



Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

COMAL COUNTY EMERGENCY SERVICES DISTRICT #5

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2022

COMAL COUNTY EMERGENCY SERVICES DISTRICT #5

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-6
Statement of Net Position and Governmental Funds Balance Sheet	7
Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances	8
Notes to Financial Statements	9-14
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	15



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CERTIFIED PUBLIC ACCOUNTANTS

Board of Commissioners and Management
Comal County Emergency Services District #5

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Comal County Emergency Services District #5 (District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the District, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Correction of Errors

As discussed in Note 12 to the financial statements, certain errors resulted in the understatement of amounts previously reported for sales tax receivable and net position as of December 31, 2021. Accordingly, amounts recorded for sales tax receivable have been restated in the 2021 financial statements, and an adjustment has been made to net position as of December 31, 2021. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 on pages 3 through 6 and on page 15 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Montemayor Britton Bender PC

May 9, 2023
Austin, Texas

COMAL COUNTY EMERGENCY SERVICES DISTRICT #5
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022

The following is a narrative overview and analysis of the financial activities of the Comal County Emergency Services District #5 ("the District") for the year ended December 31, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The District's property tax rate was approved at \$.0928 per \$100 of assessed valuation for October 1, 2022. The statutory limit, as established by the State of Texas constitution, is 10¢ per \$100 of assessed valuation. Property tax revenues for the year were \$2,481,916, which represented an 17% increase over prior year.
- Sales tax revenues for the year were \$866,515.
- The District incurred an increase in net position of \$602,578 for the year.
- Current and other assets amounted to \$8,065,897 at December 31, 2022, which represented an increase of \$1,448,086 compared to the \$6,617,877 for current and other assets at December 31, 2021.
- Capital assets increased by \$455,112, due to additions of \$877,484, offset by depreciation expense of \$199,548, and a loss for disposal of \$222,824.
-
- The District's debt balance decreased by principal payments of \$156,046.

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 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.

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 reporting on a full accrual basis of accounting.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District has improved or deteriorated.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (example: property taxes assessed but uncollected as of 60 days after year-end).

COMAL COUNTY EMERGENCY SERVICES DISTRICT #5
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022

Because the District's principal source of revenue is property and sales taxes, the government-wide financial statements are grouped into one function that is supported by taxes (governmental activities).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and account for 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 or contractual requirements. The District has one fund, the General Fund.

Governmental Funds: The General Fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements focus on current year cash inflows and outflows, as well as balances of resources available for spending at the end of the year. Such information may be useful in evaluating the District's recent financing requirements. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the General Fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's recent financing decisions. Both the Governmental Funds balance sheet and the Governmental Funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between Governmental Fund and government-wide financial statements.

Government-Wide Financial Analysis

Net position may serve as a useful indicator of the District's financial position. The District's net position (assets less liabilities) was \$5,733,401 as of December 31, 2022. Capital assets, net of depreciation and related debt, accounted for \$789,829 or 14% of the total net position. Capital assets reflect the large investments in facilities and equipment that are necessary to provide adequate fire suppression and emergency medical response services to the community. The remaining balance of net position of \$4,943,572 is unrestricted and available to meet the District's ongoing obligations to citizens and creditors. Governmental activities account for all of the changes in net position at the government-wide reporting level because the District engages in no business-type activities. The tables below summarize the financial position of the District at December 31, 2022 and 2021 and the results of operations for the same year ended.

