

**BANDERA, UVALDE, MEDINA AND REAL COUNTY –
UTOPIA/VANDERPOOL AREA
EMERGENCY SERVICES DISTRICT NO. 1
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED
SEPTEMBER 30, 2023**

**BANDERA, UVALDE, MEDINA & REAL COUNTY -
 UTOPIA/VANDERPOOL AREA
 EMREGENCY SERVICES DISTRICT NO. 1
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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To the District Commissioners
Bandera, Uvalde, Medina and Real County -
Utopia/Vanderpool Area Emergency Services District No. 1
P.O. Box 1027
Utopia, TX 78884

Management is responsible for the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bandera, Uvalde, Medina and Real County – Utopia/Vanderpool Area Emergency Services District No. 1 (the District), as of and for the year ended September 30, 2023, and related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and budgetary comparison information on pages 3-6 and 21-22 be presented to supplement the Basic Financial Statements. Such information is presented for purposes of additional analysis and, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subjected to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Coleman, Horton and Company, LLP

Certified Public Accountants
Uvalde, Texas
January 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The annual financial report of the Bandera, Uvalde, Medina and Real County – Utopia/Vanderpool Area Emergency Services District No. 1 (the District) is presented in three sections, Management's Discussion and Analysis (this Part), Basic Financial Statements, and Required Supplementary Information. This section of the District's annual financial report presents our discussion and analysis of the financial performance during the fiscal year ended September 30, 2023. Please read it in conjunction with the District's financial section, which follows.

Overview of the Basic Financial Statements

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* statement tells 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.

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 it has 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, you need 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 fire protection and general administration. Property taxes finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District’s most significant *funds*, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- * Some funds are required by law and by bond covenants.
- * The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has one type of fund:

- * *Governmental funds* – The District’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* 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 government-wide statements, we provide additional information on the subsequent page, that explains the relationship (or differences) between them.

Financial Highlights

- * The District’s combined net position was \$66,999 at September 30, 2023, an increase of \$2,156 from the prior year.
- * During the year, the District’s receipts were \$275,648 as reflected below:

	Governmental Activities		
	Current Year	Prior Year	Change
a) Taxes	\$ 274,090	\$ 243,476	\$ 30,614
b) Investment Earnings	1,558	105	1,453
c) Other	-	-	-
Sub-total	<u>\$ 275,648</u>	<u>\$ 243,581</u>	<u>\$ 32,067</u>

* During the year, the District's expenditures were \$273,492 as reflected below:

	Governmental Activities		
	Current Year	Prior Year	Change
a) General Government	\$ 17,239	\$ 23,838	\$ (6,599)
b) Fire protections and medical services	253,504	221,220	32,284
c) Debt Service - Interest on Long-Term Debt	2,749	2,675	74
Total Expenditures	\$ 273,492	\$ 247,733	\$ 25,759

* The general fund reported a fund balance this year of \$62,152, an increase of \$3,479 from the prior year.

* Revenues were \$3,504 below budget and expenditures were \$2,383 above budget.

* The District's combined net position of \$66,999 at September 30, 2023, is reflected below:

	Governmental Activities		
	Current Year	Prior Year	Change
Current and other assets	\$ 67,847	\$ 66,513	\$ 1,334
Capital and non-current assets	1,051	1,751	(700)
Total Assets	\$ 68,898	\$ 68,264	\$ 634
Current liabilities	\$ -	\$ 1,283	\$ (1,283)
Long term liabilities	1,899	2,138	(239)
Total Liabilities	\$ 1,899	\$ 3,421	\$ (1,522)
Net position:			
Net investment in capital assets	\$ (848)	\$ (387)	\$ (461)
Unrestricted	67,847	65,230	2,617
Total Net Position	\$ 66,999	\$ 64,843	\$ 2,156

