

Travis County Emergency  
Services District No. Twelve  
Financial Statements  
September 30, 2021

Travis County Emergency Services District No. Twelve  
For the year ending September 30, 2021

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# MEDACK & OLTMANN, LLP

## CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Travis County Emergency Services District No. 12

We have audited the accompanying financial statements of the governmental activities, and each major fund, of Travis County Emergency Services District No. 12, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of Travis County Emergency Services District No. 12, as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

*Accounting* principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in net pension liability and related ratios, and the schedule of District contributions on pages 3 through 8 and 34 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Medack & Oltmann, LLP  
Giddings, Texas  
January 31, 2022



## **Travis County Emergency Services District No.12**

### **Administration Office**

11200 Gregg Lane • PO Box 846

Manor, Texas 78653

O: 512-272-4502 • F: 512-428-5114

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, 2021. 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 \$ 10,554,505
- General Fund balance increased by \$ 1,089,010, with the ending fund balance of \$6,067,649.
- Financial performance continued to improve for the ESD in FY21 as expenditures continue to be closely monitored as well as management and personnel activities were stable.
- In FY21, 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 \$ 1,451,761. 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**

<b>Assets</b>	<b>9/30/2021</b>	<b>9/30/2020</b>
Current Assets	7,191,515	6,108,331
Capital Assets	5,879,219	4,890,737
<b>Total Assets</b>	<b>\$ 13,070,734</b>	<b>\$ 10,999,068</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 342,203</b>	<b>\$ 154,595</b>
<b>Liabilities</b>		
Current Liabilities	740,169	776,138
Long-Term Liabilities	2,099,584	1,259,062
<b>Total Liabilities</b>	<b>\$ 2,839,753</b>	<b>\$ 2,035,200</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 18,678</b>	<b>\$ 15,719</b>
<b>Net Position</b>		
Net Investment in Capital Assets	3,550,015	3,173,561
Restricted	10,530	355,304
Unrestricted	6,993,960	5,573,879
<b>Total Net Position</b>	<b>\$ 10,554,505</b>	<b>\$ 9,102,744</b>

**Table 2**  
**Changes in Net Position**

	<u>9/30/2021</u>	<u>9/30/2020</u>
<b>Revenues</b>		
Ad Valorem Taxes	2,862,102	2,572,416
Penalties & Interest on Taxes	22,180	21,344
Sales Tax	3,003,847	2,685,786
Interest	1,714	47,695
Inspections	277,531	183,695
Gain (Loss) on sale of asset	(259,401)	26,292
SAFER Grant	669,056	209,336
Other	61,858	13,627
<b>Total Revenues</b>	<u>\$ 6,638,887</u>	<u>\$ 5,760,191</u>
<b>Expenses</b>		
Apparatus, Equipment PPE	161,288	227,523
Operational	54,297	89,371
Communication	187,881	153,808
Insurance	98,472	401,721
Training & Prevention	29,870	34,954
Information Technology	57,851	37,417
Miscellaneous	117,546	34,700
Station	82,943	94,365
Administration	68,541	97,552
Personnel	3,798,898	2,595,497
Depreciation Expense	466,502	296,272
Debt Service:		
Interest	63,036	51,017
<b>Total Expenses</b>	<u>\$ 5,187,125</u>	<u>\$ 4,114,197</u>
<b>Change in Net Position</b>	<u>\$ 1,451,761</u>	<u>\$ 1,645,994</u>
Net Position - Beginning of Year	\$ 9,102,744	\$ 7,456,750
Net Position - Ending of Year	\$ 10,554,505	\$ 9,102,744

### **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, 2021, the District's total combined fund balance was \$ 6,895,953 which reflects a net combined fund balance increase of \$ 1,144,399.

43.1% of all Department funds come from Ad Valorem taxes, and 43.1% 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 \$ 6,753,965 were more than the final budget amount of \$5,819,892 by \$ 934,073 and actual revenues of \$ 6,607,346 exceeded final budget of \$5,396,797 by \$ 1,210,549.

