

**Travis County Emergency
Services District No. Twelve
Financial Statements
September 30, 2020**

**Travis County Emergency Services District No. Twelve
For the year ending September 30, 2020**

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Travis County Emergency Services District No.12

Administration Office

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Travis County Emergency Services District No. 12's district is approximately 95 square miles, serving citizens within its boundaries. It provides services to this area from three fire stations strategically located within the District. The stations are staffed with Full Time Career Firefighters/EMTs, 24 hours a day, seven days a week.

This section of the Travis County ESD No. 12 annual financial report presents our discussion and analysis of the Department's overall financial performance during the twelve-month period ended September 30, 2020. Please read this overview in conjunction with the Department's financial statements, which follow this section.

Financial Highlights

- Net Position at the close of the most recent period was \$ 9,102,744
- General Fund balance increased by \$ 817,528, with the ending fund balance of \$4,978,641.
- Financial performance continued to improve for the ESD in FY20 as expenditures continue to be closely monitored as well as management and personnel activities were stable.
- In FY20, overall financial performance of the ESD remained a high priority of the Board and Management in continuing to improve its financial position and manage the explosive growth in the district.

Using This Annual Report:

This annual report consists of a series of 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. The District presents the governmental funds in the first three columns, followed by a total column for the governmental funds. The next 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. For governmental activities, this last column tells how these services were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the Department as a Whole

One of the questions that can be asked about the Department's finances is, "Is the Department better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities present information about the Department as a whole and its activities in a way that helps answer this question. These statements (as reported in the last column of each of the statements) include all of the Department'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 Department's net position and changes in them. The difference between assets and liabilities, net position, are one way to measure the Department's financial health. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Department is improving or deteriorating. However, other non-financial factors such as changes in the Department's property tax base and the condition of the Department's equipment and facilities must also be considered in an assessment of the overall financial health of the Department.

The statement of activities presents information showing how the Department'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.

Both of the government-wide financial statements distinguish functions of the Department that are principally supported by grants and government revenues. The government activities of the Department include Fire Suppression, Rescue Activities, Emergency Medical Services, Code Enforcement, and Public Education. The Department currently has no business-type activities.

Reporting the District's Governmental 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 Department, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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.

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.

Reporting the Department's Most Significant Funds.

The columns reporting the fund activity (as explained in more detail in the first section of this report) provide detailed information about the most significant funds, not the Department as a whole. Some funds are required to be established by State law and by bond covenants, however, the Department establishes many 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.

Most of the Department's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called Modified Accrual accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Department's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Department's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in the adjustments column of the financial statements and in Note 12 to the financial statements.

The District as a Whole

Governmental activities increased the Department's net position by \$ 1,645,994. Our analysis below focuses on the net position (Table 1) and the changes in net position (Table 2) of the Department's governmental activities:

**Table 1
Governmental Activities
Net Position**

| Assets | 9/30/2020 | 9/30/2019 |
|---------------------------------------|----------------------|---------------------|
| Current Assets | 6,108,331 | 4,708,459 |
| Capital Assets | 4,890,737 | 4,601,493 |
| Total Assets | \$ 10,999,068 | \$ 9,309,952 |
| Deferred Outflows of Resources | \$ 154,595 | \$ 129,031 |
| Liabilities | | |
| Current Liabilities | 776,138 | 603,860 |
| Long-Term Liabilities | 1,259,062 | 1,366,144 |
| Total Liabilities | \$ 2,035,200 | \$ 1,970,004 |
| Deferred Inflows of Resources | \$ 15,719 | \$ 12,229 |
| Net Position | | |
| Net Investment in Capital Assets | 3,173,561 | 2,881,922 |
| Restricted | 355,304 | 249,055 |
| Unrestricted | 5,573,879 | 4,325,773 |
| Total Net Position | \$ 9,102,744 | \$ 7,456,750 |

Table 2
Changes in Net Position

| | <u>9/30/2020</u> | <u>9/30/2019</u> |
|--------------------------------------|---------------------|---------------------|
| Revenues | | |
| Ad Valorem Taxes | 2,572,416 | 2,209,436 |
| Penalties & Interest on Taxes | 21,344 | 27,205 |
| Sales Tax | 2,685,786 | 1,998,517 |
| Interest | 47,695 | 105,489 |
| Inspections | 183,695 | 122,284 |
| Gain on sale of asset | 26,292 | - |
| SAFER Grant | 209,336 | - |
| Other | 13,627 | 30,483 |
| Total Revenues | \$ 5,760,191 | \$ 4,493,414 |
| Expenses | | |
| Apparatus, Equipment PPE | 227,523 | 120,794 |
| Operational | 89,371 | 46,761 |
| Communication | 153,808 | 130,724 |
| Insurance | 401,721 | 337,115 |
| Training & Prevention | 34,954 | 53,687 |
| Information Technology | 37,417 | 17,492 |
| Miscellaneous | 34,700 | 38,364 |
| Station | 94,365 | 95,315 |
| Administration | 97,552 | 94,925 |
| Personnel | 2,595,497 | 2,106,476 |
| Depreciation Expense | 296,272 | 224,324 |
| Debt Service: | | |
| Interest | 51,017 | 51,075 |
| Total Expenses | \$ 4,114,197 | \$ 3,299,560 |
| Change in Net Postion | \$ 1,645,994 | \$ 1,193,854 |
| Net Position - Beginning of Year | \$ 7,456,750 | \$ 6,262,896 |
| Net Position - Ending of Year | \$ 9,102,744 | \$ 7,456,750 |

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For the year ending September 30, 2020, the District's total combined fund balance was \$ 5,751,556 which reflects a net combined fund balance increase of \$ 1,321,649.

44.7% of all Department funds come from Ad Valorem taxes, and 46.6% comes from sales tax revenues. The remaining minor revenues come from sources such as building and fire inspections, SAFER grant, and interest on deposited funds

Budgetary Highlights

The District's actual expenditures of \$ 4,468,064 were less than the final budget amount of \$5,442,778 by \$ 974,714 and actual revenues of \$ 5,451,704 exceeded final budget of \$4,910,337 by \$ 541,367.

The Department's annual budget includes estimated revenues and expenditures. The annual budget allows the Board of Commissioners a high degree of control over Department expenditures. The budget is prepared over a several-month period in which the capital and personnel recommendations of the Officers are blended with estimates of "fixed" operating expenses such as utilities to form a recommendation to the Board of Commissioners for their beginning "first draft" of the budget.

