

Minutes
Bastrop/Travis Counties ESD No.1
January 21, 2020

The Bastrop/Travis Counties ESD No. 1 met in McDade, Texas on January 21, 2020. Attending the meeting were Commissioners Tommy McCullough, Larry Foehner, Carl Newstrom, Julius Schwartz and Wayne Skubiata. A quorum was present at the meeting. The ESD staff members, Elgin and McDade Fire Department representatives and guests were also present.

Pledge of Allegiance:

The Pledge of Allegiance was led by President Tommy McCullough.

Call Meeting to Order:

The meeting was called to order by President Tommy McCullough at 6:30P.M. Proper notice has been posted.

President Tommy McCullough made an announcement that he would be changing the order of the agenda.

9. Receive FY19 audit report presentation from James Medack for Medack & Oltmann, LLP, CPA; Melodi Oltmann from the Medack & Oltmann, LLP, CPA presented the FY19 audit report to the board. After receiving the audit, a motion was made by Commissioner Foehner and seconded by Commissioner Schwartz to approve the audit. Motion passed unanimously. See attachment.

Public Comments:

A representative from Family Heritage came and gave a short presentation about their company.

Reports

4. Receive monthly report from the Treasurer and consider; Commissioner Foehner presented the monthly treasurer report.

(A). approval of payment of monthly bills and invoices; A motion was made by Commissioner Newstrom and seconded by Commissioner Skubiata to approve payments of monthly bills and invoices. Commissioner Schwartz abstained. Motion passed.

(B). approval of monthly financial report; and, A motion was made by Commissioner Newstrom and seconded by Commissioner Schwartz to approve the monthly financial report. Motion passed unanimously. See attachment.

(C). action regarding amendments to budget for FY2019; A motion was made by Commissioner Newstrom and seconded by Commissioner McCullough to amend the budget as follows:

Move \$100.00 from account #100.33 to account #400.23

Motion passed unanimously. See attachment.

(D). review and approve quarterly investment report for 4th quarter of previous year; A motion was made by Commissioner Schwartz and seconded by Commissioner Newstrom to approve the quarterly investment report for the 4th quarter of previous year. Motion passed unanimously. See attachments.

5. Receive monthly report from Elgin Volunteer Fire Department regarding emergency operations, response times, call volume, training, management activities and membership; The monthly report for the Elgin Volunteer Fire Department was presented by Chief Randy Reyna. He reported calls for the month of December.

6. Receive monthly report from McDade Volunteer Fire Department regarding emergency operations, response times, call volume, training, management activities and membership; The monthly report for the McDade Volunteer Fire Department was presented by Chief Rey Ramirez. He reported calls for the month of December.

7. Receive monthly report from the First Responder Unit regarding emergency operations, response times, call volume, training, and management activities and personnel issues; The monthly report for the First Responder Unit was presented by Commissioner Foehner. He reported calls for the month of December.

8. Receive monthly commissioner activity reports; There was no commissioner activity to report currently.

Discussion/Action Items

10. Discuss and consider approval of minutes for the December 17, 2019, regular meeting; A motion was made by Commissioner Schwartz and seconded by Commissioner Foehner to approve the minutes. Motion passed unanimously.

11. Discuss and consider filling written report (i.e. audit) with County Commissioners' Court; A motion was made by Commissioner Schwartz and seconded by Commissioner McCullough to appoint Carl and Melba to fill the audit report with the County Commissioners' Court. Motion passed unanimously.

12. Discuss and consider policy for paid leave for First Responders; This item was tabled.

13. Discuss and consider amendments to service provider contracts; This item was tabled.

14. Discuss and consider publishing of address of administrative office location; A motion was made by Commissioner McCullough and seconded by Commissioner Skubiata to appoint Carl to get the administrative office location published in the local newspapers. Motion passed unanimously.

15. Discuss update on website for SB2 compliance; A motion was made by Commissioner McCullough and seconded by Commissioner Schwartz to appoint Larry, Melba and Carl to update the District's website to be SB2 compliance. Motion passed unanimously.

