

**TRAVIS COUNTY  
EMERGENCY SERVICES  
DISTRICT NO. 14**

**Financial Statements for the  
Year Ended September 30, 2009 and  
Independent Auditors' Report**



# TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of  
Travis County Emergency Services District No. 14:

We have audited the accompanying financial statements of the governmental activities and the major fund of Travis County Emergency Services District No. 14 (the "District") as of and for the year ended September 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express opinions on these basic 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 the District as of September 30, 2009, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 5 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Maxwell Locke & Ritter LLP*

April 20, 2010

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<sup>\*</sup>This firm is not a CPA firm

# **Travis County Emergency Services District No. 14**

## **Management's Discussion & Analysis**

### **September 30, 2009**

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, the management of Travis County Emergency Services District No. 14 (the "District") offers the following narrative on the financial performance of the District for the year ended September 30, 2009. Please read it in connection with the District's financial statements that follow.

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are 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. Government-wide statements are comprised of the Statement of Net Assets and the Statement of Activities.

#### **Overview of the Basic Financial Statements**

The District's reporting is comprised of two parts:

- *Management's Discussion and Analysis* (this section)
  
- *Basic Financial Statements*
  - *Statement of Net Assets and Governmental Fund Balance Sheet*
  - *Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance*
  - *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund*
  - *Notes to Basic Financial Statements*

The *Statement of Net Assets and Governmental Fund Balance Sheet* includes a column (titled "General Fund") that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net assets will indicate financial health.

The *Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance* includes a column (titled "General Fund") that derives the change in fund balance resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The *Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund* presents a comparison statement between the District's adopted budget to its actual results.

The *Notes to Basic Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Assets and Governmental Fund Balance Sheet* and the *Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance*.

## The District as a Whole

The District's combined net assets for the years ending September 30, 2009 and 2008 are shown in the table below. Our analysis below focuses on the net assets and changes in the net assets of the District's governmental activities as reported in the accrual basis of accounting.

### STATEMENT OF NET ASSETS

	<u>9/30/2009</u>	<u>9/30/2008</u>
<b>Assets:</b>		
Current	\$ 610,109	\$ 545,085
Capital assets (net of accumulated depreciation)	732,801	727,768
<b>TOTAL ASSETS</b>	<b><u>\$ 1,342,910</u></b>	<b><u>\$ 1,272,853</u></b>
<b>Liabilities:</b>		
Current liabilities	\$ 198,103	\$ 185,882
Long-term liabilities	-	37,509
<b>TOTAL LIABILITIES</b>	<b><u>198,103</u></b>	<b><u>223,391</u></b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	695,292	654,495
Unrestricted	449,515	394,967
<b>TOTAL NET ASSETS</b>	<b><u>\$ 1,144,807</u></b>	<b><u>\$ 1,049,462</u></b>

The District's total assets were approximately \$1,343,000 as of September 30, 2009. Of this amount, approximately \$733,000 is accounted for by capital assets. The District had outstanding liabilities of approximately \$198,000 of which approximately \$38,000 represents capital lease obligations.

The changes in net assets for the respective periods are also shown in the table below.

### STATEMENT OF ACTIVITIES

	<u>9/30/2009</u>	<u>9/30/2008</u>
<b>Revenues-</b>		
General revenues	\$ 983,637	\$ 84,557
<b>TOTAL REVENUES</b>	<b><u>983,637</u></b>	<b><u>84,557</u></b>
<b>Expenses:</b>		
Service operations	839,749	580,766
Capital outlay	-	4,559
Depreciation	44,967	29,675
Debt service	3,576	5,240
Loss on sale of capital assets	-	4,140
<b>TOTAL EXPENSES</b>	<b><u>888,292</u></b>	<b><u>624,380</u></b>
<b>CHANGE IN NET ASSETS</b>	<b><u>\$ 95,345</u></b>	<b><u>\$ (539,823)</u></b>

Operating revenues increased by approximately \$899,000 to approximately \$984,000 for the fiscal year ended September 30, 2009 due to the change in year-end dates. Property taxes generated approximately \$981,000 in revenues. Total expenses increased approximately \$264,000 to approximately \$888,000 for the fiscal year ended September 30, 2009. Net assets increased approximately \$95,000 for the fiscal year ended September 30, 2009 compared to a decrease of approximately \$540,000 for the fiscal year ended September 30, 2008.

