

**Travis County
Emergency Services District
No. 14**

**Financial Statements as of and for the
Year Ended September 30, 2021 and
Independent Auditors' Report**



Travis County Emergency Services District No. 14

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Independent Auditors' Report

To the Board of Commissioners of
Travis County Emergency Services District No. 14:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of Travis County Emergency Services District No. 14 (the "District"), as of and for the year ended September 30, 2021, 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.

Auditors' 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.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

This firm is not a CPA firm

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

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 the General Fund of the District as of September 30, 2021, and the respective changes in financial position, and the respective budgetary comparison for the General Fund 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 on pages 3 through 6 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.

Maxwell Locke + Ritter LLP

Austin, Texas
January 11, 2022

Travis County Emergency Services District No. 14

Management's Discussion & Analysis

September 30, 2021

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, the management of Travis County Emergency Services District No. 14 (the "District") offers the following narrative on the financial performance of the District for the fiscal year ended September 30, 2021. Please read it in connection with the District's financial statements that follow.

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "General Fund" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

Overview of the Basic Financial Statements

The District's reporting is comprised of two parts:

- *Management's Discussion and Analysis* (this section)
- *Basic Financial Statements*
 - *Statement of Net Position and Governmental Fund Balance Sheet*
 - *Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance*
 - *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund*
 - *Notes to Basic Financial Statements*

The *Statement of Net Position and Governmental Fund Balance Sheet* includes a column (titled "General Fund") that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net position will indicate financial health.

The *Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance* includes a column (titled "General Fund") that derives the change in fund balance resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund* presents a comparison statement between the District's adopted budget to its actual results.

The *Notes to Basic Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Fund Balance Sheet* and the *Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance*.

The District as a Whole

The District's combined net position as of September 30, 2021 and 2020 are shown in the table below. Our analysis below focuses on the net position and changes in the net position of the District's governmental activities as reported in the accrual basis of accounting.

Statement of Net Position

	<u>9/30/2021</u>	<u>9/30/2020</u>
Assets:		
Current	\$ 3,179,227	\$ 2,547,469
Capital assets (net of accumulated depreciation)	<u>778,401</u>	<u>836,081</u>
Total Assets	<u>\$ 3,957,628</u>	<u>\$ 3,383,550</u>
Liabilities:		
Current liabilities	\$ 162,456	\$ 154,746
Long-term liabilities	<u>307,296</u>	<u>344,632</u>
Total Liabilities	<u>469,752</u>	<u>499,378</u>
Net Position:		
Net investment in capital assets	433,769	455,567
Unrestricted	<u>3,054,107</u>	<u>2,428,605</u>
Total Net Position	<u>\$ 3,487,876</u>	<u>\$ 2,884,172</u>

The District's total assets were \$3,957,628 as of September 30, 2021. Of this amount, \$778,401 is accounted for by capital assets. The District had outstanding liabilities of \$469,752 as of September 30, 2021, which represents \$162,456 of current liabilities and \$307,296 of long-term liabilities.

The changes in net position for the respective periods are also shown in the table below.

Statement of Activities

	<u>9/30/2021</u>	<u>9/30/2020</u>
Expenses:		
Service operations	\$ 1,029,002	\$ 1,023,134
Depreciation	57,680	58,169
Interest on promissory note	<u>14,118</u>	<u>15,401</u>
Total Expenses	<u>1,100,800</u>	<u>1,096,704</u>
Revenues-		
General revenues	<u>1,704,504</u>	<u>1,531,749</u>
Total Revenues	<u>1,704,504</u>	<u>1,531,749</u>
Change in Net Position	<u>\$ 603,704</u>	<u>\$ 435,045</u>

General revenues increased by \$172,755 to \$1,704,504 for the fiscal year ended September 30, 2021 due to the District receiving more sales tax revenue. Property taxes generated \$597,822 in revenues and sales taxes generated \$1,102,745 in revenues. Total expenses increased by \$4,096 to \$1,100,800 for the fiscal year ended September 30, 2021. Net position increased by \$603,704 for the fiscal year ended September 30, 2021 compared to an increase of \$435,045 for the fiscal year ended September 30, 2020.

