

**Burnet County Emergency
Services District No. 4
Financial Statements
For the Year Ended September 30, 2021**

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

Burnet County Emergency Services District No. 4

Table of Contents

September 30, 2021

	Page
Management's Discussion and Analysis.....	2
Independent Auditors' Report.....	7
Statement of Net Position.....	9
Statement of Activities.....	10
Balance Sheet - Governmental Funds.....	11
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.....	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds to the Statement of Activities.....	13
Notes to the Financial Statements.....	14
Required Supplementary Information Budgetary Comparison Schedule.....	26

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

As management of the Burnet County Emergency Services District No. 4 (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 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

- The net position of the District increased by \$188,209 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 \$168,952 and unrestricted net position of \$884,745 for total net position of \$1,053,697.
- Total revenues from all sources were \$1,022,457 which represents an increase of \$147,535 over the prior year. This is due to an increase in property and sales tax revenue collections.
- Total costs of all programs were \$834,288 which represents an increase of \$93,092. This is due primarily to increases in contract payments.
- As of September 30, 2021, the District's governmental fund reported an ending fund balance of \$884,745, an increase of \$192,322.

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. The other information includes this management's discussion and analysis as well as the 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. 4*Management's Discussion and Analysis (Continued)**September 30, 2021*

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

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

- Governmental activities—This includes all of the District's emergency protection services which will be primarily supported with property tax and sales tax revenues.

The government-wide financial statements begin on page 9. The following is a summary of net position as of September 30, 2021:

Table 1
Net Position

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 884,745	\$ 692,423
Capital assets, net	<u>711,491</u>	<u>789,037</u>
Total assets	<u>1,596,236</u>	<u>1,481,460</u>
Other liabilities	<u>542,539</u>	<u>615,972</u>
Total liabilities	<u>542,539</u>	<u>615,972</u>
Net position:		
Invested in capital assets, net of related debt	168,952	173,065
Unrestricted	<u>884,745</u>	<u>692,423</u>
Total net position	<u>\$ 1,053,697</u>	<u>\$ 865,488</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:		
Capital grants and contributions	\$ 2,635	\$ 3,466
General revenues:		
Property taxes	622,215	569,550
Sales taxes	394,759	299,758
Interest income	<u>2,848</u>	<u>2,148</u>
Total revenues	<u>1,022,457</u>	<u>874,922</u>
Expenses:		
General government	21,803	38,014
Public safety	<u>812,445</u>	<u>703,142</u>
Total expenses	<u>834,248</u>	<u>741,156</u>
Increase (Decrease) in net position	188,209	133,766
Net position - October 1	<u>865,488</u>	<u>731,722</u>
Net position - September 30	\$ <u>1,053,697</u>	\$ <u>865,488</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, the *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.

Burnet County Emergency Services District No. 4

Management's Discussion and Analysis (Continued)

September 30, 2021

The *governmental funds statements* provide a detailed short-term view of the government operations and the basic services it provided, 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 Balances* provide a reconciliation to the government-wide financial statements.

The District adopts an annual budget for the general fund. A budgetary comparison schedule has been provided to demonstrate compliance with the budget. The governmental fund financial statements begin on page 11, and the budgetary comparison schedule is on page 26.

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 14 through 24 of this report.

General Fund Budgetary Highlights

The District did not amend the budget during the fiscal year.

Actual expenditures on a budgetary basis were more than two percent under budgeted expenditures due to decreased professional and training expenses. The District's overall actual revenues were 21 percent more than budgeted due to unanticipated property and sales tax collections.

Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2021, amounts to \$711,491 (net of accumulated depreciation). This investment in capital assets includes computers, machinery, equipment, and vehicles.

Capital Assets Governmental Activities (net of depreciation)

	<u>2021</u>	<u>2020</u>
Equipment	\$ 9,367	\$ 11,848
Vehicles	<u>702,124</u>	<u>777,189</u>
Total	\$ <u>711,491</u>	\$ <u>789,037</u>

Burnet County Emergency Services District No. 4

Management's Discussion and Analysis (Continued)

September 30, 2021

During the fiscal year ended September 30, 2021, no assets were purchased or disposed of.