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$8,065,897	\$6,617,811
Capital assets, net of accumulated depreciation	<u>2,017,331</u>	<u>1,562,219</u>
Total assets	<u>10,083,228</u>	<u>8,180,030</u>
<u>Liabilities</u>		
Current liabilities	302,027	195,565
Long-term liabilities	<u>950,197</u>	<u>378,483</u>
Total liabilities	<u>1,252,224</u>	<u>574,048</u>
<u>Deferred inflows of resources</u>	<u>3,097,603</u>	<u>2,475,159</u>
<u>Net position</u>		
Net investment in capital assets	789,829	1,033,047
Unrestricted	<u>4,943,572</u>	<u>4,097,776</u>
Total net position	<u>\$5,733,401</u>	<u>\$5,130,823</u>

COMAL COUNTY EMERGENCY SERVICES DISTRICT #5
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022

<u>General revenues</u>	<u>2022</u>	<u>2021</u>
Property tax	\$2,481,916	\$2,124,572
Sales tax	866,515	718,939
Interest	<u>32,421</u>	<u>2,203</u>
Total revenues	<u>3,380,852</u>	<u>2,845,714</u>
<u>Expenses</u>		
Public safety	2,712,261	1,572,924
General and administration	47,943	36,742
Interest expense	<u>18,070</u>	<u>30,511</u>
Total expenses	<u>2,778,274</u>	<u>1,640,177</u>
Change in net position	602,578	1,205,537
Net position- beginning, restated	<u>5,130,823</u>	<u>3,925,286</u>
Net position- ending	<u>\$5,733,401</u>	<u>\$5,130,823</u>

The District's total revenues were \$3,380,852, which represented an increase of \$535,138 over the prior year. The bulk of the District's revenues, or 73%, come from property taxes.

Total expenses for the year were \$2,778,274, which represented an increase of \$1,138,097, or 69%, over the prior year.

Financial Analysis of the Governmental Fund

The focus of the District's Governmental Fund is to provide information on near-term inflows and outflows and on resource balances available for spending. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance serves as a useful measure of the District's net resources available for spending at year-end.

During the year ending December 31, 2022, the District's only Governmental Fund was the General Fund, and it reported ending fund balance of \$4,915,228, an increase of \$847,854 from \$4,067,374 as of December 31, 2021. The District's entire ending fund balance was unassigned and available for spending at the District's discretion.

General Fund Budgetary Highlights

General Fund revenues were \$3,392,848, or 20%, over budget, due higher than anticipated property and sales tax revenues, as well as higher than expected interest revenue. Expenses for the General Fund were \$694,678 more than budget, due primarily to capital outlay and debt service expenses that were more than budgeted, which was offset by proceeds from debt of \$854,375. Additionally, the budgeted expenditures for contingency of \$75,000 and County Tactical System of \$20,700 were not used. The variances in all other line items combined was not significant. The budget was amended during the year, to increase the amount for the public safety provider contract.

Capital Assets

The District's capital assets at December 31, 2022, net of accumulated depreciation, totaled \$2,017,331. The current year increase of \$455,112 reflected capital outlay of \$877,484 offset by depreciation expense of

COMAL COUNTY EMERGENCY SERVICES DISTRICT #5
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022

\$199,548 and a loss on the abandonment of site construction in progress of \$222,824. Capital assets include vehicles, buildings and equipment, and deposits on vehicles.

Long-Term Debt

The District's long-term debt at December 31, 2022, net of the current portion, totaled \$950,197 for loans payable. The current portion of the long-term debt was \$277,305. The fire station, trucks, and property tax revenues are pledged as collateral on the debt. Activity during the year ended December 31, 2022 consisted of \$156,046 in principal payments and interest expense of \$18,070.

Economic Factors, Future Years' Budgets and Tax Rates

The property tax levy for fiscal year 2022-2023 is expected to provide an approximately 21% increase in tax revenues for the 2023 year. Additionally, the District collects sales tax revenues. The total earned in 2022 was \$866,515, which represented an increase of 21% over the prior year. Sales tax collections for the first three months of 2023 increased 8% over the same period for 2022.

The District considers many factors when approving budgets for the next year's activities. With increased tax revenues, the District's budget for operating expenses is expected to increase a proportional amount to support increased services.

