ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2025

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YWRD, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
Tracie Wood, CPA | Joyce Reeve, CPA | Bryan Thomas, CPA | Taylor Strona, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Ellis County Emergency Services District #6

Opinions

We have audited the accompanying financial statements of the governmental activities and general fund of Ellis County Emergency Services District #6, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Ellis County Emergency Services District #6'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 respective financial position of the governmental activities and general fund of Ellis County Emergency Services District #6, as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Ellis County Emergency Services District #6, 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 opinions.

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 Ellis County Emergency Services District #6's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities 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 opinions. 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 judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment 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 a 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 Ellis County Emergency Services District #6'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ellis County Emergency Services District #6'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 .

Required Supplementary Information

Accounting principles generally accepted in the Unites 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 is the responsibility of management and, although not 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.

YWRD, P.C.

YWRD, P.C.
Certified Public Accountants

Waxahachie, Texas
February 19, 2026

ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Ellis County Emergency Services District #6, 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, 2025.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by $3,181,054 (net position), of which $1,621,857 is unrestricted and available for use within the District's policies.

- The District's total net position increased by $481,304.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $1,568,306 or 94.6% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The government-wide and fund financial statements have been combined using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements rather than at the bottom of the statements or in an accompanying schedule.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental activity of the District consists of fire protection and emergency medical services.

The government-wide financial statements can be found on pages 9-10 of this report.

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. The District currently maintains one governmental fund.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The combined government-wide and fund financial statements provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

All of the District's activity is maintained in one individual governmental fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 9-10 of this report.

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. The notes to the financial statements can be found on pages 11-21 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's general fund Budget Comparison Schedule. Required supplementary information can be found on page 23 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $3,181,054 as of September 30, 2025.

ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6'S NET POSITION

	2025	2024
Current and other assets	$ 1,678,669	$ 1,118,301
Capital assets	1,851,334	1,697,567
Total assets	3,530,003	2,815,868
Long term liabilities	292,137	70,919
Other liabilities	56,812	45,199
Total liabilities	348,949	116,118
Net Position:		
Net investment in capital assets	1,559,197	1,626,648
Unrestricted	1,621,857	1,073,102
Total net position	$ 3,181,054	$ 2,699,750

The District uses capital assets to provide fire protection and emergency medical services; consequently these assets are not available for future spending.

Analysis of the District's Operations. The following table provides a summary of the District's operations for the year ended September 30, 2025. Governmental activities increased the District's net position by $481,304.

ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6'S CHANGES IN NET POSITION

	2025	2024
Revenues:		
Program revenues:		
Capital grants and contributions	$ 810	$ 26,955
General revenues:		
Property taxes	1,856,451	1,317,441
Interest	65,901	41,358
Miscellaneous	33,942	50,062
Total revenues	1,957,104	1,435,816
Expenses:		
Public safety	1,475,800	1,200,027
Total expenses	1,475,800	1,200,027
Change in net position	481,304	235,789
Net position - beginning	2,699,750	2,463,961
Net position - ending	$ 3,181,054	$ 2,699,750

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the sole fund of the District. At the end of the current fiscal year, unassigned fund balance as well as total fund balance was $1,568,306. As a measure of liquidity, it may be useful to compare both unassigned and total fund balance to total expenditures. Unassigned fund balance as well as total fund balance represents 94.6% and 96.9% of total expenditures, respectively. The fund balance of the District's general fund increased $548,102 during the current fiscal year.

General Fund Budgetary Highlights. Budgeted general fund revenues of $1,869,118 exceeded actual revenues of $1,861,226 by $7,892. Budgeted general fund expenditures of $1,869,118 exceeded actual expenditures of $1,414,052 by $455,066.

CAPITAL ASSETS

The District's investment in capital assets for its governmental activities as of September 30, 2025 amounts to $1,851,334 (net of accumulated depreciation). This investment in capital assets includes construction in progress, building, and machinery and equipment.

Capital Assets at Year-End
Net of Accumulated Depreciation

	2025	2024
Construction in progress	$ 141,599	$ -
Building	673,595	707,099
Machinery and equipment	1,036,140	990,468
Total	$ 1,851,334	$ 1,697,567

Additional information on the District's capital assets can be found in note 3.E of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the District had total debt of $292,137.

