

**Burnet County Emergency
Services District No. 5
Financial Statements
For the Year Ended
September 30, 2021**

Taber & Burnett, P.C.
A Professional Corporation
Certified Public Accountants

Burnet County Emergency Services District No. 5

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September 30, 2021

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTARY INFORMATION**

As management of the Burnet County Emergency Services District No. 5 (the District), we are pleased to offer readers of the District's financial statements this narrative overview and analysis of the District's financial activities for the fiscal year ended September 30, 2021. We encourage readers to consider it in conjunction with the additional information presented in the accompanying basic financial statements and the notes to the financial statements.

Financial Statements

- ③ The net position of the District increased by \$132,910 as a result of the current year's operations. Net position at year end consisted of invested in capital assets net of related debt of \$407,173, unrestricted net position of \$326,423, for a total net position of \$733,596.
- ③ Total revenues from all sources were \$317,044. This represents an increase of \$83,099 due primarily to an increase in property tax collections and the new sales tax collections.
- ③ Total costs of all programs were \$184,134. This represents an increase of \$1,934 due primarily to an increase in legal fees.
- ③ As of September 30, 2021, the District's governmental fund reported an ending fund balance of \$326,423, an increase of \$103,383.

Using this Annual Report

This annual report presents the following three components of the financial statements:

1. Government-wide financial statements provide information for the District as a whole.
2. Fund financial statements provide detailed information for the District's significant funds.
3. Notes to the financial statements provide additional information that is essential to understanding the government-wide and fund financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves. This information includes a management's discussion and analysis as well as a budgetary comparison 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 assets and liabilities of the District. The difference between assets and liabilities is 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.

Burnet County Emergency Services District No. 5*Management's Discussion and Analysis (Continued)**September 30, 2021*

The *Statement of Activities* presents information on how the District's net position changed during the most recent fiscal year. This statement is presented using the accrual basis of accounting, which means that all of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

Both the Statement of Net Position and the Statement of Activities present information for the following:

- ⑤ Governmental activities—This includes all of the District's emergency protection services which are primarily supported by property taxes.

The government-wide financial statements begin on page 10. The following is a summary of net position as of September 30, 2021:

**Table 1
Net Position**

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 326,423	\$ 223,040
Capital assets, net	<u>570,004</u>	<u>560,034</u>
Total assets	<u>896,427</u>	<u>783,074</u>
Current liabilities	-	-
Other liabilities	<u>162,831</u>	<u>182,388</u>
Total liabilities	<u>162,831</u>	<u>182,388</u>
Net assets:		
Invested in capital assets, net of related debt	407,173	377,646
Unrestricted	<u>326,423</u>	<u>223,040</u>
Total net assets	\$ <u>733,596</u>	\$ <u>600,686</u>

The following table is a summary of changes in net position:

**Table 2
Changes in Net Position**

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Revenues:		
Program revenues:		
Charges for services	\$ -	\$ -
Operating grants and contributions	-	-
Capital grants and contributions	-	-
General revenues:		
Property taxes	247,036	232,466
Sales taxes	68,080	-
Interest	<u>1,928</u>	<u>1,479</u>
Total revenues	<u>317,044</u>	<u>233,945</u>
Expenses:		
General government	25,420	20,835
Public safety	<u>158,714</u>	<u>161,365</u>
Total expenses	<u>184,134</u>	<u>182,200</u>
Increase in net position	132,910	51,745
Net position - October 1	<u>600,686</u>	<u>548,941</u>
Net position - September 30	\$ <u>733,596</u>	\$ <u>600,686</u>

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 fund financial statements provide detailed information about the District's significant funds - not the District as a whole. The District's funds fall into one category - governmental funds.

The focus of the District's *governmental fund* 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 *governmental funds statements* provide a detailed short-term view of the government operations and the basic services it provides, and are reported on the modified accrual basis of accounting which focuses on available spendable resources. This allows the reader to evaluate the District's short-term financing requirements. Both the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balance* provide a reconciliation to the government-wide financial statements.

The District adopts an annual budget for the general fund. A budgetary comparison schedule has been provided to demonstrate compliance. The governmental fund financial statements begin on page 12, and the budgetary comparison schedule is on page 25.