The District's Governmental Fund

At September 30, 2021, the District's governmental fund reported a fund balance of \$3,053,551, which is an increase of \$629,078 from the prior year.

General Fund Budgetary Highlights

The actual expenditures in the General Fund were \$201,273 less than the final budgeted amounts primarily due to less funding for the Volente Volunteer Fire Department and less capital outlay than expected. Resources available for appropriation were \$101,604 above the final budgeted amounts due to sales tax collections being more than budgeted.

Capital Assets

At September 30, 2021, the District had the following capital assets in operation:

Capital Assets at Year End

	<u>9/30/2021</u>	<u>9/30/2020</u>
Land	\$ 252,997	\$ 252,997
Vehicles	939,199	939,199
Equipment	210,173	210,173
Buildings	<u>43,049</u>	<u>43,049</u>
Total Capital Assets	1,445,418	1,445,418
Accumulated depreciation	<u>(667,017)</u>	<u>(609,337)</u>
Total Net Capital Assets	<u>\$ 778,401</u>	<u>\$ 836,081</u>

More detailed information about the District's capital assets is presented in the *Notes to Basic Financial Statements*.

Long-Term Debt

At September 30, 2021 and 2020, the District's long-term debt was comprised of the following:

Long-Term Debt at Year End

	<u>9/30/2021</u>	<u>9/30/2020</u>
Truck Note	<u>\$ 344,632</u>	<u>\$ 380,514</u>
Total Long-Term Debt	<u>\$ 344,632</u>	<u>\$ 380,514</u>

More detailed information about the District's debt is presented in the *Notes to Basic Financial Statements*.

Economic Factors, Next Year's Budgets and Rates

The District's Board of Commissioners considered various factors when setting the fiscal year budget and the ad valorem tax rate that will be charged for the governmental activities. Considerations included the economy of the area within the District boundaries. Tax revenues are currently limited by the mandatory \$0.10 per \$100 of assessed valuation cap. The adopted budget for fiscal year 2022 for the District's governmental fund projects a fund balance increase of approximately \$71,000 primarily due to an increase in expected property tax revenue.

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 funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District at Travis County Emergency Services District No. 14, Attn: Treasurer, 15406 FM 2769, Volente, Texas 78641.

Travis County Emergency Services District No. 14

Statement of Net Position and Governmental Fund Balance Sheet September 30, 2021

	General Fund	Adjustments (Note 2)	Statement of Net Position
Assets:			
Cash and cash equivalents	\$ 2,961,686	-	2,961,686
Receivables:			
Property taxes	12,563	-	12,563
Sales taxes	204,978	-	204,978
Capital assets (net of accumulated depreciation):			
Land	-	252,997	252,997
Vehicles	-	416,301	416,301
Equipment	-	84,760	84,760
Buildings	-	24,343	24,343
Total assets	\$ 3,179,227	778,401	3,957,628
Liabilities:			
Accounts payable	\$ 113,113	-	113,113
Interest payable	-	12,007	12,007
Long-term note payable:			
Due within one year	-	37,336	37,336
Due after one year	-	307,296	307,296
Total liabilities	113,113	356,639	469,752
Deferred Inflows of Resources-			
Deferred revenue - property taxes	12,563	(12,563)	-
Fund Balance/Net Position:			
Committed	2,000,000	(2,000,000)	-
Unassigned	1,053,551	(1,053,551)	-
Total fund balance	3,053,551	(3,053,551)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 3,179,227		
Net position:			
Net investment in capital assets		433,769	433,769
Unrestricted		3,054,107	3,054,107
Total net position		\$ 3,487,876	3,487,876

The notes to financial statements are an integral part of this statement.