Estimates of taxable value for the forthcoming year are provided by the Travis County Tax Appraiser's office. That estimate, combined with an estimate of historical tax collection rates for the Department is used with the proposed tax rate to estimate the revenue required to support the Department's operations.

Capital Asset and Debt Administration

Capital Assets:

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

Table 3
Capital Assets at Year-end

| | <u>9/30/2020</u> | <u>9/30/2019</u> |
|--------------------------------|----------------------------|----------------------------|
| Land | \$ 66,922 | \$ 66,922 |
| Vehicles | 2,661,583 | 2,423,393 |
| Furniture & Equipment | 671,738 | 415,137 |
| Building | <u>2,958,269</u> | <u>2,945,294</u> |
| | 6,358,512 | 5,850,746 |
| Less: Accumulated Depreciation | \$ <u>(1,467,775)</u> | \$ <u>(1,249,253)</u> |
| Total Capital Assets, net | \$ <u><u>4,890,737</u></u> | \$ <u><u>4,601,493</u></u> |

Debt:

At year-end, the District had \$ 1,717,176 in outstanding debt compared to \$ 1,711,307 last year. Further detailed information can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Strategic plans for the District include:

- The District has received a Safer Grant from FEMA to hire up to 15 new employees with eight hired in FY20 and an additional 7 in FY21. The grant total is \$ 1,608,168 with a cost to the District of 25% for the first 2 years and 65% in the 3rd and final year.
- Staffing will be maintained with 27 operation full-time shift employees, a full-time Fire Chief, a full-time Fire Chief, 3 Battalion Chiefs, 2 Fire Prevention Officers, 1 part-time prevention officer, 2 part-time administrative staff.
- The District plans to identify additional stations strategically located in the District.
- The District continues to seek partnerships with stakeholders to plan and develop resources to address district growth.
- Continuous improvement of department standards, SOPs (Standard Operating Procedures) and equipment to improve firefighter efficiency and effectiveness remain central to the District's goals.

The District has been successful identifying and maximizing sales tax revenues. Critical attention has been paid to ensure that the budgets are not heavily dependent on sales taxes to fund operations.

Explosive growth continues in the District which has placed increased demands on the capabilities and resources of the department. The District continues to respond as needed with neighboring emergency services districts. The District continues to place a strong emphasis on adding personnel and providing the infrastructure to support growth within our jurisdiction.

Requests for Information

This financial report is designed to provide a general overview of the Department'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:

Ron Fowler, Commissioner
Travis County ESD No. 12
P.O. Box 846
Austin, TX 78653
512-272-4502

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 12
GOVERNMENTAL FUNDS BALANCE SHEET AND
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

| | General Fund | Debt Service Fund | Capital Projects Fund | Total Funds | Adjustments (Note 12) | Statement of Net Position |
|--|---------------------|-------------------------|-----------------------------|---------------------|--------------------------|------------------------------|
| ASSETS | | | | | | |
| Cash | \$ 348,573 | \$ - | \$ - | \$ 348,573 | \$ - | \$ 348,573 |
| Investments - First Public | 4,413,418 | 355,304 | 417,611 | 5,186,333 | - | 5,186,333 |
| Receivables - Property Taxes | 102,745 | 20,747 | - | 123,492 | - | 123,492 |
| Receivables - Sales Taxes | 449,933 | - | - | 449,933 | - | 449,933 |
| Capital Assets (net of accumulated depreciation) | - | - | - | - | 4,890,737 | 4,890,737 |
| TOTAL ASSETS | \$ 5,314,669 | \$ 376,051 | \$ 417,611 | \$ 6,108,331 | \$ 4,890,737 | \$ 10,999,068 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred Outflows Related to Pension | | | | | \$ 154,595 | \$ 154,595 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | | | | | 154,595 | 154,595 |
| LIABILITIES | | | | | | |
| Payroll Liabilities Payable | \$ 171,619 | \$ - | \$ - | \$ 171,619 | \$ - | \$ 171,619 |
| Accounts Payable | 61,664 | - | - | 61,664 | - | 61,664 |
| Accrued Interest Payable | - | - | - | - | 10,163 | 10,163 |
| Long-term liabilities: | | | | | | |
| Due within one year | - | - | - | - | 532,692 | 532,692 |
| Due after one year | - | - | - | - | 1,259,062 | 1,259,062 |
| TOTAL LIABILITIES | 233,283 | - | - | 233,283 | 1,801,917 | 2,035,200 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Property Taxes | \$ 102,745 | \$ 20,747 | \$ - | \$ 123,492 | \$ (123,492) | \$ - |
| Deferred Inflows Related to Pension | - | - | - | - | 15,719 | 15,719 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 102,745 | 20,747 | - | 123,492 | (107,773) | 15,719 |
| FUND BALANCES/NET POSITION | | | | | | |
| Fund balances: | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | - | 355,304 | - | 355,304 | (355,304) | - |
| Committed | - | - | 417,611 | 417,611 | (417,611) | - |
| Assigned | 20,000 | - | - | 20,000 | (20,000) | - |
| Unassigned | 4,958,641 | - | - | 4,958,641 | (4,958,641) | - |
| TOTAL FUND BALANCES | 4,978,641 | 355,304 | 417,611 | 5,751,556 | (5,751,556) | - |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 5,314,669 | \$ 376,051 | \$ 417,611 | \$ 6,108,331 | | |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | | | | | 3,173,561 | 3,173,561 |
| Restricted | | | | | 355,304 | 355,304 |
| Unrestricted | | | | | 5,573,879 | 5,573,879 |
| Total net position | | | | | \$ 9,102,744 | \$ 9,102,744 |

See Accompanying Notes to the Financial Statements

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 12
GOVERNMENTAL FUNDS REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
AND STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

