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BURNET COUNTY EMERGENCY SERVICES DISTRICT #2
P.O. BOX 249
BUCHANAN DAM, TEXAS 78609-0249

January 4, 2019
James Oakley, Judge
Burnet County
Burnet County, Texas

Enclosed are Audit Reports for Year End September 30, 2018, for Burnet County Emergency Services District #2 and Cassie Volunteer Fire Department and Emergency Services, Inc.

Please acknowledge receipt of these audits.

Thank You,

Cathy Ashley
Cathy Ashley
Treasurer
Burnet County ESD #2

Stephanie McCormick Date: *1-8-19*

*Place on agenda D/A
(Jim Luther)*

**Cassie Volunteer Fire Department
& Emergency Medical Services, Inc.
Audit Report
for the Year Ended
September 30, 2018
with Comparative Totals
as of September 30, 2017**

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

Cassie Volunteer Fire Department & Emergency Medical Services, Inc.

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Taber & Burnett, P.C.

*A Professional Corporation
Certified Public Accountants*

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Cassie Volunteer Fire Department &
Emergency Medical Services, Inc.
Burnet, Texas

We have audited the accompanying Statement of Financial Position of the Cassie Volunteer Fire Department & Emergency Medical Services, Inc., (a non-profit organization), as of September 30, 2018, and the related Statements of Activities and Cash Flows for the year then ended and the related notes to the financial statements. The prior year comparative information has been derived from the Organization's 2017 financial statements, and in our report dated December 19, 2017, an unqualified opinion on those financial statements was expressed.

Management's Responsibility for the Financial Statements

The Organization'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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cassie Volunteer Fire Department & Emergency Medical Services, Inc. as of September 30, 2018, and the results of activities and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Jaber & Burnett, PC

Burnet, Texas
December 13, 2018

Cassie Volunteer Fire Department & Emergency Medical Services, Inc.*Statements of Financial Position**As of September 30, 2018 and 2017***Assets**

	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents (Note 2)	\$ 39,496	\$ 27,038
Prepaid insurance	<u>6,038</u>	<u>-</u>
Total Current Assets	<u>45,534</u>	<u>27,038</u>
Property and Equipment (Note 3)		
Building	106,746	106,746
Communication equipment	98,988	51,616
EMS equipment	5,038	5,038
Furniture and fixtures	7,967	7,967
Land	13,820	13,820
Vehicles and equipment	<u>996,288</u>	<u>966,191</u>
Total Property and Equipment	1,228,847	1,151,378
Accumulated Depreciation	<u>(659,125)</u>	<u>(594,437)</u>
Net Property and Equipment	<u>569,722</u>	<u>556,941</u>
Total Assets	\$ <u>615,256</u>	\$ <u>583,979</u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ -	\$ 5,770
Accrued liabilities	<u>994</u>	<u>1,344</u>
Total Current Liabilities	<u>994</u>	<u>7,114</u>
Net Assets (Notes 4 and 5)		
Unrestricted	614,262	576,865
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>614,262</u>	<u>576,865</u>
Total Liabilities and Net Assets	\$ <u>615,256</u>	\$ <u>583,979</u>

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

Cassie Volunteer Fire Department & Emergency Medical Services, Inc.*Statement of Activities**For the Year Ended September 30, 2018
with Comparative Totals for 2017*