16. Discuss and consider transfer of reserve Elgin pumper truck to McDade station; After some discussion a motion was made by Commissioner Newstrom and seconded by Commissioner Schwartz to transfer the Elgin pumper truck to the McDade Fire Department for future uses. Motion passed unanimously.

17. Discuss and consider repair and maintenance of the District's facilities and equipment; McDade reported that they are still working on getting some prices to replace the ceiling tile in their meeting room and the outside lights at the station. After some discussion a motion was made by Commissioner Foehner and seconded by Commissioner Schwartz to pay Paco Villarreal \$400.00 to install leaf screens on the gutters at the new addition at the Elgin station. Also, in the same motion we will pay him \$150.00 the first time to mow and clean around the repeater tower site and \$100.00 every time after that as the board sees needed. Motion passed unanimously.

18. Discuss agenda, time and date for next meeting. A motion was made by Commissioner Foehner and seconded by Commissioner Newstrom for the next regular meeting to be held on February 18, 2020 at 6:30P.M. at the Elgin Fire Station. Motion passed unanimously.

A motion was made by Commissioner Newstrom and seconded by Commissioner McCullough to adjourn the meeting at 8:12P.M. Motion passed unanimously.

President McCullough adjourned the meeting.



Carl Newstrom, Secretary
Board of Commissioners
Bastrop/Travis Counties ESD No.1

**Bastrop-Travis Counties
Emergency Services District No. One
Financial Statements
September 30, 2019**

Bastrop-Travis Counties Emergency Services District No. 1
For the Year Ending September 30, 2019

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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, 2019, 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, 2018, 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 10 and 28 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.

Medack & Oltmann, LLP

Medack & Oltmann, LLP
Giddings, Texas
January 15, 2020

**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
Julius Schwartz, Vice-President

Larry Foehner, Treasurer
Carl Newstrom, Secretary
Wayne Skubiata, 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, 2019.

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 \$3,608,722 (net position).
- Change in net position from current operations was an increase of \$238,482 resulting in cash reserves of \$1,338,883 at the end of the fiscal year.
- The District's Fund Balance increased by \$395,200 resulting in an ending balance of \$1,322,150.

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 \$238,482. 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>9/30/2019</u>	<u>09/30/2018</u>
Assets:		
Current Assets	\$ 1,418,903	\$ 1,003,270
Capital Assets	<u>2,941,511</u>	<u>3,198,920</u>
Total Assets	\$ 4,360,414	\$ 4,202,190
Liabilities		
Current Liabilities	\$ 128,589	\$ 114,833
Long Term Liabilities	<u>623,103</u>	<u>717,117</u>
Total Liabilities	\$ 751,692	\$ 831,950
Net Position:		
Net investment in Capital Assets	\$ 2,224,394	\$ 2,391,875
Unrestricted	1,384,328	978,365
Restricted	<u>-</u>	<u>-</u>
Total Net Position	\$ 3,608,722	\$ 3,370,240

Table 2
Changes in Net Position

Revenues:

	<u>9/30/2019</u>	<u>09/30/2018</u>
Ad Valorem Taxes	\$ 1,353,984	\$ 1,250,354
Penalty & Interest Taxes	18,833	12,742
Interest	22,358	7,991
Contract Revenue	39,845	20,348
Miscellaneous	8,040	7,993
Total Revenues	\$ 1,443,060	\$ 1,299,428

Expenses:

Operations - Fire Fighting	\$ 68,416	\$ 70,778
Equipment Maintenance	39,134	30,526
Fleet Maintenance	91,686	48,348
Professional Fees	57,946	33,803
Office Expenses	24,812	23,487
Insurance	58,834	56,200
Personnel Costs	47,579	45,152
Mileage	54,944	73,382
Appraisal District & Tax Collector Fees	45,949	43,632
Dispatch	42,083	39,578
Miscellaneous	11,010	3,261
Contract Services	21,500	21,000
First Responders	203,879	152,463
Travel & Training	37,177	23,979
Communications	12,375	2,118
Fire Prevention	683	2,408
Utilities	44,315	34,314
Depreciation	311,667	317,661
Debt Service: Interest	30,589	35,597
Total Expense	1,204,578	1,057,687

