

ELLIS COUNTY EMERGENCY SERVICES DISTRICT #5

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 #5

Opinions

We have audited the accompanying financial statements of the governmental activities and general fund of Ellis County Emergency Services District #5, 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 #5'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 #5, 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 #5, 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 #5'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.

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 #5'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 #5'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 United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information 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
May 14, 2026

ELLIS COUNTY EMERGENCY SERVICES DISTRICT #5

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Ellis County Emergency Services District #5, 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 \$482,603 (net position), of which \$289,292 is unrestricted and available for use within the District's policies.
- The District's total net position decreased by \$12,634.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$278,161 or 86% 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 8-9 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 statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 8-9 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 10-17 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 18 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 \$482,603 as of September 30, 2025.

ELLIS COUNTY EMERGENCY SERVICES DISTRICT #5'S NET POSITION

	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 297,430	\$ 206,933
Capital assets	193,311	289,304
Total assets	<u>490,741</u>	<u>496,237</u>
Other liabilities	8,138	1,000
Total liabilities	<u>8,138</u>	<u>1,000</u>
Net Position:		
Net investment in capital assets	193,311	289,304
Unrestricted	289,292	205,933
Total net position	<u>\$ 482,603</u>	<u>\$ 495,237</u>

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 decreased the District's net position by \$12,634.

ELLIS COUNTY EMERGENCY SERVICES DISTRICT #5'S CHANGES IN NET POSITION

	<u>2025</u>	<u>2024</u>
Revenues:		
General revenues:		
Property taxes	\$ 316,204	\$ 265,680
Miscellaneous	557	476
Gain on sale of equipment	23,270	16,000
Total revenues	<u>340,031</u>	<u>282,156</u>
Expenses:		
Public safety	352,665	246,819
Total expenses	<u>352,665</u>	<u>246,819</u>
Change in net position	(12,634)	35,337
Net position - beginning	495,237	459,900
Net position - ending	<u>\$ 482,603</u>	<u>\$ 495,237</u>

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, unassigned 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 \$278,161. 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 86% of total expenditures. The fund balance of the District's general fund increased \$83,876 during the current fiscal year.

General Fund Budgetary Highlights. Actual general fund revenues of \$318,267 exceeded budgeted revenues of \$189,500 by \$128,767. Actual general fund expenditures of \$315,264 exceeded budgeted expenditures of \$189,500 by \$125,764.

CAPITAL ASSETS

The District's investment in capital assets for its governmental activities as of September 30, 2025 amounts to \$193,311 (net of accumulated depreciation). This investment in capital assets includes land, machinery and equipment, and buildings.

Capital Assets at Year-End Net of Accumulated Depreciation

	2025	2024
Land	\$ 63,600	\$ 63,600
Machinery and equipment	104,447	199,133
Buildings	25,264	26,571
Total	<u>\$ 193,311</u>	<u>\$ 289,304</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For fiscal year 2026, the District has budgeted revenues at the same level as those projected 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 #5, PO Box 149, Ferris, TX 75125.

ELLIS COUNTY EMERGENCY SERVICES DISTRICT #5
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
September 30, 2025

	General Fund	Adjustments (Note 2)	Statement of Net Position
ASSETS			
Cash	\$ 285,189	\$ -	\$ 285,189
Receivables (net of allowance for uncollectibles)	12,241	-	12,241
Capital assets:			
Non-depreciable	-	63,600	63,600
Depreciable (net of accumulated depreciation)	-	129,711	129,711
Total Assets	<u>\$ 297,430</u>	<u>193,311</u>	<u>490,741</u>
LIABILITIES			
Accounts payable	\$ 8,138	-	8,138
Total Liabilities	<u>8,138</u>	<u>-</u>	<u>8,138</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property tax	11,131	(11,131)	-
Total Deferred Inflows of Resources	<u>11,131</u>	<u>(11,131)</u>	<u>-</u>
FUND BALANCE			
Unassigned	278,161	(278,161)	-
Total Fund Balance	<u>278,161</u>	<u>(278,161)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 297,430</u>		
NET POSITION			
Net investment in capital assets		193,311	193,311
Unrestricted		289,292	289,292
Total Net Position		<u>\$ 482,603</u>	<u>\$ 482,603</u>

See accompanying notes to financial statements.