	<u>Unrestricted Operating</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
Revenues, Gains, and Other Support:					
Emergency Services District					
No. 2 contributions	\$ 201,763	\$ -	\$ -	\$ 201,763	\$ 183,000
County contract	28,067	-	-	28,067	23,338
Donations	12,259	-	-	12,259	3,072
Gain on sale of assets	-	-	-	-	6,137
Grants	19,827	-	-	19,827	20,701
Reimbursement income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,290</u>
Total Revenues, Gains, and Other Support	<u>261,916</u>	<u>-</u>	<u>-</u>	<u>261,916</u>	<u>238,538</u>
Cost of Special Activities and Programs:					
Buildings and grounds	4,970	-	-	4,970	4,600
Communication equipment	1,057	-	-	1,057	449
Depreciation	99,260	-	-	99,260	90,491
Insurance	16,568	-	-	16,568	15,695
Operations cost	27,845	-	-	27,845	35,537
Training and travel	9,781	-	-	9,781	8,200
Wages and taxes	<u>52,748</u>	<u>-</u>	<u>-</u>	<u>52,748</u>	<u>46,277</u>
Total Cost of Special Activities and Programs	<u>212,229</u>	<u>-</u>	<u>-</u>	<u>212,229</u>	<u>201,249</u>
Revenues Net of Cost of Special Activities and Programs	<u>49,687</u>	<u>-</u>	<u>-</u>	<u>49,687</u>	<u>37,289</u>
Supporting Services:					
Management and general	10,655	-	-	10,655	6,878
Professional fees	1,635	-	-	1,635	975
Public relations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,758</u>
Total Supporting Services	<u>12,290</u>	<u>-</u>	<u>-</u>	<u>12,290</u>	<u>10,611</u>
Changes in Net Assets	37,397	-	-	37,397	26,678
Net Assets at Beginning of Year	<u>576,865</u>	<u>-</u>	<u>-</u>	<u>576,865</u>	<u>550,187</u>
Net Assets at End of Year	\$ <u>614,262</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>614,262</u>	\$ <u>576,865</u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Cassie Volunteer Fire Department & Emergency Medical Services, Inc. (the Organization) is a not-for-profit corporation, established to provide fire protection and emergency services. The Organization provides services to the citizens of the Burnet County Emergency Services District No. 2 (ESD). The Organization's primary source of revenue is from the ESD. See Note 6.

Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis in conformity with U.S. generally accepted accounting principles. The Organization reports total assets, liabilities, and net assets in a statement of financial position; reports the change in net assets in a statement of activities; and reports the sources and uses of cash and cash equivalents in a statement of cash flows. The Organization also reports net assets and revenues, gains, expenses and losses as unrestricted, temporarily restricted, or permanently restricted, based on the existence of or absence of donor-imposed restrictions. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions.

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization.

Expenses are generally reported as decreases in unrestricted net assets. Expirations of donor-imposed restrictions that simultaneously increase one class of net assets and decrease another are reported as a reclassification between the applicable classes of net assets.

Tax Status

Under provisions of the Internal Revenue Code, Section 501(c)(3), the Organization is exempt from taxes on income other than unrelated business income. Since the Organization had no net unrelated business income during the year ended September 30, 2018 or 2017, no provision for income taxes has been made. The Organization's open audit periods are for the fiscal year ends September 30, 2016 through September 30, 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

The Organization records contributions received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence of and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Contributed Services

The Organization receives many services from volunteers which are not recorded in these financial statements. The Organization records services in the financial statements if the volunteer services create or enhance a non-financial asset; or require specialized skills, are performed by people with those skills, and would otherwise be purchased. No contributed services were recognized in the years ending September 30, 2018 or 2017.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Prior-Year Summarized Information

The financial statements include certain prior-year summarized information in total. With respect to the statement of activities, such prior-year information is not presented by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's 2017 financial statements from which the summarized information is derived.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. The carrying amount for cash and cash equivalents approximates fair value.

Cassie Volunteer Fire Department & Emergency Medical Services, Inc.*Notes to the Financial Statements**September 30, 2018***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Property and Equipment**

Property and equipment is recorded at cost if purchased or at fair market value if donated. The Organization follows the practice of capitalizing all expenditures for or donations of property and equipment in excess of \$1,000. Upon sale or retirement of property 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 activities. Depreciation is computed on the straight line basis over the useful lives of the assets as follows:

Buildings and Improvements	5 to 40 years
Communication Equipment	5 to 7 years
EMS Equipment	5 to 7 years
Furniture and Fixtures	5 years
Vehicles and Equipment	5 to 15 years

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents totaled \$39,496 and \$27,038 at September 30, 2018 and 2017, respectively. Cash and cash equivalents consist of bank accounts that are available for use in current operations.