### The District Governmental Funds

At the end of the fiscal year September 30, 2009, the District's governmental fund reported a fund balance of approximately \$430,000, which is an increase of approximately \$49,000 from last year, the majority of which is due to the timing of property tax revenue recognition.

### General Fund Budgetary Highlights

Over the course of the fiscal year, the District revised its General Fund budget. These budget amendments include supplemental appropriations throughout the fiscal year to prevent budget line item overruns. Total budgeted expenditures in the final amended General Fund budget were the same as the original budget, but appropriations were changed primarily to cover audit fees and additional personnel costs of the Volente Volunteer Fire Department.

With these budget adjustments, the actual expenditures in the General Fund were approximately \$181,000 below the final budget amounts. Resources available for appropriation were \$29,000 below the final budgeted amount. The primary reason for the decrease was due to the property tax collections being less than budgeted.

### Capital Asset and Debt Administration

#### Capital Assets

At September 30, 2009, the District had the following capital assets in operation.

#### CAPITAL ASSETS AT PERIOD END

	<u>9/30/2009</u>	<u>9/30/2008</u>
Land	\$ 252,997	\$ 252,997
Vehicles	617,994	567,994
Equipment	25,896	25,896
Buildings	43,049	43,049
<b>TOTAL CAPITAL ASSETS</b>	<b><u>939,936</u></b>	<b><u>889,936</u></b>
Accumulated depreciation	<u>(207,135)</u>	<u>(162,168)</u>
<b>TOTAL NET CAPITAL ASSETS</b>	<b><u>\$ 732,801</u></b>	<b><u>\$ 727,768</u></b>

For the year ended September 30, 2009, the District's capital outlay totaled \$50,000, consisting of vehicle purchases. More detailed information about the District's capital assets is presented in the *Notes to Basic Financial Statements*.

## **Capital Lease Obligations**

As of September 30, 2009, the District had \$37,509 of capital lease obligations outstanding. Principal and interest payments of \$39,340 were made during the period ending September 30, 2009. More detailed information about the District's capital lease obligations is presented in the *Notes to Basic Financial Statements*.

## **Economic Factors, Next Year's Budgets and Rates**

The District Commissioners considered various factors when setting the fiscal year budget and the ad valorem tax rate that will be charged for the governmental activities. Considerations included the economy of the area within the District boundaries. Tax revenues are currently limited by the mandatory \$0.10 per \$100 of assessed valuation cap. The adopted budget for fiscal year 2010 for the District's governmental fund projects a fund balance decrease of approximately \$62,000.

## **Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District at Travis County Emergency Services District No. 14, Attn: Treasurer, 15406 FM 2769, Volente, Texas 78641.

# TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14

## STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET SEPTEMBER 30, 2009

	GENERAL FUND	ADJUSTMENTS (NOTE 2)	STATEMENT OF NET ASSETS
<b>ASSETS:</b>			
Cash	\$ 585,100	-	585,100
Taxes receivable	24,116	-	24,116
Other receivable	893	-	893
Capital assets (net of accumulated depreciation):			
Land	-	252,997	252,997
Vehicles	-	428,861	428,861
Equipment	-	13,522	13,522
Buildings	-	37,421	37,421
<b>TOTAL ASSETS</b>	<b>\$ 610,109</b>	<b>732,801</b>	<b>1,342,910</b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 160,594	-	160,594
Deferred revenue	19,696	(19,696)	-
Long-term liabilities-			
Due within one year	-	37,509	37,509
Total liabilities	180,290	17,813	198,103
<b>FUND BALANCE/NET ASSETS-</b>			
Fund balance-			
Unreserved, undesignated	429,819	(429,819)	-
Total fund balance	429,819	(429,819)	-
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 610,109</b>		
Net assets:			
Investment in capital assets, net of related debt		695,292	695,292
Unrestricted		449,515	449,515
<b>TOTAL NET ASSETS</b>		<b>\$ 1,144,807</b>	<b>\$ 1,144,807</b>

The notes to basic financial statements are an integral part of this statement.

# TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14

## STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE YEAR ENDED SEPTEMBER 30, 2009

	GENERAL FUND	ADJUSTMENTS (NOTE 2)	STATEMENT OF ACTIVITIES
<b>REVENUES:</b>			
General revenues:			
Property taxes, including penalties and interest	\$ 975,577	5,649	981,226
Interest	1,019	-	1,019
Other	1,392	-	1,392
Total revenues	977,988	5,649	983,637
<b>EXPENDITURES/EXPENSES:</b>			
Service operations:			
Volente Volunteer Fire Department funding	527,690	-	527,690
City of Cedar Park contract	288,367	-	288,367
Tax appraisal/collection fees	8,783	-	8,783
Legal fees	997	-	997
Training	652	-	652
Advertising	546	-	546
Membership dues	1,000	-	1,000
Audit fees	10,500	-	10,500
Bank fees	287	-	287
Office supplies	927	-	927
Capital outlay	50,000	(50,000)	-
Depreciation	-	44,967	44,967
Debt service:			
Principal payments	35,764	(35,764)	-
Interest payments	3,576	-	3,576
Total expenditures/expenses	929,089	(40,797)	888,292
Excess of revenues over expenditures	48,899	(48,899)	-
Change in net assets	-	95,345	95,345
<b>FUND BALANCE/NET ASSETS:</b>			
Beginning of year	380,920	668,542	1,049,462
End of year	\$ 429,819	714,988	1,144,807

The notes to financial statements are an integral part of this statement.

**TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2009**

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
General revenues:				
Property taxes, including penalties and interest	\$ 992,447	992,447	975,577	(16,870)
Interest	14,849	14,849	1,019	(13,830)
Other	-	-	1,392	1,392
Total revenues	<u>1,007,296</u>	<u>1,007,296</u>	<u>977,988</u>	<u>(29,308)</u>
<b>EXPENDITURES:</b>				
Service operations:				
Volente Volunteer				
Fire Department funding	618,450	633,450	527,690	105,760
City of Cedar Park contract	329,000	329,000	288,367	40,633
Tax appraisal/collection fees	8,652	8,657	8,783	(126)
Legal fees	5,000	4,095	997	3,098
Training	1,400	700	652	48
Advertising	600	1,700	546	1,154
Membership dues	1,400	1,000	1,000	-
Audit fees	8,000	10,500	10,500	-
Bank fees	-	400	287	113
Office supplies	500	500	927	(427)
Other	32,050	30,050	-	30,050
Capital outlay	65,000	50,000	50,000	-
Debt service:				
Principal payments	40,000	40,000	35,764	4,236
Interest payments	-	-	3,576	(3,576)
Total expenditures	<u>1,110,052</u>	<u>1,110,052</u>	<u>929,089</u>	<u>180,963</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(102,756)	(102,756)	48,899	151,655
<b>FUND BALANCE:</b>				
Beginning of year	<u>380,920</u>	<u>380,920</u>	<u>380,920</u>	<u>-</u>
End of year	<u>\$ 278,164</u>	<u>278,164</u>	<u>429,819</u>	<u>151,655</u>

The notes to financial statements are an integral part of this statement.

# TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2009

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Travis County Emergency Services District No. 14 (the “District”) was approved by voters of the District in a general election on November 5, 1985 as Travis County Fire Control District No. 11. Pursuant to Texas Health and Safety Code 794.100, the District was legally converted to a district operating under the Texas Health and Safety Code, Chapter 775, by an election of the voters of the District held on November 2, 1999. As a result, the name of the District changed effective December 2, 1999 and the District automatically assumed all rights and obligations of the former entity. The District provides fire suppression, emergency medical and rescue first response, hazardous materials incident response, and other emergency incident response that may arise within its boundaries.

