

**Bastrop-Travis Counties
Emergency Services District No. One
Financial Statements
September 30, 2020**

Bastrop-Travis Counties Emergency Services District No. 1
For the Year Ending September 30, 2020

TABLE OF CONTENTS

Independent Auditor's Report.....	1-2
Management's Discussion and Analysis (unaudited).....	3-8
Basic Financial Statements:	
Governmental Fund Balance Sheet and Statement of Net Position.....	9
Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities.....	10
Notes to Basic Financial Statements	11-25
Required Supplemental Information:	
Governmental Fund Revenues, Expenditures and Budget to Actual Comparison – General Fund	26



MEDACK & OLTMANN, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

James E. Medack, CPA
Melodi J. Oltmann, CPA

PROFESSIONAL STAFF

Remington O'Dell, CPA
Ashton McGonagle

MEMBERS

American Institute of
Certified Public Accountants

Texas Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bastrop-Travis Counties Emergency Services District No 1

We have audited the accompanying financial statements of the governmental activities, and each major fund, of Bastrop-Travis Counties Emergency Services District No 1, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of Bastrop-Travis Counties Emergency Services District No 1, as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

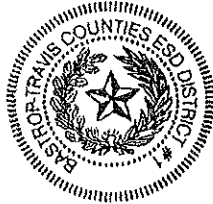
A handwritten signature in black ink that reads "Medack & Oltmann, LLP". The signature is written in a cursive, flowing style.

Medack & Oltmann, LLP
Giddings, Texas
February 9, 2021

**BASTROP-TRAVIS COUNTIES
EMERGENCY SERVICES DISTRICT NO. 1**
P.O. BOX 852 – 108 W 1st St
ELGIN, TEXAS 78621
512.229.3020

Commissioners:
Tommy McCullough, President
Wayne Skubiata, Vice-President

Julius Schwartz, Treasurer
Larry Foehner, Secretary
Jodie Lopez, Asst. Sec.Treas.



MANAGEMENT'S DISCUSSION AND ANALYSIS

This is the discussion and analysis of the Bastrop-Travis Counties Emergency Services District No. One for fiscal year ending September 30, 2020.

Citizens and taxpayers want a clear picture of the financial health of their government, which include Emergency Services Districts. They also want to know how their tax dollars were spent and how much it costs to provide major services such as firefighting, fire prevention and rescue services. The concept of financial accountability of elected or appointed officials is reflected in the standards adopted by the Governmental Accounting Standards Board (GASB) for annual financial reporting.

This Management Discussion and Analysis (MD&A) is composed with the GASB concepts in mind. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The District's total assets for the fiscal year exceeded total liabilities by \$3,941,053 (net position).
- Change in net position from current operations was an increase of \$ 332,331 resulting in cash reserves of \$ 1,536,708 at the end of the fiscal year.
- The District's Fund Balance increased by \$ 209,811 resulting in an ending balance of \$ 1,531,961.

Using This Annual Report

This annual report consists of two financial statements. GASB provides that for governments engaged in a single governmental program, the fund financial statements and the government-wide statements may be combined. These combined statements

appear on pages 11 and 12. The second column is an adjustments column, reconciling the amounts reported in the governmental funds to show how each would change when reported on the full-accrual basis of accounting. The last column of these combination statements shows the amounts that normally would appear in the government-wide statements.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities present information about the District as a whole. These statements (as reported in the last column of each of the statements) include all of the District's assets and liabilities, utilizing the accrual basis of accounting which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two columns report the District's net position and changes in them. The difference between assets and liabilities, net position, are one way to measure the District's financial health. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, other non-financial factors such as changes in the District's property tax base must also be considered in an assessment of the overall financial health of the District.

The Statement of Activities, also included on page 12, presents information showing how the District's net position changed during the most recent twelve-month period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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.

Reporting the District's Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District may establish other funds to help in control and manage money for particular purposes or to show that it is meeting its legal responsibilities for using certain taxes, grants, and other money. These funds are reported using an accounting method called the Modified Accrual accounting which measures cash and all other financial assets that can be readily converted to cash.