Capital Assets and Debt Administration

Capital Assets

Capital assets for the District at fiscal year-end September 30, 2023 amounted to \$1,051. It is the District's policy to charge off as a current expenditure any purchases with a useful life of less than one year. The total capital assets recorded were equipment and right-to-use lease assets as reflected below:

District's Capital Assets

	Governmental Activities		
	Curent Year	Prior Year	Change
Furniture, machinery, and equipment	\$ 1,687	\$ 1,687	\$ -
Right-to-use lease assets	2,451	2,451	-
Total at historical cost	4,138	4,138	-
Total accumulated depreciation	(3,087)	(2,387)	(700)
Net capital assets	<u>\$ 1,051</u>	<u>\$ 1,751</u>	<u>\$ (700)</u>

Long-term Liabilities

District's Long-Term Liabilities

	Governmental Activities		
	Curent Year	Prior Year	Change
Right-to-use lease liabilities	\$ 1,899	\$ 2,138	\$ (239)
Total Long-Term Liabilities	<u>\$ 1,899</u>	<u>\$ 2,138</u>	<u>\$ (239)</u>

Contacting the District's Financial Management

The financial report is designed for customers, 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:

Bandera, Uvalde, Medina and Real County – Utopia/Vanderpool Area Emergency Services District No. 1
P.O. Box 1027
Utopia, TX 78884

BASIC FINANCIAL STATEMENTS

BANDERA, UVALDE, MEDINA AND REAL COUNTY -
 UTOPIA/VANDERPOOL AREA
 EMERGENCY SERVICES DISTRICT NO. 1
 STATEMENT OF NET POSITION
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT A-1

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 60,301
Property Taxes - Delinquent	7,670
Allowance for Uncollectible Taxes	(1,151)
Intergovernmental receivables	105
Accrued interest earned	425
Prepaid insurance	497
Total current assets	67,847
Capital Assets:	
Right-to-Use Leased Assets, Net	1,051
Total capital assets	1,051
Total Assets	68,898

LIABILITIES

Current Liabilities:	
Accounts payable	-
Total current liabilities	-
Long-Term Liabilities:	
Due within One Year	850
Due in More than One Year	1,049
Total long-term liabilities	1,899
Total liabilities	1,899

NET POSITION

Net Investment in Capital Assets	(848)
Unrestricted	67,847
Total net position	\$ 66,999

BANDERA, UVALDE, MEDINA AND REAL COUNTY -
 UTOPIA/VANDERPOOL AREA
 EMERGENCY SERVICES DISTRICT NO. 1
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-1

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
<u>Governmental Activities</u>					
Fire protection and medical services					
Contracts with service providers	\$ 253,504	\$ -	\$ -	\$ -	\$ 253,504
General and administrative	17,239				17,239
Debt Service - Interest on Long-Term Debt	2,749	-	-	-	2,749
Total governmental activities	\$ 273,492	\$ -	\$ -	\$ -	\$ 273,492
 General revenues:					
Property Taxes					\$ 274,090
Interest on investments					1,558
Miscellaneous					-
Total general revenues					275,648
Change in net position					2,156
Net position - beginning					64,843
Net position - ending					\$ 66,999

BANDERA, UVALDE, MEDINA AND REAL COUNTY -
 UTOPIA/VANDERPOOL AREA
 EMERGENCY SERVICES DISTRICT NO. 1
 BALANCE SHEET - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT C-1

	General Fund	Total Governmental
<u>ASSETS</u>		
Cash and cash equivalents	\$ 60,301	\$ 60,301
Taxes receivable	7,670	7,670
Allowance for uncollectible taxes	(1,151)	(1,151)
Intergovernmental receivables	105	105
Accrued interest earned	425	425
Prepaid insurance	497	497
Total Assets	67,847	67,847
<u>LIABILITIES</u>		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - property taxes	5,695	5,695
Total inflows of resources	5,695	5,695
<u>FUND BALANCES</u>		
Unassigned fund balance	62,152	62,152
Total liabilities, deferred inflows and fund balances	\$ 67,847	\$ 67,847

