

Travis County Emergency
Services District No. Nine
Financial Statements
September 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Travis County Emergency Services District No. 9

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Travis County Emergency Services District No. 9 as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Travis County Emergency Services District No. 9, as of September 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Travis County Emergency Services District No. 9, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Travis County Emergency Services District No. 9's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Travis County Emergency Services District No. 9's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-9 and 27 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Medack & Oltmann, LLP
Giddings, Texas
January 6, 2023



Travis County ESD No. 9

Westlake Fire Department

1301 S. Capital of Texas Hwy, Suite B-123, Austin, TX 78746

Mailing Address: P. O. Box 162170 - Austin, TX 78716-2170

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This section of the Travis County ESD No.9 (Westlake Fire Department) annual financial report presents our discussion and analysis of the Department's overall financial performance during the twelve-month period ending September 30, 2022. Please read this overview in conjunction with the Department's financial statements, which follow this section.

Travis County Emergency Services District No. 9 was created to address the growing needs of the District in fire protection and primary emergency medical care. The Department protects a community of approximately 15,000 citizens, covers approximately 15 square miles, and serves the cities of Rollingwood, West Lake Hills, and unincorporated areas of Travis County, including the neighborhoods of Rolling Hills West, Westwood, Camelot, Rob Roy, St. Stephens, Rivercrest and Riverhills.

Travis County ESD No.9 is a fully paid Department consisting of over 40 career professionals. These professionals provide emergency service response to structural fire suppression, wildland fire fighting, EMS first response services, vehicle rescue, and technical rescues (including water, rope, and other specialized rescues). They also provide community risk reduction activities including pre-fire planning, fire code inspections, fire investigations, and public education.

The Department operates two fire stations located at 1295 South Capital of Texas Hwy and 1109 Westlake Dr, a temporary fire station located at 414 St. Stephens School Rd., and Headquarters at 1301 S. Capital of Texas Hwy in West Lake Hills, Texas.

Financial Highlights

- The District set the 2021 tax rate at \$0.0807 per \$100 of assessed valuation.
- The Total Assets at the close of the most recent period were \$18,181,618.
- The Debt Service paid was in the amount of \$187,304.
- During the year, the General Fund Total Expenses were \$1,981,780 less than the \$9,785,676 generated in revenues from taxes, contract revenues, and other sources.
- The District continued to offer employees benefits that include:
 - The option of Copay or Health Savings Account (HSA) Medical Insurance Plans.
 - A 401(a) Retirement Plan and the existing 457(b) Plan to give employees better opportunities to prepare for retirement.
 - A 501(c)9 VEBA Trust to provide a Post-Employment Healthcare Plan benefit to all full-time personnel to be used for medical expenses after separating service from the District.

- The District collected over \$2.2M in Sales and Use Tax to help in the overall operations of the District.

Using This Annual Report:

This annual report consists of a series of financial statements. GASB Statement No. 34 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 two columns and a total in the third column. 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 on the District as a Whole

One of the questions that can be asked about the District's finances is, "Is the District 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 District 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 District's assets and liabilities, utilizing the accrual basis of accounting which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two columns report the District's net position and changes in them. The difference between assets and liabilities, net assets, are one way to measure the District's financial health. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, other non-financial factors such as changes in the District's property tax base and the condition of the District's equipment and facilities must also be considered in an assessment of the overall financial health of the District.

The statement of activities presents information showing how the District's net assets 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 District that are principally supported by grants and government revenues. The government activities of the District include Fire Suppression, Rescue Activities, Emergency Medical Services, Code Enforcement, and Public Education. The District 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 District, 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 District'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 District as a whole. Some funds are required to be established by State law and by bond covenants, however, the District 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 District'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 District'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 District'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 adjustment's column of the financial statements and in Note 13 to the financial statements.