Governmental Funds. Governmental funds are 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, governmental fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide

financial statements, it is useful to compare that information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The District only reports using one fund that being the General Fund.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The District as a Whole

Governmental activities increased the District's net position by \$ 332,331. Our analysis below focuses on the net position (Table 1) and the changes in net position (Table 2) of the District's governmental activities:

**Table 1
Government Activities**

Net Position	<u>9/30/2020</u>	<u>09/30/2019</u>
Assets:		
Current Assets	\$ 1,619,823	\$ 1,418,903
Capital Assets	2,765,564	2,941,511
Total Assets	<u>\$ 4,385,387</u>	<u>\$ 4,360,414</u>
Liabilities		
Current Liabilities	\$ 120,510	\$ 128,589
Long Term Liabilities	323,824	623,103
Total Liabilities	<u>\$ 444,334</u>	<u>\$ 751,692</u>
Net Position:		
Net Investment in Capital Assets	\$ 2,343,220	\$ 2,224,394
Unrestricted	1,597,833	1,384,328
Restricted	-	-
Total Net Position	<u>\$ 3,941,053</u>	<u>\$ 3,608,722</u>

Table 2
Changes in Net Position

Revenues:	<u>09/30/2020</u>	<u>09/30/2019</u>
Ad Valorem Taxes	\$ 1,462,473	\$ 1,353,984
Penalty & Interest Taxes	17,711	18,833
Interest	27,944	22,358
Contract Revenue	31,792	39,845
Miscellaneous	2,422	8,040
Total Revenues	<u>\$ 1,542,342</u>	<u>\$ 1,443,060</u>
Expenses:		
Operations - Fire Fighting	\$ 60,354	\$ 68,416
Equipment Maintenance	22,511	39,134
Fleet Maintenance	77,350	91,686
Professional Fees	53,357	57,946
Office Expenses	20,663	24,812
Insurance	63,559	58,834
Personnel Costs	58,904	47,579
Mileage	66,528	54,944
Appraisal District & Tax Collector Fees	51,387	45,949
Dispatch	29,312	42,083
Miscellaneous	35,090	11,010
Contract Services	21,000	21,500
First Responders	247,724	203,879
Travel & Training	36,980	37,177
Communications	6,626	12,375
Fire Prevention	2,019	683
Utilities	51,838	44,315
Depreciation	286,189	311,667
Debt Service: Interest	18,620	30,589
Total Expenses	<u>1,210,011</u>	<u>1,204,578</u>
Changes In Net Position:		
Increase (Decrease) in Net position	\$ 332,331	\$ 238,482
Net Position - Beginning	3,608,722	3,370,240
Net Position - Ending	<u>\$ 3,941,053</u>	<u>\$ 3,608,722</u>

Capital Asset and Debt Administration

Capital Assets:

At the end of the fiscal year September 30, 2020, capital assets are as follows:

	09/30/2020	09/30/2019
Land	\$ 165,876	\$ 165,876
Vehicles	2,644,497	2,611,314
Equipment	802,108	725,049
Buildings	1,361,621	1,361,621
Construction in Progress	-	-
Total Capital Assets	\$ 4,974,102	\$ 4,863,860

Depreciation expense charged to the general fund was \$ 286,189.

More detailed information about the District's Capital Assets is presented in Note 4 of the financial statements.

Debt:

More detailed information about the District's Debt is presented in Note 5 of the financial statements.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For the year ending September 30, 2020, the District's total fund balance was \$ 1,531,961.

Budgetary Highlights

The District's annual budget includes estimated revenues and expenditures. The annual budget is a line-item document that allows the Board of Commissioners a high degree of control over District expenditures. The District has instituted a "Purchase Order System" to better monitor the balances in the various budget categories and line items.

During the year, the board amended the original budget, while overall revenues did not change, overall expenditures increased by \$ 733,845 (62%).

The District's 2020 budget resulted in actual expenditures being \$ 585,967 under the final budget amounts. Actual revenues in the General Fund were approximately \$65,461 more than budgeted revenue amounts.

Currently Known Facts, Decisions, or Conditions

The housing boom has started in the District. At present, there are several hundred new homes under construction. The new homes are being bought just as fast as they can build them. The new Seaton Clinic has been completed and is in operation. Plans for several new businesses have been presented to the City of Elgin for approval.

The District received and excepted the Long-Range Planning Survey in early 2020. Due to the onset of the COVID-19 virus, only a few things have been acted on that were mentioned in the survey. The District will be going over the survey in early 2021 and moving forward.