Travis County Emergency Services District No. 14

Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance Year Ended September 30, 2021

	General Fund	Adjustments (Note 2)	Statement of Activities
Expenditures/expenses:			
Service operations:			
Volente Volunteer Fire Department funding	\$ 982,580	-	982,580
Texas Comptroller service fee	21,490	-	21,490
Legal fees	1,415	-	1,415
Newsletter	4,708	-	4,708
Tax appraisal/collection fees	5,293	-	5,293
Membership dues	1,200	-	1,200
Audit fees	9,500	-	9,500
Insurance	2,307	-	2,307
Training and travel	304	-	304
Other expenses	205	-	205
Capital outlay	-	-	-
Depreciation	-	57,680	57,680
Debt service:			
Principal payments	35,882	(35,882)	-
Interest payments	15,411	(1,293)	14,118
Total expenditures/expenses	<u>1,080,295</u>	<u>20,505</u>	<u>1,100,800</u>
Revenues-			
General revenues:			
Property taxes, including penalties and interest	602,691	(4,869)	597,822
Sales taxes	1,102,745	-	1,102,745
Interest	3,937	-	3,937
Total revenues	<u>1,709,373</u>	<u>(4,869)</u>	<u>1,704,504</u>
Excess of revenues over expenditures	629,078	(629,078)	-
Change in net position	-	603,704	603,704
Fund balance/net position:			
Beginning of year	<u>2,424,473</u>	<u>459,699</u>	<u>2,884,172</u>
End of year	<u>\$ 3,053,551</u>	<u>434,325</u>	<u>3,487,876</u>

The notes to financial statements are an integral part of this statement.

Travis County Emergency Services District No. 14

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund Year Ended September 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues-				
General revenues:				
Property taxes, including penalties and interest	\$ 594,693	604,769	602,691	(2,078)
Sales taxes	725,000	1,000,000	1,102,745	102,745
Interest	500	3,000	3,937	937
Total revenues	<u>1,320,193</u>	<u>1,607,769</u>	<u>1,709,373</u>	<u>101,604</u>
Expenditures:				
Service operations:				
Volente Volunteer				
Fire Department funding	1,111,868	1,111,868	982,580	129,288
Sales tax consultant service fee	4,000	-	-	-
Texas Comptroller service fee	-	25,000	21,490	3,510
Legal fees	4,500	4,500	1,415	3,085
Newsletter	12,000	12,000	4,708	7,292
Tax appraisal/collection fees	5,350	5,350	5,293	57
Membership dues	1,400	1,400	1,200	200
Audit fees	9,500	9,500	9,500	-
Insurance	2,400	2,400	2,307	93
Training and travel	2,500	2,500	304	2,196
Other expenses	2,257	6,757	205	6,552
Capital outlay	49,000	49,000	-	49,000
Debt service:				
Principal payments	35,882	35,882	35,882	-
Interest payments	15,411	15,411	15,411	-
Total expenditures	<u>1,256,068</u>	<u>1,281,568</u>	<u>1,080,295</u>	<u>201,273</u>
Excess of Revenues Over Expenditures	64,125	326,201	629,078	302,877
Fund Balance:				
Beginning of year	<u>2,424,473</u>	<u>2,424,473</u>	<u>2,424,473</u>	<u>-</u>
End of year	<u>\$ 2,488,598</u>	<u>2,750,674</u>	<u>3,053,551</u>	<u>302,877</u>

The notes to financial statements are an integral part of this statement.

Travis County Emergency Services District No. 14

Notes to Basic Financial Statements Year Ended September 30, 2021

1. Summary of Significant Accounting Policies

Travis County Emergency Services District No. 14 (the “District”) was approved by voters of the District in a general election on November 5, 1985 as Travis County Fire Control District No. 11. Pursuant to Texas Health and Safety Code 794.100, the District was legally converted to a district operating under the Texas Health and Safety Code, Chapter 775, by an election of the voters of the District held on November 2, 1999. As a result, the name of the District changed effective December 2, 1999, and the District automatically assumed all rights and obligations of the former entity. The District provides fire suppression, emergency medical and rescue first response, hazardous materials incident response, and other emergency incident response that may arise within its boundaries.