NOTE 3 - PROPERTY AND EQUIPMENT

Changes in property and equipment during the year ended September 30, 2018, are as follows:

	Balance October 1, 2017	Additions	Reductions	Balance September 30, 2018
Building	\$ 106,746	\$ -	\$ -	\$ 106,746
Communication Equipment	51,616	81,944	34,572	98,988
EMS Equipment	5,038	-	-	5,038
Furniture and Fixtures	7,967	-	-	7,967
Land	13,820	-	-	13,820
Vehicles and Equipment	966,191	30,097	-	996,288
	1,151,378	112,041	34,572	1,228,847
Less accumulated depreciation	(594,437)	(99,260)	(34,572)	(659,125)
Net Property and Equipment	\$ <u>556,941</u>	\$ <u>12,781</u>	\$ <u>-</u>	\$ <u>569,722</u>

Cassie Volunteer Fire Department & Emergency Medical Services, Inc.

Notes to the Financial Statements

September 30, 2018

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

There are no temporarily restricted net assets as of September 30, 2018 and 2017.

NOTE 5 - PERMANENTLY RESTRICTED NET ASSETS

There are no permanently restricted net assets as of September 30, 2018 and 2017.

NOTE 6 - EMERGENCY SERVICE DISTRICT

The Burnet County Emergency Services District No. 2 (ESD) was created by an election held in May 2008. The ESD 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 ESD's major activities include providing emergency services to the residents of the District.

On October 7, 2008, the Organization entered into an agreement with the newly-formed ESD to provide emergency services to all persons and property within the ESD. The term is yearly and may be terminated by either party. Amounts to be paid to the Organization shall be disbursed at the discretion of the Commissioners and may include expenses for operations and other expenditures approved by the ESD for maintaining emergency services within the district. If at any time the Organization 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 - OTHER CONCENTRATIONS OF RISK

Revenues from the ESD were approximately 77 percent and 77 percent of the Organization's total revenues for the years ended September 30, 2018 and 2017, respectively. The Organization also received approximately 11 percent and 10 percent of its revenue from the Burnet County Fire Protection Contract during the years ended September 30, 2018 and 2017, respectively. A significant reduction in or elimination of these funds would have a significant impact on the Organization.

Cassie Volunteer Fire Department & Emergency Medical Services, Inc.

Notes to the Financial Statements

September 30, 2018

NOTE 8 - SUBSEQUENT EVENTS

The Organization did not have any subsequent events through December 13, 2018, 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, 2018.

**Burnet County Emergency
Services District No. 2
Financial Statements
For the Year Ended
September 30, 2018**

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

Burnet County Emergency Services District No. 2

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

Burnet County Emergency Services District No. 2

Management's Discussion and Analysis

September 30, 2018

As management of the Burnet County Emergency Services District No. 2 (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, 2018. 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

- The net position of the District decreased by \$28,984 as a result of the current year's operations. Net position at year end consisted of unrestricted net position of \$233,245.
- Total revenues from all sources were \$185,815, which represents an increase of \$17,058 or 10 percent over the prior year. This is primarily due to increased property taxes.
- Total costs of all programs were \$214,799, which represents an increase of \$16,961 or 9 percent over the prior year. This is primarily due to increase funding of the volunteer fire department in fiscal year 2018.
- As of September 30, 2018, the District's governmental fund reported an ending fund balance of \$233,245, a decrease of \$28,984.

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. 2*Management's Discussion and Analysis (Continued)**September 30, 2018*

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 protection services which are primarily supported by property taxes.

The government-wide financial statements begin on page 8. The following is a summary of net assets as of September 30, 2018:

Table 1
Net Position

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Current and other assets	\$ <u>233,245</u>	\$ <u>262,229</u>
Total assets	<u>233,245</u>	<u>262,229</u>
Current liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
Net position:		
Unrestricted	<u>233,245</u>	<u>262,229</u>
Total net position	\$ <u>233,245</u>	\$ <u>262,229</u>

Burnet County Emergency Services District No. 2*Management's Discussion and Analysis (Continued)**September 30, 2018*

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

Table 2
Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Charges for Services	\$ -	\$ -
Operating grants and contributions	-	-
Capital grants and contributions	-	-
General revenues:		
Property taxes	184,449	167,303
Miscellaneous revenue	124	337
Interest income	<u>1,242</u>	<u>1,117</u>
Total revenues	<u>185,815</u>	<u>168,757</u>
Expenses:		
General government	13,036	14,838
Public safety	<u>201,763</u>	<u>183,000</u>
Total expenses	<u>214,799</u>	<u>197,838</u>
Increase in net position	(28,984)	(29,081)
Net position - October 1	<u>262,229</u>	<u>291,310</u>
Net position - September 30	\$ <u>233,245</u>	\$ <u>262,229</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 *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.