Additional information on the District's capital assets can be found in Note 4 on page 21 of this report.

Debt Administration

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

Outstanding Debt at Year End

	2021 Total	2020 Total
Note payable	\$ 542,539	\$ 615,972
Total	\$ 542,539	\$ 615,972

During the year, the District assumed no new loans. The District incurred \$18,899 of interest expense for the year ended September 30, 2021, which has been charged to public safety expenses.

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

Economic Factors and Next Year's Budgets and Rates

The District's tax revenues are expected to continue to grow with the steady population growth, increased property values, and sales tax collections. In the next fiscal year, the District will continue to fund the Bertram Volunteer Fire Department to help ensure adequate facilities, personnel, and services are provided to the community.

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. 4. If you have any questions about this report or need further information, contact the Burnet County Emergency Services District No. 4, P.O. Box 204, Bertram, TX 78605.

Taber & Burnett, P.C.

*A Professional Corporation
Certified Public Accountants*

*P.O. Box 1519, 412 Buchanan Drive, Burnet, Texas 78611
512/756-4904; Fax: 512/756-4227*

INDEPENDENT AUDITORS' REPORT

To The Commissioners
Burnet County Emergency Services District No. 4

We have audited the accompanying financial statements of the governmental activities and each major fund of the Burnet County Emergency Services District No. 4 (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 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. 4 as of September 30, 2021, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedule on pages 2 through 6 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. This supplemental information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Burnet, Texas
September 6, 2022

Burnet County Emergency Services District No. 4*Statement of Net Position**As of September 30, 2021*

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Total</u>
Assets		
Deposits and investments	\$ 817,878	\$ 817,878
Taxes receivable	66,867	66,867
Capital assets, net	<u>711,491</u>	<u>711,491</u>
Total assets	<u>1,596,236</u>	<u>1,596,236</u>
Liabilities		
Non-current liabilities		
Due within one year	76,033	76,033
Due in greater than one year	<u>466,506</u>	<u>466,506</u>
Total liabilities	<u>542,539</u>	<u>542,539</u>
Net Position		
Invested in capital assets, net of related debt	168,952	168,952
Unrestricted net position	<u>884,745</u>	<u>884,745</u>
Total Net Position	<u>\$ 1,053,697</u>	<u>\$ 1,053,697</u>

The accompanying notes are an integral part of the financial statements

Burnet County Emergency Services District No. 4*Statement of Activities**For the Year Ended September 30, 2021*

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 21,803	\$ -	\$ -	\$ -	\$ (21,803)	\$ (21,803)
Public safety	<u>812,445</u>	<u>-</u>	<u>2,635</u>	<u>-</u>	<u>(809,810)</u>	<u>(809,810)</u>
Total net (expense) revenue for governmental activities and the primary government	\$ <u>834,248</u>	\$ <u>-</u>	\$ <u>2,635</u>	\$ <u>-</u>	<u>(831,613)</u>	<u>(831,613)</u>
General revenues:						
Taxes:						
					622,215	622,215
					394,759	394,759
					<u>2,848</u>	<u>2,848</u>
					<u>1,019,822</u>	<u>1,019,822</u>
					188,209	188,209
					<u>865,488</u>	<u>865,488</u>
					\$ <u>1,053,697</u>	\$ <u>1,053,697</u>

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

Burnet County Emergency Services District No. 4*Balance Sheet - Governmental Funds**As of September 30, 2021*

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Assets		
Deposits and investments	\$ 817,878	\$ 817,878
Receivables	<u>99,712</u>	<u>99,712</u>
Total Assets	<u>917,590</u>	<u>917,590</u>
Liabilities		
Accounts payable	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
Deferred Inflows of Resources		
Unavailable property taxes	<u>32,845</u>	<u>32,845</u>
Total Deferred Inflows of Resources	<u>32,845</u>	<u>32,845</u>
Fund Balance		
Unassigned	<u>884,745</u>	<u>884,745</u>
Total Fund Balance	<u>884,745</u>	<u>884,745</u>
Total Liabilities and Fund Balance	\$ <u>917,590</u>	
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (See Note 4)		711,491
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)		<u>(542,539)</u>
Net Position of Governmental Activities		\$ <u>1,053,697</u>

