

**CALDWELL COUNTY  
EMERGENCY SERVICES DISTRICT NO. 3**

**ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2021**

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT #3  
DISTRICT OFFICIALS  
SEPTEMBER 30, 2021

PRESIDENT

BILL HAMILTON

DIRECTORS

DAVID MURDOCH  
MARK JUNGERS  
JOSIE MARTINEZ  
ROBERT MORENO

ATTORNEY

BURNS ANDERSON JURY & BRENNER, LLP

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT #3  
 ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

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Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

District Commissioners  
Caldwell County Emergency Services District #3

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Caldwell County Emergency Services District #3, 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***

The Caldwell County Emergency Services District #3'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 of material misstatement.

An audit includes performing procedures to obtain 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 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.

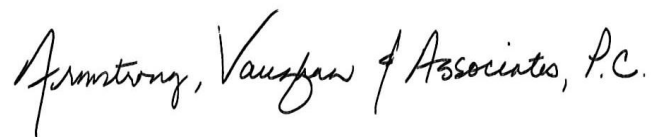
## ***Opinions***

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 major fund of Caldwell County Emergency Services District #3, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows, thereof for the year 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 and budgetary comparison information as listed in the table of contents 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 inquires 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.



Armstrong, Vaughan & Associates, P.C.

March 4, 2022

## MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Caldwell County Emergency Services District #3’s annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year ended September 30, 2021. Please read it in conjunction with the District’s financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The District’s total net position was \$649 thousand at September 30, 2021.
- During the year, the District’s expenses were \$154 thousand less than the \$259 thousand generated in taxes and grants for governmental activities.
- The total cost of the District’s programs increased by \$17 thousand from the year before. The increase was primarily a result of professional fees to explore a new fire station and increased funding to Martindale Fire & Rescue.
- The general fund reported a fund balance this year of \$306 thousand, an increase of \$126 thousand.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government services* were financed in the *short-term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

**Figure A-1, Required Components of the District’s Annual Financial Report**

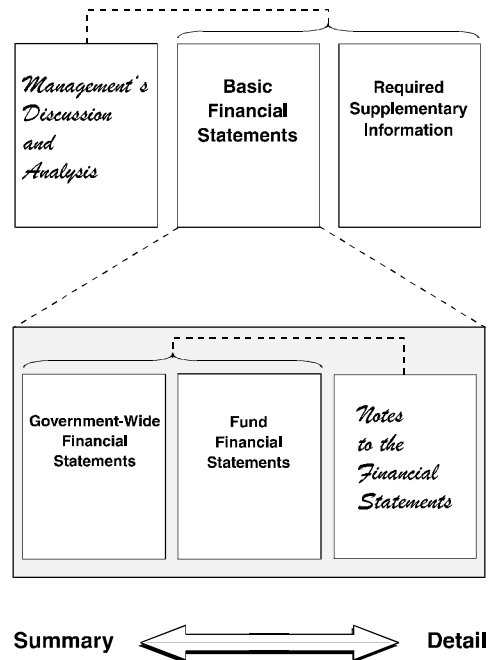


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

<b>Figure A-2. Major Features of the District’s Government-wide and Fund Financial Statements</b>		
		<b>Fund Statement</b>
<i>Type of Statements</i>	Government-wide	Governmental Funds
<i>Scope</i>	Entire District's government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures &amp; changes in fund balances</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

### **Government-Wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District’s net position and how they have changed. Net position—the difference between the District’s assets and liabilities—is one way to measure the District’s financial health or *position*.

- Over time, increases or decreases in the District’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District’s tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District’s basic services are included here, such as emergency services and general administration. Property and sales taxes finance most of these activities.

## Fund Financial Statements

The District has the following kinds of funds:

- *Governmental funds*—All of the District’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District’s combined net position was \$649 thousand at September 30, 2021. (See Table A-1).