ELLIS COUNTY EMERGENCY SERVICES DISTRICT #5
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	\$ 316,721	\$ (517)	\$ 316,204
Miscellaneous income	557	-	557
Total Revenues	<u>317,278</u>	<u>(517)</u>	<u>316,761</u>
EXPENDITURES/EXPENSES			
Current:			
City of Ferris Fire Department	246,039	-	246,039
Accounting	825	-	825
Appraisal district	2,930	-	2,930
Insurance	5,075	-	5,075
Office supplies	2,313	-	2,313
Attorney fees	19,748	-	19,748
Training	4,764	-	4,764
Equipment and building	7,960	-	7,960
Election	1,059	-	1,059
Utilities	2,703	-	2,703
Landscaping	492	-	492
Alarm and security	585	-	585
Property tax collection fee	10,757	-	10,757
Telephone	3,311	-	3,311
Consultation services	14,841	-	14,841
Depreciation	-	29,263	29,263
Total Expenditures/Expenses	<u>323,402</u>	<u>29,263</u>	<u>352,665</u>
Excess (Deficiencies) of Revenues over (under) Expenditures/Expenses	(6,124)	(29,780)	(35,904)
OTHER FINANCING SOURCES (USES)			
Proceeds/Gain from sale of equipment	<u>90,000</u>	<u>(66,730)</u>	<u>23,270</u>
Net Change in Fund Balance	83,876	(83,876)	-
Change in Net Position	-	(12,634)	(12,634)
Fund Balance/Net Position, Beginning of Period	<u>194,285</u>	<u>300,951</u>	<u>495,237</u>
Fund Balance/Net Position, End of Period	<u><u>\$ 278,161</u></u>	<u><u>\$ 204,441</u></u>	<u><u>\$ 482,603</u></u>

See accompanying notes to financial statements.

ELLIS COUNTY EMERGENCY SERVICES DISTRICT #5
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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 #5 (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.

The District reports the following major governmental fund:

The *general 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.

ELLIS COUNTY EMERGENCY SERVICES DISTRICT #5
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economical resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes estimated to be collectible within sixty days after balance sheet date are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

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

1. Cash

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

2. Receivables and allowances for doubtful accounts

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.

ELLIS COUNTY EMERGENCY SERVICES DISTRICT #5
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 Ellis 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.

3. Capital assets

The District's capital assets, which include machinery and equipment, buildings, and land 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 \$10,000 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.

Machinery and equipment are depreciated using the straight line method over an estimated life of seven to fifteen years.

Buildings are depreciated using the straight line method over an estimated life of forty years.

4. 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 - property tax, 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.

ELLIS COUNTY EMERGENCY SERVICES DISTRICT #5
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. 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”.

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.

6. 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.

Committed fund balance —amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Commissioners). 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.

ELLIS COUNTY EMERGENCY SERVICES DISTRICT #5
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Commissioners or by an official or body to which the Board of Commissioners 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, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, assigned, and unassigned fund balance in the government fund 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 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.

G. 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. *Excess of expenditures over appropriations*

The General fund expenditures exceeded appropriations by \$125,764. This excess was funded by excess revenues of \$128,767.

3. *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.

ELLIS COUNTY EMERGENCY SERVICES DISTRICT #5
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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. The \$193,311 difference is non-depreciable and depreciable assets net of accumulated depreciation.

The net effect of various transactions involving capital assets (i.e. asset disposals) is to decrease net position in the amount of \$66,730.

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 \$29,263.

