

**Burnet County ESD No. 9
Spicewood Fire Rescue
Financial Statements
For the Year Ended
September 30, 2021**

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

Burnet County ESD No. 9 - Spicewood Fire Rescue

Table of Contents

September 30, 2021

	Page
Management’s Discussion and Analysis.....	2
Independent Auditors’ Report.....	8
Statement of Net Position.....	10
Statement of Activities.....	11
Balance Sheet - Governmental Funds.....	12
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.....	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds to the Statement of Activities.....	14
Notes to the Financial Statements.....	15
Required Supplementary Information Budgetary Comparison Schedule.....	26

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

As management of the Burnet County ESD No. 9 - Spicewood Fire Rescue (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 \$501,765 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 \$463,423 and an unrestricted net position of \$2,110,138 for total net position of \$2,573,561.
- ③ Total revenues from all sources were \$1,657,645. This represents an increase of \$190,742 due to increased sales tax collections, increased property tax values, and the contribution of the Volunteer Fire Department cash.
- ③ Total costs of all programs were \$1,155,880. This represents an increase of \$211,271 due to the increase of fire operation expenses.
- ③ As of September 30, 2021, the District's governmental fund reported an ending fund balance of \$2,110,138, an increase of \$1,215,945.

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.

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:

- Governmental activities—This includes all of the District's emergency response services which are primarily supported by property and sales 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 assets and other assets	\$ 2,259,499	\$ 894,193
Capital assets, net	<u>1,213,423</u>	<u>1,177,603</u>
Total assets	<u>3,472,922</u>	<u>2,071,796</u>
Current liabilities	149,361	-
Other liabilities	<u>750,000</u>	<u>-</u>
Total liabilities	<u>899,361</u>	<u>-</u>
Net position:		
Invested in capital assets, net of related debt	463,423	1,177,603
Unrestricted	<u>2,110,138</u>	<u>894,193</u>
Total net position	\$ <u>2,573,561</u>	\$ <u>2,071,796</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	\$ 8,458	\$ 2,619
Operating grants and contributions	21,095	-
Capital grants and contributions	99,045	200,398
General revenues:		
Property taxes	705,506	649,527
Sales taxes	822,007	610,279
Interest income	478	6,317
Gain (loss) on disposition of assets	<u>1,056</u>	<u>(2,237)</u>
Total revenues	<u>1,657,645</u>	<u>1,466,903</u>
Expenses:		
General government	86,841	97,954
Public safety	<u>1,069,039</u>	<u>846,655</u>
Total expenses	<u>1,155,880</u>	<u>944,609</u>
Changes in net position	501,765	522,294
Net position - October 1	<u>2,071,796</u>	<u>1,549,502</u>
Net position - September 30	<u>\$ 2,573,561</u>	<u>\$ 2,071,796</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 governmental fund financial statements begin on page 12.

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 24 of this report.

General Fund Budgetary Highlights

The District adopts an annual budget for the general fund. A budgetary comparison schedule has been provided to demonstrate compliance. The budgetary comparison schedule is on page 26. The District Commissioners did amend the budget during the year ended September 30, 2021.

Actual expenditure results on a budgetary basis were 10 percent more than budgeted expenditures due mainly to capital outlays on the building remodel. The District's overall actual revenue was 121 percent more than budgeted due mainly to increased sales tax collections and loan proceeds.

Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2021, amounts to \$1,213,423 (net of accumulated depreciation). This investment in capital assets includes building, land, computers, machinery, equipment, and vehicles.

Burnet County ESD No. 9 - Spicewood Fire Rescue

Management's Discussion and Analysis (Continued)

September 30, 2021

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

	<u>2021</u>	<u>2020</u>
EMS Building	\$ 527,148	\$ 545,824
Fire Department Building	283,794	127,196
Furniture and Fixtures	2,054	1,599
Machinery and Equipment	92,711	110,616
Vehicles and Equipment	260,216	344,868
Land	<u>47,500</u>	<u>47,500</u>
	<u>\$ 1,213,423</u>	<u>\$ 1,177,603</u>

This year's major additions included:

Remodeling of Fire Department	\$ 167,157
Communication equipment	<u>21,802</u>
	<u>\$ 188,959</u>

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 debt:

Outstanding Debt at Year End

	Governmental	9/30/21	9/30/20
	<u>Activities</u>	<u>Total</u>	<u>Total</u>
Notes Payable	\$ <u>750,000</u>	\$ <u>750,000</u>	\$ <u>-</u>
Total	\$ <u>750,000</u>	\$ <u>750,000</u>	\$ <u>-</u>

The District assumed one loan during the year ended September 30, 2021 to begin remodel expenses on the fire department building. No interest was paid by the District during the fiscal year. Additional information on the District's non-current liabilities can be found in Note 5 beginning on page 23 of this report.

