Travis County Emergency
Services District No. 1
Financial Statements
September 30, 2024

Travis County Emergency Services District No. 1
For the year ending September 30, 2024

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MEDACK & OLTMANN, LLP
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Travis County Emergency Services District No. 1

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Travis County Emergency Services District No. 1 as of and for the year ended September 30, 2024, 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. 1, as of September 30, 2024, 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. 1, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Travis County Emergency Services District No. 1's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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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. 1's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, and schedule of employer contributions on pages 3-8 and 37-42 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
March 10, 2025

Travis County Emergency Services District 1
20624 FM 1431, Suite 5
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As the Board of Commissioners of Travis County Emergency Services District No. 1 (the District), we present the following narrative overview and analysis of the financial activities of the District for the year ended September 30, 2024.

Financial Highlights

Significant current year transactions include the following:

- General Fund revenues from property taxes accounted for 43.22 percent of total revenues. The General Fund revenues were less than total expenditures, including sale of assets by $1,933,160.
- During the year, the District's total expenses (government-wide) were $1,385,314 less than the $16,206,326 generated in tax revenues, fees, sale of assets and other income.
- During FY 2024, the District continued participating in Texas County & District Retirement System (TCDRS) to provide a defined benefit retirement plan for all employees. Employees are required to contribute 7% of their total pay to the retirement plan and the District elected a matching rate of $2 to $1. The employee's savings grow at a rate of 7%, compounded annually.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the District as a whole and present a long-term view of the District's finances. Fund financial statements show how the emergency services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most financially significant funds.

This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify any material deviations from the financial plan, and (4) identify changes in the District's financial position.

The District's basic financial statements now include adjustments to the statement of net assets and the statement of activities. The economic focus of these statements is similar to a private-sector business.

Government-Wide Financial Statements

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. The statement of activities shows all changes in net position as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. Due to the size of the District, the fund financial statements are presented on the fact of the statement with adjustments to the respective government-wide statement.

Governmental Funds: The District's services are reported in the 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 the accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds provide a detail short-term view of the District's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's emergency services program. We describe the relationship between governmental activities and governmental funds in the column titled "Adjustments" with narratives provided in Note 10.

Notes to the financial statements: The note disclosures provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements.

Required Supplementary information: In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information which can be found on pages 37 through 42.

The District as a Whole

The District total net position changed from September 30, 2023, increasing from $4,116,489 to $5,501,803. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental activities.

Table 1 - Net Position

	9/30/2024	9/30/2023
Assets:		
Current and other assets	$ 3,025,832	$ 3,401,894
Capital Assets and Leases, net	16,988,979	15,518,050
Total Assets	20,014,811	18,919,944
Deferred outflows of resourses	1,587,407	1,355,597
Liabilities:		
Current obligations	2,313,992	2,011,211
Long-term obligations	13,745,655	14,100,272
Total Liabilities	16,059,647	16,111,483
Deferred inflows of resources	40,768	47,569
Net Position:		
Net investment in capital assets	3,886,491	1,122,308
Restricted	1,269	1,204
Unrestricted	1,614,043	2,992,977
Total net position	$ 5,501,803	$ 4,116,489

The net position of the District's activities increased by $1,385,314. Unrestricted net position, the part of net position that is used to finance day-to-day operations decreased by $1,378,934.

Table 2 - Changes in Net Position

	9/30/2024	9/30/2023
Revenues:		
Property Taxes	$ 6,500,686	$ 5,792,525
Interlocal Agreement	4,046,750	3,789,000
Other revenues	5,658,890	1,390,146
Total Revenues	16,206,326	10,971,671
Expenses		
Current fire service expense	12,839,866	8,672,560
Depreciation and amortization	1,487,651	1,172,839
Interest	493,495	536,195
Total Expense	14,821,012	10,381,594
Excess (Deficiency) of Revenues over Expenditures	1,385,314	590,077
Other Financing Sources (Uses)		
Special Item - Payment from Entity	-	3,434,831
Increase (decrease) in net position	1,385,314	4,024,908
Beginning net position	4,116,489	91,581
Ending net position	$ 5,501,803	$ 4,116,489

The District's Funds

Table 3 presents the fund balances of the individual funds and an analysis of significant changes in fund balances.

