
Furniture & Fixtures	58,698
	1,042,206
Less: Accumulated Depreciation	(150,058)
	892,148
Total Assets	\$ 2,612,339
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES	
Accounts Payable	\$ 330
Total Current Liabilities	330
Unrestricted Net Assets	
Board Designated - Hospital District	383,200
Undesignated Net Assets	2,228,809
	2,612,009
Total Liabilities and Net Assets	\$ 2,612,339

See accompanying notes to the financial statements.

Nueces County Emergency Services District #6
Statement of Activities
For the Year Ended September 30, 2020

		2020
REVENUES:		
Ad Valorem taxes	\$	482,988
Ad Valorem - Penalty, Interest and Rendition		5,473
Hospital District		68,400
Interest		18,101
Total Revenues		574,962
 COSTS AND EXPENSES:		
Contract services		150,000
Materials and Supplies		2,263
Dues and Fees		1,285
Advertising		271
Insurance		9,515
Repairs and Maintenance		6,242
Professional fees		5,875
Internet/Website		5,627
Travel/Training/Conferences		4,472
Postage		278
Utilities		5,217
Tax Collection Fees		8,096
Miscellaneous		8,218
Depreciation Expense		45,752
Appraisal District Fees		5,314
Total Costs and Expenses		258,425
 INCREASE IN UNRESTRICTED NET ASSETS	\$	316,537
 UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR		2,295,472
 UNRESTRICTED NET ASSETS AT END OF YEAR	\$	2,612,009

See accompanying notes to the financial statements

Nueces County Emergency Services District #6
Statement of Cash Flows
For the Years Ending September 30, 2020

<u>Cash flows from operating activities:</u>	
Net increase in Net Assets	\$ 316,537
Depreciation Expense	45,752
Adjustments to reconcile Change in Net Assets to Cash Provided by Operating Activities:	
(Increase) Decrease in Operating Assets	
Taxes Receivable	(4,238)
Accounts Receivable	(8,060)
Prepaid Expenses	(9,533)
Increase (Decrease) in Operating Liabilities	
Accounts Payable	(1,008)
Net cash provided by operating activities	339,450
<u>Cash flows from investing activities:</u>	
Property, Building & Equipment additions	(139,614)
Cash used in investing activities	(139,614)
Net increase (decrease) in cash	199,836
Cash and cash equivalents, beginning of year	1,434,138
Cash and cash equivalents, end of year	\$ 1,633,974
 <u>Reconciliation of Cash and Cash Equivalents</u>	
Cash - Operating	\$ 201,173
Cash - Savings/reserve	1,432,801
	\$ 1,633,974
Interest Paid	\$ -

See accompanying notes to the financial statements.

Nueces County Emergency Services District #6
Notes to the Financial Statements
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The District was created and organized by the Nueces County Commissioners Court. The District provides emergency ambulance services to the residents of the District.

Basis of Accounting

The financial statements of the District have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Revenue Concentrations

The District receives a substantial amount of its revenue from Ad Valorem taxes. Tax revenue is recorded by the District as it is received/earned from Nueces County Tax Assessor/Collector. The District does not recognize an allowance for bad debt, as all receivables are deemed collectable.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments, purchased with maturity of three months or less, to be cash equivalents.

Allowance for Doubtful Accounts

In the opinion of management, substantially all receivables are collectible in full; therefore, no allowance for doubtful accounts is provided.

Land, Building and Equipment

Land, building and equipment is recorded at cost. Depreciation of building and equipment is provided for over the estimated useful lives of the respective assets on the straight-line basis.

Capitalization Policy

Purchases of \$1,000 and an estimated useful life span of greater than one year are capitalized. Any purchases of less than \$1,000 are expensed.

Functional Classification of Expenses

The District considers substantially all costs and expenses to be related to program services. Consequently, no further allocation of costs and expenses has been presented in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. These estimates affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from these estimates.

Nueces County Emergency Services District #6
Notes to the Financial Statements
September 30, 2020

Financial Statement Presentation

The District reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The District does not have any temporarily restricted net assets or permanently restricted net assets. Accordingly, these classes have not been included in the financial statements.

NOTE 2 – AD VALOREM PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1st. Taxes are levied on or about October 1st, and are due on November 1st, and are past due the following February 1st. The Nueces County Appraisal District establishes appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Nueces County Tax Assessor/Collector bills and collects the District's property taxes.

The property taxes rates, established in accordance with State laws, were based upon 100% of the net assessed valuation of real property within the District on the 2019 tax roll.

At September 30, 2020, unavailable property tax revenue totaled \$55,286. Property taxes receivable at September 30, 2020 consisted of the following:

	2020
Current Tax Levy	\$ 15,120
Prior Year's Levy	40,166
	\$ 55,286

The District is prohibited from writing off real property taxes without specific authority from the Texas Legislature.

NOTE 3 – LAND, BUILDING AND EQUIPMENT

	2020
Land	\$ 47,275
Building and Improvements	936,233
Furniture and Fixtures	58,698
	\$ 1,042,206
Less: Accumulated Depreciation	150,058
Net Land, Building and Equipment	\$ 892,148

Nueces County Emergency Services District #6
Notes to the Financial Statements
September 30, 2020

NOTE 4 – SUBSEQUENT EVENTS

The Treasurer of the Board has evaluated subsequent events through May 21, 2021, the date the financial statements were available to be issued. Management and those charged with governance have determined that there is one non-recognized Type II subsequent event that requires additional disclosure:

In January 2020, the United States learned of the virus known as COVID-19. Over the last several months, it has changed the dynamic of the U.S. economy.

The Nueces County Emergency Services District #6 has no control over these global and national events, except to try to guide the District through these conditions they present. These conditions may include, but may not be limited to:

- 1 Unstable economic environment
- 2 Potential shortages of basic goods and services
- 3 Managing any loss of revenue and unexpected expenditures that may occur

As of the audit date, the Nueces County Emergency Services District #6 has had no material effect on the financial statements as a result of these conditions.

NOTE 5 – RECENT ACCOUNTING PRONOUNCEMENTS

In June 2009, The Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 168, *The FASB Accounting Standards Codification (ASC) and the Hierarchy of Generally Accepted Accounting Principles: a replacement of FASB Statement No. 162*. On July 1, 2009 *The Hierarchy of Generally Accepted Accounting Principles* was rendered irrelevant, and the FASB ASC became the source of authoritative U.S. Generally Accepted Accounting Principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. On the effective date of this statement, the ASC will supersede all then-existing non-SEC accounting and reporting standards, effective for financial statements issued for annual periods ending after September 15, 2009.

The Organization adopted the provisions of FASB ASC 740-10-25 (formerly FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* [“FIN48”]) on October 1, 2010. Under FIN 48, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of FIN 48 had no impact on the Organization’s financial statements. The Organization does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. No interest or penalties were accrued as of October 1, 2010, as a result of the adoption of FIN 48. For the year ended September 30, 2020, there were no interest or penalties recorded or included in its consolidated financial statements.



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GOWLAND, STREALLY, MORALES & COMPANY, PLLC
Certified Public Accountants

**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***

Board of Directors
Nueces County Emergency Services District #6
Bishop, Texas

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 Nueces County Emergency Services District #6 as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Nueces County Emergency Services District #6's financial statements, and have issued our report thereon dated May 21, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Nueces County Emergency Services District #6'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 Nueces County Emergency Services District #6's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nueces County Emergency Services District #6's financial statements are free of 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gowland, Streatly, Morales & Company, PLLC
Certified Public Accountants

Corpus Christi, Texas
May 21, 2021