Requests for Information

This financial report is designed to provide a general overview of the finances of the District for all parties with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Comal County Emergency Services District #5
353 Rodeo Drive
Spring Branch, Texas 78070
(830) 228-4215

COMAL COUNTY EMERGENCY SERVICES DISTRICT #5
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2022

ASSETS	General Fund	Adjustments (Note 10)	Statement of Net Position
Cash and cash equivalents	\$4,993,653		\$4,993,653
Cash with fiscal agent	1,569,026		1,569,026
Property tax receivable	1,349,784		1,349,784
Sales tax receivable	153,434		153,434
Capital assets:			
Deposits for vehicles on order	0	854,375	854,375
Other capital assets, net of depreciation	<u>0</u>	1,162,956	<u>1,162,956</u>
Total capital assets	<u>0</u>		<u>2,017,331</u>
Total assets	<u>\$8,065,897</u>		<u>10,083,228</u>
LIABILITIES			
Accounts payable	\$18,384		18,384
Accrued interest		6,338	6,338
Long-term liabilities:			
Due within 1 year	0	277,305	277,305
Due in more than 1 year	<u>0</u>	950,197	<u>950,197</u>
Total liabilities	<u>18,384</u>		<u>1,252,224</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent period	3,097,603		3,097,603
Delinquent property taxes	<u>34,682</u>	(34,682)	0
Total deferred inflows of resources	<u>3,132,285</u>		<u>3,097,603</u>
FUND BALANCES/NET POSITION			
FUND BALANCES			
Unassigned	<u>4,915,228</u>	(4,915,228)	
Total liabilities, deferred inflows of resources and fund balances	<u>\$8,065,897</u>	(8,065,897)	
NET POSITION			
Net investment in capital assets		789,829	789,829
Unrestricted		4,943,572	<u>4,943,572</u>
Total net position			<u>\$5,733,401</u>

The accompanying notes are an integral part of this financial statement presentation.

COMAL COUNTY EMERGENCY SERVICES DISTRICT #5
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2022

EXPENDITURES/EXPENSES:	General <u>Fund</u>	Adjustments (<u>Note 10</u>)	Statement of <u>Activities</u>
Current service operations:			
Public safety provider contract	\$2,289,889		\$2,289,889
Appraisal district fees	26,703		26,703
Professional services	11,285		11,285
Other	9,955		9,955
Depreciation	0	199,548	199,548
Loss on abandonment of site construction in progress	0	222,824	222,824
Capital outlay	877,484	(877,484)	0
Debt service:			
Interest	28,007	(9,937)	18,070
Principal payments	<u>156,046</u>	(156,046)	<u>0</u>
Total expenditures	<u>3,399,369</u>		<u>2,778,274</u>
GENERAL REVENUES:			
Property taxes	2,493,912	(11,996)	2,481,916
Sales tax	866,515		866,515
Interest	<u>32,421</u>		<u>32,421</u>
Total revenues	<u>3,392,848</u>		<u>3,380,852</u>
REVENUES OVER EXPENDITURES	(6,521)		602,578
OTHER FINANCING SOURCES			
Proceeds from debt	<u>854,375</u>	<u>(854,375)</u>	<u>0</u>
Change in fund balance/net position	847,854		602,578
Beginning fund balance/net position, restated	<u>4,067,374</u>		<u>5,130,823</u>
Ending fund balance/net position	<u><u>\$4,915,228</u></u>		<u><u>\$5,733,401</u></u>

The accompanying notes are an integral part of this financial statement presentation.

COMAL COUNTY EMERGENCY SERVICES DISTRICT #5

NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

The Comal County Emergency Services District #5 (the District) is a political subdivision of the State of Texas pursuant to Section 775 of the Texas Health and Safety Code and was converted from Comal County Rural Fire Prevention District #2 by the Comal County Commissioner's Court after a public election on February 2, 2002, effective March 4, 2002. The District was created to provide emergency services and promote public safety, welfare, health and convenience for persons residing in the District. On January 1, 2011 the District assumed the operations of the Bulverde Area Volunteer Fire Department (the Department). All of the Departments' assets and liabilities were transferred to the District.