| | General Fund | Debt Service Fund | Capital Projects Fund | Total Funds | Adjustments (Note 12) | Statement of Activities |
|---|---------------------|-------------------------|-----------------------------|---------------------|--------------------------|----------------------------|
| EXPENDITURES/EXPENSES | | | | | | |
| Apparatus | \$ 132,826 | \$ - | \$ - | \$ 132,826 | \$ - | \$ 132,826 |
| SCBA Equipment | 12,944 | - | - | 12,944 | - | 12,944 |
| PPE | 81,753 | - | - | 81,753 | - | 81,753 |
| Uniforms | 30,405 | - | - | 30,405 | - | 30,405 |
| Communications | 153,808 | - | - | 153,808 | - | 153,808 |
| Operational | 89,371 | - | - | 89,371 | - | 89,371 |
| Insurance | 401,721 | - | - | 401,721 | - | 401,721 |
| Training & Prevention | 24,470 | - | - | 24,470 | - | 24,470 |
| Stations | 94,365 | - | - | 94,365 | - | 94,365 |
| Information Technology | 37,417 | - | - | 37,417 | - | 37,417 |
| Dues and Subscriptions | 4,295 | - | - | 4,295 | - | 4,295 |
| Prevention & Inspection | 10,484 | - | - | 10,484 | - | 10,484 |
| Administrative Expenditures: | | | | | | |
| Annual Financial Audit | 9,700 | - | - | 9,700 | - | 9,700 |
| Legal Fees | 15,590 | - | - | 15,590 | - | 15,590 |
| Appraisal District/Assessor Fees | 39,624 | - | - | 39,624 | - | 39,624 |
| Sales Tax Assurance | 6,000 | - | - | 6,000 | - | 6,000 |
| Miscellaneous Administrative Expenditures | 26,638 | - | - | 26,638 | - | 26,638 |
| Personnel Costs | 2,617,660 | - | - | 2,617,660 | (22,163) | 2,595,497 |
| Capital Outlay | 325,265 | - | 278,459 | 603,724 | (603,724) | - |
| Depreciation Expense | - | - | - | - | 296,272 | 296,272 |
| Debt Service: | | | | | | |
| Principal | 319,130 | 135,000 | - | 454,130 | (454,130) | - |
| Interest | 34,598 | 19,443 | - | 54,041 | (3,024) | 51,017 |
| Total expenditures/expenses | <u>\$ 4,468,064</u> | <u>\$ 154,443</u> | <u>\$ 278,459</u> | <u>\$ 4,900,966</u> | <u>\$ (766,769)</u> | <u>\$ 4,114,197</u> |
| PROGRAM REVENUES | | | | | | |
| SAFER Grant | \$ 209,336 | \$ - | \$ - | \$ 209,336 | \$ - | \$ 209,336 |
| Total program revenues | <u>\$ 209,336</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 209,336</u> | <u>\$ -</u> | <u>\$ 209,336</u> |
| GENERAL REVENUES | | | | | | |
| Ad valorem taxes | \$ 2,296,588 | \$ 260,044 | \$ - | \$ 2,556,632 | \$ 15,784 | \$ 2,572,416 |
| Penalties & Interest on Taxes | 21,344 | - | - | 21,344 | - | 21,344 |
| Sales Tax | 2,685,786 | - | - | 2,685,786 | - | 2,685,786 |
| Interest | 41,328 | 3,303 | 3,064 | 47,695 | - | 47,695 |
| Inspections | 183,695 | - | - | 183,695 | - | 183,695 |
| Miscellaneous Income | 13,627 | - | - | 13,627 | - | 13,627 |
| Gain on sale of asset | - | - | - | - | 26,292 | 26,292 |
| Total general revenues | <u>5,242,368</u> | <u>263,347</u> | <u>3,064</u> | <u>5,508,779</u> | <u>42,076</u> | <u>5,550,855</u> |
| Excess (Deficiency) of revenues over (under) expenditures | <u>\$ 983,640</u> | <u>\$ 108,904</u> | <u>\$ (275,395)</u> | <u>\$ 817,149</u> | <u>\$ (817,149)</u> | <u>\$ -</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Proceeds from sale of assets | \$ 44,500 | \$ - | \$ - | \$ 44,500 | \$ (44,500) | \$ - |
| Financing Proceeds | 295,000 | - | 165,000 | 460,000 | (460,000) | - |
| Transfer in/(out) | (505,612) | (2,655) | 508,267 | - | - | - |
| Total Other Financing Sources(Uses) | <u>\$ (166,112)</u> | <u>\$ (2,655)</u> | <u>\$ 673,267</u> | <u>\$ 504,500</u> | <u>\$ (504,500)</u> | <u>\$ -</u> |
| Net Change in Fund Balances | 817,528 | 106,249 | 397,872 | 1,321,649 | (1,321,649) | - |
| Change in Net Position | | | | | 1,645,994 | 1,645,994 |
| Fund Balance/Net Position | | | | | | |
| Beginning of the year | <u>4,161,113</u> | <u>249,055</u> | <u>19,739</u> | <u>4,429,907</u> | <u>3,026,843</u> | <u>7,456,750</u> |
| End of the year | <u>\$ 4,978,641</u> | <u>\$ 355,304</u> | <u>\$ 417,611</u> | <u>\$ 5,751,556</u> | <u>\$ 3,351,188</u> | <u>\$ 9,102,744</u> |

See Accompanying Notes to the Financial Statements

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

Travis County Emergency Services District No. 12 (the "District") was created by order of the Travis County Commissioners Court following a conversion election, which was held on May 18, 1996. The District operates under Section 48-e, Article III of the Texas Constitution and Chapter 775 of the Texas Health and Safety Code. The District is operated by a five Commissioners who are appointed by the Travis County Commissioners Court. The District provides emergency services to residents of the District.

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 set forth minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues or expenditures/expenses or either fund category or governmental and enterprise combined. Due to the fund structure of the District, all funds have been classified as major funds. There is a reporting requirement regarding the local government's infrastructure (road, bridges, etc.) The District does not own any infrastructure assets and therefore is unaffected by this requirement.

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

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Government-wide Statement of Activities reflects both the gross and net cost per functional category which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function.

The net cost by function is normally covered by general revenues (intergovernmental revenues, interest income, etc). Historically, the previous model did not summarize or present net cost by function or activity. The District does not currently employ indirect cost allocation systems.

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

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

Fund Accounting

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

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The District uses only one fund type – the Governmental Fund. The focus of Governmental Fund measurement (in the Fund Financial Statements) is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

General Fund

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

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the District.

Capital Projects Fund

This fund is used to account for funds received and expended for the construction of a new fire station.

BASIS OF ACCOUNTING

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

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

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

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

BUDGETS

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

1. Prior to the beginning of each fiscal year, the District prepares a budget. The operating budget includes proposed expenditures and the means of financing those expenditures and is prepared in accordance with the basis of accounting utilized by that fund.
2. Public meetings are conducted at which all interested persons' comments concerning the budget are heard. After such meetings, the Board of Commissioners formally adopts the budget through passage of an ordinance.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 expenses as incurred. The capitalization policy, i.e. the dollar value above which asset acquisitions are added to the capital accounts, is \$5,000.

Depreciation of all exhaustible capital assets is recorded as an allocated 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:

| | |
|----------------------------|----------|
| New fire vehicles | 20 years |
| Used Vehicles | 10 years |
| Equipment | 5 years |
| Buildings and Improvements | 30 years |

The Department does not own any infrastructure assets.