BANDERA, UVALDE, MEDINA AND REAL COUNTY -
 UTOPIA/VANDERPOOL AREA
 EMERGENCY SERVICES DISTRICT NO. 1

EXHIBIT C-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

Total fund balances - Governmental Funds	\$	62,152
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Amounts reported for *governmental activities* in the statement of activities are different because:

Capital assets used in governmental activities are not financial resources, and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$4,138 and the accumulated depreciation was \$(2,387). In addition, long-term liabilities, including right-to-use lease liabilities of \$(2,138), are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net depreciation) and long-term debt in the governmental activities is to decrease net position.		(387)
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Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2023 capital outlays of \$-0- and debt principal payments of \$239 is to increase net position.		239
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The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(700)
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Various other reclassifications are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unavailable revenue of \$5,695 as revenue and adjusting the prior year's delinquent taxes from unavailable revenue to beginning net position. The net effect of these reclassifications and recognitions is to increase net position.		5,695
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Net position of governmental activities	\$	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: right;">66,999</td> </tr> </table>	66,999
66,999			

BANDERA, UVALDE, MEDINA AND REAL COUNTY -
 UTOPIA/VANDERPOOL AREA
 EMERGENCY SERVICES DISTRICT NO. 1
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT C-3

	General Fund	Total Governmental
<u>REVENUES</u>		
Property taxes (including penalties & interest)	\$ 274,952	\$ 274,952
Investment income	1,558	1,558
Miscellaneous	-	-
Total Revenues	276,510	276,510
<u>EXPENDITURES</u>		
Fire protection and medical services		
Contracts with service providers	253,504	253,504
General and administrative	16,539	16,539
Principal on long-term liabilities	239	239
Interest on long-term liabilities	2,749	2,749
Capital Outlay	-	-
Total Expenditures	273,031	273,031
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,479	3,479
<u>OTHER FINANCING SOURCES (USES)</u>		
Right-to-Use Leases	-	-
Net change in fund balance	3,479	3,479
Fund balances - beginning	58,673	58,673
Fund balances - ending	\$ 62,152	\$ 62,152

BANDERA, UVALDE, MEDINA AND REAL COUNTY -
 UTOPIA/VANDERPOOL AREA
 EMERGENCY SERVICES DISTRICT NO. 1

EXHIBIT C-4

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net change in fund balance - total governmental funds	\$	3,479
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>		
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2023 capital outlays of \$-0- and debt principal payments of \$239 is to increase net position.</p>		239
<p>The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.</p>		(700)
<p>Various other eliminations and recognitions are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unavailable revenue as revenue and adjusting the current year's revenue to show the revenue earned from the current year's tax levy of \$(862). The net effect of these reclassifications and recognitions is to decrease net position.</p>		(862)
		(862)
Change in net position of governmental activities	\$	2,156

BANDERA, UVALDE, MEDINA AND REAL COUNTY -
UTOPIA/VANDERPOOL AREA
EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bandera, Uvalde, Medina and Real County - Utopia/Vanderpool Area Emergency Services District No. 1, Texas (the District) is a municipal agency operating under the applicable laws and regulations of the State of Texas. The District was created by the voters of the District in a special election conducted on November 9, 2004 as authorized by the Texas Health and Safety Code Chapter 775. It is governed by a five-member District Commission (the Commissioners) elected by registered voters of the District. The District prepares its general-purpose financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Governmental Accounting Standards Board No. 76* of the American Institute of Certified Public Accountants; and it complies with the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

Because the Commissioners are elected by the public, they have the authority to make decisions, appoint administrators and managers, and significantly influence operations, and have the primary accountability for fiscal matters. The District is not included in any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board (“GASB”) in its Statement No. 14, “The Financial Reporting Entity.” There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District’s nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The “charges for services” column includes payments made by parties that purchase, use, or directly benefit from, goods or services provided by a given function or segment of the District. The “grants and contributions” column indicates amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the District’s functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. The District only had one fund during the year, thus, there was no interfund activity.

