FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 6

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2019

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 6

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Fort Bend County Emergency
Services District No. 6
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and major fund of Fort Bend County Emergency Services District No. 6 (the "District"), as of and for the year ended December 31, 2019, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 risks 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 opinions.

Board of Commissioners
Fort Bend County Emergency
Services District No. 6

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of December 31, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

April 22, 2020

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

Management's discussion and analysis of Fort Bend County Emergency Services District No. 6's (the "District") financial performance provides an overview of the District's financial activities for the year ended December 31, 2019. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) fund financial statements and government-wide financial statements and (2) notes to the financial statements. The fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. This report also includes required supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current period. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include 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 has one governmental fund type. The General Fund accounts for resources not accounted for in another fund, property tax revenues, costs of assessing and collecting taxes, and general expenditures.

Governmental funds are reported in each of the financial statements. The focus in the fund financial statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). The budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by $525,910 as of December 31, 2019.

The following is a comparative analysis of government-wide changes in net position:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of the Statement of Net Position		
	2019	2018	Change Positive (Negative)
Current and Other Assets	$ 826,345	$ 810,245	$ 16,100
Capital Assets	205,381	2,100	203,281
Total Assets	$ 1,031,726	$ 812,345	$ 219,381
Current and Other Liabilities	$ 3,398	$ 1,545	$ (1,853)
Total Liabilities	$ 3,398	$ 1,545	$ (1,853)
Deferred Inflows of Resources	$ 502,418	$ 447,298	$ (55,120)
Net Position:			
Net Investment in Capital Assets	$ 205,381	$ 2,100	$ 203,281
Unrestricted	320,529	361,402	(40,873)
Total Net Position	$ 525,910	$ 363,502	$ 162,408

The following table provides a summary of the District's operations for the years ended December 31, 2019 and December 31, 2018.

	Summary of the Statement of Activities		
	2019	2018	Change Positive (Negative)
Revenues:			
Property Taxes	$ 451,702	$ 404,083	$ 47,619
Other Revenues	38,210	8,499	29,711
Total Revenues	$ 489,912	$ 412,582	$ 77,330
Expenses for Services	327,504	291,800	(35,704)
Change in Net Position	$ 162,408	$ 120,782	$ 41,626
Net Position, Beginning of Year	363,502	242,720	120,782
Net Position, End of Year	$ 525,910	$ 363,502	$ 162,408

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The District's General Fund fund balance as of December 31, 2019, was $310,959 a decrease of $42,788 from the prior year. The decrease was primarily due to an increase in capital outlay expenditures for the year in relation to the development of the 1.4241 acre of land for the new Fire Department.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners did not amend the budget during the current fiscal year. Actual revenues were $63,154 more than budgeted revenues. Actual expenditures were $125,327 more than budgeted expenditures.

CAPITAL ASSETS

The District's investment in capital assets as of December 31, 2019, amounts to $205,381. This investment in capital assets includes land to construct a fire station and construction and engineering costs related to the fire station building.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2019	2018	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land	$ 28,535	2,100	$ 26,435
Construction in Progress	176,846		176,846
Total Net Capital Assets	$ 205,381	$ 2,100	$ 203,281

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Fort Bend County Emergency Services District No. 6, c/o Coveler & Peeler, P.C., 820 Gessner, Suite 1710, Houston, TX 77024.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 6
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2019

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	$ 179,676	$	$ 179,676
Investments	233,400		233,400
Cash with Fort Bend County	195,194		195,194
Receivables:			
Property Taxes	217,675		217,675
Prepaid Costs	400		400
Land		28,535	28,535
Construction in Progress		176,846	176,846
TOTAL ASSETS	$ 826,345	$ 205,381	$ 1,031,726
LIABILITIES			
Accounts Payable	$ 3,398	$ - 0 -	$ 3,398
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	$ 511,988	$ (9,570)	$ 502,418
FUND BALANCE			
Nonspendable:			
Prepaid Costs	$ 400	$ (400)	$
Unassigned	310,559	(310,559)	
TOTAL FUND BALANCE	$ 310,959	$ (310,959)	$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 826,345		
NET POSITION			
Net Investment in Capital Assets		$ 205,381	$ 205,381
Unrestricted		320,529	320,529
TOTAL NET POSITION		$ 525,910	$ 525,910

The accompanying notes to the financial statements are an integral part of this report.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 6
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019

Total Fund Balance - Governmental Funds	$	310,959
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		205,381
Deferred inflows of resources related to property tax revenues on delinquent taxes for the 2018 and prior tax levies became part of recognized revenues in the governmental activities of the District.		9,570
Total Net Position - Governmental Activities	$	525,910

The accompanying notes to the financial statements are an integral part of this report.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 6
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property Taxes	$ 449,787	$ 1,915	$ 451,702
Penalty and Interest	6,685		6,685
Investment Revenues	8,470		8,470
Miscellaneous Revenues	23,055		23,055
TOTAL REVENUES	$ 487,997	$ 1,915	$ 489,912
EXPENDITURES/EXPENSES			
Service Operations:			
District Services - Village of Pleak Volunteer Fire Department	$ 284,267	$	$ 284,267
Accounting and Auditing	4,900		4,900
Appraisal District Fees	4,557		4,557
Legal Fees - General	29,098		29,098
Legal Fees - Delinquent Tax Collections	2,211		2,211
Tax Assessor/Collector Fees	115		115
Other	2,356		2,356
Capital Outlay	203,281	(203,281)	
TOTAL EXPENDITURES/EXPENSES	$ 530,785	$ (203,281)	$ 327,504
NET CHANGE IN FUND BALANCE	$ (42,788)	$ 42,788	$
CHANGE IN NET POSITION		162,408	162,408
FUND BALANCE/NET POSITION - JANUARY 1, 2019	353,747	9,755	363,502
FUND BALANCE/NET POSITION - DECEMBER 31, 2019	$ 310,959	$ 214,951	$ 525,910

The accompanying notes to the financial statements are an integral part of this report.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 6
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2019

Net Change in Fund Balance - Governmental Funds	$	(42,788)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.		1,915
Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.		203,281
Change in Net Position - Governmental Activities	$	162,408

The accompanying notes to the financial statements are an integral part of this report.

