

**Bastrop-Travis Counties
Emergency Services District No. One
Financial Statements
September 30, 2023**

Bastrop-Travis Counties Emergency Services District No. 1
For the Year Ending September 30, 2023

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MEDACK & OLTMANN, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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

PROFESSIONAL STAFF

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bastrop-Travis Counties Emergency Services District No. 1 as of and for the year ended September 30, 2023, 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 each major fund of Bastrop-Travis Counties Emergency Services District No. 1, as of September 30, 2023, 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.

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 Bastrop-Travis Counties Emergency Services District No. 1, 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.

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 Bastrop-Travis Counties Emergency Services District No. 1'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.

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.

PO Box 2153, 711 Old Austin Highway • Bastrop, Texas 78602 • ph 512.321.3951 fax 512.321.5014

PO Box 237, 321 N Main St • Giddings, Texas 78942 • ph 979.542.3713 fax 979.542.0061

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 Bastrop-Travis Counties Emergency Services District No. 1'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, budgetary comparison information, schedule of changes in net pension liability and related ratios, and schedule of employer contributions on pages 3-8 and 30-33 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.

Medack + Oltmann, LLP

Medack & Oltmann, LLP
Giddings, Texas
May 17, 2024

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

Commissioners:
Larry Moseley, President
Tommy McCullough, Vice-President



Darren Mogonye, Treasurer
Matt Benson, Secretary
Damon Doss, 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, 2023.

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 \$5,591,656 (net position).
- Change in net position from current operations was an increase of \$759,944 resulting in cash reserves of \$3,310,484 at the end of the fiscal year.
- The District's Fund Balance increased by \$927,715 resulting in an ending balance of \$3,288,269.

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 9 and 10. 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 10, 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 \$759,944. 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>9/30/2023</u>	<u>9/30/2022</u>
Assets:		
Current Assets	\$ 3,448,135	\$ 2,467,374
Capital Assets	2,169,734	2,386,090
Total Assets	<u>\$ 5,617,869</u>	<u>\$ 4,853,464</u>
Deferred Outflows of Resources	\$ 36,409	\$ 10,679
Liabilities		
Current Liabilities	\$ 36,141	\$ 19,038
Long Term Liabilities	26,481	12,563
Total Liabilities	<u>\$ 62,622</u>	<u>\$ 31,601</u>
Deferred Inflows of Resources	\$ -	\$ 830
Net Position:		
Net Investment in Capital Assets	\$ 2,169,734	\$ 2,386,090
Unrestricted	3,421,922	2,445,622
Restricted	-	-
Total Net Position	<u>\$ 5,591,656</u>	<u>\$ 4,831,712</u>

Table 2
Changes in Net Position

Revenues:	<u>9/30/2023</u>	<u>9/30/2022</u>
Ad Valorem Taxes	\$ 2,445,330	\$ 1,834,754
Penalty & Interest Taxes	19,768	22,672
Interest	89,526	8,712
Contract Revenue	35,000	30,000
Grant Revenue	4,390	-
Gain on sale of asset	34,673	-
Miscellaneous	3,251	21,592
Total Revenues	<u>\$ 2,631,938</u>	<u>\$ 1,917,730</u>
Expenses:		
Operations - Fire Fighting	\$ 101,576	\$ 104,811
Fleet Maintenance	137,807	117,889
Professional Fees	104,212	81,962
Office Expenses	56,114	31,520
Insurance	129,470	80,988
Appraisal District/Tax Collector Fees	66,438	74,120
Miscellaneous	8,769	8,009
Contract Services	73,728	26,000
Personnel Costs	811,480	504,948
Travel & Training	44,787	38,648
Communications	33,639	22,464
Utilities	57,247	61,666
Depreciation	246,727	277,209
Total Expenses	<u>1,871,994</u>	<u>1,430,234</u>
Changes In Net Position:	\$ 759,944	\$ 487,496
Net Position - Beginning	<u>4,831,712</u>	<u>4,344,216</u>
Net Position - Ending	<u><u>\$ 5,591,656</u></u>	<u><u>\$ 4,831,712</u></u>

Capital Asset and Debt Administration

Capital Assets:

At the end of the fiscal year September 30, 2023, capital assets are as follows:

	<u>9/30/2023</u>	<u>9/30/2022</u>
Land	\$ 165,876	\$ 165,876
Vehicles	2,667,582	2,746,204
Equipment	884,788	851,090
Buildings	1,361,622	1,361,622
Total Capital Assets	<u>\$ 5,079,868</u>	<u>\$ 5,124,792</u>

Depreciation expense charged to the general fund was \$246,727.