Fund Financial Statements

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

EQUITY CLASSIFICATIONS

Government-wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes,

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net position – 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 net position – 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.

COMPENSATED ABSENCES

The District's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. As of the year end, the liability for accrued vacation reflects that time earned by the employees in the current year. The liability for these compensated absences is recorded as long-term debt in the government-wide statements.

RISK MANAGEMENT

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

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.

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

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

amounts of income and expenses during the period. Operating results in the future could vary from the amounts derived from management's estimates.

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.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued GASB Statement No. 87, Leases, effective for fiscal years beginning after June 15, 2020. 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.

RECEIVABLES

The District's high collection rate for property and sales tax, no allowance for doubtful accounts has been established.

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.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

NOTE 2: CASH

Deposits for the District are being held by Independent Bank. As of year-end, the District had deposits in excess of FDIC coverage of \$ 23,882 (Category 2), additional collateral of \$ 248,886 was pledged to cover this excess. At September 30, 2020, the carrying amount of the District's deposits was \$ 348,573, and the bank balance was \$ 273,882.

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.

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 \$ 5,186,333 in an external local governmental investment pool, Lone Star Investment Pool (First Public), at September 30, 2020. The investments in First Public had a weighted average maturity of one day and a Standard and Poor's rating of AAAM.

First Public is an external investment pool offered to local governments. Although First Public 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. First Public is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate First Public.

First Public also has an advisory board to advise on First Public's investment policy; this board is made up equally of participants and nonparticipants who do not have a business relationship with First Public.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 3: INVESTMENTS – continued

Federated Investors manages daily operations of First Public under a contract with the Comptroller and is the investment manager for the pool. First Public uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in First Public is the same as the value of the First Public shares. First Public investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

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, 2020, investments were included in a local governmental investment pool with a rating from Standard and Poor's in compliance with the District's investment policy.

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

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.

| Investment | Fair Value | Effective Duration (in years) | Credit Risk |
|------------------------------|--------------|----------------------------------|-------------|
| Lone Star Investment Pool | \$ 5,186,333 | 0.0 | AAA |

The District's investment in First Public represents 100% of its investment portfolio.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 4: CAPITAL ASSETS

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

| | Balance 9/30/2019 | Additions | Retirements | Balance 9/30/2020 |
|--|----------------------|-----------|-------------|----------------------|
| <u>Non-Depreciable Assets</u> | | | | |
| Land | \$ 66,922 | \$ - | \$ - | \$ 66,922 |
| Total Non-Depreciable Assets | 66,922 | - | - | 66,922 |
| <u>Depreciable Assets</u> | | | | |
| Vehicles | \$2,423,393 | \$313,275 | \$ (75,085) | \$2,661,583 |
| Buildings & Improvements | 2,945,294 | 12,975 | - | 2,958,269 |
| Furniture & Equipment | 415,137 | 277,474 | (20,873) | 671,738 |
| Total Depreciable Assets | 5,783,824 | 603,724 | (95,958) | 6,291,590 |
| Total Assets | 5,850,746 | 603,724 | (95,958) | 6,358,512 |
| <u>Less: Accumulated Depreciation</u> | | | | |
| Vehicles | (586,791) | (161,435) | 56,877 | (691,349) |
| Buildings & Improvements | (369,579) | (88,569) | - | (458,148) |
| Furniture & Equipment | (292,883) | (46,268) | 20,873 | (318,278) |
| Total Accumulated Depreciation | (1,249,253) | (296,272) | 77,750 | (1,467,775) |
| Total Depreciable Capital Assets, Net | 4,534,571 | 307,452 | (18,208) | 4,823,815 |
| Total Capital Assets, Net | \$4,601,493 | \$307,452 | \$ (18,208) | \$4,890,737 |

Depreciation charged for the year ending September 30, 2020 was \$ 296,272.

NOTE 5: LONG-TERM DEBT

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

| | Balance 9/30/2019 | Additions | Reductions | Balance 9/30/2020 | Due within one year |
|--|----------------------|-----------|------------|----------------------|------------------------|
| <u>Governmental Activities</u> | | | | | |
| Notes Payable | \$ 764,000 | \$ - | \$ 135,000 | \$ 629,000 | \$ 143,000 |
| Capital Lease Obligation | 947,307 | 460,000 | 319,131 | 1,088,176 | 389,692 |
| Total Notes Payable & Capital Lease Obligations | \$ 1,711,307 | \$460,000 | \$ 454,131 | \$ 1,717,176 | \$ 532,692 |
| Pension Liability | 34,613 | - | 30,376 | 4,237 | - |
| Compensated Leave Payable | 40,055 | 30,286 | - | 70,341 | - |
| Total Governmental Activities | \$ 1,785,975 | \$490,286 | \$ 484,507 | \$ 1,791,754 | \$ 532,692 |

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 5: LONG-TERM DEBT - continued

Notes Payable –

In 2012 the District refinanced an existing loan (advance refunding) and obtained additional funds which were used to purchase property for the construction of a new fire station. The terms are as follows:

Loan amount: \$ 1,220,000
Maturity date: September 1, 2024
Interest rate: 2.46% annum
Payment terms: Payments are made annually on September 1 beginning September 1, 2013 and ending September 1, 2024. Interest is paid semi-annually on March 1 and September 1. The loan is collateralized by property tax revenues. The loan may be prepaid on any interest payment date with 15 days advanced written notice, in whole only plus accrued interest and a 1% prepayment penalty. The outstanding balance at September 30, 2020, was \$ 452,000.

In 2013 the District obtained additional funding to be used for the additional construction costs of the new fire station. The terms are as follows:

Loan amount: \$ 385,000
Maturity date: February 15, 2025
Interest rate: 3.00% annum
Payment terms: Payments are due and payable in annual installments of principal with semi-annual payments of interest beginning in February 15, 2014 and ending February 15, 2025. The loan is collateralized by property tax revenue. The loan may be prepaid, in full only, on August 15, 2019, with 15 days written notice. The outstanding balance at September 30, 2020, was \$ 177,000.

