

Travis County Emergency
Services District No. Nine
Financial Statements
September 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
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, 2025, 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, 2025, 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 27-28 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

Medack & Oltmann, LLP
Giddings, Texas
January 27, 2026



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, 2025. 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 2024 tax rate at \$0.0710 per \$100 of assessed valuation.
- The Total Assets at the close of the most recent period were \$38,499,958.
- During the year, the General Fund Total Expenses were \$3,094,409 less than the \$23,303,677 generated in revenues from taxes, contract revenues, and other sources.
- The District continued its committed fund program to commit funds for future use including operational expenditures, apparatus purchases, natural and manmade disaster funding, and fire station land and construction.
- The District continued to offer employees benefits that include:
 - A Medical Insurance Plan with a Flexible Spending Account
 - A 401(a) Retirement Plan and a 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 \$2.9M 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 12 to the financial statements.

The District as a Whole

Governmental activities increased the District's net position by \$3,142,096. Our analysis below focuses on the net position (Table 1) and the changes in net position (Table 2) of the District's governmental activities:

	2025	2024
Assets:		
Current and Other Assets	\$ 24,435,707	\$ 21,531,518
Non Current and Capital Assets	14,064,248	3,119,771
Total Assets	\$ 38,499,955	\$ 24,651,289
Liabilities:		
Current Liabilities	\$ 369,391	\$ 466,487
Long-term Liabilities Outstanding	12,161,305	1,357,636
Total Liabilities	\$ 12,530,696	\$ 1,824,123
Net Position:		
Net Investment in Capital Assets	\$ 15,744,662	\$ 4,477,407
Restricted	-	128,201
Unrestricted	10,224,597	18,221,558
Total Net Position	\$ 25,969,259	\$ 22,827,166

	2025	2024
Revenues:		
Ad Valorem Taxes	\$ 8,544,610	\$ 8,585,643
Sales Tax	2,947,443	2,409,762
Interest Income	1,042,477	1,102,247
Gain/(Loss) from Sale of Assets	9,500	(570)
Other Income	182,109	428,553
Total Revenues	\$ 12,726,139	\$ 12,525,635
Expenses:		
Firefighting Operations	\$ 9,532,830	\$ 9,041,277
Legal, Accounting, Professional	51,181	62,064
Interest Expense	35	3,317
Total Expenses	\$ 9,584,046	\$ 9,106,658
Inc./(Dec.) in Net Position	\$ 3,142,093	\$ 3,418,977
Net Position - Beginning of Year	\$ 22,827,166	\$ 19,408,189
Net Position - End of Year	\$ 25,969,259	\$ 22,827,166

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, 2025, the District's total combined fund balance was \$23,851,728, which reflects a net combined fund balance increase of \$2,966,208.

The General Fund (which is used to report the District's overall operations) reported an increase of \$3,094,409.

67% of all District funds came from Ad Valorem taxes in FY 2025. 23% 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.

Total budgeted revenues of \$12,572,918 were less than actual revenues by \$112,167. Total budgeted expenditures of \$10,434,722 were less than actual expenditures by \$9,774,546, mainly due to an underbudgeting of capital outlay.

Capital Asset and Debt Administration

Capital Assets:

At the end of the fiscal year September 30, 2025, capital assets are as follows:

Table 3 - Capital Assets at Year-End

	2025	2024
Land	\$ 4,200	\$ 4,200
Construction-in-progress	904,144	213,860
Vehicles	3,944,104	3,883,700
Equipment	1,222,779	1,172,517
Buildings	3,063,409	2,963,040
Leased assets	10,480,891	24,827
Total Capital Assets	\$ 19,619,527	\$ 8,262,144

This year's major additions included:

- The District signed a ground lease for future Fire Station 903, a new facility expected to break ground in March 2026.
- The District completed design and construction documents for Fire Station 903.
- The District completed feasibility studies on properties for a fire station. The feasibility study will evaluate the viability of relocating fire station 901 on subject properties.
- The District hired 5 firefighters, three of whom were new full-time positions.
- More detailed information about the District's Capital Assets and Depreciation is presented in Note 6 of the financial statements.

Debt:

At September 30, 2025, long-term debt consisted of the following:

During the year, the District entered into a ground lease agreement. More detailed information about the District's Debt is presented in Note 7 of the financial statements.