More detailed information about the District's Capital Assets 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, 2023, the District's total fund balance was \$3,288,269.

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 \$85,858 (4.99%).

The District's 2023 budget resulted in actual expenditures being \$137,033 under the final budget amounts. Actual revenues in the General Fund were approximately \$154,241 more than budgeted revenue amounts.

Currently Known Facts, Decisions, or Conditions

Bastrop Travis Counties ESD1 continues to see rapid growth and development in its response area. With the District being near two large manufacturing facilities, Tesla & Samsung, Elgin alone is seeing several new subdivisions being developed with 15,000 new homes added to the District. In addition to residential development, we are seeing a rise in future commercial development. The District has two major thoroughfares, Hwy 290 and Hwy 95. According to the TxDOT, the TPP District Traffic map shows Elgin and McDade to have over 40,000 daily commuters.

Bastrop Travis Counties ESD1 has committed to ensuring Fire, Rescue, and Emergency Services are provided 24/7, 365 days a year with full time Texas Commission on Fire Protection (TCFP) professional firefighters/Emergency Medical Technicians along with many volunteer firefighters.

The District continues to be proactive and committed to providing the best professional services and maintaining its sound financial responsibilities to the citizens and their tax dollars.

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, 2023

	General Fund	Adjustments (Note 10)	Statement of Net Position
ASSETS			
Cash	\$ 3,310,484	\$ -	\$ 3,310,484
Investments	11,110	-	11,110
Property Taxes Receivable	122,847	-	122,847
Prepaid Expense	2,816	-	2,816
Net Pension Asset	-	878	878
Capital Assets (net of accumulated depreciation)	-	2,169,734	2,169,734
TOTAL ASSETS	\$ 3,447,257	\$ 2,170,612	\$ 5,617,869
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to Pension	\$ -	\$ 36,409	\$ 36,409
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	36,409	36,409
LIABILITIES			
Accounts Payable	\$ 13,222	\$ -	\$ 13,222
Payroll Liabilities	22,919	-	22,919
Long Term Liabilities - Due within one year	-	-	-
Long Term Liabilities - Due after one year	-	26,481	26,481
TOTAL LIABILITIES	\$ 36,141	\$ 26,481	\$ 62,622
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 122,847	\$ (122,847)	\$ -
Deferred Inflows Related to Pension	-	-	-
TOTAL DEFERRED INTFLOWS OF RESOURCES	122,847	(122,847)	-
FUND BALANCES/NET POSITION			
Fund balances:			
Non-Spendable	\$ 2,816	\$ (2,816)	\$ -
Spendable			
Unassigned	3,285,453	(3,285,453)	-
Total fund balances	3,288,269	(3,288,269)	-
Total liabilities and fund balances	<u>\$ 3,447,257</u>	<u>\$ -</u>	<u>-</u>
Net Position:			
Net investment in capital assets		\$ 2,169,734	\$ 2,169,734
Unrestricted		3,421,922	3,421,922
Restricted		-	-
Total Net Position		<u>\$ 5,591,656</u>	<u>\$ 5,591,656</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, 2023

	General Fund	Adjustments (Note 10)	Statement of Activities
EXPENDITURES/EXPENSES			
Operations - Fire Fighting	\$ 101,576	\$ -	\$ 101,576
Fleet Maintenance	137,807	-	137,807
Professional Fees	104,212	-	104,212
Office Expenses	56,114	-	56,114
Insurance	129,470	-	129,470
Appraisal District & Tax Collector Fees	66,438	-	66,438
Miscellaneous	8,769	-	8,769
Contract Services	73,728	-	73,728
Personnel Costs	823,570	(12,090)	811,480
Travel & Training	44,787	-	44,787
Communications	33,639	-	33,639
Utilities	57,247	-	57,247
Capital Outlay	33,698	(33,698)	-
Depreciation	-	246,727	246,727
Total expenditures/expenses	<u>\$ 1,671,055</u>	<u>\$ 200,939</u>	<u>\$ 1,871,994</u>
PROGRAM REVENUES			
Contract Revenue	\$ 35,000	\$ -	\$ 35,000
Grant revenue	4,390	-	4,390
Total program revenues	<u>\$ 39,390</u>	<u>\$ -</u>	<u>\$ 39,390</u>
GENERAL REVENUES			
Ad valorem taxes	\$ 2,408,835	\$ 36,495	\$ 2,445,330
Penalties and Interest	19,768	-	19,768
Interest income	89,526	-	89,526
Miscellaneous	3,251	-	3,251
Total general revenues	<u>\$ 2,521,380</u>	<u>\$ 36,495</u>	<u>\$ 2,557,875</u>
Excess (Deficiency) of revenues over expenditures	\$ 889,715	\$ (889,715)	\$ -
OTHER FINANCING SOURCES/USES:			
Proceeds from sale of assets	\$ 38,000	\$ (38,000)	\$ -
Gain on disposal of assets	-	34,673	34,673
Total Other Financing Sources/(Uses)	<u>\$ 38,000</u>	<u>\$ (3,327)</u>	<u>\$ 34,673</u>
Excess (Deficiency) of revenues and other sources over expenditures	\$ 927,715	\$ (927,715)	\$ -
Change in Net Position	\$ -	\$ 759,944	\$ 759,944
Fund Balance/Net Position			
Beginning of the year	<u>\$ 2,360,554</u>	<u>\$ 2,471,158</u>	<u>\$ 4,831,712</u>
End of the year	<u>\$ 3,288,269</u>	<u>\$ 2,303,387</u>	<u>\$ 5,591,656</u>