The reporting entity of the District encompasses those activities and functions over which the District’s appointed officials exercise significant oversight or control. The District is governed by a five member Board of Commissioners which has been appointed by the Travis County Commissioners’ Court. The District is not included in any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board (“GASB”) Statement No. 14 since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

**Government-Wide and Fund Financial Statements** - For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are 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. Government-wide statements are comprised of the statement of net assets and the statement of activities.

The government-wide financial statements report information on all of the activities of the District.

The statement of activities demonstrates the degree to which the expenses are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

## **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. Property taxes are recognized as revenues in the year for which they are levied. Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the 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 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 revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include interest income. An accrual for property taxes collected within sixty days of year-end has been made; delinquent property taxes at period end are reported as deferred revenue.

The District reports the following major governmental fund:

The General Fund includes financial resources used for general operations. It is a budgeted fund, and any fund balances are considered resources available for current operations.

## **Budgets and Budgetary Accounting**

Formal budgetary integration is employed as a management control device for the General Fund. Prior to the beginning of each fiscal year, the District prepares a budget. The operating budget includes proposed expenditures and the means of financing those expenditures and is adopted on the modified accrual basis, which is consistent with generally accepted accounting principles.

Public meetings are conducted at which all interested persons' comments concerning the budget are heard. After such meetings, the Board of Commissioners formally adopts the budget through passage of an ordinance. The District may amend the budget throughout the year, approving such additional expenditures as may be required. All annual appropriations for the General Fund lapse at the fiscal year-end.

## **Assets, Liabilities, and Net Assets or Equity**

Cash and cash equivalents - The District considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments - The District is entitled to invest any and all of its funds in obligations of, or guaranteed by, the United States of America or its agencies, certificates of deposit, and certain public fund investment pools. The District’s investment policies and types of investments are governed by Section 2256 of the Government Code (“Public Funds Investment Act”). The District’s management believes that it complied with the requirements of the District’s investment policy and the Public Funds Investment Act. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments.

Capital Assets - Capital assets, which include land, buildings, vehicles and equipment are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000. Such assets are recorded at historical cost if purchased or estimated fair value at the date of donation if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets (other than land) are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings	39.5
Vehicles	10-20
Equipment	10

Ad Valorem Property Taxes - Allowances for uncollectibles within the General Fund are based upon historical experience in collecting property taxes. 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.

**Recently Issued Accounting Pronouncements**

In March 2009, the GASB issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal years beginning after June 15, 2010, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Management is still evaluating the effects that the full implementation of GASB Statement No. 54 will have on its financial statements for the year ended September 30, 2011, primarily as it relates to fund balance classifications.

## 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Amounts reported for governmental activities in the statement of net assets are different because:

Governmental fund total fund balance	\$ 429,819
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, net of accumulated depreciation	732,801
Deferred tax revenue is not available to pay for current-period expenditures and, therefore, is deferred in the funds.	19,696
The following liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Capital lease obligation	<u>(37,509)</u>
Total net assets	<u>\$ 1,144,807</u>

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

Excess of revenues over expenditures	\$ 48,899
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	50,000
Depreciation expense	(44,967)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred tax revenue	5,649
Repayment of capital lease obligation is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Repayment of capital lease obligation	<u>35,764</u>
Change in net assets	<u>\$ 95,345</u>

## 3. CASH AND TEMPORARY INVESTMENTS

The District's deposits are required to be secured in the manner provided by law for the security of the funds. At September 30, 2009, such deposits were entirely covered by Federal Deposit Insurance Corporation ("FDIC") insurance or secured by collateral pledged by the depository.

