

**Bastrop-Travis Counties
Emergency Services District No. One
Financial Statements
September 30, 2022**

Bastrop-Travis Counties Emergency Services District No. 1
For the Year Ending September 30, 2022

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Management's Discussion and Analysis (unaudited).....	3-8
Basic Financial Statements:	
Governmental Fund Balance Sheet and Statement of Net Position	9
Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities	10
Notes to Basic Financial Statements	11-28
Required Supplemental Information:	
Governmental Fund Revenues, Expenditures and Budget to Actual Comparison – General Fund	29
Schedule of Changes in Net Pension Liability and Related Ratios	30
Schedule of Employer Contributions	31
Notes to the Schedule of Employer Contributions	32



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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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Bastrop-Travis Counties Emergency Services District No. 1, as of September 30, 2022, 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.

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 29-32 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
Giddings, Texas
January 24, 2023

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



Liston Crim, Treasurer
Amanda Sanchez, Secretary
Matt Benson, 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, 2022.

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 \$4,831,712 (net position).
- Change in net position from current operations was an increase of \$487,496 resulting in cash reserves of \$2,376,777 at the end of the fiscal year.
- The District's Fund Balance increased by \$729,727 resulting in an ending balance of \$2,360,554.

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 \$403,163. 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>9/30/2022</u>	<u>9/30/2021</u>
Assets:		
Current Assets	\$ 2,467,374	\$ 1,802,749
Capital Assets	2,386,090	2,634,546
Total Assets	<u>\$ 4,853,464</u>	<u>\$ 4,437,295</u>
Deferred Outflows of Resources	\$ 10,679	\$ -
Liabilities		
Current Liabilities	\$ 19,038	\$ 90,237
Long Term Liabilities	12,563	2,842
Total Liabilities	<u>\$ 31,601</u>	<u>\$ 93,079</u>
Deferred Inflows of Resources	\$ 830	\$ -
Net Position:		
Net Investment in Capital Assets	\$ 2,386,090	\$ 2,634,546
Unrestricted	2,445,622	1,709,670
Restricted	-	-
Total Net Position	<u>\$ 4,831,712</u>	<u>\$ 4,344,216</u>

Table 2
Changes in Net Position

Revenues:	<u>9/30/2022</u>	<u>9/30/2021</u>
Ad Valorem Taxes	\$ 1,834,754	\$ 1,592,513
Penalty & Interest Taxes	22,672	20,390
Interest	8,712	7,732
Contract Revenue	30,000	30,000
Miscellaneous	21,592	8,215
Total Revenues	<u>\$ 1,917,730</u>	<u>\$ 1,658,850</u>
Expenses:		
Operations - Fire Fighting	\$ 72,593	\$ 85,332
Equipment Maintenance	33,427	59,066
Fleet Maintenance	84,462	73,000
Professional Fees	81,962	47,510
Office Expenses	31,520	23,614
Insurance	80,988	68,171
Personnel Costs	50,057	46,771
Mileage	92,444	67,989
Appraisal District/Tax Collector Fees	74,120	71,821
Dispatch	32,218	35,700
Miscellaneous	4,422	3,600
Contract Services	26,000	25,000
First Responders	362,447	272,996
Travel & Training	38,648	31,148
Communications	22,464	9,179
Fire Prevention	3,587	2,881
Utilities	61,666	52,071
Depreciation	277,209	279,268
Debt Service: Interest	-	570
Total Expenses	<u>1,430,234</u>	<u>1,255,687</u>
Changes In Net Position:	\$ 487,496	\$ 403,163
Net Position - Beginning	<u>4,344,216</u>	<u>3,941,053</u>
Net Position - Ending	<u><u>\$ 4,831,712</u></u>	<u><u>\$ 4,344,216</u></u>

Capital Asset and Debt Administration

Capital Assets:

At the end of the fiscal year September 30, 2022, capital assets are as follows:

	<u>9/30/2022</u>	<u>9/30/2021</u>
Land	\$ 165,876	\$ 165,876
Vehicles	2,746,204	2,736,979
Equipment	851,090	857,877
Buildings	1,361,622	1,361,622
Total Capital Assets	<u>\$ 5,124,792</u>	<u>\$ 5,122,354</u>

Depreciation expense charged to the general fund was \$277,209.