The Board of Commissioners (the Board), a five-member group, has governance responsibilities over all activities related to emergency service operations within the jurisdiction of the District. The Board is appointed by the Commissioner's Court of Comal County, Texas and has the exclusive power and duty to govern. The District receives funding from local and state government sources and must comply with the requirements of those funding entities.

The District has no employees. The governing Board is responsible for managing the day to day financial and operational functions of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to U.S. generally accepted accounting principles applicable to governments promulgated by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The following is a summary of the significant accounting policies.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The District is considered a special purpose government under GASB Statement No. 34. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements to be prepared on the modified accrual basis of accounting is met with the "General Fund" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's activities. The District services are supported primarily by property taxes. The Statement of Activities demonstrates how the District used revenue.

NET POSITION/FUND BALANCE

Net position represents the difference between assets and liabilities. The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its 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. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

When both assigned and unassigned funds are available for expenditure, assigned funds are used first.

COMAL COUNTY EMERGENCY SERVICES DISTRICT #5

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues available if they are collectible within 60 days after year-end. Expenditures are recognized in the accounting period in which the liability is incurred. Interest and tax revenues associated with the current year are considered susceptible to accrual and have been recognized as revenues in the current year. All other revenue is considered measurable and available only when cash is received by the District.

CASH AND CASH EQUIVALENTS

The District considers cash and cash equivalents to be cash in demand accounts, certificates of deposit, savings accounts, and other investments with an original maturity of 3 months or less.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 these estimates.

CAPITAL ASSETS

All capital assets are recorded at historical cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$5,000 or more.

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset's life are recorded as expenses. Depreciation is calculated on a straight-line basis. Estimated useful lives are 7-10 years for vehicles, 3-10 years for equipment and 39 years for building.

DEFERRED INFLOWS OF RESOURCES

The statement of financial position and governmental funds balance sheet report a separate section for deferred inflows of resources representing an acquisition of net position that applies to a future period and is not recognized as an inflow of resources or revenue until that time. The District has one type of item which qualifies for reporting in this category- property taxes. The collection of taxes from the October 1, 2022 levy are considered deferred inflows of resources until the subsequent calendar year in the statement of financial position and in the governmental funds balance sheet. Unavailable revenue for delinquent taxes is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow in the period that they become available.

COMAL COUNTY EMERGENCY SERVICES DISTRICT #5

NOTES TO FINANCIAL STATEMENTS

NOTE 3: DEPOSITS

At December 31, 2022, the bank balance of the District's cash deposits was \$5,001,293 and the carrying value was \$4,993,653. All of the District's deposits are collateralized. The District has adopted an investment strategy to pursue limited investment risk, the objectives of which are safety of principal, maintenance of liquidity, and maximization of yield. The District is authorized to invest in money market mutual funds, certificates of deposit, commercial paper, public investment pools and governmental obligations or repurchase agreements.

NOTE 4: PROPERTY TAXES

The District has the authority to levy a tax to a maximum of \$0.10 per \$100 of value. Ad valorem taxes are levied each October 1 on the assessed valuation of all taxable property in the District. The tax rate for the October 2022 levy was \$0.0928 per \$100 of value. Taxes are due upon receipt of the bill and are delinquent if not paid before the first day of February in the year following levy. On January 1 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties and interest ultimately imposed. Taxes are billed and collected by the Comal County Tax Assessor-Collector. The collection of taxes from the October 1, 2022 levy are considered deferred inflows of resources until the subsequent calendar year. No allowance for doubtful accounts is considered necessary at year-end.