The District as a Whole

Governmental activities increased the District's net position by \$2,796,121. Our analysis below focuses on the net position (Table 1) and the changes in net position (Table 2) of the District's governmental activities:

	2022	2021
Assets:		
Current and Other Assets	\$ 15,105,599	\$ 13,065,895
Non Current and Capital Assets	3,076,019	2,258,884
Total Assets	\$ 18,181,618	\$ 15,324,779
Liabilities:		
Current Liabilities	\$ 470,929	\$ 420,542
Long-term Liabilities Outstanding	1,242,774	1,232,133
Total Liabilities	\$ 1,713,703	\$ 1,652,675
Net Position:		
Net Investment in Capital Assets	\$ 2,731,523	\$ 1,783,884
Restricted	126,652	125,684
Unrestricted	13,609,740	11,762,536
Total Net Position	\$ 16,467,915	\$ 13,672,104

	2022	2021
Revenues:		
Ad Valorem Taxes	\$ 7,512,592	\$ 6,840,683
Sales Tax	2,248,241	1,871,678
Interest Income	106,732	5,538
Gain/(Loss) from Sale of Assets	24,803	(1,743)
Other Income	112,641	81,312
Total Revenues	\$ 10,005,009	\$ 8,797,468
Expenses:		
Firefighting Operations	\$ 7,037,095	\$ 6,281,981
Legal, Accounting, Professional	157,690	149,927
Interest Expense	14,103	16,013
Total Expenses	\$ 7,208,888	\$ 6,447,921
Inc./(Dec.) in Net Position	\$ 2,796,121	\$ 2,349,547
Net Position - Beginning of Year, restated	\$ 13,671,794	\$ 11,322,557
Net Position - End of Year	\$ 16,467,915	\$ 13,672,104

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For the year ending September 30, 2022, the District's total combined fund balance was \$14,709,460, which reflects a net combined fund balance increase of \$2,008,748.

The General Fund (which is used to report the District's overall operations) reported an increase of \$2,007,780.

75.3% of all District funds came from Ad Valorem taxes in FY 2022. 22.5% of the funds came from the District's Sales Tax. The remaining revenues come from sources such as inspection income and interest on deposited funds.

Budgetary Highlights

The Department's annual budget includes estimated revenues and expenditures. The annual budget is an eight-page, line-item document that 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. The Board of Commissioners meet with the Chief Officers as often as necessary, generally May to August, to complete the budget planning process.

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.

In each budget process, the projected expenses and revenues for the Department are projected out for a five-year period. Critical to this estimate is the growth in assessed valuation that can be expected from the Department's service area. The Board of Commissioners, constituted by business leaders in the community, are critical to this estimate of future growth in the taxable value. Their estimates of the growth of the area have been extremely accurate over the years. Personnel costs represent 73% of overall expenditures and constitute the single greatest management challenge to the Department considering the legislative cap on the tax rate an Emergency Services District can levy (\$0.10/\$100). Any need for expanded service or desire to pay competitive wages must be tempered by the tax cap in the current year and out through the five-year budget planning period.

The estimated Net Taxable (Assessed) Valuation (AV) of the District increased by 11.02% in the fiscal year ending September 30, 2022. In the three years immediately prior, the AV increased by 3.11%, 5.62%, and 7.65% respectively. The Board of Commissioners, looking at the economic indicators of the area, directed the staff to plan flat to moderate AV increases in the Department revenue projections over the next 5 years ranging from 1% to 3% growth. Their direction has resulted in a conservative estimate of revenues for the year and future years.

Over the course of the year, the Board of Commissioners reviewed payroll and accounts receivable / payable audits semi-annually from the auditor and the Balance and Expense

Reports were reviewed monthly. The Board made three adjustments to the budget during the year.

The Board continued implementing a Reserve Equity Policy that is designating funds to meet legal and Board-designated obligations. The Board will continue to analyze the Reserves Equity Policy annually and make adjustments as necessary.

Capital Asset and Debt Administration

Capital Assets:

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

Table 3 - Capital Assets at Year-End

	Table 3 Capital Assets at Year-End	
	2022	2021
Land	\$ 4,200	\$ 4,200
Vehicles	3,736,215	2,909,116
Equipment	921,140	828,685
Buildings	2,713,528	2,549,300
Total Capital Assets	\$ 7,375,083	\$ 6,291,301

This year’s major additions included:

- The District hired 6 new firefighters and began operating a Squad vehicle to increase emergency response resources and improve response times on the western side of the territory.
- The District purchased a manufactured home to operate as a temporary fire station to house the Squad crew. The Fire Station 903 site was facilitated through a partnership with Travis County Water District No. 10.
- The District purchased a new fire engine and support vehicle in accordance with the apparatus replacement plan to replace front line apparatus.
- More detailed information about the District’s Capital Assets and Depreciation is presented in Note 5 of the financial statements.