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy. The District's deposits and investments are invested pursuant to the investment policy, which is approved annually by the Board of Commissioners. The primary objectives of the District's investment strategy, in order of priority, are safety, liquidity, and yield.

#### 4. CAPITAL ASSETS

Capital assets activity for the nine months ended September 30, 2009 was as follows:

	Balance September 30, 2008	Additions	Retirements and Transfers	Balance September 30, 2009
Capital assets not being depreciated-				
Land	\$ 252,997	-	-	252,997
Total capital assets not being depreciated	252,997	-	-	252,997
Capital assets being depreciated:				
Vehicles	567,994	50,000	-	617,994
Equipment	25,896	-	-	25,896
Buildings	43,049	-	-	43,049
Total capital assets being depreciated	636,939	50,000	-	686,939
Less accumulated depreciation for:				
Vehicles	(147,846)	(41,287)	-	(189,133)
Equipment	(9,784)	(2,590)	-	(12,374)
Buildings	(4,538)	(1,090)	-	(5,628)
Total accumulated depreciation	(162,168)	(44,967)	-	(207,135)
Total capital assets, being depreciated, net	474,771	5,033	-	479,804
Capital assets, net	\$ 727,768	5,033	-	732,801

#### 5. CAPITAL LEASE OBLIGATIONS

The District entered into a capital lease agreement with a finance company for the purchase of a pumper truck. The capital lease bears interest at 4.88%. Payments are due in annual installments of \$39,340 including interest, through August 2010. Total principal outstanding at September 30, 2009 was \$37,509.

The vehicle purchased through the capital lease included in capital assets at September 30, 2009 totaled \$236,799 with accumulated amortization totaling \$88,306. Amortization expense is included in depreciation expense within the financial statements.

The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of all minimum lease payments as of September 30, 2009:

2010	\$ 39,340
Total minimum lease payments	39,340
Less: Amounts representing interest	<u>(1,831)</u>
Due under capital lease obligations	37,509
Current capital lease obligations	<u>37,509</u>
Long-term capital lease obligations	<u><u>\$ -</u></u>

## 6. DEFERRED REVENUE

Deferred revenue at September 30, 2009 as reported in the General Fund consisted of net tax revenue of \$19,696.

## 7. PROPERTY TAXES

The District is authorized to levy a tax each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within its boundaries. Assessed values are established annually by the Travis Central Appraisal District. District property tax revenues are recognized when levied to the extent that they are collected in the current year. The uncollected balance is reported as deferred revenue. Taxes receivable are due January 1 and are delinquent if received after January 31 and are subject to penalty and interest charges.

In September 2008, the District levied a tax rate of \$0.10 per \$100 of assessed valuation to finance operating expenditures and debt service requirements. The total 2008 tax levy was \$979,067 based on a taxable valuation of \$979,067,000.

## 8. CONTRACTED SERVICES

The District entered into an agreement with the Volente Volunteer Fire Department (“VVFD”) that was effective January 1, 2007 for a period of one year. This agreement has been extended annually since January 1, 2008. The District agreed to fund the operations of the VVFD monthly, as funds are available, based on a budget for the VVFD that is approved by the District. In exchange for the funding provided by the District, the VVFD agreed to provide emergency services including fire fighting and first responder assistance in the geographic area served by the District. Expenditures of \$527,690 were incurred by the District related to this agreement during the year ended September 30, 2009.

In fiscal year 2004, the District entered into an agreement with the City of Cedar Park, Texas for fire protection and limited emergency medical services. This agreement has been extended annually since December 31, 2005. The District pays the City of Cedar Park, Texas quarterly based on a service rate for each water meter within the boundaries of the service area. For the year ended September 30, 2009, the service rate was \$14.52 per water meter. Expenditures of \$288,367 were incurred by the District related to this agreement during the year ended September 30, 2009.

## **9. RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District, through the VVFD, purchases its insurance from regular commercial companies. As of September 30, 2009, no claims or losses have been incurred that were not covered by insurance. There is no liability due to any claim or suit having been filed within the last three years.