**Table A-1**  
Statement of Net Position

	Governmental Activities		Total Percentage Change
	2021	2020	
Cash and Cash Equivalents	\$ 278,367	\$ 167,159	66.5%
Receivables	39,193	22,087	77.4%
Capital Assets (net)	332,186	304,904	8.9%
<b>TOTAL ASSETS</b>	<b>649,746</b>	<b>494,150</b>	<b>31.5%</b>
Current Liabilities	1,221	-	100.0%
<b>TOTAL LIABILITIES</b>	<b>1,221</b>	<b>-</b>	<b>100.0%</b>
Investment in Property & Equipment	332,186	304,904	8.9%
Unrestricted	316,339	189,246	67.2%
<b>TOTAL NET POSITION</b>	<b>\$ 648,525</b>	<b>\$ 494,150</b>	<b>31.2%</b>

## Governmental Activities

- The District’s total revenues were \$259 thousand, an increase of \$84 thousand. This was the first full year of sales tax revenue.
- The total cost of all programs and services increased \$17 thousand to \$105 thousand.



**Table A-2**  
Changes in District's Net Position

	Governmental Activities		Total Percentage Change
	2021	2020	
<b>Program Revenues</b>			
Charges for Service	\$ -	\$ -	0.0%
Capital Grants and Contributions	28,573	-	100.0%
<b>General Revenues</b>			
Property Taxes	126,379	126,997	-0.5%
Sales Taxes	104,292	48,105	116.8%
Total Revenues	<u>259,244</u>	<u>175,102</u>	48.1%
General Administration	29,299	18,135	61.6%
Emergency Services	75,570	69,707	8.4%
Total Expenses	<u>104,869</u>	<u>87,842</u>	19.4%
Change in Net Position	154,375	87,260	76.9%
Beginning Net Position	<u>494,150</u>	<u>406,890</u>	
Ending Net Position	<u>\$ 648,525</u>	<u>\$ 494,150</u>	

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues for the general fund totaled \$258 thousand, an increase of \$86 thousand from grants and the first full year of sales tax. Expenditures increased from \$107 thousand to \$132 thousand as the District is exploring a new fire station and increasing funding for Martindale Fire and Rescue.

### General Fund Budgetary Highlights

Revenues exceeded expectations by \$44 thousand, primarily from unexpected grants. These grants also led to additional expenditures that were not budgeted. Expenditures exceeded the budget by \$39 thousand. Overall, fund balance increased \$5 thousand more than anticipated.

## CAPITAL ASSETS

At the end of fiscal year 2021, the District has invested a total of \$391 thousand in land, vehicles and equipment. More information about the District's capital assets is presented in the notes to the financial statements.

**Table A-4**  
Capital Assets

	2021	2020	Percentage Change
Land	\$ 255,867	\$ 255,867	0.0%
Vehicles and Equipment	135,435	90,869	49.0%
Less: Accumulated Depreciation	(59,116)	(41,832)	41.3%
Totals	<u>\$ 332,186</u>	<u>\$ 304,904</u>	8.9%

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The property tax rate for the 2022 budget preparation remained the same at \$0.0817 per \$100 valuation. However, increases in valuations and new property added to the rolls is expected to generate \$13 thousand more property tax revenue. General fund expenditures are expected to increase to \$143 thousand with most of the increase going to the Martindale VFD. The ESD will continue to seek funding and conduct feasibility studies for a new fire station.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide Caldwell County Emergency Services District #3 citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Administrator by phone at 512-694-8044 or by mail to P.O. Box 356, Martindale, Texas 78655.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT #3  
ANNUAL FINANCIAL REPORT  
FOR YEAR ENDED SEPTEMBER 30, 2021

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board (GASB). The sets of statements include:

- Government – wide financial statements
- Fund financial statements:
  - General funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT #3  
 STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2021