Changes In Net Position:

Increase(decrease) in Net position	\$ 238,482	\$ 241,741
Net Position-Beginning	3,370,240	3,128,499
Net Position- Ending	\$ 3,608,722	\$ 3,370,240

Capital Asset and Debt Administration

Capital Assets:

At the end of the fiscal year September 30, 2019, capital assets are as follows:

	<u>09/30/2019</u>	<u>09/30/2018</u>
Land	\$ 165,876	\$ 165,876
Vehicles	2,611,314	2,611,314
Equipment	725,049	670,791
Buildings	1,361,621	1,361,621
Construction in Progress	-	-
Total Capital Assets	\$ 4,863,860	\$ 4,809,602

Depreciation expense charged to the general fund was \$311,667.

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, 2019, the District's total fund balance was \$1,322,150.

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.

The District's 2019 budget resulted in actual expenditures being \$169,755 under the final budget amounts.

Currently Known Facts, Decisions, or Conditions

The area of the district continues to grow. There are many new subdivisions coming to the district's area. Approximately 8,100 new home sites in 6 new subdivisions are slated to come into the area in the next 2-4 years bringing in 24,000-32,000 new residents. The new clinic on Roy Rivers is nearing completion.

The district is in the process of having a Long Range Planning Survey done to help with the plans for all this new growth. The report should be finished by the end of February 2020.

The district continues to contract with Travis County ESD 13 for fire and first responder services.

The district decided in March of 2019 to go full time paid for its first responder personnel to better service the district for medical calls.

Working with the Bastrop County Dispatch Center is going better than expected. Many improvements have been made. Bastrop County Dispatch opened up a new state of the art operation center in 2019. Communications has been greatly improved.

The district continues to support the Bastrop County First Responder Assoc. with monetary help.

The district is waiting on the Long Range Planning Survey Report on where to place a new fire station in the near future.

The district tried to pass a sales tax referendum in November 2019 in the unincorporated area of the district, but it failed.

The district realizes that it must have more revenue to sustain the level of services for the district with the growth it is experiencing. The district will keep exploring ways to accomplish this.

The district continues to maintain its commitment of sound financial responsibility of the 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, 2019

	<u>General Fund</u>	<u>Adjustments (Note 9)</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 1,082,212	\$ -	\$ 1,082,212
Investments	256,671	-	256,671
Property Taxes Receivable	78,748	-	78,748
Prepaid Expense	1,272	-	1,272
Capital Assets (net of accumulated depreciation)	<u>-</u>	<u>2,941,511</u>	<u>2,941,511</u>
TOTAL ASSETS	\$ <u>1,418,903</u>	\$ <u>2,941,511</u>	\$ <u>4,360,414</u>
DEFERRED OUTFLOWS OF RESOURCES		\$ -	\$ -
LIABILITIES			
Accounts Payable	\$ 11,425	\$ -	\$ 11,425
Accrued Interest Payable	-	16,570	16,570
Payroll Liabilities	6,580	-	6,580
Long Term Liabilities - Due within one year	-	94,014	94,014
Long Term Liabilities - Due after one year	<u>-</u>	<u>623,103</u>	<u>623,103</u>
TOTAL LIABILITIES	\$ <u>18,005</u>	\$ <u>733,687</u>	\$ <u>751,692</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	<u>\$ 78,748</u>	<u>\$ (78,748)</u>	<u>\$ -</u>
FUND BALANCES/NET POSITION			
Fund balances:			
Non-Spendable	\$ -	\$ -	\$ -
Spendable			
Unassigned	<u>1,322,150</u>	<u>(1,322,150)</u>	<u>-</u>
Total fund balances	<u>1,322,150</u>	<u>(1,322,150)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ <u>1,418,903</u></u>	<u>\$ -</u>	<u>\$ -</u>
Net Position:			
Net investment in capital assets		2,224,394	2,224,394
Unrestricted		1,384,328	1,384,328
Restricted		-	-
Total Net Position		<u>\$ <u>3,608,722</u></u>	<u>\$ <u>3,608,722</u></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, 2019