Budgetary Highlights

The Department's annual budget includes estimated revenues and expenditures. The annual budget is an eight-page, line-item document that gives the Board of Commissioners a high degree of control over Department expenditures. The budget is prepared over several months, during which the capital and personnel recommendations of the Officers are combined with estimates of "fixed" operating expenses, such as utilities, to form a recommendation to the Board of Commissioners for their first draft of the budget. The Board of Commissioners meets with the Chief Officers as often as necessary, generally from 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 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 37% 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 2.82% in the fiscal year ending September 30, 2025. Over the three years immediately prior, the AV increased by 6.65%, 17.91%, and 10.93%, respectively. The Board of Commissioners, considering the area's economic indicators, directed staff to plan for flat to moderate AV increases in the Department's revenue projections over the next 5 years, with growth ranging from 1% to 3%. This direction has resulted in a conservative estimate of revenues for the current year and future years.

Over the course of the year, the Board of Commissioners reviewed semi-annual payroll and accounts receivable/payable audits from the auditor, and the Balance and Expense Reports were reviewed monthly. The Board made two adjustments to the budget during the year.

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

Economic Factors and Next Year's Budgets and Rates

According to the estimate provided by the Travis County Central Appraisal District, the projected assessed valuation (AV) for the area served by the Department is expected to increase by approximately 17% for Fiscal Year 2025-2026. This increase is in part due to the ESD annexing the Lost Creek area during the fiscal year. Historically, the District's assessed valuation has increased by an average of 7.10% per year over the last twenty-five years.

The Board of Commissioners adopted a total tax rate for the forthcoming fiscal year of \$0.0758 per \$100 of Assessed Valuation.

The Board of Commissioners continued to authorize committed funds for Department operations, vehicle replacements, emergency disasters and fire station land and design planning. The Department has entered into a ground lease to build a future fire station on the western portion of the District and continues discussions on the possibilities of a joint facility in the City of Rollingwood that would include fire, police, and city administration.

During the 89th Legislative Session of the State of Texas, the Governor signed Senate Bill 1844 which has impacts to the District. The City of Austin is currently processing disannexations allowing property owners near Lake Austin and other navigable waters to petition out of the city's full-purpose jurisdiction, leading to reduced city taxes and services like police/trash collection shifting to Travis County; this follows earlier disannexations under House Bill 3053 for areas annexed between 2015-2017. This could pose additional service demands for the ESD.

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, 2025

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
ASSETS					
Cash	\$ 237,997	\$ -	\$ 237,997	\$ -	\$ 237,997
Investments - Texpool	23,263,760	-	23,263,760	-	23,263,760
Taxes Receivable	214,588	-	214,588	-	214,588
Accounts Receivable	719,362	-	719,362	-	719,362
Capital Assets (net of accumulated depreciation)	-	-	-	3,583,357	3,583,357
Right-of-use Asset (net of accumulated amortization)	-	-	-	10,480,891	10,480,891
TOTAL ASSETS	\$ 24,435,707	\$ -	\$ 24,435,707	\$ 14,064,248	38,499,955
DEFERRED OUTFLOWS OF RESOURCES					
	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES					
Payroll Liabilities Payable	\$ 182,111	\$ -	\$ 182,111	\$ -	\$ 182,111
Accounts Payable	187,280	-	187,280	-	187,280
Long-term Liabilities, due within one year	-	-	-	-	-
Long-term Liabilities, due in more than one year:	-	-	-	12,161,305	12,161,305
TOTAL LIABILITIES	369,391	-	369,391	12,161,305	12,530,696
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue - Property Taxes	\$ 214,588	\$ -	\$ 214,588	\$ (214,588)	\$ -
FUND BALANCES/NET POSITION					
Nonspendable	-	-	-		
Restricted	-	-	-		
Committed	20,876,000	-	20,876,000		
Unassigned	2,975,728	-	2,975,728		
Fund Balances	23,851,728	-	23,851,728	(23,851,728)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 24,435,707	\$ -	\$ 24,435,707		
Net position:					
Net investment in capital assets				\$ 15,744,662	15,744,662
Restricted				-	-
Unrestricted				10,224,597	10,224,597
Total net position				\$ 25,969,259	\$ 25,969,259