Table 3 - Changes in Year-end Fund Balances

	9/20/2024	9/20/2023	Net Change
General Fund	$ 810,098	$ 2,743,258	$ (1,933,160)
Debt Service Fund	1,269	1,204	65
Total governmental funds	$ 811,367	$ 2,744,462	$ (1,933,095)

Budget

The District presents the variances of the general operating budget compared to the actual numbers for the year ended September 30, 2024, in the report entitled "Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund". Actual revenues were less than budgeted amounts by $77,647, mainly due to an overbudgeting of grants and interlocal agreements expected to be received. Actual expenditures exceeded budgeted amounts by $2,006,878, mainly due to capital outlay expenditures.

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2024, the District held capital assets with a historical cost of $24,777,273. The net value of the capital assets at the end of the year was $16,988,979. The District has begun a process of replacing older fire apparatus and equipment with new apparatus and equipment. Debt instruments and proceeds from the sale of older assets will be used to purchase these new assets. See Note 4 for information on the capital assets.

Debt Administration

At year end, the District had $12,139,414 in promissory notes. See Note 5 for information on the District's debt obligations.

Currently Known Facts

Travis County Emergency Services District No. 1 (TCESD1) was established to meet the growing demands for fire protection, rescue, and emergency medical services in northwest Travis County, Texas. Covering 178 square miles, TCESD1 extends from the Burnet County line in the west to the Williamson County line in the east. The district serves the City of Lago Vista, City of Jonestown, and the Village of Point Venture, along with a significant portion of unincorporated Travis County.

The district includes 27 miles of Farm to Market Road 1431, a hazardous and heavily traveled corridor used by commuters from Burnet County to Austin. Additionally, TCESD1 encompasses most of Lake Travis and its northern shoreline, including the tributaries of Cow Creek and the Pedernales River. Lake Travis is a premier destination for boating, fishing, and recreation, attracting thousands of visitors each year. Beyond the lake, the district extends into the Texas Hill Country, home to ranches, farms, small communities, and a U.S. Fish and Wildlife Preserve. This preserve serves as a sanctuary for the endangered black-capped vireo and golden-cheeked warbler, making it a prime location for conservation and birdwatching. The region is also a favored destination for hunters pursuing white-tailed deer, dove, hogs, and turkeys.

Personnel and Operations

TCESD1 is a career fire department with 81 full-time personnel who are cross-trained in multiple disciplines, providing a comprehensive range of emergency services, including:

- Advanced Life Support (ALS) EMS
- Structural & Wildland Fire Suppression
- Hazardous Materials Response
- Vehicle and Technical Rescue
- Fire Inspections
- Fire Investigations
- Code Enforcement

All TCESD1 operations personnel hold certifications from the Texas Commission on Fire Protection (TCFP) and the Texas Department of State Health Services (DSHS).

The district operates from six fire stations, five of which are staffed 24/7 with 24 personnel per shift who cross-staff a variety of apparatus, including:

- Quints & Engines
- Ambulances
- Brush Trucks
- Water Tenders
- Rescue Squads

Community Engagement & Prevention

TCESD1 contracts with Lago Vista, Jonestown, and Point Venture to provide fire prevention, code enforcement, and emergency management services. The district employs a full-time Deputy Emergency Management Coordinator and multiple Deputy Fire Marshals to enhance public safety efforts.

With a permanent population of approximately 40,000, the district experiences a weekend and holiday influx of up to 5 to 10K people. TCESD1 is actively involved in fire prevention education, particularly within local schools, which serve nearly 2,000 students across elementary, middle, and high schools.