More detailed information about the District's Capital Assets is presented in Note 4 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, 2022, the District's total fund balance was \$1,630,827.

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 \$375,131 (31.5%).

The District's 2021 budget resulted in actual expenditures being \$10,689 under the final budget amounts. Actual revenues in the General Fund were approximately \$29,399 more than budgeted revenue amounts.

Currently Known Facts, Decisions, or Conditions

The housing boom continues to grow at a rapid pace in the District. At present, there are still several hundred new homes under construction. The new homes are still being bought just as fast as they can build them. The projections remain over 6000 new homes to be built within the next 10 years, with a population increase of 30,000-50,000.

After its Long-Range Planning Survey in early 2020, the District has hired a full time Fire Chief, hired full time Texas Commission on Fire Protections (TCFP) firefighters, and has consolidated the VFD's into the ESD as per the survey.

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

The District continues to be proactive and committed to providing the best services possible and maintain 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, 2022

	General Fund	Adjustments (Note 8)	Statement of Net Position
ASSETS			
Cash	\$ 2,366,210	\$ -	\$ 2,366,210
Investments	10,567	-	10,567
Property Taxes Receivable	86,353	-	86,353
Prepaid Expense	2,815	-	2,815
Net Pension Asset	-	1,429	1,429
Capital Assets (net of accumulated depreciation)	-	2,386,090	2,386,090
TOTAL ASSETS	<u>\$ 2,465,945</u>	<u>\$ 2,387,519</u>	<u>\$ 4,853,464</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to Pension		10,679	\$ 10,679
TOTAL DEFERRED OUTFLOWS OF RESOURCES		<u>10,679</u>	<u>10,679</u>
LIABILITIES			
Accounts Payable	\$ 12,282	\$ -	\$ 12,282
Payroll Liabilities	6,756	-	6,756
Long Term Liabilities - Due within one year	-	-	-
Long Term Liabilities - Due after one year	-	12,563	12,563
TOTAL LIABILITIES	<u>\$ 19,038</u>	<u>\$ 12,563</u>	<u>\$ 31,601</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 86,353	\$ (86,353)	\$ -
Deferred Inflows Related to Pension	-	830	830
TOTAL DEFERRED INTFLOWS OF RESOURCES	<u>86,353</u>	<u>(85,523)</u>	<u>830</u>
FUND BALANCES/NET POSITION			
Fund balances:			
Non-Spendable	\$ 2,815	\$ (2,815)	\$ -
Spendable			
Unassigned	2,357,739	(2,357,739)	-
Total fund balances	<u>2,360,554</u>	<u>(2,360,554)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,465,945</u>	<u>\$ -</u>	
Net Position:			
Net investment in capital assets		\$ 2,386,090	\$ 2,386,090
Unrestricted		2,445,622	2,445,622
Restricted		-	-
Total Net Position		<u>\$ 4,831,712</u>	<u>\$ 4,831,712</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, 2022

	General Fund	Adjustments (Note 8)	Statement of Activities
EXPENDITURES/EXPENSES			
Operations - Fire Fighting	\$ 72,593	\$ -	\$ 72,593
Equipment Maintenance	33,427	-	33,427
Fleet Maintenance	84,462	-	84,462
Professional Fees	81,962	-	81,962
Office Expenses	31,520	-	31,520
Insurance	80,988	-	80,988
Personnel Costs	51,615	(1,558)	50,057
Mileage	92,444	-	92,444
Appraisal District & Tax Collector Fees	74,120	-	74,120
Dispatch	32,218	-	32,218
Miscellaneous	4,422	-	4,422
Contract Services	26,000	-	26,000
First Responders	362,447	-	362,447
Travel & Training	38,648	-	38,648
Communications	22,464	-	22,464
Fire Prevention	3,587	-	3,587
Utilities	61,666	-	61,666
Capital Outlay	28,752	(28,752)	-
Depreciation	-	277,209	277,209
Total expenditures/expenses	<u>\$ 1,183,335</u>	<u>\$ 246,899</u>	<u>\$ 1,430,234</u>
PROGRAM REVENUES			
Contract Revenue	\$ 30,000	\$ -	\$ 30,000
Total program revenues	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>
GENERAL REVENUES			
Ad valorem taxes	\$ 1,830,086	\$ 4,668	\$ 1,834,754
Penalties and Interest	22,672	-	22,672
Interest income	8,712	-	8,712
Miscellaneous	21,592	-	21,592
Total general revenues	<u>\$ 1,883,062</u>	<u>\$ 4,668</u>	<u>\$ 1,887,730</u>
Excess (Deficiency) of revenues over expenditures	\$ 729,727	\$ (729,727)	\$ -
Change in Net Position	\$ -	\$ 487,496	\$ 487,496
Fund Balance/Net Position			
Beginning of the year	<u>\$ 1,630,827</u>	<u>\$ 2,713,389</u>	<u>\$ 4,344,216</u>
End of the year	<u>\$ 2,360,554</u>	<u>\$ 2,471,158</u>	<u>\$ 4,831,712</u>