The fund financial statements provide reports on the financial condition and results of operations for the governmental funds.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use 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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences, and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State or Federal Government are recognized under the susceptible to accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

E. OTHER ACCOUNTING POLICIES

1. The District records purchases of supplies as expenditures.
2. The District records its investments in certificates of deposits at cost, which approximates fair value.
3. Unavailable revenue accounted for on the balance sheet relates to uncollected property taxes less the amount of doubtful accounts.
4. The District provides risk management obligations by carrying commercial insurance. General Liability insurance is obtained from a commercial insurance carrier.
5. 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.

6. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The District implemented GASB 87 for reporting leases during the reporting period. A right-to-use lease is defined as a contract that conveys control of another entity’s nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a “long-term” lease provided in GASB 87 and must meet the capitalization level set by the Board. The Right-to-use lease liability is reported in the government-wide statements. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense.

With GASB 87, the initial measure of a new right-to-use lease arrangement is reported in government fund types as an other financial source during the current period. Monthly payments are reported as principal and interest payments during the reporting period of the fund level statements.

7. Capital assets, which include land, buildings, furniture and equipment, and right-to-use lease assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The right-to-use lease asset capitalization level is determined by the Board. The term of the lease must be the noncancelable period during which the District has the right to use the tangible assets of another entity plus any periods in which either the lessee or the lessor has the sole option to extend the lease if it is reasonably certain the option will be exercised, plus any periods in which either the lessee or the lessor has the sole option to terminate the lease if it is reasonably certain the option will not be exercised by that party and must not meet the definition of a short-term lease under GASB 87. If the lease is in a governmental fund, the full amount of the lease asset will be reported as an expenditure in the fund level statements the year the agreement is made. Note, with existing contracts that were evaluated as leases for this year of implementation, the recording of the lease asset and liability would not be reported in governmental fund statements but would be reported in the government-wide statements.

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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment, and lease assets of the District is depreciated using the straight-line method over the following estimated useful lives or, for the lease asset, for the term of the lease if the estimated useful life is longer than the term of the lease, if there is an option to purchase, which is expected to be exercised:

Assets	Years
Buildings	5-50
Improvements, other than buildings	2-50
Furniture, machinery, and equipment	3-30

F. FUND BALANCE POLICY

The District reports fund balance for governmental funds in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable classification represents assets that will be consumed or “must be maintained intact” and therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the restricted classification. The nature of these two classifications precludes a need for a policy from the District Commissioners. However, the District has adopted fund balance policies for the three unrestricted classifications – committed, assigned, and unassigned.

From time to time, the District Commissioners may commit fund balances by a majority vote in a scheduled meeting. District commitments cannot exceed the amount of fund balance that is greater than the sum of nonspendable and restricted fund balances since that practice would commit funds that the District does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions, and other purposes determined by the District.

The District Commissioners may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The District may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the District by a majority vote in a scheduled meeting.

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures should be charged to restricted balances. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures should be charged in the same order.

By a majority vote in a scheduled meeting the District Commissioners may commit fund balances and it may modify or rescind commitments. The District may also delegate authority to persons or parties to assign fund balances in specific circumstances or funds.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

The District Commissioners adopt an “appropriated budget” for the General Fund. The District is required to present adopted and final amended budgeted revenues and expenditures compared to actual revenues and expenditures for this fund. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears as Exhibit D-1.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Thirty to sixty days prior to the beginning of each fiscal year a proposed budget is submitted and prepared on the modified accrual basis which is consistent with generally accepted accounting principles at the department level for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at which all interested persons’ comments concerning the budget are heard.
3. The budget is legally enacted by the District Commissioners through passage of an ordinance not later than 15 days prior to the beginning of the fiscal year.
4. The budget was amended by the District Commissioners during the year.