	General Fund	Adjustments (Note 9)	Statement of Activities
EXPENDITURES/EXPENSES			
Operations - Fire Fighting	\$ 68,416	\$ -	\$ 68,416
Equipment Maintenance	39,134	-	39,134
Fleet Maintenance	91,686	-	91,686
Professional Fees	57,946	-	57,946
Office Expenses	24,812	-	24,812
Insurance	58,834	-	58,834
Personnel Costs	47,579	-	47,579
Mileage	54,944	-	54,944
Appraisal District & Tax Collector Fees	45,949	-	45,949
Dispatch	42,083	-	42,083
Miscellaneous	11,010	-	11,010
Contract Services	21,500	-	21,500
First Responders	203,879	-	203,879
Travel & Training	37,177	-	37,177
Communications	12,375	-	12,375
Fire Prevention	683	-	683
Fire Investigations	-	-	-
Utilities	44,315	-	44,315
Capital Outlay	54,258	(54,258)	-
Construction Project	-	-	-
Depreciation	-	311,667	311,667
Debt Service:			
Principal	89,928	(89,928)	-
Interest	35,846	(5,257)	30,589
Total expenditures/expenses	\$ 1,042,354	\$ 162,224	\$ 1,204,578
PROGRAM REVENUES	-	-	-
Net program expense			1,204,578
GENERAL REVENUES			
Ad valorem taxes	1,348,478	5,506	1,353,984
Penalties and Interest	18,833	-	18,833
Interest income	22,358	-	22,358
Contract Revenue	39,845	-	39,845
Miscellaneous	8,040	-	8,040
Total general revenues	\$ 1,437,554	\$ 5,506	\$ 1,443,060
Excess (Deficiency) of revenues over expenditures	\$ 395,200	\$ (395,200)	-
Change in Net Position	\$ -	\$ 238,482	\$ 238,482
Fund Balance/Net Position			
Beginning of the year	926,950	2,443,290	3,370,240
End of the year	\$ 1,322,150	\$ 2,286,572	\$ 3,608,722

See Accompanying Notes to the Financial Statements

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019, 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, 2019

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 December 15, 2019. 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 June 30, 2021.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019

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, 2019, the carrying amount of the District's deposits was \$1,082,212 and the bank balance was \$1,124,907.

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.

	<u>Carrying Value</u>	<u>Bank Balance</u>
Category 1	\$ 250,000	\$ 250,000
Category 2	832,212	874,907
Category 3	-0-	-0-
	<u>\$1,082,212</u>	<u>\$1,124,907</u>

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 \$256,671 in an external local governmental investment pool, Texas CLASS Government ("Texas CLASS"), at September 30, 2019. 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.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 3: INVESTMENTS (continued)

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. 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, 2019, all of the District's investments were with Texas CLASS.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

NOTE 3: INVESTMENTS (continued)

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.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019, was as follows:

	Balance 09/30/2018	Additions/ Completions	Retirements/ Adjustments	Balance 9/30/19
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	-	-	2,611,314
Equipment	670,791	54,258	-	725,049
Buildings and structures	1,361,621	-	-	1,361,621
Construction in Progress	-	-	-	-
Total capital assets being depreciated	4,643,726	54,258	-	4,697,984
Total capital asset	4,809,602	54,258	-	4,863,860
Less accumulated depreciation for:				
Vehicles	1,046,075	186,405	-	1,232,480
Equipment	399,095	90,763	-	489,858
Buildings and structures	165,512	34,499	-	200,011
Total accumulated depreciation	1,610,682	311,667	-	1,922,349
Total capital assets, being depreciated, net	3,033,044	(257,409)	-	2,775,635
Governmental activities capital assets, net	\$ 3,198,920	\$ (257,409)	-	\$ 2,941,511

Depreciation expense charged to the general fund was \$ 311,667.