Debt:

At September 30, 2022, bonds payable consisted of the following:

\$235,000 in 2014 Limited Tax Refunding Bonds outstanding, dated June 4, 2014, due annually September 1, 2014, through September 1, 2024, having approximate yields of 0.4% to 2.82 % paid September 1 commencing September 1, 2014.

\$65,000 in Limited Tax Bonds Series 2013 outstanding, dated December 18, 2013, due annually September 1, 2014, through September 1, 2023, having approximate yields of 0.26% to 2.73% paid September 1 commencing September 1, 2014.

More detailed information about the District's Debt is presented in Note 6 of the financial statements.

Economic Factors and Next Year's Budgets and Rates

The projected assessed valuation (AV) for the area served by the Department is expected to increase by approximately 19% for the Fiscal Year 2022-2023, according to the estimate provided by the Travis County Central Appraisal District. Historically, the assessed valuation of the District averages out to be a 6.42% increase per year over the last twenty five years.

The Board of Commissioners adopted a total tax rate for the forthcoming fiscal year of \$0.0726 per \$100 of Assessed Valuation. The Board of Commissioners adopted an Operations and Maintenance tax rate of \$0.0710 and a debt rate of \$0.0016.

The Board of Commissioners continued to authorize committed funds for Department operations, vehicle replacements, emergency disasters and fire station land and design planning. The Commissioners authorized 3 new firefighter positions to assist in reducing overtime expenditures, allow for more depth of resources for coverage of vacancies, and improve the Department's overall operations personnel numbers. The Department is evaluating land availability to build a future fire station on the western portion of the District and is discussing possibilities of a joint facility in the City of Rollingwood that would include fire, police, and city administration.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

David Wilson, Fire Chief
Travis County ESD No. 9
P.O. Box 162170
Austin, TX 78716-2170
512-539-3400

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
GOVERNMENTAL FUNDS BALANCE SHEET AND
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
ASSETS					
Cash	\$ 296,560	\$ 756	\$ 297,316	\$ -	\$ 297,316
Investments - Texpool	14,125,677	125,742	14,251,419	-	14,251,419
Taxes Receivable	123,768	3,145	126,913	-	126,913
Accounts Receivable	429,951	-	429,951	-	429,951
Due from Other Funds	-	154	154	(154)	-
Capital Assets (net of accumulated depreciation)	-	-	-	3,031,523	3,031,523
Right-of-use Asset (net of accumulated amortization)	-	-	-	44,496	44,496
TOTAL ASSETS	\$ 14,975,956	\$ 129,797	\$ 15,105,753	\$ 3,075,865	18,181,618
DEFERRED OUTFLOWS OF RESOURCES					
	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES					
Payroll Liabilities Payable	\$ 68,918	\$ -	\$ 68,918	\$ -	\$ 68,918
Accounts Payable	200,308	-	200,308	-	200,308
Due to Other Funds	154	-	154	(154)	-
Accrued Interest Payable	-	-	-	1,125	1,125
Long-term Liabilities, due within one year:					
Bonds and notes	-	-	-	180,000	180,000
Lease	-	-	-	20,578	20,578
Long-term Liabilities, due in more than one year:					
Bonds, notes, and compensated absences	-	-	-	1,217,926	1,217,926
Lease	-	-	-	24,848	24,848
TOTAL LIABILITIES	269,380	-	269,380	1,444,323	1,713,703
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue - Property Taxes	\$ 123,768	\$ 3,145	\$ 126,913	\$ (126,913)	\$ -
FUND BALANCES/NET POSITION					
Fund Balances	14,582,808	126,652	14,709,460	(14,709,460)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,975,956	\$ 129,797	\$ 15,105,753		
Net position:					
Net investment in capital assets				\$ 2,731,523	2,731,523
Restricted				126,652	126,652
Unrestricted				13,609,740	13,609,740
Total net position				\$ 16,467,915	\$ 16,467,915