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

Burnet County Emergency Services District No. 4*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	\$ 622,215	\$ 622,215
Sales taxes	394,759	394,759
Interest income	2,848	2,848
Miscellaneous revenue	<u>2,635</u>	<u>2,635</u>
Total Revenues	<u>1,022,457</u>	<u>1,022,457</u>
Expenditures		
Contract disbursements	712,463	712,463
Insurance	1,437	1,437
Office and administration	387	387
Pension cost	2,100	2,100
Professional fees	19,212	19,212
Travel and training	2,204	2,204
Loan payments	<u>92,332</u>	<u>92,332</u>
Total Expenditures	<u>830,135</u>	<u>830,135</u>
Excess (Deficiencies) of Revenues Over (Under) Expenditures and Other (Uses)	192,322	192,322
Fund Balance, Beginning of Year	<u>692,423</u>	<u>692,423</u>
Fund Balance, End of Year	\$ <u>884,745</u>	\$ <u>884,745</u>

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

Burnet County Emergency Services District No. 4

*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 \$ 192,322

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

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities the cost of those assets
is allocated over their estimated useful lives as depreciation expense.
This amount is the net effect of these differences in the treatment of
capital assets and related items. (See Note 4) (77,546)

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) 73,433

Change in Net Position of Governmental Activities \$ 188,209

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

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

The Burnet County Emergency Services District No. 4 (the District) was created by an 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, 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, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Statement of Net Position*

The Statement of Net Position is designed to display the financial position of the primary government (governmental activities) and its discretely presented component units, if any. Governments will report all capital assets, including infrastructure, in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) 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

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***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 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.

In fiscal year 2018, the District adopted a minimum fund balance policy. The policy requires the unassigned fund balance to be at least equal to \$150,000.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***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 will provide budgetary comparison information in their annual reports. The District is required to present the 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 District adopted the current year budget on a line item basis.

Basis of Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-Wide and Fund Accounting

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

In the government-wide Statement of Net Position, the governmental activity columns are to be presented on a consolidated basis by column, and are 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. 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

The focus of the reporting model is on the District as a whole and the fund financial statements, including the major individual funds of the governmental categories, and the 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 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 year or as soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal year. 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 year. Actual results could differ from those estimates.

Deposits and Investments

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

Capital Assets

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

Computer equipment	5 years
Machinery and equipment	15 years
Vehicles and equipment	7 to 15 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 \$610,051.

The tax assessment of October 1, 2020 sets the tax levy at \$0.0993 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 AND INVESTMENTS

As of September 30, 2021, cash deposits were with a depository bank in interest bearing accounts, and these balances approximated fair value. As of the balance sheet date, the District's deposits totaled \$817,878 and the bank balance was \$568,155.

At September 30, 2021 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.

Custodial Credit Risk: The custodial credit risk for deposits is the risk that, in the event of the failure of the depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's policy requires all deposits to be fully secured in accordance with Texas Government Code, Chapter 2257, by either surety bonds, letters of credit of the United States or its agencies and instrumentalities, or by eligible securities held by an independent third-party custodian. At September 30, 2021, all District cash balances were secured.

NOTE 4 - CHANGES IN CAPITAL ASSETS

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

	Balance October 1, 2020	Increases	Decreases	Balance September 30, 2021
Capital Assets				
Computer Equipment	\$ 2,495	\$ -	\$ -	\$ 2,495
Machinery and equipment	31,297	-	-	31,297
Vehicle	<u>1,093,752</u>	<u>-</u>	<u>-</u>	<u>1,093,752</u>
Total Capital Assets	1,127,544	-	-	1,127,544
Less accumulated depreciation	<u>(338,507)</u>	<u>(77,546)</u>	<u>-</u>	<u>(416,053)</u>
Capital Assets, Net	\$ <u>789,037</u>	\$ <u>(77,546)</u>	\$ <u>-</u>	\$ <u>711,491</u>

Current year depreciation expense of \$77,546 was charged to public safety expenses.