Capital Lease Obligation-

Lease amount: \$ 759,960
Maturity date: November 9, 2020
Interest rate: 2.951% annum
Payment terms: Payments are due and payable in annual installments of principal and interest beginning in November 9, 2014 and ending November 9, 2020. The loan is collateralized by two fire engines. The outstanding balance at September 30, 2020, was \$ 117,986. At the end of the lease term, the District has a bargain purchase option at less than Fair Market Value. At September 30, 2020, the gross amount of the assets was \$ 826,960 and accumulated amortization was \$ 285,990. Amortization expense is included in depreciation expense.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 5: LONG-TERM DEBT - continued

Lease amount: \$ 975,600
Maturity date: July 27, 2024
Interest rate: 2.63% annum
Payment terms: Payments are due and payable in annual installments of principal and interest beginning in July 27, 2018 and ending July 27, 2024. The loan is collateralized by two fire engines. The outstanding balance at September 30, 2020, was \$ 579,102. At the end of the lease term, the District has a bargain purchase option at less than Fair Market Value. At September 30, 2020, the gross amount of the assets was \$ 975,600 and accumulated amortization was \$ 97,560. Amortization expense is included in depreciation expense.

In 2019 the District obtained additional funding to be used for the purchase of a squad car. During 2020, the District refinanced the lease. The terms are as follows:

Lease amount: \$ 150,000
Maturity date: October 23, 2022
Interest rate: 2.42% annum
Payment terms: Payments are made monthly beginning on May 23, 2020 and ending October 23, 2022. The loan is collateralized by the squad car. The outstanding balance at September 30, 2020, was \$ 105,791. At the end of the lease term, the District has a bargain purchase option at less than Fair Market Value. At September 30, 2020, the gross amount of the asset was \$ 150,197 and accumulated amortization was \$12,516. Amortization expense is included in depreciation expense.

In 2019 the District obtained additional funding to be used for the purchase of a protective equipment and breathing apparatus. During 2020, the District refinanced the lease. The terms are as follows:

Lease amount: \$ 145,000
Maturity date: July 27, 2024
Interest rate: 2.48% annum
Payment terms: Payments are made monthly beginning May 23, 2020 and ending October 23, 2024. The loan is collateralized by the protective equipment and breathing apparatus. The outstanding balance at September 30, 2020, was \$ 120,296. At the end of the lease term, the District has a bargain purchase option at less than Fair Market Value. At September 30, 2020, the gross amount of the assets were \$ 84,557 and accumulated amortization was \$ 8,053. Amortization expense is included in depreciation expense.

Lease amount: \$ 165,000
Maturity date: April 23, 2023
Interest rate: 2.17% annum
Payment terms: Payments are made monthly beginning October 23, 2020 and ending April 23, 2023. The loan is collateralized by the three Ford F250s. The outstanding balance at September 30, 2020, was \$ 165,000. At the end of the lease term, the District has a bargain purchase option at less than Fair Market Value. At September 30, 2020, the gross amount of the assets were \$ 163,048 and accumulated amortization was \$6,794. Amortization expense is included in depreciation expense.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 5: LONG-TERM DEBT - continued

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

Notes Payable

| Fiscal Year | Principal | Interest | Total Requirement |
|-------------|------------|-----------|-------------------|
| 2021 | \$ 143,000 | \$ 15,934 | \$ 158,934 |
| 2022 | 146,000 | 11,863 | 157,863 |
| 2023 | 149,000 | 8,433 | 157,433 |
| 2024 | 153,000 | 4,549 | 157,549 |
| 2025 | 38,000 | 570 | 38,570 |
| Total | \$ 629,000 | \$ 41,349 | \$ 670,349 |

Capital Lease Obligations

| Fiscal Year | Principal | Interest | Total Requirement |
|-------------|--------------|-----------|-------------------|
| 2021 | \$ 389,692 | \$ 26,697 | \$ 416,389 |
| 2022 | 278,486 | 16,435 | 294,921 |
| 2023 | 236,672 | 9,970 | 246,642 |
| 2024 | 181,084 | 4,437 | 185,521 |
| 2025 | 2,242 | 5 | 2,247 |
| Total | \$ 1,088,176 | \$ 57,544 | \$ 1,145,720 |

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.

NOTE 6: PROPERTY TAXES

The District has contracted with the Travis County Tax Assessor Collector to bill and collect its property tax. 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. The assessed value of the roll as of January 1, 2019, upon which the 2019 levy was based, was \$ 2591,825,530 as certified by the Travis Central Appraisal District.

Taxes are due by January 31 following the October 1 levy date. On February 1 of each year, a tax lien attaches to the property. The total 2019 levy was \$ 2,591,826 and the tax rate was \$ 0.10 per \$100 assessed valuation (\$.0832 M&O, \$.0168 I&S). Tax collections for the year ended September 30, 2020, were 98.6% of the 2019 tax levy.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 7: COMMITMENTS

The District has an interlocal agreement with the City of Austin to provide dispatch services. The fee is based on the number of calls dispatched as of September 30, 2020. During the fiscal year, the District paid \$ 86,275 and this amount is included in these financial statements.

NOTE 8: ANNEXATION OF DISTRICT LAND BY THE CITY OF AUSTIN

For the fiscal year ending September 30, 2020 there were no annexations.

NOTE 9: LEASE

In June 15, 2017, the District entered into a lease agreement with the Manor Independent School District for the use of an acre of land which will be used to house the District's administrative offices. The lease is for a 5-year period with an option to renew for an additional 3 years at a renewal term of 1 year at a time any rental thereafter would be on a month-to-month basis. Under the terms the base rate is \$3,600 per year, the District is also responsible for all ancillary costs such as taxes, utilities and any other cost associated with the operations of the property.

Future lease payments for the fiscal year ending September 30, are as follows:

| | |
|------|--------------|
| 2021 | \$ 3,600 |
| 2022 | <u>3,600</u> |
| | \$ 7,200 |

**TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

NOTE 10: PENSION PLAN

Plan Description. Travis County Emergency Services District 12 participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.

a. A brief description of benefit terms:

- 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
- 2) The plan provides retirement, disability and survivor benefits.
- 3) TCDRS is a savings-based plan. For the district's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 150%) and is then converted to an annuity.
- 4) There are no automatic COLAs. Each year, the district may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
- 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.

b. The district's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Travis County Emergency Services District 12 contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the district and are currently 7%. Contributions to the pension plan from the district for 2018 are shown in the Schedule of Employer Contributions.

c. The most recent comprehensive annual financial report for TCDRS can be found at www.tcdrs.org.