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, 2021, capital assets are as follows:

**Table 3**  
**Capital Assets at Year-end**

	<u>9/30/2021</u>	<u>9/30/2020</u>
Land	\$ 66,922	\$ 66,922
Vehicles	3,674,513	2,661,583
Furniture & Equipment	686,810	671,738
Building	<u>3,011,816</u>	<u>2,958,269</u>
	7,440,061	6,358,512
Less: Accumulated Depreciation	\$ <u>(1,560,842)</u>	\$ <u>(1,467,775)</u>
Total Capital Assets, net	\$ <u>5,879,219</u>	\$ <u>4,890,737</u>

### Debt:

At year-end, the District had \$ 2,329,204 in outstanding debt compared to \$ 1,717,176 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 received a Safer Grant from FEMA to hire up to 15 new employees. The grant total is \$1,608,168 with a cost to the District of 25% for the first 2 years and 75% in the 3<sup>rd</sup> and final year which end March 10, 2023.
- Staffing will be maintained with 38 operation full-time shift employees, a full-time Fire Chief, a full-time Fire Chief, 3 Battalion Chiefs, 1 Field Medical Officers, 2 Fire Prevention Officers, 1 part-time Prevention Officer, 1 part-time Public Information Officer, 2 part-time administrative staff.
- The District has future plans to acquire a Quint/Ladder Truck and Land for a new fire station and to identify the need for additional stations 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, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total Funds	Adjustments (Note 12)	Statement of Net Position
<b>ASSETS</b>						
Cash	\$ 135,176	\$ -	\$ -	\$ 135,176	\$ -	\$ 135,176
Investments - First Public	5,475,915	10,530	817,774	6,304,219	-	6,304,219
Receivables - Property Taxes	102,745	20,747	-	123,492	-	123,492
Receivables - Sales Taxes	628,627	-	-	628,627	-	628,627
Capital Assets (net of accumulated depreciation)	-	-	-	-	5,879,219	5,879,219
<b>TOTAL ASSETS</b>	<b>\$ 6,342,464</b>	<b>\$ 31,277</b>	<b>\$ 817,774</b>	<b>\$ 7,191,515</b>	<b>\$ 5,879,219</b>	<b>\$13,070,734</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Outflows Related to Pension					342,203	\$ 342,203
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>					<b>342,203</b>	<b>342,203</b>
<b>LIABILITIES</b>						
Payroll Liabilities Payable	\$ 86,992	\$ -	\$ -	\$ 86,992	\$ -	\$ 86,992
Accounts Payable	85,078	-	-	85,078	-	85,078
Accrued Interest Payable	-	-	-	-	34,296	34,296
Long-term liabilities:						
Due within one year	-	-	-	-	533,803	533,803
Due after one year	-	-	-	-	2,099,584	2,099,584
<b>TOTAL LIABILITIES</b>	<b>172,070</b>	<b>-</b>	<b>-</b>	<b>172,070</b>	<b>2,667,683</b>	<b>2,839,753</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property Taxes	\$ 102,745	\$ 20,747	\$ -	\$ 123,492	\$ (123,492)	\$ -
Deferred Inflows Related to Pension	-	-	-	-	18,678	18,678
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>102,745</b>	<b>20,747</b>	<b>-</b>	<b>123,492</b>	<b>(104,814)</b>	<b>18,678</b>
<b>FUND BALANCES/NET POSITION</b>						
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	10,530	-	10,530	(10,530)	-
Committed	-	-	817,774	817,774	(817,774)	-
Assigned	20,000	-	-	20,000	(20,000)	-
Unassigned	6,047,649	-	-	6,047,649	(6,047,649)	-
<b>TOTAL FUND BALANCES</b>	<b>6,067,649</b>	<b>10,530</b>	<b>817,774</b>	<b>6,895,953</b>	<b>(6,895,953)</b>	
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 6,342,464</b>	<b>\$ 31,277</b>	<b>\$ 817,774</b>	<b>\$ 7,191,515</b>		
<b>Net Position:</b>						
Net Investment in Capital Assets					3,550,015	3,550,015
Restricted					10,530	10,530
Unrestricted					6,993,960	6,993,960
<b>Total net position</b>					<b>\$ 10,554,505</b>	<b>\$10,554,505</b>