	Governmental Activities
<b>ASSETS</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 278,367
Receivables:	
Property Taxes	10,128
Sales Taxes	15,376
Other Receivables	13,689
<i>Total Current Assets</i>	317,560
 <i>Property and Equipment:</i>	
Land	255,867
Vehicles and Equipment	135,435
Less: Accumulated Depreciation	(59,116)
<i>Total Property and Equipment</i>	332,186
 <b>TOTAL ASSETS</b>	 649,746
 <b>LIABILITIES</b>	
<i>Current Liabilities:</i>	
Accounts Payable	1,221
<b>TOTAL LIABILITIES</b>	1,221
 <b>NET POSITION</b>	
Investment in Property & Equipment, Net of Related Debt	332,186
Unrestricted	316,339
<b>TOTAL NET POSITION</b>	\$ 648,525

The accompanying notes are an integral part of these statements.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT #3  
STATEMENT OF ACTIVITIES  
FOR YEAR ENDED SEPTEMBER 30, 2021

<b>Functions and Programs</b>	Expenses	Program Revenues		Primary Government
		Charges for Services	Capital Grants and Contributions	Net (Expenses), Revenues and Changes in Net Position
<b>Primary Government:</b>				
Governmental Activities:				
General Administration	\$ 29,299	\$ -	\$ -	\$ (29,299)
Emergency Services	75,570	-	28,573	(46,997)
Total Governmental Activities	104,869	-	28,573	(76,296)
<b>Total Primary Government</b>	<b>\$ 104,869</b>	<b>\$ -</b>	<b>\$ 28,573</b>	<b>(76,296)</b>
<b>General Revenues:</b>				
Property Taxes				126,379
Sales Taxes				104,292
<b>Total General Revenues</b>				<b>230,671</b>
Change in Net Position				154,375
<b>Net Position at Beginning of Year</b>				<b>494,150</b>
<b>Net Position at End of Year</b>				<b>\$ 648,525</b>

The accompanying notes are an integral part of these statements.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT #3  
BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2021

**ASSETS**

Cash and Cash Equivalents	\$ 278,367
Property Taxes Receivable	10,128
Sales Taxes Receivable	15,376
Other Receivables	<u>13,689</u>
 <b>TOTAL ASSETS</b>	 <b><u><u>\$ 317,560</u></u></b>

**LIABILITIES, DEFERRED INFLOWS OF  
RESOURCES AND FUND BALANCES**

*Liabilities:*

Accounts Payable	\$ 1,221
<i>Total Liabilities</i>	<u>1,221</u>

*Deferred Inflows of Resources:*

Unavailable Property Tax Revenue	<u>10,128</u>
<i>Total Deferred Inflows of Resources</i>	<u>10,128</u>

*Fund Balance:*

Unassigned	<u>306,211</u>
<i>Total Fund Balance</i>	<u>306,211</u>

**TOTAL LIABILITIES, DEFERRED  
INFLOWS OF RESOURCES AND  
FUND BALANCES**

**\$ 317,560**

The accompanying notes are an integral part of these statements.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT #3  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021

**TOTAL FUND BALANCE - GOVERNMENTAL FUNDS** \$ 306,211

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

Property taxes receivable assets are not available to pay current period  
expenditures and, therefore, are deferred in the funds statements. 10,128

Capital Assets used in governmental activities are not financial resources and,  
therefore, are not reported in the funds. 332,186

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** \$ 648,525

The accompanying notes are an integral part of these statements.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT #3  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE – GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

<b>REVENUES</b>	
Property Taxes	\$ 124,941
Sales Taxes	104,292
Grants	28,573
<b>TOTAL REVENUES</b>	<b>257,806</b>
 <b>EXPENDITURES</b>	
Current:	
Emergency Services	58,285
Administrative	29,299
Capital Outlay	44,567
<b>TOTAL EXPENDITURES</b>	<b>132,151</b>
<b>Net Change in Fund Balance</b>	125,655
<b>Fund Balance at Beginning of Year</b>	<b>180,556</b>
<b>Fund Balance at End of Year</b>	<b>\$ 306,211</b>

The accompanying notes are an integral part of these statements.