Property taxes receivable 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 - property tax 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 \$11,131, an increase in beginning net position of \$11,648, and a decrease in property taxes in the amount of \$517.

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, District's bank balance was \$285,188, of which, \$250,000 was covered by federal depository insurance. The remaining balance, \$35,188, was covered by collateral pledged in the District's name by the safekeeping department of the pledging bank's agent and had a fair value of \$370,000.

ELLIS COUNTY EMERGENCY SERVICES DISTRICT #5
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE 3 – DETAIL NOTES – ALL FUNDS (continued)

B. Receivables

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

Receivables:

Taxes	\$ 15,668
Less: Allowance for uncollectibles	<u>(3,427)</u>
Net total receivables	<u><u>\$ 12,241</u></u>

C. Capital assets

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 63,600	\$ -	\$ -	\$ 63,600
	<u>63,600</u>	<u>-</u>	<u>-</u>	<u>63,600</u>
Capital assets being depreciated:				
Machinery and equipment	457,791	-	(101,791)	356,000
Buildings	52,270	-	-	52,270
Total capital assets being depreciated	<u>510,061</u>	<u>-</u>	<u>(101,791)</u>	<u>408,270</u>
Less accumulated depreciation:				
Machinery and equipment	(258,658)	(27,956)	35,061	(251,553)
Buildings	(25,699)	(1,307)	-	(27,006)
Total accumulated depreciation	<u>(284,357)</u>	<u>(29,263)</u>	<u>35,061</u>	<u>(278,559)</u>
Total capital assets being depreciated (net)	<u>225,704</u>	<u>(29,263)</u>	<u>(66,730)</u>	<u>129,711</u>
Governmental activities capital assets, net	<u><u>\$ 289,304</u></u>	<u><u>\$ (29,263)</u></u>	<u><u>\$ (66,730)</u></u>	<u><u>\$ 193,311</u></u>

Depreciation expense was charged to governmental activities as follows:

Governmental activities	<u><u>\$ 29,263</u></u>
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ELLIS COUNTY EMERGENCY SERVICES DISTRICT #5
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE 3 – DETAIL NOTES – ALL FUNDS (continued)

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. Subsequent events

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

- Purchase of equipment for \$32,000

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 #5**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	189,500	\$ 316,721	\$ 989	\$ 317,710	\$ 128,210
Miscellaneous income	-	557	-	557	557
Total Revenues	189,500	317,278	989	318,267	128,767
EXPENDITURES					
Current:					
City of Ferris Fire Department	151,600	246,039	-	246,039	94,439
Accounting	1,750	825	-	825	(925)
Appraisal district	1,850	2,930	-	2,930	1,080
Insurance	11,880	5,075	-	5,075	(6,805)
Office supplies	450	2,313	-	2,313	1,863
Attorney fees	6,000	19,748	(8,138)	11,610	5,610
Training	5,125	4,764	-	4,764	(361)
Equipment and building	4,117	7,960	-	7,960	3,843
Election	-	1,059	-	1,059	1,059
Utilities	-	2,703	-	2,703	2,703
Landscaping	-	492	-	492	492
Alarm and security	1,548	585	-	585	(963)
Property tax collection fee	3,000	10,757	-	10,757	7,757
Telephone	-	3,311	-	3,311	3,311
Consultation services	-	14,841	-	14,841	14,841
Dues	2,180	-	-	-	(2,180)
Total Expenditures	189,500	323,402	(8,138)	315,264	125,764
Excess (Deficiencies) of Revenues over (under) Expenditures	-	(6,124)	9,127	3,003	3,003
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of equipment	-	90,000	-	90,000	90,000
Net Change in Fund Balance	\$ -	\$ 83,876	\$ 9,127	\$ 93,003	\$ 93,003

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.

2. Excess of expenditures over appropriations

For the year ended September 30, 2025, expenditures exceeded appropriations in the general fund by \$125,764. This excess was funded by excess revenues of \$128,767.