B. EXPENDITURES OVER APPROPRIATIONS

The District overspent six categories of its budget as noted in Exhibit D-1.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect the District's funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Both cash deposits and investments held at a financial institution can be categorized according to three levels of risk. These levels are:

Category 1 – Cash or investments that are insured, registered, or held by the District or its agent in the District's name.

Category 2 – Cash or investments that are uninsured and unregistered held by the counter-party's trust department or agent in the District's name.

Category 3 – Uninsured and unregistered investments held by the counter-party, its trust department, or its agent, but not in the District's name.

Based on these three levels of risk, all of the District's bank deposits are classified as Category 1.

The District's temporary investments at September 30, 2023, which are shown as cash equivalents, are as follows:

<u>Name</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Category</u>	<u>Credit Rating</u>	<u>Maturity</u>
Certificates of Deposit	\$ 33,299	\$ 33,299	1	N/A	< 1 year
Totals	<u>\$ 33,299</u>	<u>\$ 33,299</u>			

Investment Account Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer, or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at the time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Non-negotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the District's investing activities are managed under the custody of the District. Investing is performed in accordance with the investment policies adopted by the District.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the District’s investment in a single issuer.

Custodial Credit Risk – Certificates of Deposit and Cash is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As of September 30, 2023, all of the District’s bank balances were covered by depository insurance (FDIC).

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with the applicable Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they are expected to be collected during a 60-day period after the close of the city fiscal year. The District considers all delinquent taxes as deferred revenue.

General property taxes are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation. The combined tax rate to finance general governmental service for the year ended September 30, 2023 was \$0.085785 per \$100 of assessed valuation.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2023 were as follows:

	Property Taxes	Other Governments	Other	Total Receivables
Governmental Activities:				
General Fund	\$ 7,670	\$ 105	\$ -	\$ 7,775
Total Governmental Activities	<u>\$ 7,670</u>	<u>\$ 105</u>	<u>\$ -</u>	<u>\$ 7,775</u>
Amounts not scheduled for collection during subsequent year	<u>\$ 1,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,151</u>

Payables at September 30, 2023 were as follows:

	Accounts Payables	Accrued Liabilities	Other	Total Payables
Governmental Activities:				
General Fund	\$ -	\$ -	\$ -	\$ -
Total Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amount not scheduled for payment during subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

E. CAPITAL ASSETS ACTIVITIES

Capital asset activity for the year ended September 30, 2023 was as follows:

	Primary Government			Ending Balance
	Balance	Additions	Retirements	
Governmental Activities:				
Furniture, machinery, and equipment	\$ 1,687	\$ -	\$ -	\$ 1,687
Right to use lease assets - furniture & equipment	2,451	-	-	2,451
Total at historical cost	<u>4,138</u>	<u>-</u>	<u>-</u>	<u>4,138</u>
Less accumulated depreciation				
Furniture, machinery, and equipment	(1,687)	-	-	(1,687)
Right to use lease assets - furniture & equipment	(700)	(700)	-	(1,400)
Total accumulated depreciation	<u>(2,387)</u>	<u>(700)</u>	<u>-</u>	<u>(3,087)</u>
Governmental activities				
Capital assets, net	<u>\$ 1,751</u>	<u>\$ (700)</u>	<u>\$ -</u>	<u>\$ 1,051</u>

Depreciation expense was charged to general and administration in the amount of \$700.

F. RIGHT-TO-USE LEASE LIABILITIES

The District leases a photocopy machine with an agreement having a 5-year term. Payments of \$249 are made monthly which consist of principal and imputed annual interest of 133.94%. No assets are pledged as collateral for this lease.