See Accompanying Notes to the Financial Statements

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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.

FINANCIAL 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

Basic Financial Statements and Management Discussion and Analysis for State and Local Governments set 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 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 incorporated long-term assets and receivables as well as long-term debt and obligations. The District does not have any business-type or fiduciary activities.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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 fund's statement (General) 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.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- A. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10% of the corresponding total for all funds of that category or type; and
- B. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combines

The focus of Governmental Fund measurement (in the Fund Financial Statements) is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The District reports the following major governmental funds:

General Fund

The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

BASIS OF ACCOUNTING

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.
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 an ordinance.
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.

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.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

AD VALOREM PROPERTY TAXES

Delinquent taxes are prorated based on rates adopted for the year of the levy. 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. There were no allowance for uncollectible property taxes as of September 30, 2023.

LEASES

The District complies with GASB Statement No. 87, *Leases*, which requires the recognition of certain lease assets and liabilities. It also establishes a single model for lease accounting based on the principle that leases are financing of the right to use an asset.

For those leases where the District is the lessee, the District recognized a lease liability and a lease asset at the commencement of the lease term excluding leases below the capitalization threshold of \$5,000 per unit, short-term leases, and leases that transferred ownership of the underlying asset. The lease liability was measured at the present value of payments expected to be made during the lease term less any lease incentives. The lease asset was measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The cost of all leased assets is amortized over the shorter of the lease term or the useful life of the underlying asset. For those leases where the underlying lease asset transferred ownership, the District followed the provision applicable to capital assets and to long-term debt or payables, depending on the financing as directed by GASB 87.

The District uses estimates and judgments to determine the lease term and the discount rate it uses to discount the expected lease payments and lease receipts to present value. The District uses the interest rate identified in the contract as the discount rate, unless one is not specified, in which case the District uses its estimated incremental borrowing rate as the discount rate. The lease term includes the noncancelable period of the lease and extensions the District is reasonably certain to exercise. The District continually monitors changes in circumstances that are expected to significantly affect the amount of a lease liability or receivable that may require a remeasurement of its leases.

The District does not have any leases.

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.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted first, then unrestricted resources as they are needed.

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.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

COMPENSATED ABSENCES

The District's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. As of the year end, the liability for accrued vacation reflects that time earned by the employees in the current year and any allowable carryover from prior periods.

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plan and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by Texas County & District Retirement System (TCDRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2023, 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.

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/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for fiscal years beginning after June 15, 2022. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The implementation of GASB 96 did not have a material impact on the District's financial statements, the adoption did not result in a restatement of previously reported fund balance for the year ended September 30, 2023.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Management is evaluating the effects that the full implementation of GASB Statement No. 101 will have on its financial statements for the year ended September 30, 2025.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

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 \$3,871,594 (Category 2). At September 30, 2023, the carrying amount of the District's deposits was \$3,310,484 and the bank balance was \$3,343,531.

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	3,060,484	3,093,531
Category 3	-	-
	\$3,310,484	\$3,343,531

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 \$11,110 in an external local governmental investment pool, Texas CLASS Government ("Texas CLASS"), at September 30, 2023. 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.

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.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

NOTE 3: INVESTMENTS – continued

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, 2023, 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, 2023, 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.