The District continues to contract with Travis County ESD 13 for services.

Working with the Bastrop County Dispatch Center has much improved the way calls are dispatched and handled. It has helped ease the way calls are reported and handled for our departments.

The Districts continues to support the Bastrop County First Responder group.

The Sales Tax referendum may be revisited in the future. No decision has been made at the present time.

New volunteers for both departments in the District are on a slow pace. Call volume is increasing for both departments, especially with the Elgin VFD because of the influx of new homes and people. The need for more volunteers is greatly needed. A volunteer campaign was started in 2020, but applicants have been slow in coming.

The District hopes to be proactive and not reactive in accomplishing its goals.

The District will continue to its commitment to providing the best services possible and maintain its sound financial responsibilities to the citizens and their tax dollars.

The District also received a bad blow with the unexpected death of Carl Newstrom. Carl served in the Elgin VFD for many years and was on the ESD Board where he served as secretary for eight and a half years. He will be greatly missed.

Contacting the District's Financial Management

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

Bastrop-Travis Counties ESD #1
PO Box 852
Elgin, Texas 78621
(512) 284-0252

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
GOVERNMENTAL FUND BALANCE SHEET AND
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	General Fund	Adjustments (Note 9)	Statement of Net Position
ASSETS			
Cash	\$ 1,226,430	\$ -	\$ 1,226,430
Investments	310,278	-	310,278
Property Taxes Receivable	75,948	-	75,948
Prepaid Expense	7,167	-	7,167
Capital Assets (net of accumulated depreciation)	-	2,765,564	2,765,564
	<u>\$ 1,619,823</u>	<u>\$ 2,765,564</u>	<u>\$ 4,385,387</u>
TOTAL ASSETS			
		<u>\$ -</u>	<u>\$ -</u>
DEFERRED OUTFLOWS OF RESOURCES			
LIABILITIES			
Accounts Payable	\$ 6,326	\$ -	\$ 6,326
Accrued Interest Payable	-	10,076	10,076
Payroll Liabilities	5,588	-	5,588
Long Term Liabilities - Due within one year	-	98,520	98,520
Long Term Liabilities - Due after one year	-	323,824	323,824
	<u>\$ 11,914</u>	<u>\$ 432,420</u>	<u>\$ 444,334</u>
TOTAL LIABILITIES			
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	<u>\$ 75,948</u>	<u>\$ (75,948)</u>	<u>\$ -</u>
FUND BALANCES/NET POSITION			
Fund balances:			
Non-Spendable	\$ -	\$ -	\$ -
Spendable			
Unassigned	1,531,961	(1,531,961)	-
Total fund balances	<u>1,531,961</u>	<u>(1,531,961)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,619,823</u>	<u>\$ -</u>	
Net Position:			
Net investment in capital assets		2,343,220	2,343,220
Unrestricted		1,597,833	1,597,833
Restricted		-	-
Total Net Position		<u>\$ 3,941,053</u>	<u>\$ 3,941,053</u>

See Accompanying Notes to the Financial Statements

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING SEPTEMBER 30, 2020

	General Fund	Adjustments (Note 9)	Statement of Activities
EXPENDITURES/EXPENSES			
Operations - Fire Fighting	\$ 60,354	\$ -	\$ 60,354
Equipment Maintenance	22,511	-	22,511
Fleet Maintenance	77,350	-	77,350
Professional Fees	53,357	-	53,357
Office Expenses	20,663	-	20,663
Insurance	63,559	-	63,559
Personnel Costs	58,904	-	58,904
Mileage	66,528	-	66,528
Appraisal District & Tax Collector Fees	51,387	-	51,387
Dispatch	29,312	-	29,312
Miscellaneous	35,090	-	35,090
Contract Services	21,000	-	21,000
First Responders	247,724	-	247,724
Travel & Training	36,980	-	36,980
Communications	6,626	-	6,626
Fire Prevention	2,019	-	2,019
Fire Investigations	-	-	-
Utilities	51,838	-	51,838
Capital Outlay	110,242	(110,242)	-
Construction Project	-	-	-
Depreciation	-	286,189	286,189
Debt Service:			
Principal	294,773	(294,773)	-
Interest	25,114	(6,494)	18,620
Total expenditures/expenses	<u>\$ 1,335,331</u>	<u>\$ (125,320)</u>	<u>\$ 1,210,011</u>
PROGRAM REVENUES			
Contract Revenue	30,000	-	30,000
Total program revenues	<u>30,000</u>	<u>-</u>	<u>30,000</u>
GENERAL REVENUES			
Ad valorem taxes	1,465,273	(2,800)	1,462,473
Penalties and Interest	17,711	-	17,711
Interest income	27,944	-	27,944
Miscellaneous	4,214	-	4,214
Total general revenues	<u>\$ 1,515,142</u>	<u>\$ (2,800)</u>	<u>\$ 1,512,342</u>
Excess (Deficiency) of revenues over expenditures	\$ 209,811	\$ (209,811)	\$ -
Change in Net Position	\$ -	\$ 332,331	\$ 332,331
Fund Balance/Net Position			
Beginning of the year	<u>1,322,150</u>	<u>2,286,572</u>	<u>3,608,722</u>
End of the year	<u>\$ 1,531,961</u>	<u>\$ 2,409,092</u>	<u>\$ 3,941,053</u>