See Accompanying Notes to the Financial Statements

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
GOVERNMENTAL FUNDS REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
AND STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXPENDITURES/EXPENSES	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Board of Commissioners Expenditures:					
Insurance	\$ 46,892	\$ -	\$ 46,892	\$ -	\$ 46,892
Financial consultant	22,759	-	22,759	-	22,759
Legal fees	5,866	-	5,866	-	5,866
Appraisal/assessor costs	43,858	-	43,858	-	43,858
Audit	9,750	-	9,750	-	9,750
Office Utilities	23,402	-	23,402	-	23,402
Miscellaneous	5,163	-	5,163	-	5,163
Personnel Costs	5,709,401	-	5,709,401	165,793	5,875,194
Station facilities and fixtures	92,979	-	92,979	-	92,979
Vehicles	129,156	-	129,156	-	129,156
Support equipment	77,906	-	77,906	-	77,906
Training and travel	49,588	-	49,588	-	49,588
Clothing	65,076	-	65,076	-	65,076
Recruiting and retention	85,778	-	85,778	-	85,778
Administrative expenditures	64,491	-	64,491	-	64,491
Communications	68,743	-	68,743	-	68,743
Programs	7,109	-	7,109	-	7,109
Information Technology	98,297	-	98,297	-	98,297
Dues and subscriptions	9,725	-	9,725	-	9,725
Capital Outlay	1,166,297	-	1,166,297	(1,166,297)	-
Depreciation Expense	-	-	-	392,460	392,460
Lease:					
Principal	19,974	-	19,974	(19,974)	-
Interest	1,686	-	1,686	113	1,799
Amortization Expense	-	-	-	20,593	20,593
Debt Service:					
Principal	-	175,000	175,000	(175,000)	-
Interest	-	12,304	12,304	-	12,304
Total expenditures/expenses	<u>\$ 7,803,896</u>	<u>\$ 187,304</u>	<u>\$ 7,991,200</u>	<u>\$ (782,312)</u>	<u>\$ 7,208,888</u>
GENERAL REVENUES					
Ad valorem taxes	\$ 7,320,483	\$ 185,851	\$ 7,506,334	\$ 6,258	\$ 7,512,592
Penalties & Interest on Taxes	34,607	795	35,402	-	35,402
Sales Tax	2,248,241	-	2,248,241	-	2,248,241
Interest	105,106	1,626	106,732	-	106,732
Contract Revenues	48,074	-	48,074	-	48,074
Miscellaneous Income	29,165	-	29,165	-	29,165
Gain/(Loss) from sale of assets	-	-	-	24,803	24,803
Total General Revenues	<u>\$ 9,785,676</u>	<u>\$ 188,272</u>	<u>\$ 9,973,948</u>	<u>\$ 31,061</u>	<u>\$ 10,005,009</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>1,981,780</u>	<u>968</u>	<u>1,982,748</u>	<u>(1,982,748)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from Sale of Assets	26,000	-	26,000	(26,000)	-
Total Other Financing Sources (Uses)	<u>26,000</u>	<u>-</u>	<u>26,000</u>	<u>(26,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>2,007,780</u>	<u>968</u>	<u>2,008,748</u>	<u>(2,008,748)</u>	<u>-</u>
Change in Net Position				2,796,121	2,796,121
Fund Balance/Net Position					
Beginning of the year, restated	<u>\$ 12,575,028</u>	<u>\$ 125,684</u>	<u>\$ 12,700,712</u>	<u>\$ 971,082</u>	<u>\$ 13,671,794</u>
End of the year	<u>\$ 14,582,808</u>	<u>\$ 126,652</u>	<u>\$ 14,709,460</u>	<u>\$ 1,758,455</u>	<u>\$ 16,467,915</u>

See Accompanying Notes to the Financial Statements

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

Travis County Rural Fire Prevention District No. 1 (the District) was created by an election of the District's voters on November 25, 1961, as provided by the laws of the State of Texas, and was authorized by the Travis County Commissioners on April 1, 1962. On September 9, 1995, the District held an election to convert from a rural fire prevention district operating under Texas Health and Safety Code Chapter 794 to an emergency services district operating under Texas Health and Safety Code Chapter 775. The District changed its name to Travis County Emergency Services District No. 9 effective October 12, 1995. The District is exempt from federal income taxes.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit with the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, no potential component units appear to exist.