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, 2025

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES					
ESD Management Expenditures	\$ 199,898	\$ -	\$ 199,898	\$ -	\$ 199,898
Personnel costs	7,536,840	-	7,536,840	322,778	7,859,618
Station facilities and fixtures	158,646	-	158,646	-	158,646
Vehicles	126,986	-	126,986	-	126,986
Support equipment	129,866	-	129,866	-	129,866
Training and travel	61,766	-	61,766	-	61,766
Clothing	126,948	-	126,948	-	126,948
Recruiting and retention	91,147	-	91,147	-	91,147
Administrative expenditures	120,192	-	120,192	-	120,192
Communications	105,734	-	105,734	-	105,734
Programs	10,651	-	10,651	-	10,651
Information technology	116,992	-	116,992	-	116,992
Dues and subscriptions	12,982	-	12,982	-	12,982
Capital outlay	11,407,060	-	11,407,060	(11,407,060)	-
Depreciation expense	-	-	-	459,273	459,273
Amortization expense	-	-	-	3,310	3,310
Debt Service:					
Lease principal	3,520	-	3,520	(3,520)	-
Interest and other charges	40	-	40	(3)	37
Total expenditures/expenses	<u>\$ 20,209,268</u>	<u>\$ -</u>	<u>\$ 20,209,268</u>	<u>\$(10,625,222)</u>	<u>\$ 9,584,046</u>
PROGRAM REVENUES					
Grants/Contributions	\$ 19,343	\$ -	\$ 19,343	\$ -	\$ 19,343
Total Program Revenues	<u>\$ 19,343</u>	<u>\$ -</u>	<u>\$ 19,343</u>	<u>\$ -</u>	<u>\$ 19,343</u>
GENERAL REVENUES					
Ad valorem taxes	\$ 8,513,056	\$ -	\$ 8,513,056	\$ 31,554	\$ 8,544,610
Penalties & Interest on Taxes	50,543	-	50,543	-	50,543
Sales Tax	2,947,443	-	2,947,443	-	2,947,443
Interest	1,042,477	-	1,042,477	-	1,042,477
Contract Revenues	45,116	-	45,116	-	45,116
Miscellaneous Income	67,107	-	67,107	-	67,107
Gain/(Loss) from disposal of assets	-	-	-	9,500	9,500
Total General Revenues	<u>\$ 12,665,742</u>	<u>\$ -</u>	<u>\$ 12,665,742</u>	<u>\$ 41,054</u>	<u>\$ 12,706,796</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(7,524,183)</u>	<u>-</u>	<u>(7,524,183)</u>	<u>7,524,183</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from Sale of Assets	9,500	-	9,500	(9,500)	-
Financing Proceeds - Lease	10,480,891	-	10,480,891	(10,480,891)	-
Transfers	128,201	(128,201)	-	-	-
Total Other Financing Sources (Uses)	<u>10,618,592</u>	<u>(128,201)</u>	<u>10,490,391</u>	<u>(10,490,391)</u>	<u>-</u>
Net Change in Fund Balances	<u>3,094,409</u>	<u>(128,201)</u>	<u>2,966,208</u>	<u>(2,966,208)</u>	<u>-</u>
Change in Net Position				3,142,093	3,142,093
Fund Balance/Net Position					
Beginning of the year	<u>\$ 20,757,319</u>	<u>\$ 128,201</u>	<u>\$ 20,885,520</u>	<u>\$ 1,941,646</u>	<u>\$ 22,827,166</u>
End of the year	<u>\$ 23,851,728</u>	<u>\$ -</u>	<u>\$ 23,851,728</u>	<u>\$ 2,117,531</u>	<u>\$ 25,969,259</u>

See Accompanying Notes to the Financial Statements

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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, 2025

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 or fiduciary 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 District does not currently employ indirect cost allocation systems.

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

GASB provides that for governments engaged in a single governmental program, the fund financial statements and the government-wide statements may be combined. The District presents the 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.

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 balance of financial resources) rather than upon net income. The District reports the following major governmental funds:

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, 2025

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. This fund was closed during the fiscal year.

INTERFUND ACTIVITY

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

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.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Public meetings are conducted at which all interested persons' comments concerning the budget are heard. After such meetings, the Board of Commissioners formally adopts the budget through passage of 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.

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.

CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

AD VALOREM PROPERTY TAXES

Delinquent taxes are prorated based on rates adopted for the year of the levy. Allowances for uncollectibles within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. There were no allowance for uncollectible property taxes as of September 30, 2025.

LEASES

The District complies with GASB Statement No. 87, *Leases*, which requires the recognition of certain lease assets and liabilities. It also establishes a single model for lease accounting based on the principle that leases are financing of the right to use an asset.

For those leases where the District is the lessee, the District recognized a lease liability and a lease asset at the commencement of the lease term excluding leases below the capitalization threshold of \$5,000 per unit, short-term leases, and leases that transferred ownership of the underlying asset. The lease liability was measured at the present value of payments expected to be made during the lease term less any lease incentives. The lease asset was measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The cost of all leased assets is amortized over the shorter of the lease term or the useful life of the underlying asset.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For those leases where the underlying lease asset transferred ownership, the District followed the provision applicable to capital assets and to long-term debt or payables, depending on the financing as directed by GASB 87.

The District uses estimates and judgments to determine the lease term and the discount rate it uses to discount the expected lease payments and lease receipts to present value. The District uses the interest rate identified in the contract as the discount rate, unless one is not specified, in which case the District uses its estimated incremental borrowing rate as the discount rate. The lease term includes the noncancelable period of the lease and extensions the District is reasonably certain to exercise. The District continually monitors changes in circumstances that are expected to significantly affect the amount of a lease liability or receivable that may require a remeasurement of its leases.

Additional information on leases can be found in Note 6 and 7.

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.

Leased assets are recorded at the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The cost of all leased assets is amortized over the shorter of the lease term or the useful life of the underlying asset.

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
Leased assets	2-15 years

The District does not own any infrastructure assets.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 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, 2025, \$1,680,414 was accrued as a payable for paid leave or PTO.

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, 2025, 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.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

USE OF ESTIMATES

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

DEFERRED OUTFLOWS/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 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.

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, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements, effective for fiscal years beginning after June 15, 2025. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement includes updated requirements for Management Discussion and Analysis, unusual or infrequent items, and budgetary comparison information. Management is evaluating the effects that the full implementation of GASB Statement No. 103 will have on its financial statements for the year ended September 30, 2026.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The implementation of GASB Statement No. 101 did not have a material impact on the District's financial statements, the adoption did not result in a restatement of previously reported fund balance for the year ended September 30, 2025.

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 \$1,556,967 (Category 1). At September 30, 2025, the carrying amount of the District's deposits was \$237,997 and the bank balance was \$342,134.

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.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2025

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 \$23,263,760 (fair value) in an external local governmental investment pool, Texas Local Governmental Investment Pool ("TexPool"), at September 30, 2025. 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 September 30, 2025, 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, 2025, 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 \$719,362 at September 30, 2025. No allowance for doubtful accounts has been established since all receivables are deemed to be fully collectible. Receivables as of year end are as follows:

	Accounts Receivable
Sales Tax	\$513,181
Deployment/Other	206,181
Total	\$719,362

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 5: 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, 2024, upon which the 2024 levy was based, was \$12,038,566,927. 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 2024 levy was \$8,547,383, and the tax rate was \$0.071 per \$100 assessed valuation.

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025, was as follows:

	Balance 9/30/2024	Additions/ Completions	Retirements/ Adjustments	Balance 9/30/2025
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 4,200	\$ -	\$ -	\$ 4,200
Construction in progress	213,860	690,284	-	904,144
Total capital assets not being depreciated	<u>218,060</u>	<u>690,284</u>	<u>-</u>	<u>908,344</u>
Capital assets, being depreciated:				
Property, plant and equipment:				
Buildings	2,963,040	100,369	-	3,063,409
Vehicles	3,883,700	60,404	-	3,944,104
Equipment	1,172,517	75,112	(24,850)	1,222,779
Leased assets:				
Leased land		10,480,891	-	10,480,891
Leased equipment	24,827	-	(24,827)	-
Total capital assets being depreciated	<u>8,044,084</u>	<u>10,716,776</u>	<u>(49,677)</u>	<u>18,711,183</u>
Less accumulated depreciation:				
Property, plant and equipment:				
Buildings	(1,912,662)	(115,032)	-	(2,027,694)
Vehicles	(2,436,851)	(220,126)	24,850	(2,632,127)
Equipment	(771,343)	(124,115)	-	(895,458)
Total accumulated depreciation	<u>(5,120,856)</u>	<u>(459,273)</u>	<u>24,850</u>	<u>(5,555,279)</u>
Less accumulated amortization:				
Leased equipment	(21,517)	(3,310)	24,827	-
Total accumulated amortization	<u>(21,517)</u>	<u>(3,310)</u>	<u>24,827</u>	<u>-</u>
Total accumulated depreciation and accumulated amortization	<u>(5,142,373)</u>	<u>(462,583)</u>	<u>49,677</u>	<u>(5,555,279)</u>
Total capital assets, being depreciated and amortized, net	<u>2,901,711</u>	<u>10,254,193</u>	<u>-</u>	<u>13,155,904</u>
Governmental activities capital assets, net	<u>\$3,119,771</u>	<u>\$ 10,944,477</u>	<u>\$ -</u>	<u>\$ 14,064,248</u>