Burnet County Emergency Services District No. 2

Management's Discussion and Analysis (Continued)

September 30, 2018

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 10, and the budgetary comparison schedule is on page 21.

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 13 through 19 of this report.

General Fund Budgetary Highlights

The District's Board did not amend the budget during the year ended September 30, 2018.

Actual results on a budgetary basis were approximately equal to budgeted expenditures. The District's overall actual revenue was 3 percent more than budgeted primarily due to an increase in estimated property tax collections.

Capital Assets and Debt

The District has no capital assets or debt at September 30, 2018.

Economic Factors and Next Year's Budgets and Rates

The District's tax revenues are expected to stay fairly consistent in the coming year. These revenues will continue to be used to fund the operations of the volunteer fire department.

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. 2. If you have any questions about this report or need further information, contact the Burnet County Emergency Services District No. 2, P.O. Box 249, Buchanan Dam, TX 78609.

Taber & Burnett, P.C.

*A Professional Corporation
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512/756-4904; Fax: 512/756-4227*

INDEPENDENT AUDITORS' REPORT

To The Commissioners
Burnet County Emergency Services District No. 2

We have audited the accompanying financial statements of the governmental activities and each major fund of the Burnet County Emergency Services District No. 2 (District), as of and for the year ended September 30, 2018, 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. 2 as of September 30, 2018, 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 5 and 21 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 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.



Burnet, Texas
December 7, 2018

Burnet County Emergency Services District No. 2*Statement of Net Position**As of September 30, 2018*

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Total</u>
Assets		
Cash and cash equivalents	\$ <u>233,245</u>	\$ <u>233,245</u>
Total assets	<u>233,245</u>	<u>233,245</u>
Liabilities		
Accounts payable	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
Net Position		
Unrestricted	<u>233,245</u>	<u>233,245</u>
Total Net Position	\$ <u>233,245</u>	\$ <u>233,245</u>

The accompanying notes are an integral part of the financial statements

Burnet County Emergency Services District No. 2

Statement of Activities

For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 13,036	\$ -	\$ -	\$ -	\$ (13,036)	\$ (13,036)
Public safety	<u>201,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(201,763)</u>	<u>(201,763)</u>
Total net (expense) revenue for governmental activities and the primary government	<u>\$ 214,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(214,799)</u>	<u>(214,799)</u>
General revenues:						
Taxes:						
Property taxes					184,449	184,449
Miscellaneous revenue					124	124
Interest income					<u>1,242</u>	<u>1,242</u>
Total general revenues					<u>185,815</u>	<u>185,815</u>
Change in net assets					(28,984)	(28,984)
Net Position, Beginning of Year					<u>262,229</u>	<u>262,229</u>
Net Position, End of Year					<u>\$ 233,245</u>	<u>\$ 233,245</u>

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

Burnet County Emergency Services District No. 2*Balance Sheet - Governmental Funds**As of September 30, 2018*

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Assets		
Cash	\$ 233,245	\$ 233,245
Taxes receivable	<u>2,279</u>	<u>2,279</u>
Total Assets	\$ <u>235,524</u>	<u>235,524</u>
Liabilities		
Deferred revenue	\$ <u>2,279</u>	<u>2,279</u>
Total Liabilities	<u>2,279</u>	<u>2,279</u>
Fund Balance		
Assigned for capital expenditures	152,496	152,496
Unassigned	<u>80,749</u>	<u>80,749</u>
Total Fund Balance	<u>233,245</u>	233,245
Total Liabilities and Fund Balance	\$ <u>235,524</u>	
Amounts reported for governmental activities in the Statement of Net Position are different because:		
There are no reconciling amounts for the fiscal year ended September 30, 2018.		
		<u>-</u>
Net Position of Governmental Activities		\$ <u>233,245</u>

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

Burnet County Emergency Services District No. 2*Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Funds**For the Year Ended September 30, 2018*