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, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total Funds	Adjustments (Note 12)	Statement of Activities
<b>EXPENDITURES/EXPENSES</b>						
Apparatus	\$ 161,288	\$ -	\$ -	\$ 161,288	\$ -	\$ 161,288
SCBA Equipment	17,557	-	-	17,557	-	17,557
PPE	50,139	-	-	50,139	-	50,139
Uniforms	23,173	-	-	23,173	-	23,173
Communications	187,881	-	-	187,881	-	187,881
Operational	54,297	-	-	54,297	-	54,297
Insurance	98,472	-	-	98,472	-	98,472
Training & Prevention	29,870	-	-	29,870	-	29,870
Stations	82,943	-	-	82,943	-	82,943
Information Technology	57,851	-	-	57,851	-	57,851
Dues and Subscriptions	9,960	-	-	9,960	-	9,960
Prevention & Inspection	16,717	-	-	16,717	-	16,717
Administrative Expenditures:						
Annual Financial Audit	9,700	-	-	9,700	-	9,700
Legal Fees	17,378	-	-	17,378	-	17,378
Appraisal District/Assessor Fees	8,599	-	-	8,599	-	8,599
Sales Tax Assurance	6,000	-	-	6,000	-	6,000
Miscellaneous Administrative Expenditures	26,864	-	-	26,864	-	26,864
Personnel Costs	3,753,942	-	-	3,753,942	44,956	3,798,898
Capital Outlay	1,719,384	-	-	1,719,384	(1,719,384)	-
Depreciation Expense	-	-	-	-	466,502	466,502
Debt Service:						
Principal	389,602	629,000	-	1,018,602	(1,018,602)	-
Interest	32,348	6,553	-	38,901	24,135	63,036
Total expenditures/expenses	\$ 6,753,965	\$ 635,553	\$ -	\$ 7,389,518	\$ (2,202,393)	\$ 5,187,125
<b>PROGRAM REVENUES</b>						
SAFER Grant	\$ 669,056	\$ -	\$ -	\$ 669,056	\$ -	\$ 669,056
Total program revenues	\$ 669,056	\$ -	\$ -	\$ 669,056	\$ -	\$ 669,056
<b>GENERAL REVENUES</b>						
Ad valorem taxes	\$ 2,571,397	\$ 290,705	\$ -	\$ 2,862,102	\$ -	\$ 2,862,102
Penalties & Interest on Taxes	22,180	-	-	22,180	-	22,180
Sales Tax	3,003,847	-	-	3,003,847	-	3,003,847
Interest	1,477	74	163	1,714	-	1,714
Inspections	277,531	-	-	277,531	-	277,531
Miscellaneous Income	61,858	-	-	61,858	-	61,858
Loss on sale of asset	-	-	-	-	(259,401)	(259,401)
Total general revenues	5,938,290	290,779	163	6,229,232	(259,401)	5,969,831
Excess (Deficiency) of revenues over (under) expenditures	\$ (146,619)	\$ (344,774)	\$ 163	\$ (491,230)	\$ 491,230	\$ -
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from sale of assets	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ (5,000)	\$ -
Financing Proceeds	1,630,630	-	-	1,630,630	(1,630,630)	-
Transfer in/(out)	(400,000)	-	400,000	-	-	-
Total Other Financing Sources(Uses)	\$ 1,235,630	\$ -	\$ 400,000	\$ 1,635,630	\$ (1,635,630)	\$ -
Net Change in Fund Balances	1,089,010	(344,774)	400,163	1,144,399	(1,144,399)	-
Change in Net Position					1,451,761	1,451,761
Fund Balance/Net Position						
Beginning of the year	4,978,639	355,304	417,611	5,751,554	3,351,188	9,102,744
End of the year	\$ 6,067,649	\$ 10,530	\$ 817,774	\$ 6,895,953	\$ 3,658,552	\$ 10,554,505

See Accompanying Notes to the Financial Statements

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

The District does not currently employ indirect cost allocation systems.

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

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, 2021

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, 2021

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, 2021

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.”

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

Fund Statements

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

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, 2021, 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.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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.

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, 2022.

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, 2021

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.

RECEIVABLES

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

NOTE 2: CASH

Deposits for the District are being held by Independent Bank. As of year-end, the District's deposits were fully secured with FDIC coverage (Category 1). At September 30, 2021, the carrying amount of the District's deposits was \$135,176 and the bank balance was \$ 243,586.

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 \$ 6,304,219 in an external local governmental investment pool, Lone Star Investment Pool (First Public), at September 30, 2021. 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.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3: INVESTMENTS – continued

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.