BASIS OF PRESENTATION

Basic Financial Statements

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

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The reporting model focus is on either the District as a whole or major individual fund (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

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The government-wide Statement of Activities reflects both the gross and net cost per functional category which is 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 fund financial statements are similar to the financial statements presented in the previous accounting model.

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 governmental funds in the first two columns and a total in the third column. 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.

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.

Since the District maintains only a few funds, all are considered major and reported in separate columns in the fund financial statements. These governmental funds are described below:

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 NINE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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.

BASIS OF ACCOUNTING

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

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

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

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

BUDGETS

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

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

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$2,500.

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:

Buildings and Structures	10-26 years
Vehicles	3-16 years
Other Equipment	4-27 years
Infrastructure	20 years

The District does not own any infrastructure assets.

Fund Financial Statements

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

EQUITY CLASSIFICATIONS

Government-wide Statements

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

- a. Net investment in capital assets– Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted 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.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

INTERFUND TRANSACTIONS

Interfund transfers are used by the District to record transactions between the various governmental funds. The purpose is to help the District in managing its cash flow within these funds. The asset and liability balances on the fund statements are generally cleared within one year.

Interfund balances are eliminated as part of the conversion from fund statements to government-wide statements.

COMPENSATED ABSENCES

The District's policies regarding sick and vacation time permit employees to accumulate earned but unused sick and vacation leave. The District's policy manual details the accrual and "buy-back" procedures for compensated leave time. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. As of September 30, 2022, \$1,097,926 was accrued as a payable for paid leave or PTO.

ELIMINATIONS

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items on the purchase method. Prepaid items are recorded as expenditures when purchased rather than when consumed. Prepaid items are equally offset by a fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current position.

RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases its insurance from regular commercial companies. As of September 30, 2022, no claims or losses have been incurred that were not covered by insurance. There is no liability due to any claim or suit having ever been filed.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the period. Operating results in the future could vary from the amounts derived from management's estimates.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

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

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 – Inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2: CASH

Deposits did not exceed FDIC coverage at the end of the fiscal year. However, during the year there were occasions when deposits did exceed FDIC coverage. Therefore, in accordance with the depository contract, the bank has pledged additional collateral. This collateral consisted of U.S. Government and State-wide School Securities, having a market value of \$1,410,459 (Category 2). At September 30, 2022, the carrying amount of the District's deposits was \$297,316 and the bank balance was \$302,383.

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 \$14,251,419 (fair value) in an external local governmental investment pool, Texas Local Governmental Investment Pool ("TexPool"), at September 30, 2022. The investments in TexPool had a weighted average maturity of one day and a Standard and Poor's rating of AAAm.

TexPool is an external investment pool offered to local governments. Although TexPool 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. TexPool 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 TexPool.

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

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

In accordance with GASB Statement No. 79, the local government investment pools do not have any limitation and restriction on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

Credit Risk- Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 3: INVESTMENTS (continued)

September 30, 2022, investments were included in a local governmental investment pool with a rating from Standard and Poor's in compliance with the District's investment policy.

Concentration of Credit Risk- Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. At September 30, 2022, all of the District's investments were with TexPool.

Interest Rate Risk- The District considers the holdings in the local governmental investment pool to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value.

NOTE 4: ACCOUNTS RECEIVABLE

Accounts Receivable totaled \$429,951 at September 30, 2022. No allowance for doubtful accounts has been established since all receivables are deemed to be fully collectible.

NOTE 5: CAPITAL ASSETS

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

	Balance 9/30/2021	Additions/ Completions	Retirements/ Adjustments	Balance 9/30/2022
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 4,200	\$ -	\$ -	\$ 4,200
Total capital assets not being depreciated	<u>4,200</u>	<u>-</u>	<u>-</u>	<u>4,200</u>
Capital assets, being depreciated				
Vehicles	2,909,116	866,975	(39,876)	3,736,215
Equipment	828,685	127,305	(34,850)	921,140
Buildings	2,549,300	172,017	(7,788)	2,713,529
Total capital assets being depreciated	<u>6,287,101</u>	<u>1,166,297</u>	<u>(82,514)</u>	<u>7,370,884</u>
Less accumulated depreciation for:				
Vehicles	(1,923,989)	(192,203)	39,876	(2,076,316)
Equipment	(576,662)	(83,159)	34,529	(625,292)
Buildings	(1,531,767)	(117,098)	6,912	(1,641,953)
Total accumulated depreciation	<u>(4,032,418)</u>	<u>(392,460)</u>	<u>81,317</u>	<u>(4,343,561)</u>
Total capital assets, being depreciated, net	<u>2,254,683</u>	<u>773,837</u>	<u>(1,197)</u>	<u>3,027,323</u>
Governmental activities capital assets, net	\$ 2,258,883	\$ 773,837	\$ (1,197)	\$ 3,031,523