Economic Factors and Next Year's Budgets and Rates

The District's tax revenues are expected to grow with property value increases and continued sales tax collections. These additional funds will be used to fund emergency fire services and emergency medical services as provided by Marble Falls Area EMS, as well as continued funding of the District's operations, reserves, and capital investments.

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 ESD No. 9 - Spicewood Fire Rescue. If you have any questions about this report or need further information, contact the Burnet County ESD No. 9 - Spicewood Fire Rescue, P.O. Box 250, Spicewood, TX 78669.

Taber & Burnett, P.C.

*A Professional Corporation
Certified Public Accountants*

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INDEPENDENT AUDITORS' REPORT

To The Commissioners
Burnet County ESD No. 9 - Spicewood Fire Rescue

We have audited the accompanying financial statements of the governmental activities and each major fund of the Burnet County ESD No. 9 - Spicewood Fire Rescue (the 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 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 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Burnet County ESD No. 9 - Spicewood Fire Rescue 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 budgetary comparison schedule on pages 2 through 7 and 26 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 supplementary 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
March 12, 2022

Burnet County ESD No. 9 - Spicewood Fire Rescue

Statement of Net Position

As of September 30, 2021

	<u>Primary Government</u>	
	<u>Governmental</u>	
	<u>Activities</u>	<u>Total</u>
Assets		
Deposits and investments	\$ 2,086,137	\$ 2,086,137
Taxes receivable	173,362	173,362
Capital assets, net	<u>1,213,423</u>	<u>1,213,423</u>
Total assets	<u>3,472,922</u>	<u>3,472,922</u>
Liabilities		
Accounts payable	149,361	149,361
Non-current liabilities		
Due within one year	149,891	149,891
Due in greater than one year	<u>600,109</u>	<u>600,109</u>
Total liabilities	<u>899,361</u>	<u>899,361</u>
Net Position		
Invested in capital assets, net of related debt	463,423	463,423
Unrestricted	<u>2,110,138</u>	<u>2,110,138</u>
Total Net Position	\$ <u>2,573,561</u>	\$ <u>2,573,561</u>

The accompanying notes are an integral part of the financial statements

Burnet County ESD No. 9 - Spicewood Fire Rescue

Statement of Activities

For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Services	Operating Contributions	Capital Contributions	Primary Governmental Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 86,841	\$ -	\$ -	\$ -	\$ (86,841)	\$ (86,841)
Public safety - Fire	519,732	8,458	21,095	99,045	(391,134)	(391,134)
Public safety - EMS	<u>549,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(549,307)</u>	<u>(549,307)</u>
Total net (expense) revenue for governmental activities and the primary government	\$ <u>1,155,880</u>	\$ <u>8,458</u>	\$ <u>21,095</u>	\$ <u>99,045</u>	<u>(1,027,282)</u>	<u>(1,027,282)</u>
General revenues:						
Taxes:						
Property taxes					705,506	705,506
Sales taxes					822,007	822,007
Interest income					478	478
Gain (loss) on disposition of assets					<u>1,056</u>	<u>1,056</u>
Total general revenues					<u>1,529,047</u>	<u>1,529,047</u>
Change in net position					501,765	501,765
Net Position, Beginning of Year					<u>2,071,796</u>	<u>2,071,796</u>
Net Position, End of Year					\$ <u>2,573,561</u>	\$ <u>2,573,561</u>

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

Burnet County ESD No. 9 - Spicewood Fire Rescue*Balance Sheet - Governmental Funds**As of September 30, 2021*

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Assets		
Deposits and investments	\$ 2,086,137	\$ 2,086,137
Taxes receivable	<u>188,356</u>	<u>188,356</u>
Total Assets	<u>2,274,493</u>	<u>2,274,493</u>
Liabilities		
Accounts payable	<u>149,361</u>	<u>149,361</u>
Total Liabilities	<u>149,361</u>	<u>149,361</u>
Deferred Inflows of Resources		
Unavailable property taxes	<u>14,994</u>	<u>14,994</u>
Total Deferred Inflows of Resources	<u>14,994</u>	<u>14,994</u>
Fund Balance		
Assigned for capital outlay	217	217
Unassigned	<u>2,109,921</u>	<u>2,109,921</u>
Total Fund Balance	<u>2,110,138</u>	2,110,138
Total Liabilities and Fund Balance	\$ <u>2,274,493</u>	

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 in the governmental funds balance sheet. (See Note 4) 1,213,423

Long-term liabilities are not due and payable in the current year and therefore are not reported as liabilities in the governmental funds balance sheet. (See Note 5) (750,000)