See Accompanying Notes to the Financial Statements

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the reporting entity. Governmental activities generally are financed through taxes, intergovernmental and non-exchange revenues. The District currently does not have any business-type activities.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. 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

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- 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 funds of the financial reporting entity are described below:

Governmental Funds

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, the governmental activities are presented using the economic resources measurement focus as defined in item A below.

In the fund financial statements, the “current financial resources” measurement focus is used as appropriate. All government funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available financial resources during a given period. These funds use fund balance as their measure of available financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the 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.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures, including capital outlay, are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

CASH

Cash deposits and investments are reported at the carrying amount, which reasonably estimates fair value.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

RECEIVABLES

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Property taxes are the District's only major receivable.

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.

LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists of capital leases and notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

SOURCE OF FUNDS

Ad valorem taxes, penalties, and interest are reported as revenue in the fiscal year in which they become available to finance expenditures of the District. Property taxes accounted for approximately 97.76% of the District's revenue for the year ended September 30, 2022.

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 resources first, then unrestricted 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.

COMPENSATED ABSENCES

Compensated absences represent the estimate liability for employees' accrued vacation for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the General Fund.

REVENUE

Property Taxes

Property taxes are collected by the Bastrop County Tax Assessor Collector and are forwarded to the District through bank transfer. The tax rate held by the District was \$0.10/\$100 for 2021. Property tax revenues are considered available when they become due or past due and are considered receivable within the current period, including those property taxes expected to be collected during a sixty-day period after the close of the District's fiscal year.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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.

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, 2022, 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.

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.

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.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 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.

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

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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. The adoption of GASB 87 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, 2022.

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 \$3,052,044 (Category 2). At September 30, 2022, the carrying amount of the District's deposits was \$2,366,210 and the bank balance was \$2,419,281.

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	2,116,210	2,169,281
Category 3	-	-
	\$2,366,210	\$2,419,281

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 \$10,567 in an external local governmental investment pool, Texas CLASS Government ("Texas CLASS"), at September 30, 2022. 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, 2022

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, 2022, 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, 2022, 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	\$10,567	0.0	AAAm

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

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

	Balance 09/30/2021	Additions/ Completions	Retirements/ Adjustments	Balance 09/30/2022
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	\$2,736,979	\$ 9,225	\$ -	\$2,746,204
Equipment	857,877	19,527	(26,314)	851,090
Buildings and structures	1,361,622	-	-	1,361,622
Construction in Progress	-	-	-	-
Total capital assets being depreciated	4,956,478	28,752	(26,314)	4,958,916
Total capital asset	\$5,122,354	\$ 28,752	\$ (26,314)	\$5,124,792
Less accumulated depreciation for:				
Vehicles	\$1,568,361	\$ 172,478	\$ -	\$1,740,839
Equipment	650,436	70,232	(26,314)	694,354
Buildings and structures	269,011	34,499	-	303,509
Total accumulated depreciation	2,487,808	277,209	(26,314)	2,738,702
Total capital assets, being depreciated, net	2,468,670	(248,457)	-	2,220,214
Governmental activities capital assets, net	\$2,634,546	\$ (248,457)	\$ -	\$2,386,090

Depreciation expense charged to the general fund was \$277,209.