Employee membership data related to the Plan, as of the valuation date of December 31, 2018, was as follows:

| Members | Dec. 31, 2018 | Dec. 31, 2019 |
|---|---------------|---------------|
| Number of inactive employees entitled to but not yet receiving benefits | 7 | 9 |
| Number of active employees | 30 | 31 |
| Average monthly salary: | \$4,834 | \$5,272 |
| Average age: | 38.13 | 39.01 |
| Average length of service in years: | 6.28 | 6.28 |
| Inactive Employees (or their Beneficiaries) Receiving Benefits | | |
| Number of benefit recipient: | 0 | 0 |
| Average monthly benefit: | \$0 | \$0 |

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 10: PENSION PLAN – continued

Net Pension Liability

The District's net pension liability was measured as of December 31, 2019, 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, 2019, 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 | 2.75% |
| 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 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee. (See Table 1 for Merit Salary Increases.) |
| Investment Rate of Return | 8.10% |
| Cost-of-Living Adjustments | Cost-of-Living Adjustments for Travis County Emergency Services District #12 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. 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.) |
| Retirement Age | |
| Turnover | New employees are assumed to replace any terminated members and have similar entry ages. |

Mortality

| | |
|--|---|
| Depositing members | 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014. |
| Service retirees, beneficiaries and non-depositing members | 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. |
| Disabled retirees | 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 115% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. |

**TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

NOTE 10: 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 2019 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 30-year time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016 for more details.

| Asset Class | Benchmark | Target Allocation ⁽¹⁾ | Geometric Real Rate of Return ⁽²⁾ |
|--|---|----------------------------------|--|
| US Equities | Dow Jones US Total Stock Market Index | 14.50% | 5.20% |
| Private Equity | Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾ | 20.00% | 8.20% |
| Global Equities | MSCI World (net) Index | 2.50% | 5.50% |
| International Equities – Developed Markets | MSCI World Ex USA (net) Index | 7.00% | 5.20% |
| International Equities – Emerging Markets | MSCI Emerging Markets Standard (net) Index | 7.00% | 5.70% |
| Investment-Grade Bonds | Bloomberg Barclays U.S. Aggregate Bond Index | 3.00% | -0.20% |
| Strategic Credit | FTSE High-Yield Cash-Pay Capped Index | 12.00% | 3.14% |
| Direct Lending | S&P/LSTA Leveraged Loan Index | 11.00% | 7.16% |
| Distressed Debt | Cambridge Associates Distressed Securities Index ⁽⁴⁾ | 4.00% | 6.90% |
| REIT Equities | 67% FTSE NAREIT Equity REITs Index +33% Global REIT (net) Index | 3.00% | 4.50% |
| Master Limited Partnerships (MLPs) | Alerian MLP Index | 2.00% | 8.40% |
| Private Real Estate Partnerships | Cambridge Associates Real Estate Index ⁽⁵⁾ | 6.00% | 5.50% |
| Hedge Funds | Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index | 8.00% | 2.30% |
| | | | |

⁽¹⁾ Target asset allocation adopted at the June 2020 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 1.80%, per Cliffwater's 2020 capital market assumptions.

⁽³⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 10: PENSION PLAN – continued

Net Pension Liability / (Asset)

| Net Pension Liability / (Asset) | December 31, 2018 | December 31, 2019 |
|---|--------------------------|--------------------------|
| Total pension liability | \$493,850 | \$753,544 |
| Fiduciary net position | 459,237 | 749,307 |
| Net pension liability / (asset) | 34,613 | 4,237 |
| Fiduciary net position as a % of total pension liability | 92.99% | 99.44%% |
| Pensionable covered payroll ⁽¹⁾ | \$1,428,306 | \$1,745,739 |
| Net pension liability as a % of covered payroll | 2.42% | 0.24% |

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.

| | | |
|--|----------------|----------------|
| Discount Rate | | |
| Discount rate ⁽²⁾ | 8.10% | 8.10% |
| Long-term expected rate of return, net of investment expense ⁽²⁾ | 8.10% | 8.10% |
| Municipal bond rate ⁽³⁾ | Does not apply | Does not apply |

⁽¹⁾ Payroll is calculated based on contributions as reported to TCDRS.

⁽²⁾ This rate reflects the long-term rate of return funding valuation assumption of 8.00%, 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 calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 10: 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, 2018 | \$ 493,850 | \$ 459,237 | \$ 34,613 |
| <i>Changes for the year:</i> | | | |
| Service cost | 203,210 | | 203,210 |
| Interest on total pension liability ⁽¹⁾ | 56,173 | | 56,173 |
| Effect of plan changes ⁽²⁾ | 0 | | 0 |
| Effect of economic/demographic gains or losses | 7,574 | | 7,574 |
| Effect of assumptions changes or inputs | 0 | | 0 |
| Refund of contributions | (7,264) | (7,264) | 0 |
| Benefit payments | 0 | 0 | 0 |
| Administrative expenses | | (571) | 571 |
| Member contributions | | 122,202 | (122,202) |
| Net investment income | | 75,204 | (75,204) |
| Employer contributions | | 93,266 | (93,266) |
| Other ⁽³⁾ | 0 | 7,233 | (7,233) |
| Balances as of December 31, 2019 | \$ 753,544 | \$ 749,307 | \$ 4,237 |

⁽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.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 10: PENSION PLAN – continued

Sensitivity Analysis

The following presents the net pension liability of the district, calculated using the discount rate of 8.10%, 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 (7.10%) or 1 percentage point higher (9.10%) than the current rate.

| | 1% Decrease 7.10% | Current Discount Rate 8.10% | 1% Increase 9.10% |
|-------------------------------|----------------------|-----------------------------------|----------------------|
| Total Pension Liability | \$ 914,754 | \$ 753,544 | \$ 625,681 |
| Fiduciary Net Position | 749,307 | 749,307 | 749,307 |
| Net pension liability/(asset) | \$ 165,447 | \$ 4,237 | \$(123,626) |

As of September 30, 2020, 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 | \$ 7,640 | \$ 36,206 |
| Changes of assumption | 2,984 | 32 |
| Net difference between projected and actual earnings | 5,095 | 0 |
| Contributions made subsequent to measurement date | <u>N/A</u> | <u>118,389</u> |
| Totals | \$ 15,719 | \$ 154,595 |

The \$154,595 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, 2021. 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: | |
| 2021 | \$ 2,842 |
| 2022 | 2,020 |
| 2023 | 3,022 |
| 2024 | (3,531) |
| 2025 | 2,362 |
| Thereafter ⁽¹⁾ | 13,804 |

⁽³⁾ Total remaining balance to be recognized in future years. Note that additional future deferred inflows and outflows of resources may impact these numbers.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 10: PENSION PLAN – continued

Payable to the Pension Plan

At September 30, 2020, the District reported \$ 48,340 as payable for the employer and employee contributions to the pension plan required for the year ended September 30, 2020.

NOTE 11: FUND BALANCE

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 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 on page 11.