See Accompanying Notes to the Financial Statements

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. More significant of these accounting policies are described below.

REPORTING ENTITY

The Bastrop-Travis Counties Emergency Services District No. One (the District) was created by Article III, Section 48-e of the Constitution of Texas as proposed by SJR, No. 27, Acts of the 70th Legislature, Regular Session 1987, and adopted by the voters, of both counties, by an election held on May 12, 2007, to protect life and property from fire and to conserve natural and human resources.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit with the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, no potential component units appear to exist.

BASIS OF PRESENTATION

Basic Financial Statements

GASB sets forth minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues or expenditures/expenses or either fund category or governmental

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

and enterprise combined. Due to the fund structure of the District, all funds have been classified as major funds. As a part of this Statement, there is a reporting requirement regarding the local government's infrastructure (road, bridges, etc.) The District does not own any infrastructure assets and therefore is unaffected by this requirement.

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The reporting model focus is on either the District as a whole or major individual funds (within the fund financial statements). In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The District does not have any business-type activities.

The government-wide Statement of Activities reflects both the gross and net cost per functional category which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function. However, the District does not have any program revenues for this fiscal period.

The net cost by function is normally covered by general revenues (intergovernmental revenues, interest income, etc). The District does not currently employ indirect cost allocation systems.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The governmental fund statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the District's actual experience conforms to the budget or fiscal plan.

GASB provides that for governments engaged in a single governmental program, the fund financial statements and the government-wide statements may be combined. The District presents the general fund in the first column. The next column is an adjustments column. It reconciles the amounts reported in the governmental funds to show how each would change when reported on the full-accrual basis of accounting. The last column of these combination statements shows the amounts that normally would appear in the government-wide statements.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are presented on an accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement #33, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

BUDGETS

The District follows these procedures in establishing the budget reflected in the financial statements:

1. 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 prepared in accordance with the basis of accounting utilized by that fund.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

2. 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 a motion in a public meeting.
3. The District amends the budget throughout the year approving such additional expenses. The amended budget is used in presenting the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.
4. All annual appropriations lapse at fiscal year-end.

CAPITAL ASSETS

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at the fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives with no salvage value. The range of estimated useful lives by type of asset is as follows:

Buildings and Structures	40 years
Vehicles	7-20 years
Other Equipment	10-20 years

The Department does not own any infrastructure assets.

Fund Financial Statements

In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

EQUITY CLASSIFICATIONS

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other government; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable or spendable with spendable being further classified into restricted, committed, assigned or unassigned.

EMPLOYEE BENEFITS

There are no employee benefits in place for the District employees at year-end, and therefore, no associated liability for compensated absences and/or retirement benefits.

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; injuries to employees; and natural disasters. The District purchases its insurance from regular commercial companies. As of September 30, 2020, no claims or losses have been incurred that were not covered by insurance. There is no liability due to any claim or suit having ever been filed.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the period. Operating results in the future could vary from the amounts derived from management's estimates.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The District adopted GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after June 15, 2021. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended September 30, 2022.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

FAIR VALUE MEASUREMENTS

The District complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity
- Level 3 are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020

NOTE 2: CASH

Deposits were with a contracted depository bank, Prosperity Bank. As of year-end, deposits exceeded FDIC coverage. Therefore, in accordance with the depository contract, Prosperity Bank has pledged additional collateral. This collateral consisted of U.S. Government Securities, having a market value of \$ 1,709,887 (Category 2). At September 30, 2020, the carrying amount of the District's deposits was \$ 1,226,430 and the bank balance was \$ 1,280,763.