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 15 through 23 of this report.

General Fund Budgetary Highlights

The District Commissioners did amend the budget during the year ended September 30, 2021 to adjust for the new sales tax collections.

Actual expenses on a budgetary basis were 25 percent less than budgeted expenditures due primarily to unused capital expenses. The District's overall actual revenue was 11 percent more than budgeted due mainly to unexpected sales tax collections.

Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2021, amounts to \$570,004 (net of accumulated depreciation). This investment in capital assets includes vehicles, machinery and equipment.

Burnet County Emergency Services District No. 5

Management's Discussion and Analysis (Continued)

September 30, 2021

**Capital Assets
Governmental Activities
(net of depreciation)**

	<u>2021</u>	<u>2020</u>
Machinery and equipment	\$ 88,754	\$ 38,046
Vehicles	<u>481,250</u>	<u>521,988</u>
Total	\$ <u>570,004</u>	\$ <u>560,034</u>

During the year ended September 30, 2021, the District purchased a generator and radios. No assets were disposed of during the year.

Additional information on the District's capital assets can be found in Note 4 on page 22 of this report.

Debt Administration

As of September 30, 2021, the District was obligated on the following governmental activity debt:

Outstanding Debt at Year End

	<u>9/30/21</u>	<u>9/30/20</u>
	<u>Total</u>	<u>Total</u>
Capital lease obligation	\$ <u>162,381</u>	\$ <u>182,388</u>
Total	\$ <u>162,381</u>	\$ <u>182,388</u>

During the year, the District did not assume any new debts. The District incurred \$7,845 in interest expense for the year ended September 30, 2021. All interest was charged to public safety expense.

Additional information on the District's non-current liabilities can be found in Note 5 on page 22 of this report.

Economic Factors and Next Year's Budgets and Rates

The District's tax revenues are expected to remain constant in the next fiscal year. The District will continue to fund the Volunteer Fire Department as needed.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives from the citizens of the Burnet County Emergency Services District No. 5. If you have any questions about this report or need further information, contact the Burnet County Emergency Services District No. 5, P.O. Box 512, Burnet, TX 78611.

Taber & Burnett, P.C.

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INDEPENDENT AUDITORS' REPORT

To The Commissioners
Burnet County Emergency Services District No. 5

We have audited the accompanying financial statements of the governmental activities and each major fund of the Burnet County Emergency Services District No. 5 (District), as of and for the year ended September 30, 2021, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic 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 District's preparation and fair presentation of the basic 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 basic financial statements.

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Burnet County Emergency Services District No. 5 as of September 30, 2021, and the results of its operations for the year then ended in conformity 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 budgetary comparison schedule on pages 2 through 7 and 25 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. The supplemental information is the responsibility of management. 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.

Taber & Burnett, P.C.

Burnet, Texas
January 13, 2022

Burnet County Emergency Services District No. 5*Statement of Net Position**As of September 30, 2021*

	<u>Primary Government</u>	
	<u>Governmental</u>	<u>Total</u>
	<u>Activities</u>	
Assets		
Deposits and investmentss	\$ 301,621	\$ 301,621
Taxes receivables	24,802	24,802
Capital assets, net	<u>570,004</u>	<u>570,004</u>
Total assets	<u>896,427</u>	<u>896,427</u>
Liabilities		
Non-current liabilities		
Due within one year	20,399	20,399
Due in greater than one year	<u>142,432</u>	<u>142,432</u>
Total liabilities	<u>162,831</u>	<u>162,831</u>
Net Position		
Invested in capital assets, net of related debt	407,173	407,173
Unrestricted net position	<u>326,423</u>	<u>326,423</u>
Total Net Position	\$ <u>733,596</u>	\$ <u>733,596</u>

The accompanying notes are an integral part of the financial statements

Burnet County Emergency Services District No. 5

Statement of Activities

For the Year Ended September 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Total</u>
Primary government:						
Governmental activities:						
General government	\$ 25,420	\$ -	\$ -	\$ -	\$ (25,420)	\$ (25,420)
Public safety	<u>158,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(158,714)</u>	<u>(158,714)</u>
Total net (expense) revenue for governmental activities and the primary government	\$ <u>184,134</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	<u>(184,134)</u>	<u>(184,134)</u>
General revenues:						
Taxes:						
					247,036	247,036
					68,080	68,080
					<u>1,928</u>	<u>1,928</u>
					<u>317,044</u>	<u>317,044</u>
					132,910	132,910
					<u>600,686</u>	<u>600,686</u>
					\$ <u>733,596</u>	\$ <u>733,596</u>