NOTE 5: CAPITAL ASSETS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$217,879	\$4,945	\$222,824	\$0
Deposits for vehicles on order	<u>0</u>	<u>854,375</u>	<u>0</u>	<u>854,375</u>
	<u>217,879</u>	<u>859,320</u>	<u>222,824</u>	<u>854,375</u>
Capital assets being depreciated:				
Vehicles	2,993,929	0	28,207	2,965,722
Equipment	405,740	8,906	0	414,646
Building	<u>24,527</u>	<u>9,257</u>	<u>0</u>	<u>33,784</u>
	<u>3,424,196</u>	<u>18,163</u>	<u>28,207</u>	<u>3,414,152</u>
Less accumulated depreciation:				
Vehicles	(1,913,117)	(159,142)	(28,207)	(2,044,052)
Equipment	(164,286)	(37,953)	0	(202,239)
Building	<u>(2,452)</u>	<u>(2,453)</u>	<u>0</u>	<u>(4,905)</u>
	<u>(2,079,855)</u>	<u>(199,548)</u>	<u>(28,207)</u>	<u>(2,251,196)</u>
Net capital assets being depreciated	<u>1,344,341</u>	<u>(181,385)</u>	<u>0</u>	<u>1,162,956</u>
Total capital assets	<u>\$1,562,220</u>	<u>\$677,935</u>	<u>\$222,824</u>	<u>\$2,017,331</u>

COMAL COUNTY EMERGENCY SERVICES DISTRICT #5

NOTES TO FINANCIAL STATEMENTS

NOTE 6: LONG-TERM LIABILITIES

<u>Asset Acquired</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
Tender Truck	\$355,203	2024	2.75%	\$160,625	\$0	\$51,929	\$108,696
Velocity Pumper	900,000	2025	2.99%	368,548	0	104,117	264,431
Velocity Pumper	<u>854,375</u>	2029	<u>3.26%</u>	<u>0</u>	<u>854,375</u>	<u>0</u>	<u>854,375</u>
	<u>\$2,109,578</u>			<u>\$529,173</u>	<u>\$854,375</u>	<u>\$156,046</u>	\$1,227,502
					Less: Current Portion		<u>(277,305)</u>
					Long-term Portion		<u>\$950,197</u>

Maturities at December 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$277,305	\$37,910	\$315,215
2024	281,630	29,371	311,001
2025	180,354	21,401	201,755
2026	122,054	14,099	136,153
2027	122,054	10,066	132,120
2028-2029	<u>244,105</u>	<u>8,055</u>	<u>252,160</u>
	<u>\$1,227,502</u>	<u>\$120,902</u>	<u>\$1,348,404</u>

The District's long term debt is secured by the underlying asset acquired. The District was in compliance with all loan covenants at year-end.

NOTE 7: BUDGET VARIANCES

Total General Fund revenues were \$558,856 or 20%, over budget due primarily to higher than anticipated property taxes, sales tax and interest. General Fund expenditures were over budget by \$694,678, primarily due to capital outlay and debt service expenditures begin over budget by \$802,484, which was offset unbudgeted proceeds from debt of \$854,375. Additionally, budgeted expenditures for contingency and County Tactical System of \$75,000 and \$20,700, respectively, were not incurred. The variances in all other line items combined were not significant.

NOTE 8: RELATED PARTY TRANSACTIONS

The District contracts with Bulverde Spring Branch Emergency Services (BSBES), under a joint service provider agreement with Comal County Emergency Services District #1 (ESD1) and Comal County Emergency Services District #4 (ESD4), for emergency and administrative services. BSBES is a not-for-profit corporation. Two ESD1 commissioners, two ESD4 commissioners and two ESD5 commissioners serve as voting members of the 7-member board of BSBES. Payments of \$2,298,795 were made to BSBES during the year, for services provided under the public safety service and for the reimbursement of capital expenditures.

COMAL COUNTY EMERGENCY SERVICES DISTRICT #5

NOTES TO FINANCIAL STATEMENTS

NOTE 9: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The District maintains commercial insurance coverage for these types of risks.