The collateral pledged is represented by specific identifiable investment securities and classified as to credit risk by the three categories described below:

- Category 1 - Insured by FDIC or collateralized with securities held by the District or by its agent in its name.
- Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- Category 3 - Uncollateralized.

	Carrying Value	Bank Balance
Category 1	\$ 250,000	\$ 250,000
Category 2	976,430	1,030,763
Category 3	-0-	-0-
	\$ 1,226,430	\$ 1,280,763

NOTE 3: INVESTMENTS

The Public Funds Investment Act authorizes the District to invest 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. The primary objectives of the District's investment strategy, in order of priority, are safety, liquidity, and yield.

The District had an investment of \$ 310,278 in an external local governmental investment pool, Texas CLASS Government ("Texas CLASS"), at September 30, 2020. The investments in Texas CLASS had a Standard and Poor's rating of AAAM. This investment is measured at fair value in accordance with GASB Statement No. 79 and GASB Statement No. 31. Texas CLASS reports the amortized cost of investments, which approximates fair value, to its participants. Texas CLASS is not required to be categorized within the fair value hierarchy of GASB Statement No. 72.

Texas CLASS is an external investment pool offered to local governments. Although Texas CLASS is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 3: INVESTMENTS – continued

Texas CLASS is a local government investment pool created to meet the cash management and short-term investments needs of Texas governmental entities. Texas CLASS Government seeks to provide participants with a competitive market yield while maintaining daily liquidity and a stable net asset value. Fund management expects the fund to maintain a maximum dollar-weighted average maturity of 60 days or less, and all investments will have a maximum maturity of 397 days or less, except for variable rate securities issued by the U.S. treasury or agencies or instrumentalities, which carry a maximum maturity of 762 days. Eligible investments include securities issued or guaranteed by the U.S. government, its agencies, or instrumentalities; and repurchase agreements.

Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The marketing and operation functions of the portfolio are also performed by Public Trust Advisors, LLC. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board, both of which are elected by the Texas CLASS Participants. Wells Fargo Bank, N.A. serves as custodian for the pool.

Portfolio Assets aim to comply with the Public Funds Investment Act, Texas Government Code (PFIA) guidelines and may include U.S. Treasuries, agencies, state and local government obligations and repurchase agreements.

In accordance with GASB Statement No. 79, the local government investment pools do not have any limitation and restriction on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

Credit Risk- Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At September 30, 2019, investments were included in a local governmental investment pool with a rating from Standard and Poor's in compliance with the District's investment policy.

Concentration of Credit Risk- Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. At September 30, 2020, all of the District's investments were with Texas CLASS.

Interest Rate Risk- The District considers the holdings in the local governmental investment pool to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

	Balance 09/30/2019	Additions/ Completions	Retirements/ Adjustments	Balance 09/30/2020
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 165,876	\$ -	-	\$ 165,876
Total capital assets not being depreciated	165,876	-	-	165,876
Capital assets, being depreciated				
Vehicles	2,611,314	33,183	-	2,644,497
Equipment	725,049	77,059	-	802,108
Buildings and structures	1,361,621	-	-	1,361,621
Construction in Progress	-	-	-	-
Total capital assets being depreciated	4,697,984	110,242	-	4,808,226
Total capital asset	4,863,860	110,242	-	4,974,102
Less accumulated depreciation for:				
Vehicles	1,232,480	179,777	-	1,412,257
Equipment	489,858	71,913	-	561,771
Buildings and structures	200,011	34,499	-	234,510
Total accumulated depreciation	1,922,349	286,189	-	2,208,538
Total capital assets, being depreciated, net	2,775,635	(175,947)	-	2,599,688
Governmental activities capital assets, net	\$2,941,511	\$ (175,947)	-	\$2,765,564

Depreciation expense charged to the general fund was \$ 286,189.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020

NOTE 5: NOTES PAYABLE

The District has a loan with First National Bank-Bastrop for the purchase of 3 new firefighting apparatus. The \$ 625,000 loan agreement has an interest rate of 2.77% with annual payments of \$72,459 maturing February 15, 2025. The District also has a loan with Prosperity Bank for the construction of a new station and administrative building. The \$ 600,000 loan has an interest rate of 3.0% with annual payments of \$ 31,579 plus accrued interest maturing February 5, 2031.