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

Burnet County Emergency Services District No. 5*Balance Sheet - Governmental Funds**As of September 30, 2021*

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Assets		
Deposits and investments	\$ 301,621	\$ 301,621
Taxes receivable	<u>31,894</u>	<u>31,894</u>
Total Assets	\$ <u>333,515</u>	\$ <u>333,515</u>
Deferred Inflows of Resources		
Unavailable property taxes	\$ <u>7,092</u>	\$ <u>7,092</u>
Total Deferred Inflows of Resources	<u>7,092</u>	<u>7,092</u>
Fund Balance		
Unassigned	<u>326,423</u>	<u>326,423</u>
Total Fund Balance	<u>326,423</u>	326,423
Total Liabilities and Fund Balance	\$ <u>333,515</u>	
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 funds. (See Note 4)		570,004
Long-term liabilities are not due and payable in the current year and therefore are not reported as liabilities in the funds. (See Note 5)		<u>(162,831)</u>
Net Position of Governmental Activities		\$ <u>733,596</u>

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

Burnet County Emergency Services District No. 5*Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Funds**For the Year Ended September 30, 2021*

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Revenues		
Property taxes	\$ 247,036	\$ 247,036
Sales taxes	68,080	68,080
Interest income	<u>1,928</u>	<u>1,928</u>
Total Revenues	<u>317,044</u>	<u>317,044</u>
Expenditures		
Capital outlays	61,834	61,834
Contract fire disbursements	104,550	104,550
Debt payments	27,402	27,402
Insurance	1,068	1,068
Legal and professional	15,671	15,671
Office and administration	3,096	3,096
Travel and training	<u>40</u>	<u>40</u>
Total Expenditures	<u>213,661</u>	<u>213,661</u>
Excess (Deficiencies) of Revenues Over Expenditures	103,383	103,383
Fund Balance, Beginning of Year	<u>223,040</u>	<u>223,040</u>
Fund Balance, End of Year	\$ <u>326,423</u>	\$ <u>326,423</u>

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

Burnet County Emergency Services District No. 5

*Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Funds to the Statement
of Activities*

For the Year Ended September 30, 2021

Net Change in Fund Balance-Governmental Funds \$ 103,383

Amounts reported for governmental activities
in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities the cost of those assets is
allocated over their estimated useful lives as depreciation expense.
This amount is the net effect of these differences in the treatment
of capital assets and related terms. (See Note 4) 9,970

The issuance of long-term debt 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 assets. This amount is
the net effect of these differences in the treatment of long-term debt and
related items. (See Note 5) 19,557

Change in Net Position of Governmental Activities \$ 132,910

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***Reporting Entity***

Burnet County Emergency Services District No. 5 (the District) was created by election held on May 9, 2009. The District operates under Article III, Section 48-e of the Texas Constitution and Chapter 775 of the Texas Health and Safety Code and is run by a Board of Commissioners appointed by the Burnet County Commissioners Court. The District's major activities include providing emergency services to the residents of the district.

As required by U.S. generally accepted accounting principles, the financial statements of the reporting entity include those of the District (the primary government) and its component units. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in U.S. generally accepted accounting principles. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant indication of this ability is financial interdependency. Other indications of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. The District had no component units for the year ended September 30, 2021.

Management's Discussion and Analysis

Current standards issued by the Governmental Accounting Standards Board (GASB) requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of a management's discussion and analysis (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

Government-Wide Financial Statements

The reporting model includes financial statements prepared using full accrual accounting for all of the District's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of Net Position

The Statement of Net Position is designed to display the financial position of the primary government (governmental activities) and its discretely presented component units, if any. Governments will report all capital assets, including infrastructure, in the government-wide Statement of Net Position and will report depreciation expense - the cost of “using up” capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - invested in capital assets, net of related debt; restricted; and unrestricted.