Depreciation charged for the current year was \$392,460.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2022

NOTE 6: LONG-TERM DEBT

Limited Tax Improvement and Refunding Bonds:

On May 3, 2003, the voters of Travis County Emergency Services District No. 9 voted to authorize the issuance of \$5,000,000 in limited tax bonds. Of the \$5,000,000 of bonds authorized, \$1,800,000 were sold in June 2004. These bonds were retired/refinanced in prior years with the issuance of new bonds of \$1,100,000 and \$610,000. In November 2013 \$610,000 of bonds were sold with an interest ranging from .26% to 2.73%, with an average yield of 1.9072%, maturing September 1, 2023. In June 2014 \$1,100,000 of bonds were sold with an interest rate ranging from .4% to 2.82% maturing September 1, 2024.

Bonds are payable from and secured by the proceeds of a continuing, direct annual ad valorem tax levied, within the legal limitation of \$.10 per \$100 of taxable assessed valuation, on all taxable property with the Travis County Emergency Services District No. 9. Proceeds from the sale of the bonds were used for the purpose of refunding certain outstanding debt obligation; the acquisition, construction, renovation, and equipment of a fire station and training facilities; the purchase of necessary sites; the acquisition of emergency service vehicles; and paying the costs of issuance relating to the bonds.

The annual aggregate maturities for the bonds for the years subsequent to September 30, 2022, are as follows:

Year Ending September 30,	Principal	Interest	Total
2023	180,000	8,137	188,137
2024	120,000	3,384	123,384
	300,000	11,521	311,521

Changes in Outstanding Debt

Transactions for the year ended September 30, 2022, are summarized as follows:

Governmental Activities	Balance 09/30/2021	Additions	Retirements	Balance 09/30/2022	Due within one year
Tax Revenue Bonds	475,000	-	(175,000)	300,000	180,000
Compensated Absences	932,133	165,793	-	1,097,926	-
Total Governmental Activities	1,407,133	165,793	(175,000)	1,397,926	180,000

NOTE 7: 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, 2021, upon which the 2021 levy was based, was \$9,368,876,272 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 2021 levy was \$7,626,265, and the tax rate was \$0.0807 per \$100 assessed valuation (General Fund \$0.0787, Debt Service Fund \$0.002).

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8: RETIREMENT PLAN

The District offers its full-time employees a deferred compensation plan, named the "Travis County Emergency Services District No. Nine 457(b) plan", which permits them to defer a portion of their current salary until future years. Any contributions made to the deferred compensation plan, in compliance with Section 457 of the Internal Revenue Code, are not available to employees until termination of employment, retirement, or death. Contributions to the plan are administered by a private corporation under a contract with the District. In compliance with the provisions of the IRC Section 457(b), the plan assets are in custodial accounts for the exclusive benefit of the plans' participants and beneficiaries.

Effective October 1, 2015, the District also offered a defined contribution plan under Section 401(a) of the Internal Revenue Code. The employer will match 200% of employee contributions up to 14% of that employee's compensation. For those employees with at least 20 years of service, the employer will match up to 200% of employee's contributions up to 20% of that employee's compensation. Employer contributions are fully vested immediately to the employees' accounts.

For the year ending September 30, 2022, total contributions for each of these plans totaled \$624,531 for the employer and \$510,072 for the employees. There are no unfunded obligations.

In July 2020, The District adopted a Post-Employment Health Plan (PEHP), the "Travis County ESD No.9 PEHP Plan" for its full-time employees. The plan is funded through a voluntary employees' beneficiary association (VEBA), a tax-exempt trust authorized by IRC Section 501(c)(9). The District establishes an annual amount to contribute to the plan for all employees, and the plan also allows the employee to contribute its unused paid time off upon their termination of employment with the District. The funds can be used by the employee after their employment termination with the District. Contributions to the plan are administered by a private corporation under a contract with the District. The funds are maintained by the administrator in separate accounts for each employee. For the year ending September 30, 2022, \$1,530 was contributed to each employees' account totaling \$61,200.