Total depreciation and amortization charged for the current year was \$459,272 and \$3,310, respectively.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 7: LONG-TERM DEBT

The following is a summary of long-term debt transactions of the District for the year ended September 30, 2025.

	Balance 9/30/2024	Additions	Retirements	Balance 9/30/2025	Due within one year
<u>Governmental Activities</u>					
Long-term leases	\$ 3,520	\$10,480,891	\$ 3,520	\$10,480,891	\$ -
Compensated absences	1,357,636	322,778	-	1,680,414	-
Total Governmental Activities	\$1,361,156	\$10,803,669	\$ 3,520	\$12,161,305	\$ -

Leases:

The District is obligated under various noncancelable long-term leases. Current lease activities include leased office equipment and land. The lease terms include the noncancelable period of the lease and extensions the District is reasonably certain to exercise which can vary with each contract.

In 2020, the District entered into a lease agreement with Xerox for the use of office equipment, beginning June 15, 2020 for a term of 5 years at a fixed interest rate of 3%. This lease is not renewable and there is no residual value of the equipment at the end of the lease. As of September 30, 2025, this lease ended.

In 2025, the District executed a ground lease agreement where the District will build a new station. Lease payments will begin during fiscal year 2027 and continue for a term of 40 years at a fixed interest rate of 4%. The District used its estimated incremental borrowing rate as the discount rate, as one is not specified in the contract. Lease payments increase each successive 12 month period by 2% starting with the 13th month. Per terms of the lease, the period between the delivery date and the rent commencement date, rent payments shall not accrue. This lease has two options to extend the term of the lease for periods of 10 years each provided the District provides written notice of intention to extend. At the end of the lease term, the District has the option to purchase the leased land at fair market value.

As of September 30, 2025, future obligations associated with leases assets are as follows:

Year Ending September 30,	Principal	Interest	Total
2026	\$ -	\$ -	\$ -
2027	32,000	288,000	288,000
2028	-	390,400	390,400
2029	-	398,208	398,208
2030	-	406,172	406,172
2031-2035	-	2,156,011	2,156,011
2036-2040	294,739	2,085,672	2,085,672
2041-2045	655,298	1,972,867	1,972,867
2046-2050	1,101,882	1,799,825	1,799,825
2051-2055	1,678,568	1,525,152	1,525,152
2056-2060	2,417,376	1,119,790	1,119,790
2061-2065	3,357,744	547,574	547,574
2066-2070	943,284	23,806	23,806
	<u>\$ 10,480,891</u>	<u>\$ 12,713,478</u>	<u>\$ 12,713,478</u>

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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, 2025, total contributions for each of these plans totaled \$862,841 for the employer and \$589,314 for the employees. There are no unfunded obligations.

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 75% of the family's medical & dental insurance premium.

The District has established a Flexible Savings Account (FSA) where the District contributes \$500 per employee. During the fiscal year, the District contributed \$24,500 to the employees' FSA.

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, 2025, \$1,530 was contributed to each employees' account totaling \$71,910.

NOTE 10: 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.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2025

NOTE 10: FUND BALANCE (continued)

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.

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, 2025, the District has not adopted a minimum fund balance policy.