NOTE 5: 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, 2021, for both counties, upon which the 2021 levy was based, was \$1,781,926,020.

Taxes are due by January 31 following the October 1 levy date. The total 2021 levy was \$1,781,926 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 6: 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. As of January 2023, the contracts with both Elgin and McDade Volunteer Fire Departments have been terminated.

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2022

NOTE 6: COMMITMENTS – continued

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, 2022, the revenue received from this agreement totaled \$30,000.

NOTE 7: 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) TCERS is a savings-based plan. For the district's plan, 5% of each employee's pay is deposited into his or her TCERS 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 TCERS 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 TCERS funding policy adopted by the TCERS Board of Trustees and must conform with the TCERS Act. The employee contribution rates are set by the district and are currently 7%. Contributions to the pension plan from the district for 2021 are shown in the Schedule of Employer Contributions.

c. The most recent comprehensive annual financial report for TCERS can be found at the following link, www.tcers.org.

Employee membership data related to the Plan, as of the valuation date of December 31, 2021, was as follows:

Members	Dec. 31, 2020	Dec. 31, 2021
Number of inactive employees entitled to but not yet receiving benefits	N/A	0
Number of active employees		5
Average monthly salary:		\$ 3,516
Average age:		44.28
Average length of service in years:		15.23
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:		0
Average monthly benefit:		\$ 0

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2022

NOTE 7: PENSION PLAN – continued

Net Pension Liability

The District’s net pension liability was measured as of December 31, 2021, 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, 2021, 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.
(For all eligible members ages 75 and later, retirement is assumed to occur immediately.)

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, 2022

NOTE 7: 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 2022 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%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	3.80%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.30%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	4.50%
REIT Equities	67% FTSE NAREIT Equity REITs Index +33% Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	6.8%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-1.05%

(1) Target asset allocation adopted at the March 2022 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.6% per Cliffwater's 2022 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, 2022

NOTE 7: PENSION PLAN – continued

Net Pension Liability / (Asset)

Net Pension Liability / (Asset)	December 31, 2020	December 31, 2021
Total pension liability	Not Applicable	\$14,058
Fiduciary net position		15,487
Net pension liability / (asset)		(1,429)
Fiduciary net position as a % of total pension liability		110.17%
Pensionable covered payroll ⁽¹⁾		\$157,420
Net pension liability as a % of covered payroll		(0.91%)

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, 2022

NOTE 7: 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, 2020	\$0	\$0	\$0
<i>Changes for the year:</i>			
Service cost	12,972		12,972
Interest on total pension liability ⁽¹⁾	986		986
Effect of plan changes ⁽²⁾	0		0
Effect of economic/demographic gains or losses	10		10
Effect of assumptions changes or inputs	90		90
Refund of contributions	0	0	0
Benefit payments	0	0	0
Administrative expenses		(8)	8
Member contributions		7,871	(7,871)
Net investment income		1,558	(1,558)
Employer contributions		5,683	(5,683)
Other ⁽³⁾	0	384	(384)
Balances as of December 31, 2021	\$14,058	\$15,487	\$(1,429)

(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	\$15,476	\$14,058	\$12,007
Fiduciary Net Position	15,487	15,487	15,487
Net pension liability/(asset)	\$989	(\$1,429)	(\$3,480)

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2022

NOTE 7: PENSION PLAN – continued

As of September 30, 2022, 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	\$9
Changes of assumption	0	84
Net difference between projected and actual earnings	830	0
Contributions made subsequent to measurement date	<u>N/A</u>	<u>10,586</u>
Totals	<u>\$ 830</u>	<u>\$ 10,679</u>

The \$10,679 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, 2022. 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:	
2023	\$ (201)
2024	(201)
2025	(201)
2026	(199)
2027	7
Thereafter(1)	58

(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, 2022, the District reported a payable of \$-0- for the outstanding amount of employer and employee contributions to the pension plan required for the year ended September 30, 2022, since all contributions were paid before the year end.

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, 2022

NOTE 8: FUND BALANCE – continued

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

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

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

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

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

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

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

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

As of September 30, 2022, the District has adopted a minimum fund balance policy of \$450,000.