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, 2021, 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, 2021, 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	\$ 6,304,219	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, 2021

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021, was as follows:

	Balance 09/30/21	Additions	Retirements	Balance 9/30/2021
<b><u>Non-Depreciable Assets</u></b>				
Land	\$ 66,922	\$ -	\$ -	\$ 66,922
Total Non-Depreciable Assets	66,922	-	-	66,922
<b><u>Depreciable Assets</u></b>				
Vehicles	\$ 2,661,583	\$ 1,906,630	\$ (893,700)	\$ 3,674,513
Buildings & Improvements	2,958,269	53,547	-	3,011,816
Furniture & Equipment	671,738	35,208	(20,136)	686,810
Total Depreciable Assets	6,291,590	1,995,385	(913,836)	7,373,139
Total Assets	6,358,512	1,995,385	(913,836)	7,440,061
<b><u>Less: Accumulated Depreciation</u></b>				
Vehicles	(691,349)	(308,469)	356,176	(643,642)
Buildings & Improvements	(458,148)	(89,791)	-	(547,939)
Furniture & Equipment	(318,278)	(68,242)	17,259	(369,261)
Total Accumulated Depreciation	(1,467,775)	(466,502)	373,435	(1,560,842)
Total Depreciable Capital Assets,	4,823,815	1,528,883	(540,401)	5,812,297
Total Capital Assets, Net	\$ 4,890,737	\$ 1,528,883	\$ (540,401)	\$ 5,879,219

Depreciation charged for the year ending September 30, 2021 was \$466,502.

NOTE 5: LONG-TERM DEBT

Transactions for the year ended September 30, 2021, are summarized as follows:

	Balance 9/30/2020	Additions	Reductions	Balance 9/30/2021	Due within one year
<b><u>Governmental Activities</u></b>					
Notes Payable	\$ 629,000	\$ 195,845	\$ 629,000	\$ 195,845	\$ 64,293
Capital Lease Obligation	1,088,176	1,434,785	389,602	2,133,359	469,510
Total Notes Payable & Capital Lease Obligations	\$ 1,717,176	\$ 1,630,630	\$ 1,018,602	\$ 2,329,204	\$ 533,803
Pension Liability	4,237	216,280	-	220,517	-
Compensated Leave Payable	70,341	13,325	-	83,666	-
Total Governmental Activities	\$ 1,791,754	\$ 1,860,235	\$ 1,018,602	\$ 2,633,387	\$ 533,803

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 5: LONG-TERM DEBT – continued

Capital Lease Obligation-

Lease amount: \$ 195,845  
Maturity date: June 10, 2024  
Interest rate: 1.53% annum  
Payment terms: Three (3) annual payments of \$64,292.97, including principal and interest, will be made beginning on June 10, 2022, and ending June 10, 2024. The loan is collateralized by the vehicle. At the end of the lease term, the District has a bargain purchase option price of \$1. At September 30, 2021, the gross amount of the assets was \$ 195,845 and accumulated amortization was \$ 6,528. Amortization expense is included in depreciation expense.

Loan amount: \$ 1,434,785  
Maturity date: November 6, 2027  
Interest rate: 2.34% annum  
Payment terms: Annual payments of \$224,597.95, including principal and interest, will be made beginning on November 6, 2021 and ending November 6, 2027. The loan is collateralized by the fire engines. At the end of the lease term, the District has a bargain purchase option price of \$1. At September 30, 2021, the gross amount of the assets was \$ 1,710,785 and accumulated amortization was \$ 171,078. Amortization expense is included in depreciation expense.

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, 2021, was \$ -0-. At the end of the lease term, the District has a bargain purchase option at less than Fair Market Value. At September 30, 2021, 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, 2021

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, 2021, was \$ 439,318. At the end of the lease term, the District has a bargain purchase option at less than Fair Market Value. At September 30, 2021, the gross amount of the assets was \$ 975,600 and accumulated amortization was \$ 146,340. Amortization expense is included in depreciation expense.

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, 2021, was \$ 55,858. At the end of the lease term, the District has a bargain purchase option at less than Fair Market Value. At September 30, 2021, the gross amount of the asset was \$ 150,197 and accumulated amortization was \$27,536. Amortization expense is included in depreciation expense.