NOTE 9: EMPLOYEE BENEFITS

The District provides its employees with a variety of benefits including a health insurance plan. The District provides 100% of the employees' and 50% of the family's medical & dental insurance premium. In order to decrease the monthly premium for this policy, the District increased the annual deductible and reimburses the employees for a specified amount of their deductible, as well as any family members on the plan. The cost of these reimbursements is included in personnel costs and totaled \$5,937 for the fiscal year ending in 2022.

To further contain insurance costs, in August 2007, the District offered the employees a choice between traditional medical insurance and a high deductible plan partnered with a Health Savings Account (HSA). The District contributed \$28,000 to the employees' HSAs in 2022.

In FY 2022 the District adopted a Post-Employment Health Plan, through a voluntary employee beneficiary association (VEBA), a tax exempt trust authorized by IRC 501c(9), for its full-time employees. The District establishes an annual amount to contribute for eligible employees and allows the employee to contribute its unused paid time off upon termination of employment. Contributions to the plan are administered by a private company under contract with the District and are maintained by the administrator in separate accounts for each employee. For the year ending September 30, 2022, \$61,200 was contributed.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2022

NOTE 10: LEASES

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance 09/30/2022
Xerox Copier	6/15/2020	5 years	\$445	3.00%	\$24,827	13,663
Grande Communications	9/30/2021	3 years	1,360	3.00%	46,883	31,763
Total Lease Agreements						<u>\$45,426</u>

In 2020, the District entered into a lease agreement with Xerox for the use of a copier, beginning June 15, 2020 for a term of 5 years at a fixed interest rate of 3.00%. This lease is not renewable and there is no residual value of the copier at the end of the lease.

In 2021, the District entered into a lease agreement with Grande Communications for the use of a phone system and internet, beginning September 30, 2021 for a term of 3 years at a fixed interest rate of 3.00%. This lease is not renewable and there is no residual value of the phone system at the end of the lease.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending September 30	Principal	Interest
2023	\$20,578	\$1,082
2024	21,205	455
2025	3,643	40
	<u>\$45,426</u>	<u>\$1,577</u>

NOTE 11: ANNEXATION OF DISTRICT LAND BY THE CITY OF AUSTIN

The City of Austin has the right to annex property within the District which could in the future result in a reduction of the total value of property within the district and therefore a reduction in the total tax revenue to be collected. For the year ending September 30, 2022, there were no plans for annexation.

NOTE 12: 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.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2022

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.

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

As of September 30, 2022, the District has not adopted a minimum fund balance policy.

Government Fund Balances are as follows:

Non-spendable:	-
Restricted:	
Debt Service	126,652
Committed:	
Emergency Disaster	130,000
Severance	300,000
Operations	7,257,000
Vehicle Replacement	2,685,000
Fire Station Land & Design	2,200,000
Assigned	-
Unassigned	2,010,808
	\$14,709,460

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2022

NOTE 13: 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	\$7,375,082
Accumulated Depreciation	<u>(4,343,559)</u>
	\$3,031,523

When right-of-use assets (land, buildings, equipment) that are to be used in governmental activities are leased, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those right-of-use assets among the assets of the District as a whole.

Cost of right-of-use assets	\$71,710
Accumulated Amortization	<u>(27,214)</u>
	\$44,496

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

Accrued interest – bonds/notes	\$1,012
Accrued interest – leases	<u>113</u>
	\$1,125

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	\$180,000
Due within one year – leases	20,578
Due after one year	\$1,217,926
Due after one year – leases	<u>24,848</u>
	\$1,443,352

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

Deferred revenue	\$(126,913)
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Differences between the Governmental Fund Operating Statement and the Statement of Net Activities:

The differences (as reflected in the adjustments column) arise primarily from the long-term economic resources focus of the statement of activities versus the current financial resources focus of the governmental funds.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 13: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND
AND GOVERNMENT-WIDE STATEMENTS (continued)

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	\$165,793
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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	\$(1,166,297)
Depreciation expense	392,460
Amortization expense	\$20,593

Repayment of notes payable is reported as an expenditure in governmental funds. For the district as a whole, however, the principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities.