Government Fund Balances are as follows:

Non-spendable:	\$	-
Restricted:		
Debt Service		-
Committed:		
Emergency Disaster		130,000
Severance		300,000
Operations		8,300,000
Vehicle Replacement		4,146,000
Fire Station Land & Design		8,000,000
Assigned		-
Unassigned		2,975,728
		\$23,851,728

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, 2025, there were no plans for annexation.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2025

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	\$9,138,636
Accumulated Depreciation	<u>(5,555,279)</u>
	\$3,583,357

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	\$10,480,891
Accumulated Amortization	<u>(0)</u>
	\$10,480,891

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	\$0
Due after one year	<u>\$12,161,305</u>
	\$12,161,305

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

Deferred revenue	\$(214,588)
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Differences between the Governmental Fund Operating Statement and the Statement of Net Activities:

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

Some expenses reporting 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	\$322,778
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TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2025

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

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$(11,407,060)
Depreciation expense	459,273
Amortization expense	3,310

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 Lease Principal	(3,520)
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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	\$(3)
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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	\$31,554
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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/(loss) from disposal of assets	\$9,500
Proceeds from sale of assets	(9,500)

Some of the capital assets acquired were financed with a long-term lease. The amount financed by the lease is reported in the governmental funds as a source of financing. The lease is not revenue in the statement of net position.

Financing Proceeds	(\$10,480,891)
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NOTE 13: DATE OF MANAGEMENT'S REVIEW

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

NOTE 14: TRANSFERS

The District paid all of its bond indebtedness during fiscal year 2024. With a bond resolution, all remaining funds held in the Debt Service Fund were transferred to the General Fund during the current fiscal year.

Required Supplemental Information

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
SCHEDULE OF REVENUE AND EXPENDITURES
BUDGET TO ACTUAL COMPARISON GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2025

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	VARIANCE
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Ad valorem taxes	\$ 8,555,665	\$ 8,555,665	\$ 8,513,056	\$ (42,609)
Penalties & Interest on Taxes	17,300	17,300	50,543	33,243
Sales Tax	2,296,500	2,929,809	2,947,443	17,634
Interest	600,000	1,044,144	1,042,477	(1,667)
Contract Revenues	24,000	24,000	45,116	21,116
Grants/Contributions	-	-	19,343	19,343
Miscellaneous Income	2,000	2,000	67,107	65,107
TOTAL REVENUES	\$ 11,495,465	\$ 12,572,918	\$ 12,685,085	\$ 112,167
EXPENDITURES:				
ESD Management Expenditures	\$ 245,100	\$ 245,100	\$ 199,898	\$ 45,202
Personnel Costs	7,695,023	7,695,023	7,536,840	158,183
Station facilities and fixtures	154,500	165,500	158,646	6,854
Vehicles	144,774	144,774	126,986	17,788
Support equipment	134,400	134,400	129,866	4,534
Training and travel	114,500	114,500	61,766	52,734
Clothing	115,750	140,750	126,948	13,802
Recruiting and retention	117,500	117,500	91,147	26,353
Administrative expenditures	163,450	163,450	120,192	43,258
Communications	115,000	115,000	105,734	9,266
Programs	22,000	22,000	10,651	11,349
Information Technology	125,825	125,825	116,992	8,833
Dues and subscriptions	13,000	15,000	12,982	2,018
Capital Outlay	1,224,500	1,235,900	11,407,060	(10,171,160)
Lease principal	-	-	3,520	(3,520)
Interest and other charges	-	-	40	(40)
TOTAL EXPENDITURES	\$ 10,385,322	\$ 10,434,722	\$ 20,209,268	\$ (9,774,546)
OTHER SOURCES/(USES)				
Proceeds from Sale of Assets/Insurance	-	-	9,500	9,500
Transfers	-	-	128,201	128,201
Financing Proceeds	-	-	10,480,891	10,480,891
Total Other Sources/(Uses)	-	-	10,618,592	10,618,592
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES and OTHER SOURCES/(USES)				
	\$ 1,110,143	\$ 2,138,196	\$ 3,094,409	\$ 956,213
FUND BALANCE:				
Beginning of year			20,757,319	
End of year			<u>\$ 23,851,728</u>	

See Accompanying Notes to the Financial Statements

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NINE
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
SEPTEMBER 30, 2025

EXPENDITURES IN EXCESS OF APPROPRIATIONS

The general government expenditures for capital outlay exceeded appropriations due to an under-budgeting of expense related to the compliance with GASB 87. Management will adjust their budget going forward to reflect these changes.