Investment	Fair Value	Effective Duration (in years)	Credit Risk
Texas CLASS	\$11,110	0.0	AAAm

The District's investment in Texas CLASS represents 100% of its investment portfolio.

NOTE 4: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the fiscal year ended September 30, 2023:

	Balance			Balance Due within	
Governmental Activities:	9/30/2022	Additions	Retirements	9/30/2023	one year
Compensated Absences	\$ 12,562	\$ 13,919	\$ -	\$ 26,481	\$ -
Total Governmental Activities	\$ 12,562	\$ 13,919	\$ -	\$ 26,481	\$ -

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

NOTE 5: CAPITAL ASSETS

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

	Balance 09/30/2022	Additions/ Completions	Retirements/ Adjustments	Balance 09/30/2023
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	\$2,746,204	\$ -	\$ (78,622)	\$2,667,582
Equipment	851,090	33,698	-	884,788
Buildings and structures	1,361,622	-	-	1,361,622
Construction in Progress	-	-	-	-
Total capital assets being depreciated	4,958,916	33,698	(78,622)	4,913,992
Total capital asset	\$5,124,792	\$ 33,698	\$ (78,622)	\$5,079,868
Less accumulated depreciation for:				
Vehicles	\$1,740,839	\$ 161,395	\$ (75,295)	\$1,826,939
Equipment	694,354	50,833	-	745,187
Buildings and structures	303,509	34,499	-	338,008
Total accumulated depreciation	2,487,808	246,727	(75,295)	2,910,134
Total capital assets, being depreciated, net	2,468,670	(213,029)	(3,327)	2,003,858
Governmental activities capital assets, net	\$2,634,546	\$ (213,029)	\$ (3,327)	\$2,169,734

Depreciation expense charged to the general fund was \$246,727.

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, 2022, for both counties, upon which the 2022 levy was based, was \$2,385,602,130.

Taxes are due by January 31 following the October 1 levy date. The total 2022 levy was \$2,385,602 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 entered into an annual agreement to provide fire services to Travis County Emergency Services District No. 13. For the year ending September 30, 2023, the revenue received from this agreement totaled \$35,000.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

NOTE 8: PENSION PLAN

Plan Description. Bastrop Travis Counties Emergency Services District #1 participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.

- a. A brief description of benefit terms:
 - 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability and survivor benefits.
 - 3) TCDRS is a savings-based plan. For the district's plan, 5% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 100%) and is then converted to an annuity.
 - 4) There are no automatic COLAs. Each year, the district may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.
- b. The district's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Bastrop Travis Counties Emergency Services District #1 contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the district and are currently 5%. Contributions to the pension plan from the district for 2022 are shown in the Schedule of Employer Contributions.
- c. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

Employee membership data related to the Plan, as of the valuation date of December 31, 2022, was as follows:

Members	Dec. 31, 2021	Dec. 31, 2022
Number of inactive employees entitled to but not yet receiving benefits	0	1
Number of active employees	5	13
Average monthly salary:	\$3,516	\$3,596
Average age:	44.28	35.07
Average length of service in years:	15.23	8.33
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	0	0
Average monthly benefit:	\$0	\$0

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

NOTE 8: PENSION PLAN – continued

Net Pension Liability

The District's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Recognition of economic/demographic gains or losses Straight-Line amortization over Expected Working Life
	Recognition of assumptions changes or inputs Straight-Line amortization over Expected Working Life
Asset Valuation Method	
	Smoothing period 5 years
	Recognition method Non-asymptotic
	Corridor None
Inflation	2.50%
Salary Increases	The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion, and longevity component that on average approximates 1.7% per year for a career employee.
Investment Rate of Return	7.60%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Bastrop Travis Counties Emergency Services District #1 are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Deferred members are assumed to retire (100% probability) at the later of: a) age 60 b) earliest retirement eligibility. <i>(For all eligible members ages 75 and later, retirement is assumed to occur immediately.)</i>
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	

Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 8: PENSION PLAN – continued

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
US Equities	Dow Jones US Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	7.60%
REIT Equities	67% FTSE NAREIT All Equity REITs Index +33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

(1) Target asset allocation adopted at the March 2023 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.3% per Cliffwater's 2023 capital market assumptions.