Outstanding Debt at Year End
Note Payable

	2025	2024
Note payable	$ 292,137	$ 70,919

Additional information on the District's debt can be found in note 3.G of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In the 2025-2026 budget, the District's revenues are budgeted to increase by $240,882 or 12.89% over the budget for fiscal year 2025.

REQUEST 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 any of the information provided in this report or requests for additional financial information should be addressed to Ellis County Emergency Services District #6, PO Box 2521, Waxahachie, Texas 75168.

ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

September 30, 2025

	General Fund	Adjustments (Note 2)	Statement of Net Position
ASSETS			
Cash and cash equivalents	$ 1,609,946	$ -	$ 1,609,946
Accounts receivable	29,952	-	29,952
Prepaid items	38,771	-	38,771
Capital assets:			
Non-depreciable	-	141,599	141,599
Depreciable (net of accumulated depreciation)	-	1,709,735	1,709,735
Total Assets	$ 1,678,669	$ 1,851,334	3,530,003
LIABILITIES			
Accounts payable	$ 5,324	$ -	$ 5,324
Accrued payroll payable	42,549	-	42,549
Accrued interest	-	8,939	8,939
Noncurrent liabilities:			
Due within one year	-	55,872	55,872
Due in more than one year	-	236,265	236,265
Total Liabilities	47,873	301,076	348,949
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	23,719	(23,719)	-
Total Deferred Inflows of Resources	23,719	(23,719)	-
FUND BALANCE			
Nonspendable:			
Prepaid items	38,771	(38,771)	-
Unassigned	1,568,306	(1,568,306)	-
Total Fund Balance	1,607,077	(1,607,077)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 1,678,669		
NET POSITION			
Net investment in capital assets		1,559,197	1,559,197
Unrestricted		1,621,857	1,621,857
Total Net Position		$ 3,181,054	$ 3,181,054

See accompanying notes to financial statements.

ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended September 30, 2025

	General Fund	Adjustments (Note 2)	Statement of Activities
REVENUES			
Property taxes	$ 1,849,478	$ 6,973	$ 1,856,451
Interest	65,901	-	65,901
Intergovernmental	810	-	810
Other	33,942	-	33,942
Total Revenues	1,950,131	6,973	1,957,104
EXPENDITURES/EXPENSES			
Current:			
Contract Fire - ESD#6 VFD	189,056	-	189,056
Contract Fire - Forreston VFD	92,170	-	92,170
Utilities	455	-	455
Administration and office	575,303	-	575,303
Due and memberships	2,317	-	2,317
Training	3,238	-	3,238
Communications equipment	23,800	-	23,800
Legal	24,811	-	24,811
Appraisal district	20,545	-	20,545
Audit	22,305	-	22,305
Collection fee	30,467	-	30,467
Insurance	123,608	-	123,608
Depreciation	-	243,004	243,004
Building improvements	174,328	(141,599)	32,729
Capital improvements	338,080	(255,172)	82,908
Debt service:			
Principal retirement	35,454	(35,454)	-
Interest charges	2,764	6,320	9,084
Total debt service	38,218	(29,134)	9,084
Total Expenditures/Expenses	1,658,701	(182,901)	1,475,800
Excess (Deficiencies) of Revenues over (under) Expenditures/Expenses	291,430	(175,928)	481,304
OTHER FINANCING SOURCES (USES)			
Issuance of debt	256,672	(256,672)	-
Net Change in Fund Balance	548,102	(548,102)	-
Change in Net Position	-	481,304	481,304
Fund Balance/Net Position, Beginning of Year	1,058,975	1,640,775	2,699,750
Fund Balance/Net Position, End of Year	$ 1,607,077	$ 1,573,977	$ 3,181,054

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. Governmental activities, the only type of activities conducted by the District, are supported by property taxes and other various nonexchange transactions.