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, 2021, was \$ 92,215. At the end of the lease term, the District has a bargain purchase option at less than Fair Market Value. At September 30, 2021, the gross amount of the assets were \$ 84,557 and accumulated amortization was \$ 20,133. 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, 2021, was \$ 111,183. At the end of the lease term, the District has a bargain purchase option at less than Fair Market Value. At September 30, 2021, 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, 2021

NOTE 5: LONG-TERM DEBT - continued

The annual aggregate maturities for years subsequent to September 30, 2021, are as follows:

*Capital Lease Obligations*

Fiscal Year	Principal	Interest	Total Requirement
2022	\$ 533,803	\$ 53,005	\$ 586,808
2023	497,787	41,087	538,874
2024	446,828	29,980	476,808
2024	207,336	19,853	227,189
2026	209,541	15,057	224,598
Thereafter	433,909	15,289	449,198
Total	<u>\$ 2,329,204</u>	<u>\$ 174,271</u>	<u>\$ 2,503,475</u>

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, 2020, upon which the 2020 levy was based, was \$ 2,893,315,093 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 2020 levy was \$ 2,893,315 and the tax rate was \$ 0.10 per \$100 assessed valuation (\$.0807 M&O, \$.0193 I&S). Tax collections for the year ended September 30, 2021, were 99.9% of the 2020 tax levy.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2021. During the fiscal year, the District paid \$ 92,479 and this amount is included in these financial statements.

The District entered into a contract with Siddons Martin Emergency Group LLC for the construction and purchase of 2022 Ford F550 rescue apparatus for \$188,333 to be completed in FY 2022.

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

For the fiscal year ending September 30, 2021 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, 2022 are \$3,600.

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 200%) 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.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 10: PENSION PLAN (continued)

- 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 2020 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](http://www.tcdrs.org).

Employee membership data related to the Plan, as of the valuation date of December 31, 2020, was as follows:

Members	Dec. 31, 2020	Dec. 31, 2019
Number of inactive employees entitled to but not yet receiving benefits	13	9
Number of active employees	41	31
Average monthly salary:	\$5,168	\$5,272
Average age:	36.97	39.01
Average length of service in years:	6.69	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, 2021

**NOTE 10: PENSION PLAN (continued)**

**Net Pension Liability**

The District's net pension liability was measured as of December 31, 2020, 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, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Valuation Timing</b>	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.
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Amortization Method</b>	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
<b>Asset Valuation Method</b>	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
<b>Inflation</b>	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 1.6% per year for a career employee. (See Table 1 for Merit Salary Increases.)

**Investment Rate of Return** 7.60%

**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.

**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	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, 2021

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 <sup>(1)</sup>	Geometric Real Rate of Return <sup>(2)</sup>
US Equities	Dow Jones US Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.25%
International Equities – Emerging Markets	MSCI Emerging Markets Standard (net) Index	6.00%	4.75%
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%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(3)</sup>	4.00%	5.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index +33% Global REIT (net) Index	2.00%	3.45%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	6.00%	4.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%

<sup>(1)</sup> Target asset allocation adopted at the March 2021 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.0% per Cliffwater's 2021 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 10: PENSION PLAN (continued)

**Net Pension Liability / (Asset)**

<b>Net Pension Liability / (Asset)</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Total pension liability	\$1,355,600	\$753,544
Fiduciary net position	1,135,082	749,307
Net pension liability / (asset)	220,517	4,237
Fiduciary net position as a % of total pension liability	83.73%	99.44%%
Pensionable covered payroll <sup>(1)</sup>	\$2,302,809	\$1,745,739
Net pension liability as a % of covered payroll	9.58%	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 <sup>(2)</sup>	7.60%	8.10%
Long-term expected rate of return, net of investment expense <sup>(2)</sup>	7.60%	8.10%
Municipal bond rate <sup>(3)</sup>	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, 2021

NOTE 10: PENSION PLAN (continued)

**Changes in Net Pension Liability / (Asset)**

<b>Changes in Net Pension Liability/(Asset)</b>	<b>Total Pension Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net Pension Liability/(Asset) (a) - (b)</b>
Balances as of December 31, 2019	\$ 753,544	\$ 749,307	\$ 4,237
<i>Changes for the year:</i>			
Service cost	228,202		228,202
Interest on total pension liability <sup>(1)</sup>	79,123		79,123
Effect of plan changes <sup>(2)</sup>	154,230		154,230
Effect of economic/demographic gains or losses	30,714		30,714
Effect of assumptions changes or inputs	119,827		119,827
Refund of contributions	(10,040)	(10,040)	0
Benefit payments	0	0	0
Administrative expenses		(831)	831
Member contributions		161,197	(161,197)
Net investment income		78,021	(78,021)
Employer contributions		148,488	(148,488)
Other <sup>(3)</sup>	0	8,941	(8941)
Balances as of December 31, 2020	\$ 1,355,600	\$1,135,082	\$ 220,517

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

<sup>(2)</sup> Reflects plan changes adopted effective in 2021.