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. The Board has delegated the authority to assign fund balance for a specific purpose to the District's Chief or Assistant Chief.

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: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

As of September 30, 2020, the District has not adopted a minimum fund balance policy.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 12: 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.

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 | \$ 154,595 |
| Deferred inflows related to pension liability | \$ 15,719 |

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 | \$ 6,358,512 |
| Accumulated Depreciation | <u>(1,467,775)</u> |
| Total | \$ 4,890,737 |

Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the funds.

\$ 10,163

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 within one year | \$ 532,692 |
| Due after one year | \$ 1,259,062 |

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

| | |
|------------------|--------------|
| Deferred revenue | \$ (123,492) |
|------------------|--------------|

Differences between the Governmental Fund Operating Statement and the Statement of 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 in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

| | |
|---|-----------------|
| Adjustment for Compensated Leave | \$ 30,287 |
| Adjustment for Pension Asset/Liability | (30,376) |
| Change in Deferred Inflow/Outflows related to Pension | <u>(22,074)</u> |
| Total adjustment | \$ (22,163) |

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 12: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND AND GOVERNMENT-WIDE STATEMENTS – continued

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 | \$ (603,724) |
| Depreciation Expense | 296,272 |

Repayment of notes payable is reported as an expenditure in governmental funds. For the district, 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 Debt Principal | \$ (454,130) |
|---------------------------|--------------|

Interest expense is recognized as expenditures in the governmental funds. The statement of activities includes only the interest expense for the current period.

| | |
|------------------------------------|------------|
| Change in Accrued Interest Payable | \$ (3,024) |
|------------------------------------|------------|

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 | \$ 15,784 |
|--|-----------|

The issuance of long-term debt provides current financial resources to governmental funds; however, this has no effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

| | |
|--------------------|--------------|
| Financing Proceeds | \$ (460,000) |
|--------------------|--------------|

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

| | |
|------------------------------|-----------|
| Gain from disposal of assets | \$ 26,292 |
| Proceeds from sale of assets | (44,500) |

NOTE 13: SAFER GRANT

The District was awarded a FEMA-Staffing for Adequate Fire and Emergency Response (SAFER) grant in November 2019 totaling \$1,608,168. Funding will be over a 3-year period beginning in FY 2018-2019, under the grant terms the District will be required to match 25% of actual cost for the first 2 years and 65% in the final year. As of September 30, 2020, the District received \$ 209,336.

NOTE 14: TRANSFERS

The District will transfer, primarily from the General Fund, to other funds for those funds to meet their payment obligations. For the year ended the General Fund transferred out to the Capital Projects Fund \$508,267, and the Debt Service Fund transferred into the General Fund \$ 2,655.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 15: DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through the date of the auditor's report, the date the financial statements were available to be issued.

NOTE 16: SUBSEQUENT EVENTS

Loan Payoff

In October 2020, the District decided to pay off one of their existing loans with BB&T Government Finance in the amount of \$178,106.

COVID-19

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

Equipment Finance

In September 2020, the Board approved for purchase 2 Pearce Enforcer PUC Pumpers in the amount of \$1,495,269, to be financed through PNC Equipment Finance.

Required Supplementary Information

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 12
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020

| | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE FAVORABLE/ (UNFAVORABLE) |
|---|---------------------|---------------------|---------------------|---|
| | ORIGINAL | FINAL | | |
| REVENUES: | | | | |
| Ad valorem taxes | \$ 2,602,377 | \$ 2,602,377 | \$ 2,296,588 | (305,789) |
| Penalties & Interest on Taxes | - | - | 21,344 | 21,344 |
| Sales Tax | 1,475,000 | 1,475,000 | 2,685,786 | 1,210,786 |
| Interest | 60,000 | 60,000 | 41,328 | (18,672) |
| Inspections | 110,000 | 110,000 | 183,695 | 73,695 |
| Miscellaneous Income | 11,000 | 11,000 | 13,627 | 2,627 |
| SAFER Grant | 651,960 | 651,960 | 209,336 | (442,624) |
| TOTAL REVENUES | \$ 4,910,337 | \$ 4,910,337 | \$ 5,451,704 | 541,367 |
| EXPENDITURES: | | | | |
| Apparatus | \$ 133,750 | \$ 133,750 | \$ 132,826 | 924 |
| SCBA Equipment | 37,000 | 22,184 | 12,944 | 9,240 |
| PPE | 48,500 | 42,100 | 81,753 | (39,653) |
| Uniforms | 27,600 | 35,600 | 30,405 | 5,195 |
| Communications | 163,025 | 172,044 | 153,808 | 18,236 |
| Operational | 74,100 | 154,100 | 89,371 | 64,729 |
| Insurance | 515,700 | 507,100 | 401,721 | 105,379 |
| Training | 49,500 | 33,945 | 24,470 | 9,475 |
| Stations | 84,700 | 115,236 | 94,365 | 20,871 |
| Information Technology | 31,215 | 38,770 | 37,417 | 1,353 |
| Dues and Subscriptions | 8,230 | 8,230 | 4,295 | 3,935 |
| Prevention and Inspection | 16,800 | 16,800 | 10,484 | 6,316 |
| Administrative expenditures: | | | | |
| Annual Financial Audit | 9,700 | 9,700 | 9,700 | - |
| Legal Fees | 10,000 | 15,000 | 15,590 | (590) |
| Sales Tax Assurance | 6,000 | 6,000 | 39,624 | (33,624) |
| Appraisal District/Assessor Fees | 15,713 | 14,200 | 6,000 | 8,200 |
| Miscellaneous Administrative Expenditures | 43,387 | 51,900 | 26,638 | 25,262 |
| Contract Labor | 3,000 | 3,000 | - | 3,000 |
| Personnel Costs | 3,129,694 | 3,123,819 | 2,617,660 | 506,159 |
| Capital Outlay | - | 430,262 | 325,265 | 104,997 |
| Debt Service Expenditures | | | | |
| Principal | 485,038 | 454,133 | 319,130 | 135,003 |
| Interest | - | 54,905 | 34,598 | 20,307 |
| TOTAL EXPENDITURES | \$ 4,892,652 | \$ 5,442,778 | \$ 4,468,064 | 974,714 |
| OTHER SOURCES/(USES) | | | | |
| Financing Proceeds | \$ - | \$ 295,000 | \$ 295,000 | - |
| Proceeds from Sale of Assets | - | - | 44,500 | 44,500 |
| Transfer In/(Out) | - | - | (505,612) | (505,612) |
| Total Other Sources/(Uses) | \$ - | \$ 295,000 | \$ (166,112) | (461,112) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES and OTHER SOURCES/(USES) | \$ 17,685 | \$ (532,441) | \$ 817,528 | 1,349,969 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 4,161,113 | |
| End of year | | | <u>\$ 4,978,641</u> | |