NOTE 1. CREATION OF DISTRICT

Fort Bend County Emergency Services District No. 6 (the "District") was created by the Commissioners' Court of Fort Bend County on August 11, 2015, in accordance with Article III, Section 48-e, of the Texas Constitution. This action was taken by the Commissioners as a result of voter approval by residents of the District on May 9, 2015. The District operates under Chapter 775 of the Health and Safety Code. The District was established to provide funds for the contracting of emergency services within the boundaries of the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB").

The District is a political subdivision of the State of Texas governed by an appointed board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification").

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenues and expenses in the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Governmental Funds Balance Sheet and a Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance.

Governmental Funds

The District has one governmental fund; therefore, this fund is a major fund.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

General Fund - To account for resources not required to be accounted for in another fund, property tax revenues, costs of assessing and collecting taxes and general expenditures.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include 2018 tax levy collections during the period October 1, 2018, to December 31, 2019, and taxes collected from January 1, 2019, to December 31, 2019, for all prior tax levies. The 2019 tax levy has been fully deferred to meet the District's planned expenditures in the 2020 fiscal year.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

Capital Assets

Capital assets, which include land, buildings and equipment, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as an expenditure in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset after completion. Installation costs, professional fees and certain other costs are capitalized as part of the asset.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Commissioners are wages subject to federal income tax withholding for payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Governmental Funds Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The District does not have any restricted fund balances.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3. TAX LEVY

On May 9, 2015, the voters of the District approved a maximum tax rate of $0.10 per $100 of assessed valuation assessed valuation of taxable property within the District. During the year ended December 31, 2019, the District levied an ad valorem tax at the rate of $0.10 per $100 of assessed valuation, which resulted in a tax levy of $502,418 on the adjusted taxable valuation of $501,645,162 for the 2019 tax year.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At year-end, the carrying amount of the District's deposits was $179,676 and the bank balance was $182,644. The bank balance was fully covered by federal depository insurance.

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Commissioners.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. Wells Fargo Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of December 31, 2019, the District had the following investments and maturities.

Fund and Investment Type	Fair Value	Maturities in Years: Less Than 1 Year	1-5	6-10
GENERAL FUND				
Texas CLASS	$ 233,400	$ 233,400	$ - 0 -	$ - 0 -

NOTE 5. CAPITAL ASSETS

	January 1, 2019	Increases	Decreases	December 31, 2019
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 2,100	$ 26,435	$	$ 28,535
Construction in Progress		176,846		176,846
Total Capital Assets Not Being Depreciated	$ 2,100	$ 203,281	$ - 0 -	$ 205,381

NOTE 6. CONTRACT FOR PROVIDING EMERGENCY SERVICES

The District entered into an agreement with the Village of Pleak, Texas ("Village of Pleak") for a period beginning January 1, 2016, and ending December 31, 2016, for fire protection, fire suppression and rescue services to persons and commercial interests within boundaries of a portion of the District. The agreement was extended for a period beginning January 1, 2018, and ending December 31, 2017 ("2017 Term"), and again was extended for a period beginning January 1, 2018, and ending December 31, 2018 ("2018 Term"). The contract was renewed through December 31, 2019 and December 31, 2020. Either party may terminate this agreement upon six months written notice to the other party, along with a copy of same to the Village of Pleak Volunteer Fire Department. The term of this agreement may be extended only upon the mutually signed agreement of both parties upon such terms and conditions as agreed to at that time.

In the 2019 Term, the District paid the Village of Pleak $255,000 for services with payments made in quarterly installments in January, April, July and October. In addition, the District paid $29,267 for a note payment on a 2013 Pierce Pumper in January. At the end of the term, any amounts not expensed by Village of Pleak will be returned to the District

NOTE 7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and errors and omissions for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 6

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2019

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 6
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 424,843	$ 449,787	$ 24,944
Penalty and Interest		6,685	6,685
Investment Revenues		8,470	8,470
Miscellaneous Revenues		23,055	23,055
TOTAL REVENUES	$ 424,843	$ 487,997	$ 63,154
EXPENDITURES			
Service Operations:			
District Services - Villages of Pleak	$ 368,308	$ 284,267	$ 84,041
Accounting and Auditing	5,000	4,900	100
Appraisal District Fees	2,800	4,557	(1,757)
Legal Fees - General	17,000	29,098	(12,098)
Legal Fees - Delinquent Tax Collections		2,211	(2,211)
Tax Assessor/Collector Fees	3,000	115	2,885
Other	9,350	2,356	6,994
Capital Outlay		203,281	(203,281)
TOTAL EXPENDITURES	$ 405,458	$ 530,785	$ (125,327)
NET CHANGE IN FUND BALANCE	$ 19,385	$ (42,788)	$ (62,173)
FUND BALANCE - JANUARY 1, 2019	353,747	353,747	
FUND BALANCE - DECEMBER 31, 2019	$ 373,132	$ 310,959	$ (62,173)

See accompanying independent auditor's report.