Statement of Activities

The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the District’s functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

Fund Financial Statements

Fund financial statements are provided for the governmental funds.

General Fund

The General Fund is the principal fund of the District which accounts for all financial transactions not accounted for in other funds. The District had no other funds for the year ended September 30, 2021.

Fund Balance Classification

In the fund financial statements, governmental funds report the following classifications of fund balance:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Nonspendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to ordinances passed by the Board, the District's highest level of decision making authority. Commitments may be modified or rescinded only through ordinances approved by the District's Board.
- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance.
- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy as unassigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

The District has adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year end to be approximately six month's operating budget.

Budgetary Comparison Schedules

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the current reporting model, governments are required to provide the District's original budget with the comparison of final budget and actual results.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The budget is adopted by the Board prior to the beginning of the fiscal year. Amendments are made during the year on approval by the Board. The District adopted the current year's budget on a line item basis.

Basis of Presentation

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 economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-Wide and Fund Accounting

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. As of September 30, 2021, the District had no business-type activities.

In the government-wide Statement of Net Position, the governmental activity column is to be presented on a consolidated basis and is reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety), which are otherwise being supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety). The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The District does not allocate indirect expenses.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, financial transactions of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, and revenues and expenditures. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The governmental funds major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile funds based on fund financial statements with the governmental column of the government-wide presentation.

The focus of the reporting model is on the District as a whole and the fund financial statements, including the major individual funds of the governmental categories. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

Basis of Accounting

Basis of accounting refers to the method by which revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide statement of net position and statement of activities are accounted for on a full accrual and a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are included on the statement of net position.

All revenue and expenditure recognition for governmental funds are accounted for using the modified accrual basis of accounting. Only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. The District's revenues are recognized when they become measurable and available as current assets. Available means collectible within the current period or as soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Penalties and interest, and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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.

Deposits and Investments

The District's investment guidelines are defined by a written investment policy that is approved by the District's Board. In accordance with this policy, the investment funds are invested, and the investments of those funds managed, as a prudent investor would do, exercising reasonable care, skill, and caution.

Capital Assets

Capital outlays are recorded as expenditures of the general fund and as assets in the government-wide financial statements of the District. Depreciation is recorded on general fixed assets on a government-wide basis. All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Property and equipment is depreciated using the straight-line method over the following estimated useful lives:

Machinery and equipment	5-7 years
Vehicles	20 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, deferred outflows or resources, represents a consumption of net position that applied to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows or 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.

NOTE 2 - PROPERTY TAXES

Property taxes are levied each October 1 on the assessed value listed as of the previous January 1 for all real business and personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due in January following the October 1 statement date. The lien date is January 1 of that year, and they become delinquent on February 1. Property tax revenues are considered available when they become due or past due and are considered a receivable within the current year when they are expected to be collected 60 days after the close of the year.

The tax levy for October, 2020 was \$244,102. The tax assessment of October 1, 2020 sets the tax levy at \$0.0844 per \$100 of assessed valuation at 100 percent of market value.

Delinquent property taxes estimated to be collectible within the next fiscal year are recognized as revenues. Other delinquent property taxes receivable at year end that are deemed to be ultimately collectible are recorded as deferred inflows.

NOTE 3 - DEPOSITS, SECURITIES AND INVESTMENTS

As of September 30, 2021, cash deposits were with a depository bank in interest bearing accounts, and these balances approximated fair value.

At September 30, 2021 all the District's balances are either insured by the FDIC or are collateralized by registered securities held by the bank's trust department in the District's name.

Burnet County Emergency Services District No. 5

Notes to the Financial Statements

September 30, 2021

NOTE 4 - CAPITAL ASSETS

Changes in general fixed assets during the year ended September 30, 2021, were as follows:

	Balance October 1, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2021</u>
Capital Assets				
Machinery and equipment	\$ 98,957	\$ 56,289	\$ -	\$ 155,246
Vehicles	<u>814,753</u>	<u>-</u>	<u>-</u>	<u>814,753</u>
Total Capital Assets	913,710	56,289	-	969,999
Less accumulated depreciation	<u>(353,676)</u>	<u>(46,319)</u>	<u>-</u>	<u>(399,995)</u>
Total Capital Assets, Net of Depreciation	\$ <u>560,034</u>	\$ <u>9,970</u>	\$ <u>-</u>	\$ <u>570,004</u>

Current year depreciation expense of \$46,319 was charged to public safety expenses.