	General Fund	Total Governmental Funds
Revenues		
Property taxes	\$ 184,449	\$ 184,449
Miscellaneous revenue	124	124
Interest income	<u>1,242</u>	<u>1,242</u>
Total Revenues	<u>185,815</u>	<u>185,815</u>
Expenditures		
Contract fire disbursements	201,763	201,763
Insurance	1,838	1,838
Legal and professional	10,187	10,187
Office and administration	411	411
Rent	<u>600</u>	<u>600</u>
Total Expenditures	<u>214,799</u>	<u>214,799</u>
Excess (Deficiencies) of Revenues and Other Sources Over Expenditures and Other (Uses)	(28,984)	(28,984)
Fund Balance, Beginning of Year	<u>262,229</u>	<u>262,229</u>
Fund Balance, End of Year	\$ <u>233,245</u>	\$ <u>233,245</u>

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

Burnet County Emergency Services District No. 2

*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, 2018

Net Change in Fund Balance-Governmental Funds \$ (28,984)

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

There are no reconciling amounts for the
fiscal year ended September 30, 2018.

Change in Net Position of Governmental Activities \$ (28,984)

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. 2 (District) was created by election held on May 10, 2008. 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, 2018.

Management's Discussion and Analysis

GASB Statement No. 34 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 the analysis provided by the private sector 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.

Burnet County Emergency Services District No. 2

Notes to the Financial Statements

September 30, 2018

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, 2018.

Fund Balance Classification

The District follows GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to ordinances passed by the Board, the Districts 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.

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 Board prior to the beginning of the fiscal year. Amendments are made during the year on approval by the Board. The original and final amended budgets are used in this report. The District adopted the current year's budget on a line item basis.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Basis of Presentation***

The accounting and reporting policies of the District relating to the accompanying financial statements conform to U.S. generally accepted accounting principles as applicable to governmental units. U.S. generally accepted accounting principles for governmental units include those principles prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), and appropriate pronouncements of the American Institute of Certified Public Accountants (AICPA).

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, 2018, 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.

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 District does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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)

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 adjustments necessary to reconcile the fund financial statements with the governmental column of the government-wide presentation.

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 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, as well as component units (if any). 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 flow of economic resources and full accrual measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the balance sheet or 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.

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, 2017 was \$182,412. The tax assessment of October 1, 2017 sets the tax levy at \$0.10 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 revenues.

NOTE 3 - DEPOSITS, SECURITIES AND INVESTMENTS

As of September 30, 2018, cash deposits were with a depository bank in interest bearing accounts, and these balances approximated fair value.

At September 30, 2018 all of 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. 2

Notes to the Financial Statements

September 30, 2018

NOTE 4 - COMMITMENTS

Effective October 7, 2008, the District entered into an agreement with the Cassie Volunteer Fire Department and Emergency Medical Services, Inc. (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 5 - SUBSEQUENT EVENTS

The District did not have any subsequent events through December 7, 2018, 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, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

Burnet County Emergency Services District No. 2*Budgetary Comparison Schedule**For the Year Ended September 30, 2018*

	General Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual Amounts	
	Original	Final	Budgetary Basis	
Revenues				
Property taxes	\$ 178,500	\$ 178,500	\$ 184,449	\$ 5,949
Miscellaneous revenue	301	301	124	(177)
Interest income	<u>1,065</u>	<u>1,065</u>	<u>1,242</u>	<u>177</u>
Total Revenues	<u>179,866</u>	<u>179,866</u>	<u>185,815</u>	<u>5,949</u>
Expenditures				
Contract fire disbursements	201,840	201,840	201,763	77
Insurance	1,955	1,955	1,838	117
Legal and professional	9,398	9,398	10,187	(789)
Office and administration	460	460	411	49
Rent	600	600	600	-
Travel and training	<u>760</u>	<u>760</u>	<u>-</u>	<u>760</u>
Total Expenditures	<u>215,013</u>	<u>215,013</u>	<u>214,799</u>	<u>214</u>
Excess (Deficiencies) of Revenue and Other Sources Over Expense and Other (Uses)	\$ <u>(35,147)</u>	\$ <u>(35,147)</u>	(28,984)	\$ <u>6,163</u>
Fund Balance, Beginning of Year			<u>262,229</u>	
Fund Balance, End of Year			\$ <u>233,245</u>	