Net Position of Governmental Activities \$ 2,573,561

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

Burnet County ESD No. 9 - Spicewood Fire Rescue*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	\$ 705,506	\$ 705,506
Sales taxes	822,007	822,007
Contributions	21,095	21,095
Interest income	478	478
Other income	8,458	8,458
Sale of assets	<u>4,145</u>	<u>4,145</u>
Total Revenues	<u>1,561,689</u>	<u>1,561,689</u>
Expenditures		
Contract services	78,394	78,394
EMS service	514,000	514,000
Fuel	4,737	4,737
Insurance	48,413	48,413
Legal and professional fees	65,752	65,752
Office and administration	12,377	12,377
Payroll expenses	80,143	80,143
Repairs and maintenance	71,296	71,296
Supplies	50,527	50,527
Tax appraisal and collection fees	26,347	26,347
Travel and training	21,141	21,141
Utilities	12,231	12,231
Capital outlay	<u>209,431</u>	<u>209,431</u>
Total Expenditures	<u>1,194,789</u>	<u>1,194,789</u>
Excess (Deficiencies) of Revenues Over (Under) Expenditures	<u>366,900</u>	<u>366,900</u>
Other Financing Sources (Uses):		
Cash contribution - Spicewood Volunteer Fire Department	99,045	99,045
Loan proceeds	<u>750,000</u>	<u>750,000</u>
Total Other Financing Sources (Uses)	<u>849,045</u>	<u>849,045</u>
Excess (Deficiencies) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	1,215,945	1,215,945
Fund Balance, Beginning of Year	<u>894,193</u>	<u>894,193</u>
Fund Balance, End of Year	\$ <u>2,110,138</u>	\$ <u>2,110,138</u>

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

Burnet County ESD No. 9 - Spicewood Fire Rescue

*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 \$ 1,215,945

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 is the net effect of these differences in the treatment of capital
outlays and related items. (See Note 4) 35,820

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) (750,000)

Change in Net Position of Governmental Activities \$ 501,765

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

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

Burnet County ESD No. 9 - Spicewood Fire Rescue (the District) was created by election held on November 5, 2013. 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 and visitors to 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.

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, 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

- **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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

In fiscal year 2015, the District adopted a minimum fund balance policy. The policy requires the unassigned fund balance for future fiscal year ends to be at least equal to 20 percent of the total 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.

The budget is adopted by the Commissioners prior to the beginning of the fiscal year. Amendments, if any, are only made during the year with approval from the Commissioners.

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 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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 category. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 government considers revenues 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Depreciation is computed using the straight line method.

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.

Estimated useful lives for depreciable assets are as follows:

EMS Building	5 to 40 years
Fire Department Building	5 to 40 years
Furniture and Fixtures	5 years
Machinery and Equipment	5 to 7 years
Vehicles and Equipment	5 to 10 years

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 of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies 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 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.

NOTE 2 - PROPERTY TAXES

The District's property tax is levied each October 1 on the assessed value listed as of the previous January 1 for all real property located in the District. The tax levy for October, 2020 was \$696,764.

The tax assessment of October 1, 2020 sets the tax levy at \$0.10 per \$100 of assessed valuation at 100 percent of market value.

Delinquent property taxes estimated to be the 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

The District's deposits at September 30, 2021 are comprised of demand deposits of \$781,692. The investments of the District as of September 30, 2021, consisted of \$1,304,445 with the Texas Local Government Investment Pool (TexPool).

The public funds investment pool has been created pursuant to the Interlocal Corporation Act of the State of Texas. The District has delegated the authority to hold legal title to TexPool, as custodian, to make investment purchases with the District's funds.

The Comptroller of Public Accounts (the "Comptroller") is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. Additionally, the Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. There are no maximum transactions amounts and withdrawals from TexPool may be made daily. TexPool uses amortized cost rather than fair value to report net assets share price.

As of September 30, 2021, the District's demand deposits were unsecured by \$553,766 due to loan proceeds received close to year end. The excess funds have been removed subsequent to year end.