(3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

NOTE 8: PENSION PLAN – continued

Net Pension Liability / (Asset)

Net Pension Liability / (Asset)	December 31, 2021	December 31, 2022
Total pension liability	\$14,058	\$46,102
Fiduciary net position	15,487	46,980
Net pension liability / (asset)	(1,429)	(878)
Fiduciary net position as a % of total pension liability	110.17%	101.90%
Pensionable covered payroll ⁽¹⁾	\$157,420	\$356,684
Net pension liability as a % of covered payroll	(0.91%)	(0.25%)

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

*Note: Rounding differences may exist above or in other tables in this report.
 (1) Payroll is calculated based on contributions as reported to TCDRS.*

Discount Rate		
Discount rate ⁽²⁾	7.60%	7.60%
Long-term expected rate of return, net of investment expense ⁽²⁾	7.60%	7.60%
Municipal bond rate ⁽³⁾	Does not apply	Does not apply

(2) This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

(3) The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

NOTE 8: PENSION PLAN – continued

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability/(Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) – (b)
Balances as of December 31, 2021	\$14,058	\$15,487	\$(1,429)
<i>Changes for the year:</i>			
Service cost	17,887		17,887
Interest on total pension liability ⁽¹⁾	2428		2428
Effect of plan changes ⁽²⁾	0		0
Effect of economic/demographic gains or losses	11,730		11,730
Effect of assumptions changes or inputs	0		0
Refund of contributions	0	0	0
Benefit payments	0	0	0
Administrative expenses		(28)	28
Member contributions		17,834	(17,834)
Net investment income		(3,527)	3,527
Employer contributions		12,876	12,876
Other ⁽³⁾	0	4,337	(4,337)
Balances as of December 31, 2021	\$46,102	\$46,980	\$(878)

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) No plan changes valued.

(3) Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability of the district, calculated using the discount rate of 7.60%, as well as what the ESD net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total Pension Liability	\$55,633	\$46,102	\$38,488
Fiduciary Net Position	46,980	46,980	46,980
Net pension liability/(asset)	\$8,653	(\$878)	(\$8,492)

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

NOTE 8: PENSION PLAN – continued

As of September 30, 2023, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 0	\$11,228
Changes of assumption	0	78
Net difference between projected and actual earnings	0	4,186
Contributions made subsequent to measurement date	<u>N/A</u>	<u>20,917</u>
Totals	\$0	\$36,409

The \$36,409 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. The remaining amounts currently reported as deferred outflows of resources related to pensions will be recognized in pension expenses as follows:

Year ended September 30:	
2024	\$1,511
2025	1,511
2026	1,513
2027	1,719
2028	517
Thereafter(1)	8,721

(1) Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

Payable to the Pension Plan

At September 30, 2023, the District reported a payable of \$4,412 for the outstanding amount of employer and employee contributions to the pension plan required for the year ended September 30, 2023.

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, 2023

NOTE 9: 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 constitutional provisions, or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - Amounts that can only be used for specific purpose pursuant to approval by formal action by the Board. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved 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, 2023, the District has not adopted a minimum fund balance policy.

The detail of the fund balance is included in the Governmental Fund Balance Sheet on page 9.

NOTE 10: 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 funds. However, the statement of net position includes those capital assets among the assets of the District as a whole.

Cost of capital assets	\$5,079,868
Accumulated Depreciation	<u>(2,910,134)</u>
	\$2,169,734

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

NOTE 10: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND
 AND GOVERNMENT-WIDE STATEMENTS – continued

Net pension asset is not reported in the governmental funds, and therefore, shown as an adjustment for statement of net position

Net pension asset	\$878
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Deferred inflows and outflows related to pension liability are not due and payable in the current period and, therefore, are not reported in the funds.

Deferred outflows related to pension liability	\$36,409
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Taxes receivable are offset by deferred revenues in the governmental funds and thus are not included in fund balance.

Deferred revenue	(\$122,847)
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Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities – both current and long-term – are reported in the statement of net position.

Due after one year	26,481
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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.

Some expenses reporting the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Adjustment for Compensated Leave	\$13,919
Adjustment for Pension Asset/Liability	551
Change in Deferred Inflow/Outflow related to Pension	<u>(26,560)</u>
Total adjustment	(\$12,090)

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	(\$33,698)
Depreciation Expense	246,727

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	\$36,495
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In the statement of activities, only the gain on the sale of equipment is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the equipment less any accumulated depreciation.

Gain from disposal of assets	\$34,673
Proceeds from sale of assets	(38,000)

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 11: DATE OF MANAGEMENT'S REVIEW

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

NOTE 12: SUBSEQUENT EVENT

Subsequent to year end, the District committed to the purchase of a 2024 HME Fire Apparatus for a price of \$741,192 to be financed with a 10-year loan.