The reporting entity of the District encompasses those activities and functions over which the District’s appointed officials exercise significant oversight or control. The District is governed by a five member Board of Commissioners (the “Board”) which has been appointed by the Travis County Commissioners’ Court, in accordance with state law. The District is not included in any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board (“GASB”) since Board members have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units which are included in the District’s reporting entity.

Government-Wide and Fund Financial Statements

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the “General Fund” column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the statement of net position and the statement of activities.

The government-wide financial statements report information on all of the activities of the District.

The statement of activities demonstrates the degree to which the expenses are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Major revenue sources considered susceptible to accrual include interest income and sales taxes. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources.

The District reports the following major governmental fund -

The General Fund includes financial resources used for general operations. It is a budgeted fund, and any unassigned fund balance is considered resources available for current operations.

Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device for the General Fund. Prior to the beginning of each fiscal year, the District prepares a budget. The operating budget includes proposed expenditures and the means of financing those expenditures and is adopted on the modified accrual basis, which is consistent with generally accepted accounting principles.

Public meetings are conducted at which all interested persons' comments concerning the budget are heard. After such meetings, the Board formally adopts the budget through passage of an ordinance. The District may amend the budget throughout the year, approving such additional expenditures as may be required. All annual appropriations for the General Fund lapse at the fiscal year-end.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Cash and Cash Equivalents - The District considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The District is entitled to invest any and all of its funds in obligations of, or guaranteed by, the United States of America or its agencies, certificates of deposit, and certain public fund investment pools. The District’s investment policies and types of investments are governed by Section 2256 of the Government Code (“Public Funds Investment Act”). The District’s management believes that it complied with the requirements of the District’s investment policy and the Public Funds Investment Act. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments.

Capital Assets - Capital assets, which include land, buildings, vehicles and equipment are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000. Such assets are recorded at historical cost if purchased or estimated acquisition value at the date of donation if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets (other than land) are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings	39.5
Vehicles	10-20
Equipment	10

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

Ad Valorem Property Taxes - Allowances for uncollectibles within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Fund Equity - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. See Note 7 for additional information on those fund balance classifications.

Deferred Outflows and Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District’s net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District’s acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Fair Value Measurements - The District complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Use of Estimates - The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, 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.

Recently Issued Accounting Pronouncement

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after June 15, 2021. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended September 30, 2022.

2. Reconciliation of Government-Wide and Fund Financial Statements

Amounts reported for governmental activities in the statement of net position are different because:

Governmental fund total fund balance	\$ 3,053,551
Capital assets used in governmental activities are not current financial resources and are therefore not reported in the governmental fund balance sheet.	
Capital assets, net of accumulated depreciation	778,401
Deferred tax revenue is not available to pay for current-period expenditures and, therefore, is deferred in the funds.	12,563
The following liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Long-term note payable	(344,632)
Interest payable	(12,007)
Total net position	<u>\$ 3,487,876</u>

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

Excess of revenues over expenditures	\$ 629,078
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.	
Depreciation expense	(57,680)
Repayment of note payable is an expenditure in the governmental funds, but a note payable increases long-term liabilities in the statement of net position:	
Repayment of note payable	35,882
Change in interest payable	1,293
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred tax revenue	(4,869)
Change in net position	<u>\$ 603,704</u>

3. Cash and Cash Equivalents

The District's deposits are required to be secured in the manner provided by law for the security of the funds. At September 30, 2021, such deposits were entirely covered by Federal Deposit Insurance Corporation ("FDIC") insurance or secured by collateral pledged by the depository.

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy. The District's deposits and investments are invested pursuant to the investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy, in order of priority, are safety, liquidity, and yield.