All vehicles, land and buildings are pledged as collateral for outstanding debt.

CHANGES IN OUTSTANDING DEBT

Transactions for the year ended September 30, 2020, are summarized as follows:

	Balance 09/30/2019	Additions	Reductions	Balance 09/30/2020	Due Within One Year
First National Bank	\$ 361,853	\$ -	\$ 163,194	\$ 198,659	\$ 62,435
Prosperity Bank	355,264	-	131,579	223,686	31,579
Total	\$ 717,117	\$ -	\$ 294,773	\$ 422,345	\$ 94,014

The annual aggregate maturities for years subsequent to September 30, 2020, are as follows:

September 30	Principal	Interest	Total
2021	\$ 98,520	\$ 11,816	\$ 110,336
2022	100,390	8,970	109,360
2023	94,486	6,189	100,675
2024	31,579	3,572	35,151
2025	31,579	2,704	34,283
2026-2030	65,791	2,843	68,634
Total	\$ 422,345	\$ 36,094	\$ 458,439

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6: PROPERTY TAXES

The District has taxable property in both Bastrop and Travis County, it uses the Bastrop County Tax Assessor Collector to bill and collect its property tax, for both counties. The District's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. An enforceable lien is attached to the property as of January 1. The assessed value of the roll as of January 1, 2019, for both counties, upon which the 2019 levy was based, was \$ 1,455,424,712.

Taxes are due by January 31 following the October 1 levy date. The total 2019 levy was \$1,455,425 and the tax rate was \$ 0.10 per \$100 assessed valuation. Property taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

NOTE 7: COMMITMENTS

The District has an agreement with the Elgin and the McDade Volunteer Fire Departments to provide fire protection and suppression, fire prevention, hazardous material control, emergency rescue and other assistance to the public, as necessary. No direct payments are made to either department instead the District pays all expenses incurred by either of the two departments.

The District entered into an annual agreement to provide fire services to Travis County Emergency Services District No. 13. For the year ending September 30, 2020, the revenue received from this agreement totaled \$ 30,000.

The District has entered into a lease agreement for space (land) for a radio tower with the City of Elgin. Under the terms of the lease no funds will be expended, but the District will be responsible for the maintenance of the site and any equipment owned by the City.

NOTE 8: FUND BALANCE

The Health & Safety Code has established that the Board of Commissioners as being the highest official body authorized to assign fund balance amount for specific purposes. This authorization or removal of such authorization is generally achieved by a resolution of the Board.

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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. Those fund balance classifications are described below.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8: FUND BALANCE – continued

Non-spendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for a specific purpose pursuant to approval by formal action by the Board.

Assigned - For the General Fund, amounts that are appropriated by the Board or Board designee that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as non-spendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The detail of the fund balance is included in the Governmental Fund Balance Sheet.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

As of September 30, 2020, the District has adopted a minimum fund balance policy of \$ 450,000.

NOTE 9: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND
AND GOVERNMENT-WIDE STATEMENTS

Differences between the Governmental Fund Balance Sheet and the Statement of Net Position:

The differences (as reflected in the adjustments column) primarily result from the long-term economic resources focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet.

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020

NOTE 9: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND
 AND GOVERNMENT-WIDE STATEMENTS – continued

funds. However, the statement of net position includes those capital assets among the assets of the District as a whole.

Cost of capital assets	\$ 4,974,102
Accumulated Depreciation	<u>(2,208,538)</u>
	<u>\$ 2,765,564</u>

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Accrued interest payable	\$ 10,076
--------------------------	-----------

The note payable applicable to the District's governmental activities was not due and payable in the current period and accordingly was not reported as fund liabilities. All liabilities – both current and long-term—are reported in the statement of net position.

Due within one year	\$ 98,520
Due after one year	\$ 323,824

Taxes receivable are offset by deferred revenues in the governmental funds and thus are not included in fund balance.

Deferred revenue	\$ (75,948)
------------------	-------------

Differences between the Governmental Fund Operating Statement and the Statement of Net Activities:

The differences (as reflected in the adjustments column) arise primarily from the long-term economic resources focus of the statement of activities versus the current financial resources focus of the governmental funds.