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, 2023

	Budget		Actual Amounts Budgetary Basis	Variance Favorable/ (Unfavorable)
	Original	Final		
GENERAL REVENUES				
Ad Valorem Taxes	\$ 2,406,529	\$ 2,406,529	\$ 2,408,835	2,306
Penalties & Interest	-	-	19,768	19,768
Interest Income	-	-	89,526	89,526
Contract Revenue	-	-	35,000	35,000
Grant Revenue	-	-	4,390	4,390
Miscellaneous	-	-	3,251	3,251
Total General Revenues	<u>\$ 2,406,529</u>	<u>\$ 2,406,529</u>	<u>\$ 2,560,770</u>	<u>154,241</u>
EXPENDITURES/EXPENSES				
Operations - Fire Fighting	\$ 106,000	\$ 106,000	\$ 101,576	4,424
Fleet Maintenance	116,000	116,000	137,807	(21,807)
Professional Fees	89,500	89,500	104,212	(14,712)
Office Expenses	51,400	51,900	56,114	(4,214)
Insurance	87,000	88,282	129,470	(41,188)
Appraisal District & Tax Collector Fees	85,000	79,000	66,438	12,562
Contract Services	18,000	18,000	73,728	(55,728)
Miscellaneous	5,600	8,600	8,769	(169)
Personnel Costs	986,200	977,776	823,570	154,206
Travel & Training	55,000	85,000	44,787	40,213
Communications	67,500	67,000	33,639	33,361
Utilities	55,000	55,000	57,247	(2,247)
Capital Outlay	-	66,000	33,698	32,302
Total expenditures/expenses	<u>\$ 1,722,200</u>	<u>\$ 1,808,058</u>	<u>\$ 1,671,055</u>	<u>137,003</u>
Excess (Deficiency) of revenues over expenditures	684,329	598,471	889,715	291,244
OTHER FINANCING SOURCES/(USES):				
Proceeds from sale of asset	-	-	38,000	38,000
Total Other Financing Sources/(Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,000</u>	<u>38,000</u>
Excess (Deficiency) of revenues and other financing sources over expenditures	\$ 684,329	\$ 598,471	\$ 927,715	329,244
Fund Balance Beginning of the year			<u>2,360,554</u>	
End of the year			<u><u>\$ 3,288,269</u></u>	

See Accompanying Notes to the Financial Statements

Batrop Travis Counties Emergency Services District No. 1
Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31										
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	
Total Pension Liability											
Service cost	17,887	12,972	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Interest on total pension liability	2,428	986	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Effect of plan changes	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Effect of assumption changes or inputs	-	90	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Effect of economic/demographic (gains) or losses	11,730	10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Benefit payments/refunds of contributions	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Net change in total pension liability	32,045	14,058	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Total pension liability, beginning	14,058	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Total pension liability, ending (a)	46,103	14,058	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Fiduciary Net Position											
Employer contributions	12,876	5,683	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Member contributions	17,834	7,871	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Investment income net of investment expenses	(3,527)	1,558	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Benefit payments/refunds of contributions	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Administrative expenses	(28)	(8)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Other	4,337	384	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Net change in fiduciary net position	31,492	15,488	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Fiduciary net position, beginning	15,488	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Fiduciary net position, ending (b)	46,980	15,488	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Net pension liability / (asset), ending = (a) - (b)	(878)	(1,430)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Fiduciary net position as a % of total pension liability	101.90%	110.17%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Pensionable covered payroll	356,684	157,420	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Net pension liability as a % of covered payroll	-0.25%	-0.91%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

**Bastrop Travis Counties Emergency Services District No. 1
Schedule of Employer Contributions**

Year Ending September 30	Actually Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	**	**	**	**	**
2016	**	**	**	**	**
2017	**	**	**	**	**
2018	**	**	**	**	**
2019	**	**	**	**	**
2020	**	**	**	**	**
2020	**	**	**	**	**
2021	**	**	**	**	**
2022	5,683	5,683	-	157,420	3.6%
2023	12,876	12,876	-	356,684	360.0%

Bastrop Travis Counties Emergency Services District No. 1
Notes to Schedule of Employer Contributions

Valuation Date:	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.5 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2021: No changes in plan provisions were reflected in the Schedule.
	2022: New investment return and inflation assumptions were reflected
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2021: No changes in plan provisions were reflected in the Schedule.
	2022: No changes in plan provisions were reflected in the Schedule

**Only changes that affect the benefit amount and that are effective 2021 and later are shown in the Notes to Schedule.*