A summary of right-to-use lease arrangements for the year ended September 30, 2023, is as follows:

Description	Discount Rate	Original Lease Liability	Current Year Interest	Principal Balance at 10/1/2022	New Lease Agreement	Principal Paid This Year	Principal Balance at 9/30/2023	Principal Due Within One Year
Xerox Lease, 2020	133.94%	\$ 2,451	\$ 2,749	\$ 2,138	\$ -	\$ 239	\$ 1,899	\$ 850
Totals			<u>\$ 2,749</u>	<u>\$ 2,138</u>	<u>\$ -</u>	<u>\$ 239</u>	<u>\$ 1,899</u>	<u>\$ 850</u>

Future principal and interest payments due to maturity as of the end of the discal year are as follows:

Due fiscal year ended September 30	Principal	Interest	Total
2024	\$ 850	\$ 2,138	\$ 2,988
2025	1,049	445	1,494
2026	-	-	-
2027	-	-	-
2028-2032	-	-	-
Total	<u>\$ 1,899</u>	<u>\$ 2,583</u>	<u>\$ 4,482</u>

G. ECONOMIC DEPENDENCY

The District has significant economic dependency from the citizens of the District for both tax revenue.

REQUIRED SUPPLEMENTARY INFORMATION

BANDERA, UVALDE, MEDINA AND REAL COUNTY -
 UTOPIA/VANDERPOOL AREA
 EMERGENCY SERVICES DISTRICT NO. 1

EXHIBIT D-1

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Revised Budget	Total Actual	Variance
<u>REVENUES</u>				
Property taxes				
Current taxes	\$ 266,614	\$ 266,614	\$ 265,193	\$ (1,421)
Delinquent taxes	3,500	8,400	5,904	(2,496)
Penalties and interest	2,200	3,900	3,855	(45)
Investment income	100	1,100	1,558	458
Miscellaneous	-	-	-	-
Total revenues	\$ 272,414	\$ 280,014	\$ 276,510	\$ (3,504)
<u>EXPENDITURES</u>				
Fire protection and medical services:				
Contracts with service providers				
Utopia EMS	\$ 120,265	\$ 123,265	\$ 126,752	\$ (3,487)
Utopia VFD	72,159	72,159	76,051	(3,892)
Vanderpool VFD	48,106	48,106	50,701	(2,595)
Total fire protection and medical services	\$ 240,530	\$ 243,530	\$ 253,504	\$ (9,974)

BANDERA, UVALDE, MEDINA AND REAL COUNTY -
 UTOPIA/VANDERPOOL AREA
 EMERGENCY SERVICES DISTRICT NO. 1

EXHIBIT D-1

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Revised Budget	Total Actual	Variance
General and Administrative:				
Air-life fees	\$ 500	\$ 500	\$ -	\$ 500
Appraisal fees	10,000	10,000	8,101	1,899
Accounting fees	3,500	3,500	3,282	218
Bank charges	-	-	-	-
Bonds	100	100	-	100
Box rent	250	250	242	8
Collection fees	3,300	3,300	490	2,810
Copier expense	312	312	734	(422)
Dues and publications	275	275	275	-
Insurance	2,000	2,000	1,192	808
Legal fees	3,000	3,000	451	2,549
Legal notices	99	99	39	60
Mowing	250	250	200	50
Office supplies	150	150	450	(300)
Postage and delivery	60	60	-	60
Records Retention Expense	600	600	-	600
Professional fees	-	-	-	-
Supplies	-	-	1,083	(1,083)
Travel	4,500	4,500	-	4,500
Debt Service:				
Principal on Long-Term Liabilities	239	239	239	-
Interest on Long-Term Liabilities	2,749	2,749	2,749	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total expenditures	<u>\$ 272,414</u>	<u>\$ 275,414</u>	<u>\$ 273,031</u>	<u>\$ 2,383</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 4,600</u>	<u>\$ 3,479</u>	<u>\$ 8,079</u>
OTHER FINANCING SOURCES (USES)				
Right-to-Use Leases	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	\$ -	\$ 4,600	\$ 3,479	\$ (1,121)
Fund balance, beginning	58,673	58,673	58,673	-
Fund balance, ending	<u>\$ 58,673</u>	<u>\$ 63,273</u>	<u>\$ 62,152</u>	<u>\$ (1,121)</u>