<sup>(3)</sup> Relates to allocation of system-wide items.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total Pension Liability	\$1,649,114	\$1,355,600	\$ 1,123,789
Fiduciary Net Position	1,135,082	1,135,082	1,135,082
Net pension liability/(asset)	\$ 514,032	\$ 220,517	(\$11,293)

As of September 30, 2021, 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	\$ 6,367	\$ 59,544
Changes of assumption	2,652	106,541
Net difference between projected and actual earnings	9,659	0
Contributions made subsequent to measurement date	N/A	176,118
Totals	\$ 18,678	\$ 342,203

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 10: PENSION PLAN (continued)

The \$176,118 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:

2022	\$ 17,726
2023	18,728
2024	12,175
2025	18,068
2026	19,087
Thereafter(1)	61,623

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

**Payable to the Pension Plan**

At September 30, 2021, the District reported \$ 34,728 as payable for the employer and employee contributions to the pension plan required for the year ended September 30, 2021.

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.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 11: FUND BALANCE

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, 2021, the District has not adopted a minimum fund balance policy.

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.

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	\$ 7,440,061
Accumulated Depreciation	(1,560,842)
Total	\$ 5,879,219

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	\$ 342,203
Deferred inflows related to pension liability	\$ 18,678

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

\$ 34,296

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	\$ 533,803
Due after one year	\$ 2,099,584

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

Deferred revenue	\$ (123,492)
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TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

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	\$ 13,325
Adjustment for Pension Asset/Liability	216,280
Change in Deferred Inflow/Outflows related to Pension	<u>(184,649)</u>
Total adjustment	\$ 44,956

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	\$ (1,719,384)
Depreciation Expense	466,502

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 \$ (1,018,602)

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 \$ 24,135

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 \$ -0-

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 \$ (1,630,630)

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.

Loss from disposal of assets	\$ (259,401)
Proceeds from sale of assets	(5,000)

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT TWELVE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2021, the District received \$ 669,056.

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 \$400,000.

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

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.