Growth & Funding

The district is experiencing rapid growth, with new multi-family developments, large lakeshore homes, and commercial expansions reshaping the community. TCESD1 is primarily funded through local property taxes, which Texas law caps at $0.10 per $100 of property valuation. Additionally, the district collects a 1% sales tax in unincorporated areas.

Commitment to Excellence

TCESD1 is dedicated to meeting national standards for personnel, training, equipment, and response times. The district adheres to the following response benchmarks:

- Turnout Time: 60 seconds for EMS responses; 80 seconds for fire responses.
- First Engine Arrival: Within 240 seconds (4 minutes) for 90% of incidents, staffed with a minimum crew of four personnel.
- Second Company Arrival: Within 360 seconds (6 minutes) for 90% of incidents, also with a minimum crew of four personnel.

Meeting these standards is critical, especially in time-sensitive emergencies such as cardiac arrests, structure fires, and hazardous material incidents, where every second counts. TCESD1 remains committed to providing efficient, high-quality emergency services to both residents and visitors while adapting to the district's continued expansion.

Request for Information

This financial report is designed to provide a general overview of the District's finances for 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:

Travis County Emergency Services District No. 1
Board of Commissioners
20624 FM 1431, Suite 5
Lago Vista, Texas 78645

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 1
GOVERNMENTAL FUNDS BALANCE SHEET AND
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	General Fund	Debt Service Fund	Total	Adjustments (Note 11)	Statement of Net Position
ASSETS					
Cash	$ 170,728	$ -	$ 170,728	$ -	$ 170,728
Investments	951,641	1,269	952,910	-	952,910
Taxes Receivable	196,495	71,210	267,705	-	267,705
Sales Tax Receivable	139,161	-	139,161	-	139,161
Accounts Receivable	1,495,328	-	1,495,328	-	1,495,328
Capital Assets:					
Property, plant and equipment, net of accumulated depreciation	-	-	-	16,065,317	16,065,317
Lease assets, net of accumulated amortization	-	-	-	923,662	923,662
TOTAL ASSETS	$ 2,953,353	$ 72,479	$ 3,025,832	$ 16,988,979	$ 20,014,811
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	$ -	$ -	$ -	$ 1,553,070	$ 1,553,070
Deferred outflows related to other post-employment benefits	-	-	-	34,337	34,337
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ -	$ -	$ -	$ 1,587,407	$ 1,587,407
LIABILITIES					
Payroll Liabilities Payable	$ 283,898	$ -	$ 283,898	$ -	$ 283,898
Accounts Payable	489,252	-	489,252	-	489,252
Accrued Interest Payable	-	-	-	274,403	274,403
Long-term liabilities:					
Due within one year	-	-	-	1,266,439	1,266,439
Due in more than one year	-	-	-	13,745,655	13,745,655
TOTAL LIABILITIES	$ 773,150	$ -	$ 773,150	$ 15,286,497	$ 16,059,647
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	$ 196,495	$ 71,210	$ 267,705	$ (267,705)	$ -
Deferred inflows related to interlocal agreements	581,827	-	581,827	(581,827)	-
Deferred inflows related to TIFMAS	591,783	-	591,783	(591,783)	-
Deferred inflows related to pensions	-	-	-	13,004	13,004
Deferred inflows related to other post-employment benefits	-	-	-	27,764	27,764
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 1,370,105	$ 71,210	$ 1,441,315	$ (1,400,547)	$ 40,768
FUND BALANCES/NET POSITION					
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	1,269	1,269	(1,269)	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	810,098	-	810,098	(810,098)	-
TOTAL FUND BALANCES	810,098	1,269	811,367	(811,367)	-
Total liabilities, deferred inflows of resources and fund balances	$ 2,953,353	$ 72,479	$ 3,025,832		
Net position:					
Net investment in capital assets				3,886,491	3,886,491
Restricted - Debt Service				1,269	1,269
Unrestricted				1,614,043	1,614,043
TOTAL NET POSITION				$ 5,501,803	$ 5,501,803