B. Reporting entity

The Ellis County Emergency Services District #6 (District) is a grassroots government created by voters in an area to fund fire protection, emergency medical services, or both. The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

The District applies the criteria set forth in GASB Statement No. 61, The Financial Reporting Entity, to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected official's accountability to their constituents. The financial reporting entity follows the same accountability. In addition, the financial statements of the reporting entity should allow the user to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units. Criteria for inclusion of an entity into the primary governmental unit (in blended or discrete presentation) includes, but is not limited to, legal standing, fiscal dependency, imposition of will and the primary recipient of services. The District presently has no component units included within its reporting entity.

C. Basis of presentation - government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds. The statement of net position reports all financial and capital resources. The statement of activities demonstrates what the District provided with the revenues raised.

D. Basis of presentation - fund financial statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of presentation - fund financial statements (continued)

The District reports the following major governmental fund:

The g*eneral fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

E. Budgetary and compliance information

1. *Budgetary basis of accounting*

Annual budgets are adopted on a basis on the budgetary basis of accounting for the general fund. All annual appropriations lapse at fiscal year end. The legal level of budgetary control is the fund level.

2. *Compliance with finance related legal and contractual provisions*

The District has no material violations of finance related legal and contractual provisions, including the Texas Public Funds Investment Act.

F. Assets, liabilities, deferred inflows of resources, and fund balance/net position

1. *Cash and cash equivalents*

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

2. *Investments*

Investments for the District are reported at fair value (generally based on quoted market prices) except for the position in TexPool. In accordance with state law, TexPool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, TexPool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. TexPool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, liabilities, deferred inflows of resources, and fund balance/net position (continued)

The State Comptroller of Public Accounts oversees TexPool. Federated Investors is the full service provider to the pools managing the assets, providing participant services, and arranging for all custody and other functions in support of the pools operations under a contract with the Comptroller.

TexPool is managed conservatively to provide a safe, efficient, and liquid investment alternative to Texas governments. The pools seek to maintain a $1.00 value per share as required by the Texas Public Funds Investment Act. TexPool investments consist exclusively of U.S. Government securities, repurchase agreements collateralized by U.S. Government securities, and AAA-rated no-load money market mutual funds. TexPool is rated AAAm by Standard & Poor's, the highest rating a local government investment pool can achieve. The weighted average maturities of the pools cannot exceed 60 days, with the maximum maturity of any investment limited to 13 months. TexPool , like its participants, is governed by the Texas Public Funds Investment Act, and is in full compliance with the Act.

3. *Receivables and allowances for doubtful accounts*

All property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is the lesser of 0.2 percent of the tax levy for each fiscal year or the outstanding property taxes for each fiscal year at year end.

The District's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property. Appraised values are established by the Elis Appraisal District as market value and assessed at 100% of appraised value. Property taxes attach an enforceable lien on property as of January 1. The Ellis County Tax Assessor/Collector bills and collects the District's property taxes which are due October 1. Full payment can be made prior to the next January 31 to avoid penalty and interest charges. Over time substantially all property taxes are collected.

4. *Prepaid items*

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both the government-wide and fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, liabilities, deferred inflows of resources, and fund balance/net position (continued)

5. *Capital assets*

The District's capital assets, which include a building and machinery and equipment, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Building and machinery and equipment are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Building	15-40
Machinery and equipment	5-20

6. *Deferred inflows of resources*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, liabilities, deferred inflows of resources, and fund balance/net position (continued)

8. *Net position flow assumption*

Net position represent the difference between assets, liabilities and deferred inflows of resources on the government-wide financial statements. Net position is classified in the following categories:

Net investment in capital assets —This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position —This amount is restricted by creditors, grantors, contributors, or laws or regulations.

Unrestricted net position —This amount is the net position that does not meet the definition of “net investment in capital assets” or "restricted net position".

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

9. *Fund balance flow assumption*

The governmental fund financials present fund balance categorized based on the nature and extent of the constraints placed on the specific purposes for which a government’s funds may be spent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance —amounts that are not in spendable form (such as prepaid items) or are required to be maintained intact.

Restricted fund balance —amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, liabilities, deferred inflows of resources, and fund balance/net position (continued)

Committed fund balance —amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance —amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned fund balance— amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed, or assigned. Positive balances are reported only in the general fund.