NOTE 5: NOTES PAYABLE

The District entered into a financing agreement 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.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

NOTE 5: NOTES PAYABLE (continued)

CHANGES IN OUTSTANDING DEBT

Transactions for the year ended September 30, 2019, are summarized as follows:

	Balance September 30 2018	Additions	Reductions	Balance September 30 2019	Due Within One Year
First National Bank	\$ 420,202	\$ -	\$ 58,349	\$ 361,853	\$ 62,435
Prosperity Bank	386,842	-	31,579	355,264	31,579
Total	\$ 807,044	\$ -	\$ 89,928	\$ 717,117	\$ 94,014

The annual aggregate maturities for years subsequent to September 30, 2019, are as follows:

September 30	Principal	Interest	Total
2020	94,014	26,293	120,307
2021	95,721	23,023	118,744
2022	97,520	19,702	117,222
2023	99,347	16,355	115,702
2024	101,224	12,983	114,207
2025-2029	189,816	28,798	218,614
2030-2031	39,475	1,177	40,652
Total	\$ 717,117	\$ 128,331	\$ 845,448

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, 2018, for both counties, upon which the 2018 levy was based, was \$1,348,378,496.

Taxes are due by January 31 following the October 1 levy date. The total 2018 levy was \$1,348,378 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.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019, 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.

The District entered into an agreement with a consulting company to perform a long-range strategic plan for a total compensation of \$36,850. The District has agreed to payments based upon the following terms: \$5,528 initial signing of agreement, \$27,638 submission of draft report and a final payment of \$3,685 upon final report submission.

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.

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.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8: FUND BALANCE - continued

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, 2019, 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 funds. However, the statement of net position includes those capital assets among the assets of the District as a whole.

Cost of capital assets	\$ 4,863,860
Accumulated Depreciation	<u>(1,922,349)</u>
	<u>\$ 2,941,511</u>

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

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

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

Accrued interest payable	\$ 16,570
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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	\$ 94,014
Due after one year	\$ 623,103

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

Deferred revenue	\$ (78,748)
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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.

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	\$ (54,258)
Depreciation Expense	311,667

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	\$ (89,928)
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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	\$ (5,257)
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BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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	\$	5,506
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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 \$9,862 during the fiscal year.

NOTE 12: SUBSEQUENT EVENT

The District made additional principal payments of \$200,000, \$100,000 on each of its existing notes with the banks in October 2019.

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, 2019

	Budget		Actual Amounts Budgetary Basis	Variance Favorable/ (Unfavorable)
	Original	Final		
GENERAL REVENUES				
Ad Valorem Taxes	\$ -	\$ -	\$ 1,348,478	1,348,478
Penalties & Interest	-	-	18,833	18,833
Interest Income	-	-	22,358	22,358
Contract Revenue	-	-	39,845	39,845
Miscellaneous	-	-	8,040	8,040
Total General Revenues	\$ -	\$ -	\$ 1,437,554	1,437,554
EXPENDITURES/EXPENSES				
Operations - Fire Fighting	\$ 95,800	\$ 85,065	\$ 68,416	16,649
Equipment Maintenance	50,300	50,728	39,134	11,594
Fleet Maintenance	79,900	111,135	91,686	19,449
Professional Fees	45,800	64,800	57,946	6,854
Office Expenses	31,089	30,789	24,812	5,977
Insurance	67,350	67,350	58,834	8,516
Personnel Costs	78,000	82,717	47,579	35,138
Mileage	75,000	75,000	54,944	20,056
Appraisal District & Tax Collector Fees	46,000	52,131	45,949	6,182
Dispatcher Funding	40,225	42,102	42,083	19
Contract Services	-	37,000	11,010	25,990
Miscellaneous	12,500	5,917	21,500	(15,583)
First Responders	177,590	220,491	203,879	16,612
Travel & Training	41,200	40,480	37,177	3,303
Communications	55,500	47,322	12,375	34,947
Fire Prevention	4,000	3,955	683	3,272
Fire Investigations	-	-	-	-
Utilities	40,300	40,561	44,315	(3,754)
Capital Outlay	27,365	28,565	54,258	(25,693)
Construction Project	-	-	-	-
Debt Service:				
Principal	87,000	89,928	89,928	-
Interest	39,000	36,073	35,846	227
Total expenditures/expenses	\$ 1,093,919	\$ 1,212,109	\$ 1,042,354	169,755
Excess (Deficiency) of revenues over expenditures	(1,093,919)	(1,212,109)	395,200	1,607,309
OTHER FINANCING SOURCES/(USES):				
Financing Proceeds	-	-	-	-
Total Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	-
Excess (Deficiency) of revenues and other financing sources over expenditures	\$ (1,093,919)	\$ (1,212,109)	\$ 395,200	1,607,309
Fund Balance Beginning of the year			926,950	
End of the year			\$ 1,322,150	