See Accompanying Notes to the Financial Statements

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 1
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
AND STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Debt Service Fund	Total	Adjustments (Note 11)	Statement of Activities
EXPENDITURES/EXPENSES					
Administration Expenditures:					
Bond Service/Bank Charges	$ 2,243	$ -	$ 2,243	$ -	$ 2,243
Computer/Website Maintenance	35,868	-	35,868	-	35,868
Legal fees	20,960	-	20,960	-	20,960
Appraisal/assessor costs	86,085	-	86,085	-	86,085
Audit	10,650	-	10,650	-	10,650
Dispatch Fee	22,287	-	22,287	-	22,287
Medical Director	24,926	-	24,926	-	24,926
Office Supplies & Repairs	11,410	-	11,410	-	11,410
Public Relations	5,701	-	5,701	-	5,701
Telephone/Internet	65,749	-	65,749	-	65,749
Miscellaneous	15,074	-	15,074	-	15,074
Professional Services & Dues	130,589	-	130,589	-	130,589
Personnel Costs	10,342,804	-	10,342,804	685,524	11,028,328
Station facilities and fixtures	120,324	-	120,324	-	120,324
Apparatus/Operational Supplies	930,999	-	930,999	-	930,999
Insurance	129,902	-	129,902	-	129,902
Training and travel	198,771	-	198,771	-	198,771
Capital Outlay	3,010,944	-	3,010,944	(3,010,944)	-
Depreciation Expense	-	-	-	1,487,651	1,487,651
Debt Service:					
Lease principal payments	82,665	-	82,665	(82,665)	-
Interest on leases	30,314	-	30,314	(215)	30,099
Bond principal retirement	1,210,579	-	1,210,579	(1,210,579)	-
Bond interest	486,010	-	486,010	(22,614)	463,396
Total expenditures/expenses	$ 16,974,854	$ -	$ 16,974,854	$ (2,153,842)	$ 14,821,012
PROGRAM REVENUES					
Grants & Contributions	$ 3,404,570	$ -	$ 3,404,570	$ 591,783	$ 3,996,353
Interlocal Agreements	4,006,750	-	4,006,750	581,827	4,588,577
EMS Standby/Transport	174,854	-	174,854	-	174,854
Total program revenues	$ 7,586,174	$ -	$ 7,586,174	$ 1,173,610	$ 8,759,784
GENERAL REVENUES					
Ad valorem taxes	$ 6,457,366	$ -	$ 6,457,366	$ 43,320	$ 6,500,686
Penalties & Interest on Taxes	57,400	-	57,400	-	57,400
Sales Tax	671,298	-	671,298	-	671,298
Interest	114,750	65	114,815	-	114,815
Gain/(Loss) on disposal of assets	-	-	-	47,637	47,637
Miscellaneous Income	50,385	-	50,385	-	50,385
Inspections	4,321	-	4,321	-	4,321
Total general revenues	$ 7,355,520	$ 65	$ 7,355,585	$ 90,957	$ 7,446,542
Excess (Deficiency) of Revenues over Expenditures	$ (2,033,160)	$ 65	$ (2,033,095)	$ 2,033,095	$ -
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of assets	$ 100,000	$ -	$ 100,000	$ (100,000)	$ -
Total Other Financing Sources (Uses)	$ 100,000	$ -	$ 100,000	$ (100,000)	$ -
Net Change in Fund Balance	(1,933,160)	65	(1,933,095)	1,933,095	
Net Change in Net Position				1,385,314	1,385,314
Fund Balance/Net Position Beginning of the year	2,743,258	1,204	2,744,462	1,372,027	4,116,489
End of the year	$ 810,098	$ 1,269	$ 811,367	$ 4,690,436	$ 5,501,803

See Accompanying Notes to the Financial Statements

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

Prior to May 9, 1989, the District operated as a rural fire prevention district (Travis County Rural Fire Prevention District No. 2) under Article III, Section 48-d of the Constitution of Texas. On May 6, 1989, the voters of the District approved the formation of an emergency services district under Article III, Section 48-e of the Texas Constitution. On May 9, 1989, the County Commissioners Court of Travis County, State of Texas approved the order to form the Travis County Emergency Services District No. 1. As of September 30, 1989, the District also changed its fiscal year-end to September 30. On November 8, 2005, as the result of a general election, Travis County Emergency Services District No. 1 combined with Travis County Emergency Services District No. 7 to form one entity (Travis County Emergency Services District No. 1). The new District began operations on November 18, 2005. The District operates under a Board of Commissioners appointed by the Commissioners Court of Travis County.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

The District does not currently employ indirect cost allocation systems.