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of restricted and unassigned fund balance). In order to calculate the amounts to report as restricted and unassigned fund balance in the governmental fund financials statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, restricted fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The combined statement of net position and the governmental funds balance sheet and the combined statement of activities and governmental funds revenues, expenditures and changes in fund balance include an adjustments column that reconciles the amounts reported in the governmental funds to show how each would change when reported on the accrual basis of accounting.

Amounts reported for governmental activities in the statement of net position are different because capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds and because long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The adjustment to report these amounts included an increase in capital assets of $1,851,334 and an increase in noncurrent liabilities of $292,137.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The adjustment to report these amounts included a decrease in expenditures in the amount of $396,771.

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds. The adjustment to report these amounts included an increase in depreciation expense in the amount of $243,004.

The issuance of long-term debt (e.g., note payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. Notes payable issued amounted to $256,672 and notes payable retired amounted to $35,454.

Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financials resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. The adjustments to report these amounts included an increase in current liabilities of $8,939 and an increase in interest expense in the amount of $6,320.

Receivables not estimated to be collectible within sixty days after the balance sheet date are not considered to be susceptible to accrual and are recorded as unavailable revenue in the fund financial statements. However, in the governmental-wide financial statements these amounts are recognized as revenues. The adjustments to report these amounts included a decrease in unavailable revenue of $23,719 and an increase in property taxes in the amount of $6,973.

NOTE 3 – DETAIL NOTES – ALL FUNDS

A. Cash deposits with financial institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully insured or collateralized by U. S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. At year end the bank balance of the District's deposits was $219,819, which was covered by federal depository insurance. The collateral pledged in the District's name by the safekeeping department of the pledging bank's agent and had a fair value of $950,000.

B. Investments

Public funds of the District may be invested in 1) obligations of the United States of America, its agencies and instrumentalities; 2) certificates of deposit; and 3) local government investment pools.

The State Treasurer's Investment Pool (TexPool) operates in accordance with state law, which requires it to meet all of the requirements of Rule 2a-7 of the Securities and Exchange Commission. See note 1.F.2, Investments, for a discussion of how the shares in the Pool are valued. The Pool has a credit rating of AAA from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. TexPool invests in a high quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

Investment Type	Fair Value
TexPool	$ 1,441,669

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of September 30, 2025, the District's investment in TexPool was rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of credit risk. The District's investment policy contains no limitations on the amount that can be invested in any one issuer.

TexPool is considered a cash equivalent on the Government-wide Statement of Net Position and on the Balance Sheets of the Fund Financial Statements.

NOTE 3 – DETAIL NOTES – ALL FUNDS (continued)

C. Receivables

Receivables as of year end, including the applicable allowance for uncollectible accounts, are as follows:

Receivables:	
Taxes	$ 47,738
Less: Allowance for uncollectibles	(17,786)
Net total receivables	$ 29,952

D. Risk management

The District 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. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

E. Capital assets

Capital asset activity for the year ended September 30, 2025, was as follows:

	Beginning Balance	**Increase**	**Decrease**	**Ending Balance**
Governmental activities:				
Capital assets being depreciated:				
Construction in progress	$ -	$ 141,599	$ -	$ 141,599
	-	141,599	-	141,599
Capital assets being depreciated:				
Building	$ 992,723	$ -	$ -	$ 992,723
Machinery and equipment	3,158,568	255,172	-	3,413,740
Total capital assets being depreciated	4,151,291	255,172	-	4,406,463
Less accumulated depreciation:				
Building	(285,624)	(33,504)	-	(319,128)
Machinery and equipment	(2,168,100)	(209,500)	-	(2,377,600)
Total accumulated depreciation	(2,453,724)	(243,004)	-	(2,696,728)
Total capital assets being depreciated (net)	1,697,567	12,168	-	1,709,735
Governmental activities capital assets, net	$ 1,697,567	$ 153,767	$ -	$ 1,851,334

Depreciation expense was charged to governmental activities as follows:

Governmental activities	$ 243,004

NOTE 3 – DETAIL NOTES – ALL FUNDS (continued)

F. Construction commitments

As of September 30, 2025, the District had entered into a construction contract for a new fire station. The contract amount ranges from $3,955,200 to $4,367,200, depending on final project specifications and potential change orders. As of the reporting date, $93,599 has been expended on the project. The remaining commitment under the contract is estimated to be between $3,861,601 and $4,273,601.