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	\$ (110,242)
Depreciation Expense	286,189

Repayment of note principal is reported as expenditure in governmental funds. For the District as a whole, however, the principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities.

Payment of Note Principal	\$ (294,773)
---------------------------	--------------

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND
AND GOVERNMENT-WIDE STATEMENTS – continued

Interest expense on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The statement of activities includes the expense on the full accrual basis.

Change in accrued interest payable	\$ (6,494)
------------------------------------	------------

Because some property taxes will not be collected for several months after the district's fiscal year ends, they are not considered as "available" revenues in the governmental funds.

Adjustment for property taxes collected after year-end	\$ (2,800)
--	------------

NOTE 10: DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through the date the financial statements were available to be issued.

NOTE 11: RELATED PARTY TRANSACTIONS

The District's bookkeeper is a spouse to one of the commissioners and was paid \$ 11,431 during the fiscal year.

NOTE 12: SUBSEQUENT EVENT

The Coronavirus (COVID-19) pandemic impacted the nation, leading to consumer uncertainties and financial setbacks for many businesses and individuals. COVID-19 may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. Management continues to monitor and evaluate the continually evolving environment associated with the virus. While it is not possible at this time to estimate the impact that COVID-19 will have on the District's operations, the pandemic could adversely affect the District's financial position and activities.

Required Supplemental Information

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
BUDGET TO ACTUAL COMPARISON - GENERAL FUND
FOR THE YEAR ENDING SEPTEMBER 30, 2020

	Budget		Actual Amounts Budgetary Basis	Variance Favorable/ (Unfavorable)
	Original	Final		
GENERAL REVENUES				
Ad Valorem Taxes	\$ 1,449,681	\$ 1,449,681	\$ 1,465,273	15,592
Penalties & Interest	-	-	17,711	17,711
Interest Income	-	-	27,944	27,944
Contract Revenue	30,000	30,000	31,792	1,792
Miscellaneous	-	-	2,422	2,422
Total General Revenues	<u>\$ 1,479,681</u>	<u>\$ 1,479,681</u>	<u>\$ 1,545,142</u>	<u>65,461</u>
EXPENDITURES/EXPENSES				
Operations - Fire Fighting	\$ 92,900	\$ 88,300	\$ 60,354	27,946
Equipment Maintenance	52,500	46,640	22,511	24,129
Fleet Maintenance	85,400	112,991	77,350	35,641
Professional Fees	64,100	128,510	53,357	75,153
Office Expenses	31,570	52,131	20,663	31,468
Insurance	69,000	136,200	63,559	72,641
Personnel Costs	48,560	77,460	58,904	18,556
Mileage	76,000	76,000	66,528	9,472
Appraisal District & Tax Collector Fees	48,000	99,732	51,387	48,345
Dispatcher Funding	42,500	71,568	29,312	42,256
Contract Services	21,000	21,000	21,000	-
Miscellaneous	42,473	71,946	35,090	36,856
First Responders	256,750	288,066	247,724	40,342
Travel & Training	39,200	54,600	36,980	17,620
Communications	45,750	51,750	6,626	45,124
Fire Prevention	4,000	2,200	2,019	181
Fire Investigations	-	-	-	-
Utilities	42,250	61,828	51,838	9,990
Capital Outlay	-	34,929	110,242	(75,313)
Construction Project	-	-	-	-
Debt Service:				
Principal	90,500	385,273	294,773	90,500
Interest	35,000	60,174	25,114	35,060
Total expenditures/expenses	<u>\$ 1,187,453</u>	<u>\$ 1,921,298</u>	<u>\$ 1,335,331</u>	<u>585,967</u>
Excess (Deficiency) of revenues over expenditures	292,228	(441,617)	209,811	651,428
OTHER FINANCING SOURCES/(USES):				
Financing Proceeds	-	-	-	-
Total Other Financing Sources/(Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Excess (Deficiency) of revenues and other financing sources over expenditures	\$ 292,228	\$ (441,617)	\$ 209,811	651,428
Fund Balance Beginning of the year			<u>1,322,150</u>	
End of the year			<u>\$ 1,531,961</u>	

See Accompanying Notes to the Financial Statements