CALDWELL COUNTY EMERGENCY SERVICES DISTRICT #3  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE OF THE  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

<b>NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>		<b>\$ 125,655</b>
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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 and reported as depreciation expense.</p>		
Capital Outlay	44,567	
Depreciation	<u>(17,284)</u>	27,283
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		<u>1,437</u>
<b>CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES</b>		<b><u><u>\$ 154,375</u></u></b>

The accompanying notes are an integral part of these statements.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT #3  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

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

The Caldwell County Emergency Services District #3 is a political subdivision of the State of Texas and was created after a Public Election in May 2015. The District was created to provide emergency services and promote public safety, welfare, health and convenience of people residing in the District.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

A. THE FINANCIAL REPORTING ENTITY

In evaluating how to define the government for financial purposes, management has considered all potential component units. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Blended component units, although legally separate entities are, in substance, part of the government's operations; thus, data from these units are to be combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

The District has no component units. However, the District provides funding to the Martindale Volunteer Fire Department, allows the VFD to use District equipment and provides oversight of the VFD.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the District. Governmental activities are supported mainly by property and sales tax.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds. The General Fund is the District's only fund and meets the criteria as *major governmental funds*.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT #3  
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)  
SEPTEMBER 30, 2021

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

C. 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. Revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue and charges for services. Property taxes are recognized in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. 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. General revenues include all taxes, grants not restricted to specific programs and investment earnings.

**Governmental fund level financial statements** are reported using 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes which were levied prior to September 30, 2020, and became due October 1, 2020 have been assessed to finance the budget of the fiscal year beginning October 1, 2020.

Expenditures generally are recorded when an expense is incurred; however, expenditures related to compensated absences and claims and judgments are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

**The General Fund** is the general operating fund of the District and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes and investment of idle funds. Primary expenditures are for general administration and emergency services.

D. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the District.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT #3  
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)  
SEPTEMBER 30, 2021

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

**E. INVESTMENTS**

State statutes authorize the District to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d); or, (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

The District reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**F. ACCOUNTS RECEIVABLE**

Accounts receivable are reported net of allowances for uncollectible accounts. The allowance account represents management's estimate of uncollectible accounts based on historical trends.

Property taxes are levied based on taxable value at January 1 and become due October 1 and past due after the following January 31. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property taxes receivable for prior year's levy is shown net of the allowance for doubtful accounts.

**G. CAPITAL ASSETS**

Capital assets, which include land; buildings and improvements; and equipment and vehicles, are reported in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$500 or more. Donated capital assets are recorded at estimated fair market value at the date of donation.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT #3  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)  
 SEPTEMBER 30, 2021

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

G. CAPITAL ASSETS (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Estimated Life</u>
Vehicles & Equipment	3-5 years

Land, construction in progress and assets in progress are not depreciated.

H. UNAVAILABLE REVENUE/UNEARNED REVENUE

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenues not expected to be available for the current period are reflected as unavailable revenue (a deferred inflow of resources).

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues, if any, received in advance of expenses/expenditures are reflected as unearned revenue.

I. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position 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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

*Deferred inflows of resources* represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under a modified basis of accounting. Unavailable revenues from property tax are deferred and recognized as an inflow of resources in the period the amounts become available.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT #3  
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)  
SEPTEMBER 30, 2021

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

J. FUND EQUITY

Fund balances in governmental funds are classified as follows:

Nonspendable – Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted – Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed – Represents amounts that can only be used for a specific purpose because of a formal action by the District Commissioners. Committed amounts cannot be used for any other purpose unless the District Commissioners removes those constraints through the same formal action.

Assigned – Represents amounts which the District intends to use for a specific purpose but do not meet the criteria of restricted or committed. The District Commissioners are the only entities that may make assignments at this time.

Unassigned – Represents the residual balance that may be spent on any other purpose of the District.

When funds may be spent from multiple categories, the District spends restricted resources first, followed by committed, assigned and unassigned.

K. NET POSITION

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

L. 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 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 expenses during the reporting period. Actual results could differ from those estimates.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT #3  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)  
 SEPTEMBER 30, 2021

**NOTE 2 -- CASH AND INVESTMENTS**

At September 30, 2021, the carrying amount of the District's deposits in the bank exceeded federal deposit insurance coverage by \$28,367. Deposits were split to an additional financial institution in 2022 to ensure coverage.