See Accompanying Notes to the Financial Statements



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

Board of Commissioners
Bastrop-Travis Counties Emergency Services District No. 1

In planning and performing our audit of the financial statements of the governmental activities of Bastrop Travis Emergency Services District No. 1 as of and for the year ended September 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered Bastrop-Travis Counties Emergency Services District No. 1's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, 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, we do not express an opinion on the effectiveness of Bastrop-Travis Counties Emergency Services District No. 1's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We consider the following deficiencies in internal control to be material weaknesses and significant deficiencies:

Finding No. 1 – Lack of Sufficient Knowledge of GAAP

District personnel lack a sufficient knowledge of Generally Accepted Accounting Principles (GAAP), which could hinder their ability to identify possible misstatements of the financial statements.

This communication is intended solely for the information and use of management, the Board of Commissioners, and others within Bastrop Travis Emergency Services District No. 1, and is not intended to be and should not be used by anyone other than these specified parties.

Medack & Oltmann, LLP

Medack & Oltmann, LLP
Giddings, Texas
January 15, 2020



MEDACK & OLTMANN, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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

PROFESSIONAL STAFF

Remington O'Dell, CPA
Ashton McGonagle

MEMBERS

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Certified Public Accountants

Texas Society of
Certified Public Accountants

January 15, 2020

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

We have audited the financial statements of the governmental activities of Bastrop-Travis Counties Emergency Services District No 1 for the year ended September 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 29, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bastrop-Travis Counties Emergency Services District No 1 are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018-2019. We noted no transactions entered into by Bastrop-Travis Counties Emergency Services District No 1 during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the District's financial statements was:

Management's estimate of the depreciable lives of capital assets is based on the expected useful life of the asset. We evaluated the key factors and assumptions used to develop the depreciable lives of capital assets in determining they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 15, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Bastrop-Travis Counties Emergency Services District No 1's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Bastrop-Travis Counties Emergency Services District No 1's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In addition to the findings in the letter dated January 15, 2020, we also have the findings and recommendations reported on the following page.

Other Matters

We applied certain limited procedures to the MD&A section and the Budget vs Actual report, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of Board of Commissioners of Bastrop-Travis Counties Emergency Services District No 1 and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Medack & Oltmann, LLP
Giddings, TX
January 15, 2020

FINDINGS AND RECOMMENDATIONS

Segregation of Duties/Monitoring

The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This deficiency could allow management to override controls and not detect errors (intentional or unintentional) in a timely manner. Therefore management has the responsibility of establishing, maintaining and monitoring of proper internal controls in order to reduce the risk of fraud and/or misrepresentation of financial information.

General Accounting

There were several findings relating to the general accounting records:

- There was no budgeted amount established for revenues. A proper budget should include both revenues and expenditures.
- There were instances of miscoding for purchases that were capital (assets) in nature was coded to various expense categories. The creation of a capitalization policy would help in the proper coding of these types of purchases.
- There were instances of payments made from vendor statements, but the invoice(s) reflected on the statement was(were) not attached. When paying from statements all invoice(s) should be attached to avoid possibility of duplicate payments.