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

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	\$5,124,792
Accumulated Depreciation	<u>(\$2,738,702)</u>
	\$2,386,090

BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2022

NOTE 9: 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	\$1,429
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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	\$10,679
Deferred inflows related to pension liability	830

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

Deferred revenue	(\$86,353)
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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	12,563
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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	\$9,720
Adjustment for Pension Asset/Liability	(1,429)
Change in Deferred Inflow/Outflow related to Pension	<u>(9,849)</u>
Total adjustment	(\$1,558)

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	(\$28,752)
Depreciation Expense	277,209

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	\$4,668
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BASTROP-TRAVIS COUNTIES EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10: RELATED PARTY TRANSACTIONS

The District's bookkeeper is a spouse to one of the commissioners and was paid \$9,382 during the fiscal year.

NOTE 11: DATE OF MANAGEMENT'S REVIEW

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

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, 2022

	Budget		Actual Amounts Budgetary Basis	Variance Favorable/ (Unfavorable)
	Original	Final		
GENERAL REVENUES				
Ad Valorem Taxes	\$ 1,812,186	\$ 1,812,186	\$ 1,830,086	17,900
Penalties & Interest	-	-	22,672	22,672
Interest Income	-	-	8,712	8,712
Contract Revenue	30,000	30,000	30,000	-
Miscellaneous	-	-	21,592	21,592
Total General Revenues	<u>\$ 1,842,186</u>	<u>\$ 1,842,186</u>	<u>\$ 1,913,062</u>	<u>70,876</u>
EXPENDITURES/EXPENSES				
Operations - Fire Fighting	\$ 102,000	\$ 89,711	\$ 72,593	17,118
Equipment Maintenance	62,000	55,063	33,427	21,636
Fleet Maintenance	96,450	108,037	84,462	23,575
Professional Fees	61,000	96,750	81,962	14,788
Office Expenses	32,870	41,198	31,520	9,678
Insurance	69,500	80,991	80,988	3
Personnel Costs	66,700	54,860	51,615	3,245
Mileage	76,000	96,000	92,444	3,556
Appraisal District & Tax Collector Fees	74,500	74,735	74,120	615
Dispatcher Funding	36,600	32,700	32,218	482
Contract Services	27,000	27,000	26,000	1,000
Miscellaneous	11,500	8,000	4,422	3,578
First Responders	280,900	428,290	362,447	65,843
Travel & Training	43,200	41,471	38,648	2,823
Communications	45,250	24,514	22,464	2,050
Fire Prevention	3,500	3,500	3,587	(87)
Utilities	48,400	63,673	61,666	2,007
Capital Outlay	272,494	103,006	28,752	74,254
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures/expenses	<u>\$ 1,409,864</u>	<u>\$ 1,429,499</u>	<u>\$ 1,183,335</u>	<u>246,164</u>
Excess (Deficiency) of revenues and other financing sources over expenditures	\$ 432,322	\$ 412,687	\$ 729,727	317,040
Fund Balance Beginning of the year			<u>1,630,827</u>	
End of the year			<u><u>\$ 2,360,554</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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total Pension Liability										
Service cost	12,972	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	986	N/A	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	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	N/A
Effect of economic/demographic (gains) or losses	10	N/A	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	N/A
Net change in total pension liability	14,058	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	14,058	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	5,683	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	7,871	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	1,558	N/A	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	N/A
Administrative expenses	(8)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	384	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	15,488	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	15,488	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability / (asset), ending = (a) - (b)	(1,430)	N/A	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	110.17%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	157,420	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	-0.91%	N/A	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
2013	**	**	**	**	**
2014	**	**	**	**	**
2015	**	**	**	**	**
2016	**	**	**	**	**
2017	**	**	**	**	**
2018	**	**	**	**	**
2019	**	**	**	**	**
2020	**	**	**	**	**
2020	**	**	**	**	**
2021	**	**	**	**	**
2022	5,683	5,683	-	157,420	3.6%

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	19.7 years (based on contribution rate calculated in 12/31/2021 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.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2021: No changes in plan provisions were reflected in the Schedule.

**Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.*