Payment of Bond Principal	\$(175,000)
Payment of Lease Principal	(19,974)

Interest expense and bond discounts are recognized as expenditures in the governmental funds. The statement of activities includes only the interest expense for the current period and the amortized portion of bond discounts.

Change in Accrued Interest Payable	\$113
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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	\$6,258
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In the statement of activities, only the gain on the sale of equipment is reported, whereas in the governmental funds, the proceeds from the sale and insurance reimbursement 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	\$24,803
Proceeds from sale of assets	(26,000)

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 14: CHANGE IN ACCOUNTING PRICIPLE AND RESTATEMENT

For 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the District's 2022 financial statements and had an effect on the beginning net position. The District recognized \$65,090 in net book value for the intangible right to use and a lease liability of \$65,400 for a copier and phone system leased in a prior fiscal year.

The implementation of GASB Statement No. 87 had the following effect on net position as reported September 30, 2021:

	Governmental Activities
Net Position September 30, 2021	\$13,672,104
Adjustments:	
Net Book Value Leased Asset	65,090
Lease Liability	(65,400)
Restated Net Position September 30, 2022	\$13,671,794

NOTE 15: DATE OF MANAGEMENT'S REVIEW

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

Required Supplemental Information

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
SCHEDULE OF REVENUE AND EXPENDITURES
BUDGET TO ACTUAL COMPARISON GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2022

	<u>BUDGETED AMOUNTS</u>		ACTUAL AMOUNTS	VARIANCE
	<u>ORIGINAL</u>	<u>FINAL</u>		FAVORABLE (UNFAVORABLE)
REVENUES:				
Ad valorem taxes	\$ 7,264,044	\$ 7,264,044	\$ 7,320,483	\$ 56,439
Penalties & Interest on Taxes	17,150	17,150	34,607	17,457
Sales Tax	1,280,000	1,980,000	2,248,241	268,241
Interest	6,500	100,000	105,106	5,106
Contract Revenues	23,600	23,600	48,074	24,474
Miscellaneous Income	2,000	2,000	29,165	27,165
TOTAL REVENUES	\$ 8,593,294	\$ 9,386,794	\$ 9,785,676	\$ 398,882
EXPENDITURES:				
Board of Commissioners Expenditures:				
Insurance	\$ 44,530	\$ 48,124	\$ 46,892	\$ 1,232
Financial consultant	24,000	24,000	22,759	1,241
Legal fees	5,000	7,500	5,866	1,634
Appraisal/assessor costs	44,675	44,675	43,858	817
Audit	10,500	10,000	9,750	250
Office Utilities	28,000	28,000	23,402	4,598
Miscellaneous	5,650	6,150	5,163	987
Personnel Costs	6,365,257	6,365,257	5,709,401	655,856
Station facilities and fixtures	85,600	99,600	92,979	6,621
Vehicles	97,000	143,000	129,156	13,844
Support equipment	87,000	87,000	77,906	9,094
Training and travel	84,000	84,000	49,588	34,412
Clothing	93,450	93,450	65,076	28,374
Recruiting and retention	79,000	102,500	85,778	16,722
Administrative expenditures	83,300	83,300	64,491	18,809
Communications	90,000	90,000	68,743	21,257
Programs	12,900	12,900	7,109	5,791
Information Technology	104,650	115,775	98,297	17,478
Dues and subscriptions	10,300	10,300	9,725	575
Capital Outlay	1,235,000	1,405,500	1,166,297	239,203
Lease - Principal	-	-	19,974	(19,974)
Lease - Interest	-	-	1,686	(1,686)
TOTAL EXPENDITURES	\$ 8,589,812	\$ 8,861,031	\$ 7,803,896	\$ 1,057,135
OTHER SOURCES/(USES)				
Proceeds from Sale of Assets/Insurance	25,000	25,000	26,000	1,000
Total Other Sources/(Uses)	25,000	25,000	26,000	1,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES and OTHER SOURCES/(USES)				
	\$ 28,482	\$ 550,763	\$ 2,007,780	\$ 1,457,017
FUND BALANCE:				
Beginning of year			12,575,028	
End of year			<u>\$ 14,582,808</u>	

See Accompanying Notes to the Financial Statements