## 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, 2021

	BUDGETED AMOUNTS			VARIANCE
	ORIGINAL	FINAL	ACTUAL AMOUNTS	FAVORABLE/ (UNFAVORABLE)
<b>REVENUES:</b>				
Ad valorem taxes	\$ 2,814,837	\$ 2,814,837	\$ 2,571,397	(243,440)
Penalties & Interest on Taxes	-	-	22,180	22,180
Sales Tax	1,750,000	1,750,000	3,003,847	1,253,847
Interest	30,000	30,000	1,477	(28,523)
Inspections	100,000	100,000	277,531	177,531
Miscellaneous Income	50,000	50,000	61,858	11,858
SAFER Grant	651,960	651,960	669,056	17,096
<b>TOTAL REVENUES</b>	<b>\$ 5,396,797</b>	<b>\$ 5,396,797</b>	<b>\$ 6,607,346</b>	<b>1,210,549</b>
<b>EXPENDITURES:</b>				
Apparatus	\$ 140,750	\$ 140,750	\$ 161,288	(20,538)
SCBA Equipment	12,000	12,000	17,557	(5,557)
PPE	46,000	46,000	50,139	(4,139)
Uniforms	27,900	27,900	23,173	4,727
Communications	172,925	172,925	187,881	(14,956)
Operational	94,600	90,900	54,297	36,603
Insurance	543,624	543,624	98,472	445,152
Training	49,500	49,500	29,870	19,630
Stations	97,200	97,200	82,943	14,257
Information Technology	67,553	67,553	57,851	9,702
Dues and Subscriptions	9,430	9,430	9,960	(530)
Prevention and Inspection	19,800	19,800	16,717	3,083
Administrative expenditures:				
Annual Financial Audit	9,700	9,700	9,700	-
Legal Fees	18,000	18,000	17,378	622
Sales Tax Assurance	6,000	6,000	6,000	-
Appraisal District/Assessor Fees	13,907	13,907	8,599	5,308
Miscellaneous Administrative Expenditures	46,600	46,600	26,864	19,736
Contract Labor	-	-	-	-
Personnel Costs	3,473,802	3,473,802	3,753,942	(280,140)
Capital Outlay	-	249,392	1,719,384	(1,469,992)
Debt Service Expenditures				
Principal	472,665	683,771	389,602	294,169
Interest	36,323	41,138	32,348	8,790
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,358,279</b>	<b>\$ 5,819,892</b>	<b>\$ 6,753,965</b>	<b>(934,073)</b>
<b>OTHER SOURCES/(USES)</b>				
Financing Proceeds	\$ -	\$ -	\$ 1,630,630	1,630,630
Proceeds from Sale of Assets	-	-	5,000	5,000
Transfer In/(Out)	-	-	(400,000)	(400,000)
<b>Total Other Sources/(Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,235,630</b>	<b>1,235,630</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES and OTHER SOURCES/(USES)</b>	<b>\$ 38,518</b>	<b>\$ (423,095)</b>	<b>\$ 1,089,010</b>	<b>1,512,105</b>
<b>FUND BALANCE:</b>				
Beginning of year			4,978,639	
End of year			<u>\$ 6,067,649</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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Total Pension Liability</b>										
Service cost	\$ 228,202	\$ 203,210	\$ 141,441	\$ 113,223	\$ 100,030	\$ 18,311	N/A	N/A	N/A	N/A
Interest on total pension liability	79,123	56,173	33,443	18,876	5,945	654	N/A	N/A	N/A	N/A
Effect of plan changes	154,230	-	39,735	-	10,799	(1,888)	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	119,827	-	-	(3,980)	-	52	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	30,714	7,574	8,813	27,901	(12,732)	1,926	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(10,040)	(7,264)	(1,995)	(6,704)	-	-	N/A	N/A	N/A	N/A
Net change in total pension liability	602,056	259,693	221,437	149,316	104,042	19,055	N/A	N/A	N/A	N/A
Total pension liability, beginning	753,543	493,850	272,413	123,097	19,055	-	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	\$ 1,355,599	\$ 753,543	\$ 493,850	\$ 272,413	\$ 123,097	\$ 19,055	N/A	N/A	N/A	N/A
<b>Fiduciary Net Position</b>										
Employer contributions	148,488	93,266	84,550	53,563	52,268	10,687	N/A	N/A	N/A	N/A
Member contributions	161,197	122,202	99,981	81,232	46,566	11,617	N/A	N/A	N/A	N/A
Investment income net of investment expenses	78,021	75,204	(3,079)	20,274	1,687	(189)	N/A	N/A	N/A	N/A
Benefit payments/refunds or contributions	(10,040)	(7,264)	(1,995)	(6,704)	-	-	N/A	N/A	N/A	N/A
Administrative expenses	(831)	(571)	(369)	(183)	(18)	(8)	N/A	N/A	N/A	N/A
Other	8,941	7,233	5,466	1,715	2,176	(1)	N/A	N/A	N/A	N/A
Net change in fiduciary net position	385,776	290,070	184,554	149,897	102,679	22,106	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	749,306	459,236	274,682	124,785	22,106	-	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	\$ 1,135,082	\$ 749,306	\$ 459,236	\$ 274,682	\$ 124,785	\$ 22,106	N/A	N/A	N/A	N/A
Net pension liability/(asset), ending = (a) - (b)	\$ 220,517	\$ 4,237	\$ 34,614	\$ (2,269)	\$ (1,688)	\$ (3,051)	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	83.73%	99.44%	92.99%	100.83%	101.37%	116.01%	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$ 2,302,809	\$ 1,745,739	\$ 1,428,306	\$ 1,160,458	\$ 931,324	\$ 929,338	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	9.58%	0.24%	2.42%	-0.20%	-0.18%	-0.33%	N/A	N/A	N/A	N/A

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

<b>Year Ending September 30</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Pensionable Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2009					
2010					
2011					
2012					
2013					
2014					
2015	10,687	50,059	(39,372)	958,452	5.2%
2016	42,841	51,066	(8,225)	1,222,488	4.2%
2017	53,265	80,366	(27,101)	1,480,188	5.4%
2018	64,845	86,695	(21,850)	1,854,705	4.7%
2019	93,222	93,266	(44)	1,745,739	5.3%
2020	125,964	148,488	(22,524)	2,302,809	6.4%

Travis County Emergency Services District No. 12  
Notes to the Schedule of Employer Contributions  
For the year ending September 30, 2021

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	20.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% 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	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.  2020: No changes in plan provision were reflected in the Schedule.

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