NOTE 10: ADJUSTMENTS TO CONVERT FUND STATEMENTS TO GOVERNMENT- WIDE STATEMENTS

Fund balance - governmental funds	\$4,915,228
Increase net position for capital assets not reported in the fund financial statements	2,017,331
Delinquent taxes receivables deferred in the fund financial statements and not in the government-wide financial statements	34,682
Accrued interest not reported in the fund financial statements because it is not payable with current resources	(6,338)
Long-term debt not reported in the fund statements	(1,227,502)
Net position - government-wide	<u>\$5,733,401</u>
Net change in fund balance - governmental funds	\$847,854
Proceeds from debt recognized in the fund financial statements but not in the government-wide statements	(854,375)
Change in delinquent taxes recognized as revenue in the fund financial statements	(11,996)
Depreciation expense not recognized in the fund financial statements	(199,548)
Loss on abandonment of site constructions in progress not recognized in the fund financial statements	(222,824)
Long-term debt principal payments and change in accrued interest recognized as expenditures in the fund financial statements	165,983
Capital outlays recognized as expenditures in the fund financial statements	<u>877,484</u>
Change in net position - governmental activities	<u>\$602,578</u>

NOTE 11: COMMITMENTS

At December 31, 2022, the District had the following commitments for contracts related to the design and construction of a future fire station:

<u>Vendor Name</u>	<u>Total Contract Amount</u>	<u>Remaining commitment at December 31, 2022</u>
RVK Architects, Inc.	<u>266,045</u>	<u>141,512</u>
	<u>\$266,045</u>	<u>\$141,512</u>

COMAL COUNTY EMERGENCY SERVICES DISTRICT #5

NOTES TO FINANCIAL STATEMENTS

NOTE 12: PRIOR PERIOD ADJUSTMENT

As of December 31, 2021, sales tax receivable was understated by \$154,364 in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet- General Fund. A prior period adjustment has been recorded to restate the beginning balances. The effect of this adjustment was an increase in the ending net position and fund balance at December 31, 2021 of \$154,364, and an increase in the change in net position and change in fund balance for the year ended December 31, 2021 of \$41,434.

COMAL COUNTY EMERGENCY SERVICES DISTRICT #5**BUDGETARY COMPARISON - GENERAL FUND****YEAR ENDED DECEMBER 31, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
GENERAL REVENUES				
Property taxes	\$2,213,867	\$2,213,867	\$2,493,912	\$280,045
Sales tax	618,125	618,125	866,515	248,390
Interest	<u>2,000</u>	<u>2,000</u>	<u>32,421</u>	<u>30,421</u>
	<u>2,833,992</u>	<u>2,833,992</u>	<u>3,392,848</u>	<u>558,856</u>
EXPENDITURES				
Current service operations:				
Public safety provider contract	2,131,066	2,289,899	2,289,889	10
Appraisal district fees	23,129	23,129	26,703	(3,574)
Professional services	26,000	26,000	11,285	14,715
County Tactical System	20,700	20,700	0	20,700
Other	10,910	10,910	9,955	955
Contingency	75,000	75,000	0	75,000
Capital outlay	231,045	244,116	877,484	(633,368)
Debt service	<u>14,937</u>	<u>14,937</u>	<u>184,053</u>	<u>(169,116)</u>
	<u>2,532,787</u>	<u>2,704,691</u>	<u>3,399,369</u>	<u>(694,678)</u>
REVENUES OVER EXPENDITURES	301,205	129,301	(6,521)	(135,822)
OTHER FINANCING SOURCES:				
Proceeds from debt	<u>0</u>	<u>0</u>	<u>854,375</u>	<u>854,375</u>
NET CHANGE IN FUND BALANCE	301,205	129,301	847,854	718,553
BEGINNING FUND BALANCE, restated	<u>4,067,374</u>	<u>4,067,374</u>	<u>4,067,374</u>	<u>0</u>
ENDING FUND BALANCE	<u>\$4,368,579</u>	<u>\$4,196,675</u>	<u>\$4,915,228</u>	<u>\$718,553</u>

See independent auditor's report.