See Accompanying Notes to the Financial Statements

Travis County Emergency Services District No. 12
Schedule of Changes in Net Pension Liability and Related Ratios

| | Year Ended December 31 | | | | | | | | | | |
|--|------------------------|--------------|--------------|------------|------------|------|------|------|------|------|--|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | |
| Total Pension Liability | | | | | | | | | | | |
| Service cost | \$ 203,210 | \$ 141,441 | \$ 113,223 | \$ 100,030 | \$ 18,311 | N/A | N/A | N/A | N/A | N/A | |
| Interest on total pension liability | 56,173 | 33,443 | 18,876 | 5,945 | 654 | N/A | N/A | N/A | N/A | N/A | |
| Effect of plan changes | - | 39,735 | - | 10,799 | (1,888) | N/A | N/A | N/A | N/A | N/A | |
| Effect of assumption changes or inputs | - | - | (3,980) | - | 52 | N/A | N/A | N/A | N/A | N/A | |
| Effect of economic/demographic (gains) or losses | 7,574 | 8,813 | 27,901 | (12,732) | 1,926 | N/A | N/A | N/A | N/A | N/A | |
| Benefit payments/refunds of contributions | (7,264) | (1,995) | (6,704) | - | - | N/A | N/A | N/A | N/A | N/A | |
| Net change in total pension liability | 259,693 | 221,437 | 149,316 | 104,042 | 19,055 | N/A | N/A | N/A | N/A | N/A | |
| Total pension liability, beginning | 493,850 | 272,413 | 123,097 | 19,055 | - | N/A | N/A | N/A | N/A | N/A | |
| Total pension liability, ending (a) | \$ 753,543 | \$ 493,850 | \$ 272,413 | \$ 123,097 | \$ 19,055 | N/A | N/A | N/A | N/A | N/A | |
| Fiduciary Net Position | | | | | | | | | | | |
| Employer contributions | 93,266 | 84,550 | 53,563 | 52,268 | 10,687 | N/A | N/A | N/A | N/A | N/A | |
| Member contributions | 122,202 | 99,981 | 81,232 | 46,566 | 11,617 | N/A | N/A | N/A | N/A | N/A | |
| Investment income net of investment expenses | 75,204 | (3,079) | 20,274 | 1,687 | (189) | N/A | N/A | N/A | N/A | N/A | |
| Benefit payments/refunds or contributions | (7,264) | (1,995) | (6,704) | - | - | N/A | N/A | N/A | N/A | N/A | |
| Administrative expenses | (571) | (369) | (183) | (18) | (8) | N/A | N/A | N/A | N/A | N/A | |
| Other | 7,233 | 5,466 | 1,715 | 2,176 | (1) | N/A | N/A | N/A | N/A | N/A | |
| Net change in fiduciary net position | 290,070 | 184,554 | 149,897 | 102,679 | 22,106 | N/A | N/A | N/A | N/A | N/A | |
| Fiduciary net position, beginning | 459,236 | 274,682 | 124,785 | 22,106 | - | N/A | N/A | N/A | N/A | N/A | |
| Fiduciary net position, ending (b) | \$ 749,306 | \$ 459,236 | \$ 274,682 | \$ 124,785 | \$ 22,106 | N/A | N/A | N/A | N/A | N/A | |
| Net pension liability/(asset), ending = (a) - (b) | \$ 4,237 | \$ 34,614 | \$ (2,269) | \$ (1,688) | \$ (3,051) | N/A | N/A | N/A | N/A | N/A | |
| Fiduciary net position as a % of total pension liability | 99.44% | 92.99% | 100.83% | 101.37% | 116.01% | N/A | N/A | N/A | N/A | N/A | |
| Pensionable covered payroll | \$ 1,745,739 | \$ 1,428,306 | \$ 1,160,458 | \$ 931,324 | \$ 929,338 | N/A | N/A | N/A | N/A | N/A | |
| Net pension liability as a % of covered payroll | 0.24% | 2.42% | -0.20% | -0.18% | -0.33% | N/A | N/A | N/A | N/A | N/A | |

Travis County Emergency Services District No. 12
Schedule of Employer Contributions

| Year Ending September 30 | Actuarially Determined Contribution | Actual Employer Contribution | Contribution Deficiency (Excess) | Pensionable Covered Payroll | Actual Contribution as a % of Covered Payroll |
|-------------------------------------|--|---|---|--|--|
| 2009 | | | | | |
| 2010 | | | | | |
| 2011 | | | | | |
| 2012 | | | | | |
| 2013 | | | | | |
| 2014 | | | | | |
| 2015 | | | | | |
| 2016 | 10,687 | 50,059 | (39,372) | 958,452 | 5.2% |
| 2017 | 42,841 | 51,066 | (8,225) | 1,222,488 | 4.2% |
| 2018 | 53,265 | 80,366 | (27,101) | 1,480,188 | 5.4% |
| 2019 | 64,845 | 86,695 | (21,850) | 1,854,705 | 4.7% |
| 2020 | 93,222 | 93,266 | (44) | 1,745,739 | 5.3% |

Travis County Emergency Services District No. 12
Notes to the Schedule of Employer Contributions
For the year ending September 30, 2020

| | |
|--|--|
| 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 |
| Amortization Method | Level percentage of payroll, closed |
| Remaining Amortization Period | 16.7 years (based on contribution rate calculated in 12/31/2019 valuation) |
| Asset Valuation Method | 5-year smoothed market |
| Inflation | 2.75% |
| Salary Increases | Varies by age and service. 4.9% average over career including inflation. |
| Investment rate of Return | 8.00%, 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 | 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014 |
| Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions | 2015: New inflation, mortality and other assumptions were reflected. |
| Changes in Plan Provisions Reflected in the Schedule | 2017: New mortality assumptions were reflected. 2015: No changes in plan provisions were reflected in the Schedule. |
| | 2016: No changes in plan provisions were reflected in the Schedule. |
| | 2017: Employer contributions reflect that the member contribution rate was increased to 7% and the current service matching rate was decreased to 125%. Also new Annuity Purchase Rates were reflected for benefits earned after 2017. |
| | 2018: No changes in plan provision were reflected in the Schedule. |
| | 2019: Employer contributions reflect that the current service matching rate was increased to 150% for future benefits. |

**Only changes effective 2015 and later are shown in the Notes to Schedule.*