Burnet County ESD No. 9 - Spicewood Fire Rescue*Notes to the Financial Statements**September 30, 2021***NOTE 4 - CHANGES IN 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 Not Being Depreciated				
Land	\$ <u>47,500</u>	<u>-</u>	<u>-</u>	\$ <u>47,500</u>
Other Capital Assets				
EMS Building	\$ 595,969	\$ -	\$ -	\$ 595,969
Fire Department Building	268,389	167,157	-	435,546
Furniture and fixtures	5,213	1,369	-	6,582
Machinery and equipment	546,112	40,906	24,552	562,466
Vehicles and equipment	<u>821,966</u>	<u>-</u>	<u>37,000</u>	<u>784,966</u>
Total Other Capital Assets	2,237,649	209,432	61,552	2,385,529
Less accumulated depreciation	<u>(1,107,546)</u>	<u>(170,523)</u>	<u>(58,463)</u>	<u>(1,219,606)</u>
Other Capital Assets, Net	<u>1,130,103</u>	<u>38,909</u>	<u>3,089</u>	<u>1,165,923</u>
Total Capital Assets, Net of Depreciation	\$ <u>1,177,603</u>	\$ <u>38,909</u>	\$ <u>3,089</u>	\$ <u>1,213,423</u>

Current year depreciation expense of \$147,933 was charged to fire expense, \$21,677 was charged to EMS expense, and \$913 was charged to general government.

Burnet County ESD No. 9 - Spicewood Fire Rescue*Notes to the Financial Statements**September 30, 2021***NOTE 5 - CHANGES IN 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>
Notes payable	\$ <u>-</u>	\$ <u>750,000</u>	\$ <u>-</u>	\$ <u>750,000</u>
Total	\$ <u>-</u>	\$ <u>750,000</u>	\$ <u>-</u>	\$ <u>750,000</u>

Principal
Balance

Payee and Terms

TIB National, dated August 2021, for a building remodel, payable in annual installments of \$158,062 including interest at 2.12 percent, the balance due February, 2026, secured by tax revenues.

\$ 750,000

Total non-current liabilities

750,000

Less current portion

(149,891)

Total Long-Term Debt

\$ 600,109

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

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 149,891	\$ 8,171	\$ 158,062
2023	145,340	12,722	158,062
2024	148,421	9,641	158,062
2025	151,567	6,495	158,062
2026	<u>154,781</u>	<u>3,281</u>	<u>158,062</u>
	\$ <u>750,000</u>	\$ <u>40,310</u>	\$ <u>790,310</u>

Burnet County ESD No. 9 - Spicewood Fire Rescue

Notes to the Financial Statements

September 30, 2021

NOTE 6 - EMS SERVICES

For the period November 28, 2017 through September 30, 2023, the District entered into contracts with Marble Falls Area Emergency Medical Service, Inc. to provide EMS Services to the residents of Burnet County ESD No. 9 - Spicewood Fire Rescue. Future payments for services under this contract are not to exceed the following amounts each year.

<u>Year End</u>	<u>Amount</u>
9/30/22	\$ 534,500
9/30/23	<u>556,000</u>
	\$ <u>1,090,500</u>

NOTE 7 - SUBSEQUENT EVENTS

The District did not have any subsequent events through March 12, 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 ESD No. 9 - Spicewood Fire Rescue

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	\$ 657,520	\$ 657,520	\$ 705,506	\$ 47,986
Sales taxes	428,400	428,400	822,007	393,607
Contributions	3,000	3,000	21,095	18,095
Interest income	-	-	478	478
Other income	150,000	-	8,458	8,458
Sale of assets	-	-	4,145	4,145
Total Revenues	<u>1,238,920</u>	<u>1,088,920</u>	<u>1,561,689</u>	<u>472,769</u>
Expenditures				
Contract services	125,000	82,000	78,394	3,606
EMS service	514,000	514,000	514,000	-
Fuel	10,000	6,000	4,737	1,263
Insurance	35,786	48,413	48,413	-
Legal and professional fees	135,920	73,210	65,752	7,458
Office and administration	12,100	13,341	12,377	964
Payroll expenses	-	100,150	80,143	20,007
Repairs and maintenance	66,500	69,100	71,296	(2,196)
Supplies	40,500	55,844	50,527	5,317
Tax appraisal and collections fees	19,023	27,919	26,347	1,572
Travel and training	34,500	21,881	21,141	740
Utilities	16,000	16,000	12,231	3,769
Capital outlay	105,699	61,062	209,431	(148,369)
Total Expenditures	<u>1,115,028</u>	<u>1,088,920</u>	<u>1,194,789</u>	<u>(105,869)</u>
Excess (Deficiencies) of Revenues Over (Under) Expenditures	<u>123,892</u>	<u>-</u>	<u>366,900</u>	<u>366,900</u>
Other Financing Sources (Uses):				
Cash contribution - Spicewood Volunteer Fire Department	-	-	99,045	99,045
Loan proceeds	-	-	750,000	750,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>849,045</u>	<u>849,045</u>
Excess (Deficiencies) of Revenues and Other Sources Over Expenditures and Other (Uses)	\$ <u>123,892</u>	\$ <u>-</u>	1,215,945	\$ <u>1,215,945</u>
Fund Balance, Beginning of Year			<u>894,193</u>	
Fund Balance, End of Year			\$ <u>2,110,138</u>	