Burnet County Emergency Services District No. 4*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>
Note payable	\$ <u>615,972</u>	\$ <u>-</u>	\$ <u>(73,433)</u>	\$ <u>542,539</u>
Total	\$ <u>615,972</u>	\$ <u>-</u>	\$ <u>(73,433)</u>	\$ <u>542,539</u>
<u>Payee and Terms</u>	<u>Per Annum Interest Rate</u>		<u>Principal Balance</u>	
R Bank, payable in annual installments of \$38,647 including interest, beginning July 2014 due July 2029, to purchase fire engine, secured by the fire engine.	2.85%		\$ 272,547	
R Bank, payable in annual installments of \$23,954 including interest, beginning January 2018 due January 2024, to purchase fire engine, secured by the fire engine.	3.00%		68,695	
Extraco Bank, payable in annual installments of \$28,315 including interest, beginning December 2019 due March 2029, to purchase a fire truck, secured by the fire truck.	2.65%		<u>201,297</u>	
Total non-current liabilities			542,539	
Less current portion			<u>(76,033)</u>	
Total Long-Term Debt			\$ <u>466,506</u>	

NOTE 5 - CHANGES IN NONCURRENT LIABILITIES (Continued)

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

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 76,033	\$ 14,885	\$ 90,918
2023	77,909	13,010	90,919
2024	80,116	10,802	90,918
2025	59,487	8,533	68,020
2026	60,079	6,886	66,965
2027 to 2030	<u>188,915</u>	<u>10,504</u>	<u>199,419</u>
	<u>\$ 542,539</u>	<u>\$ 64,620</u>	<u>\$ 607,159</u>

NOTE 6 - COMMITMENTS

Effective August 19, 2008, the District entered into an agreement with the Bertram Volunteer Fire Department (the Department). The Department agreed to provide emergency services to all persons and property within the Emergency Services District, including response to life-threatening emergencies and rescue calls by making available adequate staff and administrative assistance.

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

NOTE 7 - RETIREMENT

The Organization contributes to the Texas Emergency Services Retirement System for the volunteer fire department. For the fiscal years ended September 30, 2021 and 2020, the Organization made all required contributions of \$2,100 and \$4,200, respectively. At age 55 with 15 years of service, a member is eligible for a retirement of six times the average monthly contribution.

NOTE 8 - SUBSEQUENT EVENTS

The District did not have any subsequent events through September 6, 2022, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the fiscal year ended September 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

Burnet County Emergency Services District No. 4*Budgetary Comparison Schedule**For the Year Ended September 30, 2021*

	General Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual Amounts	
	Original	Final	Budgetary Basis	
Revenues				
Property taxes	\$ 605,866	\$ 605,866	\$ 622,215	\$ 16,349
Sales taxes	237,892	237,892	394,759	156,867
Interest income	-	-	2,848	2,848
Miscellaneous revenue	-	-	2,635	2,635
Total Revenues	843,758	843,758	1,022,457	178,699
Expenditures				
Contract disbursements	712,463	712,463	712,463	-
Insurance	1,700	1,700	1,437	263
Office and administration	2,775	2,775	387	2,388
Pension cost	3,500	3,500	2,100	1,400
Professional fees	27,000	27,000	19,212	7,788
Travel and training	5,000	5,000	2,204	2,796
Loan payments	91,320	91,320	92,332	(1,012)
Total Expenditures	843,758	843,758	830,135	13,623
Excess (Deficiencies) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	\$ -	\$ -	192,322	\$ 192,322
Fund Balance, Beginning of Year			692,423	
Fund Balance, End of Year			\$ 884,745	