The District had no investments as of September 30, 2021.

**NOTE 3 -- AD VALOREM (PROPERTY) TAXES**

The District has contracted with the Caldwell County Tax Assessor-Collector to collect taxes on its behalf. Current year taxes become delinquent February 1. Current year delinquent taxes not paid by July 1 are turned over to attorneys for collection action.

For fiscal year 2021, the assessed tax rate for the District was \$0.0817 per \$100 on an assessed valuation of \$152 million. An allowance for uncollectible property taxes has not been established as of September 30, 2021, as management considers all amounts to be collectible.

**NOTE 4 -- OTHER RECEIVABLE**

In 2021, the District lent \$13,689 to Martindale VFD for repairs to the fire engine. The loan was to be repaid upon the collection of an insurance claim and a grant.

**NOTE 5 -- CAPITAL ASSETS**

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

	Beginning			Ending
<u>Governmental Activities</u>	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Land	\$ 255,867	\$ -	\$ -	\$ 255,867
Vehicles and Equipment	90,869	44,566	-	135,435
Less: Accumulated Depreciation	(41,832)	(17,284)	-	(59,116)
	<u>\$ 304,904</u>	<u>\$ 27,282</u>	<u>\$ -</u>	<u>\$ 332,186</u>

Land is not depreciated.

**NOTE 6 -- SERVICE PROVIDER**

The District contracts with Martindale VFD to provide fire and rescue services to the area. The District provides quarterly payments to the VFD based on available funds in the District's annual budget. All capital assets purchased by the VFD with District funds are titled in the District's name and reported in these financial statements. The agreement has no expiration date but can be terminated by either party with 90 day notice.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT #3  
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)  
SEPTEMBER 30, 2021

**NOTE 7 -- LITIGATION**

The District is not aware of any pending or likely litigation that would have a significant impact on these financial statements.

**NOTE 8 -- COMMITMENTS**

The District contracted with an architect to design a new fire station for an estimated total of \$16 thousand. As of September 30, 2021, \$12 thousand had been incurred, leaving an estimated commitment of \$4 thousand.



## REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT #3  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ 124,123	\$ 124,123	\$ 124,941	\$ 818
Sales Tax	90,000	90,000	104,292	14,292
Grants	-	-	28,573	28,573
<b>TOTAL REVENUES</b>	<u>214,123</u>	<u>214,123</u>	<u>257,806</u>	<u>43,683</u>
<b>EXPENDITURES</b>				
Current:				
<i>Emergency Services</i>				
Martindale VFD	58,285	58,285	58,285	-
<i>Administrative</i>				
Insurance and Bonds	1,700	1,700	-	1,700
Office Expenses	1,560	1,560	841	719
Training	1,800	1,800	250	1,550
Other Expenses	4,250	4,250	387	3,863
Legal	2,000	2,000	2,884	(884)
Tax Collection	3,202	3,202	2,842	360
Accounting	9,600	9,600	9,600	-
Architect	-	-	12,000	(12,000)
Landscaping	-	-	495	(495)
Capital Outlay	11,009	11,009	44,567	(33,558)
<b>TOTAL EXPENDITURES</b>	<u>93,406</u>	<u>93,406</u>	<u>132,151</u>	<u>(38,745)</u>
<b>Net Change in Fund Balance</b>	120,717	120,717	125,655	4,938
<b>Fund Balance - Beginning</b>	<u>180,556</u>	<u>180,556</u>	<u>180,556</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u><u>\$ 301,273</u></u>	<u><u>\$ 301,273</u></u>	<u><u>\$ 306,211</u></u>	<u><u>\$ 4,938</u></u>

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT #3  
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
SEPTEMBER 30, 2021

**Budgetary Information** – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The District maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District’s Board and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund.

Actual expenditures may not legally exceed appropriations at the fund level. Actual expenditures exceeded appropriations for the year ended September 30, 2021.