G. Long-term liabilities

Note Payable -

Note payable currently outstanding and reported as liabilities of the District's governmental activities are:

Note Amount	Maturity Date	Interest Rate	Year-end Balance	Collateral
$ 354,546	10/15/2025	3.85%	$ 35,465	Vehicle
256,672	2/25/2035	5.00%	256,672	Vehicle
			$ 292,137	

Annual debt service requirements to maturity are as follows -

Year Ending September 30	Note Payable Principal	Note Payable Interest
2026	$ 55,872	$ 14,199
2027	21,427	11,813
2028	22,498	10,742
2029	23,623	9,617
2030	24,804	8,436
2031-2035	143,913	22,288
	$ 292,137	$ 77,095

NOTE 3 – DETAIL NOTES – ALL FUNDS (continued)

G. Long-term liabilities (continued)

Changes in long-term liabilities -

Long-term liability activity for the year ended September 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable	$ 70,919	$ 256,672	$ (35,454)	$ 292,137	$ 55,872
Long-term liabilities	$ 70,919	$ 256,672	$ (35,454)	$ 292,137	$ 55,872

H. Subsequent events

Subsequent to year end, the District approved the following item:

- Purchase of 2 fire engines to be funded with $600,000 of grant proceeds and approximately $1,600,000 of debt proceeds.
- Purchase of a skid unit to be funded with $40,000 of grant proceeds.

REQUIRED SUPPLEMENTARY INFORMATION

Major Governmental Fund

This supplementary schedule is included to supplement the basic financial statements as required by Governmental Accounting Standards Board.

ELLIS COUNTY EMERGENCY SERVICES DISTRICT #6

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Fiscal Year Ended September 30, 2025

	Original and Final Budgeted Amounts	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Over (Under) Budget
REVENUES					
Property taxes	$ 1,844,118	$ 1,849,478	$ (30,768)	$ 1,818,710	$ (25,408)
Interest	25,000	65,901	(58,137)	7,764	(17,236)
Intergovernmental	-	810	-	810	810
Other	-	33,942	-	33,942	33,942
Total Revenues	1,869,118	1,950,131	(88,905)	1,861,226	(7,892)
EXPENDITURES					
Current:					
Contract Fire - ESD#6 VFD	234,700	189,056	-	189,056	(45,644)
Contract Fire - Forreston VFD	146,725	92,170	-	92,170	(54,555)
Utilities	360	455	-	455	95
Administration and office	575,833	575,303	(8,281)	567,022	(8,811)
Due and memberships	1,500	2,317	-	2,317	817
Training	6,000	3,238	-	3,238	(2,762)
Communications equipment	25,000	23,800	-	23,800	(1,200)
Legal	85,000	24,811	-	24,811	(60,189)
Appraisal district	13,000	20,545	-	20,545	7,545
Audit	20,000	22,305	-	22,305	2,305
Collection fee	-	30,467	(30,467)	-	-
Insurance	136,000	123,608	-	123,608	(12,392)
Building improvements	250,000	174,328	38,771	213,099	(36,901)
Capital improvements	250,000	338,080	(252,579)	85,501	(164,499)
Debt service:					
Principal retirement	125,000	35,454	10,671	46,125	(78,875)
Interest and fiscal charges	-	2,764	(2,764)	-	-
Total debt service	125,000	38,218	7,907	46,125	(78,875)
Total Expenditures	1,869,118	1,658,701	(244,649)	1,414,052	(455,066)
Excess (Deficiencies) of Revenues over (under) Expenditures	-	291,430	155,744	447,174	447,174
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	256,672	(256,672)	-	-
Net Change in Fund Balance	$ -	$ 548,102	$ (100,928)	$ 447,174	$ 447,174

1. *Budgetary basis of accounting*

The annual budget for the general fund is prepared on the budgetary basis of accounting. Appropriations in the budgeted fund lapse at the end of the fiscal year. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.