	<u>Jan 21, 20</u>
ASSETS	
Current Assets	
Checking/Savings	
Texas Class	308,080.91
Debit Card Account	3,291.82
Money Market	1,426,051.62
ESD Checking	<u>76,349.85</u>
Total Checking/Savings	<u>1,813,774.20</u>
Total Current Assets	<u>1,813,774.20</u>
TOTAL ASSETS	<u><u>1,813,774.20</u></u>
LIABILITIES & EQUITY	0.00

BTCESD#1 – ESD BUDGET AMENDMENT FORM

DEPT (CIRCLE)

EVFD

MVFD

FR1

ESD

Page

1

ONE BUDGET ACCOUNT TRANSFER PER FORM

DATE OF REQUEST 1/21/2020

TRANSFER FROM:

ACCOUNT CODE 400.33 ACCOUNT DESCRIPTION Bookkeeping

(you must use 2nd column on report)

Budget Amount BEFORE Transfer 500.00

Amount to be transferred (minus) -100.00

New Budget Amount AFTER Transfer 400.00

TRANSFER TO:

ACCOUNT CODE 400.53 ACCOUNT DESCRIPTION Audit Services

(you must use 2nd column on report)

Budget Amount BEFORE Transfer 6400.00

Amount to be transferred (plus) +100.00

New Budget Amount AFTER Transfer 6500.00

DEPT APPROVAL Ferry Lockman DATE 1-21-20

ESD BOARD APPROVAL Ferry Lockman DATE 1-21-20

APPROVAL _____ DATE _____

BASTROP/TRAVIS COUNTIES ESD # 1 QUARTERLY INVESTMENT
REPORT

PROSPERITY BANK

CHECKING ACCCOUNT 2019-2020

QUARTER BEGINNING BAL. INTEREST EARNED ENDING BAL.

JAN-MAR

INTEREST EARNED YEAR TO DATE

APRIL-JUNE

INTEREST EARNED YEAR TO DATE

JULY-SEPT.

INTEREST EARNED YEAR TO DATE

OCT.-DEC. 42,725.54 317.71 615,415.43

INTEREST EARNED YEAR TO DATE 1,561.59

SUBMITTED *Kevin Tochner* DATE 1-21-20

APPROVED *Tommy M. McCubugh* DATE 1-21-20

BASTROP/TRAVIS COUNTIES ESD # 1

QUARTERLY INVESTMENT REPORT

TEXAS CLASS INVESTMENT POOL 2019-2020

QUARTER BEGINNING BAL. INTEREST EARNED ENDING BAL.

JAN.-MAR.

INTEREST EARNED YEAR TO DATE

APRIL-JUNE

INTEREST EARNED YEAR TO DATE

JULY-SEPT.

INTEREST EARNED YEAR TO DATE

OCT.-DEC 256,671.15 1,409.76 308,080.91

INTEREST EARNED YEAR TO DATE 6,144.33

SUBMITTED *Larry Fectmes* DATE 1-21-20

APPROVED *Larry M. McAlbough* DATE 1-21-20

BASTROP/TRAVIS COUNTIES ESD # 1 QUARTERLY INVESTMENT
REPORT

PROSPERITY BANK

MONEY MARKET ACCOUNT 2019-2020

QUARTER BEGINNING BAL. INTEREST EARNED ENDING BAL.

JAN-MAR

INTEREST EARNED YEAR TO DATE

APRIL-JUNE

INTEREST EARNED YEAR TO DATE

JULY-SEPT.

INTEREST EARNED YEAR TO DATE

OCT.-DEC. 1,081,131.82 2,919.80 719,051.62

INTEREST EARNED YEAR TO DATE 16,027.83

SUBMITTED Randy Testine

DATE 1-21-20

APROVED James M. McElroy

DATE 1-21-20