4. Capital Assets

Capital assets activity for the fiscal year ended September 30, 2021 was as follows:

	Balance September 30, 2020	Additions	Retirements and Transfers	Balance September 30, 2021
Capital assets not being depreciated-				
Land	\$ 252,997	-	-	252,997
Capital assets being depreciated:				
Vehicles	939,199	-	-	939,199
Equipment	210,173	-	-	210,173
Buildings	43,049	-	-	43,049
Total capital assets being depreciated	1,192,421	-	-	1,192,421
Less accumulated depreciation for:				
Vehicles	(480,418)	(42,480)	-	(522,898)
Equipment	(111,302)	(14,111)	-	(125,413)
Buildings	(17,617)	(1,089)	-	(18,706)
Total accumulated depreciation	(609,337)	(57,680)	-	(667,017)
Total capital assets being depreciated, net	583,084	(57,680)	-	525,404
Capital assets, net	\$ 836,081	(57,680)	-	778,401

5. Long-Term Note Payable

On November 12, 2018, the District signed a 10-year promissory note with a corporate lender for \$415,000 to purchase a fire engine. The promissory note bears interest at 4.05% and matures on November 20, 2028. Ad valorem tax revenue in amount not to exceed \$61,552 per year for the term of the promissory note has been assigned by the District as security for payment and performance of all the District's obligations under the promissory note.

The following is a summary of changes in long-term note payable for the year ended September 30, 2021:

	<u>Balance</u> <u>9/30/2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/2021</u>
Promissory Note	\$ 380,514	-	(35,882)	344,632

The payment schedule for District's long-term note payable is summarized as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirement</u>
2022	\$ 37,336	13,957	51,293
2023	38,848	12,445	51,293
2024	40,421	10,872	51,293
2025	42,058	9,235	51,293
2026	43,761	7,532	51,293
2027-2029	142,208	11,672	153,880
Total	<u>\$ 344,632</u>	<u>65,713</u>	<u>410,345</u>

6. Property Taxes

The District is authorized to levy a tax each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within its boundaries. Assessed values are established annually by the Travis Central Appraisal District. District property tax revenues are recognized when levied to the extent that they are collected in the current year. The uncollected balance is reported as deferred revenue. Taxes receivable are due January 1 and are delinquent if received after January 31 and are subject to penalty and interest charges.

In September 2020, the District levied a tax rate of \$0.10 per \$100 of assessed valuation to finance maintenance and operating expenditures. The total 2020 tax levy was \$603,422 based on a taxable valuation of \$589,693,143.

7. Fund Balance

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below:

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board. At September 30, 2021, the District had committed fund balance for the following: 1) \$1,300,000 for fire department payroll; 2) \$350,000 for vehicle replacement; 3) \$100,000 for contracted services; and 4) \$250,000 for other equipment reserve.

Assigned - For the General Fund, amounts that are appropriated by the Board or Board designee that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The detail of the fund balance is included in the Governmental Fund Balance Sheet on page 7.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board maintains the authority to assign fund balance for a specific purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

8. Contracted Services

The District entered into an agreement with the Volente Volunteer Fire Department (“VVFD”) that was effective October 1, 2009 for a period of one year. This agreement has been extended monthly since October 1, 2010. The District agreed to fund the operations of the VVFD monthly, as funds are available, based on a budget for the VVFD that is approved by the District. In exchange for the funding provided by the District, the VVFD agreed to provide emergency services including fire fighting and first responder assistance in the geographic area served by the District. Expenditures of \$982,580, as presented in the statement of activities and governmental fund revenues, expenditures, and changes in fund balance, were incurred by the District related to this agreement during the year ended September 30, 2021.

9. Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District purchases its errors and omissions insurance from regular commercial companies and other insurance policies are purchased from regular commercial companies through the VVFD. As of September 30, 2021, no claims or losses have been incurred that were not covered by insurance. There is no liability due to any claim or suit having been filed within the last three years.

10. Commitments and Contingencies

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the world. While the disruption is expected to be temporary, there is uncertainty around the severity and duration. Therefore, while this issue may negatively impact the District’s business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time. Management is actively managing the business to maintain the District’s cash flow and believes that the District has adequate liquidity.