NOTE 5 - NONCURRENT LIABILITIES

The following is a summary of noncurrent liability transactions during the year ended September 30, 2021:

	Balance October 1, <u>2020</u>	<u>Additions</u>	<u>Payments</u>	Balance September 30, <u>2021</u>
Capital lease obligation	\$ <u>182,388</u>	\$ <u>-</u>	\$ <u>19,557</u>	\$ <u>162,831</u>
Total	\$ <u>182,388</u>	\$ <u>-</u>	\$ <u>19,557</u>	\$ <u>162,831</u>

<u>Payee and Terms</u>	<u>Per Annum Interest Rate</u>	<u>Principal Balance</u>
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Capital lease obligation for a 2018 Freightliner dated July 2018, payable in annual installments of \$27,427, with final payment due July, 2028, secured by tax revenues.

Truck reported in assets at \$301,293. 4.301% 162,831

Total non-current liabilities	162,831
Less current portion	<u>(20,399)</u>

Total Long-Term Debt	\$ <u>142,432</u>
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Burnet County Emergency Services District No. 5*Notes to the Financial Statements**September 30, 2021***NOTE 5 - NONCURRENT LIABILITIES (Continued)**

Annual payments required to amortize all long-term debt outstanding as of September 30, 2021 including interest payments, are as follows:

Year Ending <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 20,399	\$ 7,003	\$ 27,402
2023	21,276	6,126	27,402
2024	22,191	5,211	27,402
2025	23,146	4,256	27,402
2026	24,141	3,261	27,402
2027 to 2028	<u>51,678</u>	<u>3,363</u>	<u>55,041</u>
	<u>\$ 162,831</u>	<u>\$ 29,220</u>	<u>\$ 192,051</u>

NOTE 6 - COMMITMENTS

Effective October 1, 2009, the District entered into an agreement with the East Lake Buchanan Volunteer Fire Department (the Department). The Department agreed to provide emergency services to all persons and property within the Emergency Services District, including response to life-threatening emergencies and rescue calls by making available adequate volunteers and administrative assistance.

Amounts to be paid to the Department shall be disbursed at the discretion of the Board and may include expenses for operations and other expenditures approved by the District for maintaining emergency services within the District. If at any time the Department is dissolved or the agreement is terminated by either party, any assets purchased wholly or in part with funds from the ESD shall be immediately transferred to another Department contracted by the ESD or to the ESD at its sole discretion.

NOTE 7 - SUBSEQUENT EVENTS

The District did not have any subsequent events through January 13, 2022, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the fiscal year ended September 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

Burnet County Emergency Services District No. 5

Budgetary Comparison Schedule

For the Year Ended September 30, 2021

	General Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual Amounts Budgetary Basis	
	Original	Final		
Revenues				
Property taxes	\$ 241,496	\$ 241,496	\$ 247,036	\$ 5,540
Sales taxes	-	43,278	68,080	24,802
Interest income	-	-	1,928	1,928
Total Revenues	<u>241,496</u>	<u>284,774</u>	<u>317,044</u>	<u>32,270</u>
Expenditures				
Capital outlay	72,000	113,278	61,834	51,444
Community outreach	10,000	10,000	-	10,000
Contingency and new equipment fund	2,427	2,427	-	2,427
Contract fire disbursements	102,550	104,550	104,550	-
Debt payments	27,402	27,402	27,402	-
Insurance	1,100	1,100	1,068	32
Legal and professional	21,200	21,200	15,671	5,529
Office and administration	2,567	2,567	3,096	(529)
Travel and training	2,250	2,250	40	2,210
Total Expenditures	<u>241,496</u>	<u>284,774</u>	<u>213,661</u>	<u>71,113</u>
Excess (Deficiencies) of Revenues Over Expenditures	\$ <u>-</u>	\$ <u>-</u>	103,383	\$ <u>103,383</u>
Fund Balance, Beginning of Year			<u>223,040</u>	
Fund Balance, End of Year			<u>\$ 326,423</u>	