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

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

Fund Accounting

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

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

b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The focus of Governmental Fund measurement (in the Fund Financial Statements) is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The District reports the following major governmental funds:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BUDGETS

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

1. Prior to the beginning of each fiscal year, the District prepares a budget. The operating budget includes proposed expenditures and the means of financing those expenditures and is prepared in accordance with the basis of accounting utilized by that fund.
2. Public meetings are conducted at which all interested persons' comments concerning the budget are heard. After such meetings, the Board of Commissioners formally adopts the budget through passage of an ordinance.
3. The District amends the budget throughout the year approving such additional expenses. The amended budget is used in presenting the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.
4. All annual appropriations lapse at fiscal year-end.

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' 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 rated 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, 2024.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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. 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 4 and 5.

CAPITAL ASSETS

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Property, plant, and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at the fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. 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	39.5 years
Vehicles	10-15 years
Other Equipment	5-10 years

The Department does not own any infrastructure assets.

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 acquisitions.

EQUITY CLASSIFICATIONS

Government-wide Statements

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

a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
b. Restricted – Consists of Net Position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other government; or (2) law through constitutional provisions or enabling legislation.
c. Unrestricted – All other Net Position that do not meet the definition of "restricted" or "Net investment in capital assets."

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

Fund Statements

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

COMPENSATED ABSENCES

The District's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. As of the year end, the liability for accrued vacation reflects that time earned by the employees in the current year and any allowable carryover from prior periods.

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plan and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by Texas County & District Retirement System (TCDRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

As of September 30, 2024, 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 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 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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

RECENTLY ISSUED 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. Management is evaluating the effects that the full implementation of GASB Statement No. 101 will have on its financial statements for the year ended September 30, 2025.

NOTE 2: CASH AND INVESTMENTS

Cash

Deposits did not exceeded FDIC coverage at the end of the fiscal year (Category 1). At September 30, 2024, the carrying amount of the District's deposits was $170,728 and the bank balance was $191,448.

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.

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.

<u>TexPool</u>

The District had an investment of $500,361 (fair value) in an external local governmental investment pool, Texas Local Governmental Investment Pool ("TexPool"), at September 30, 2024. 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.

NOTE 2: CASH AND INVESTMENTS – continued

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.

First Public

The District had an investment of $452,549 in an external local governmental investment pool, Lone Star Investment Pool (First Public), at September 30, 2024. The investments in First Public had a weighted average maturity of one day and a Standard and Poor's rating of AAAm.

First Public is an external investment pool offered to local governments. Although First Public is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. First Public is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate First Public

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

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

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, 2024, 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, 2024, all of the District's investments were with First Public and TexPool.

NOTE 2: CASH AND INVESTMENTS – continued

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

Investment	Fair Value	Effective Duration (in years)	Credit Risk
TexPool	$500,361	0.0	AAAm
Lone Star Investment Pool	$452,549	0.0	AAAm

The District's investment in TexPool and First Public represent 100% of its investment portfolio.

NOTE 3: 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, 2023, upon which the 2023 levy was based, was $6,530,011,792 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 2023 levy was $6,530,012 and the tax rate was $0.10 per $100 assessed valuation ($0.0734 M&O and $0.0266 I&S).

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024, was as follows:

Governmental Activities:	Balance 09/30/2023	Additions/ Completions	Retirements/ Adjustments	Balance 09/30/2024
Capital assets, not being depreciated:				
Land	$ 1,060,407	$ -	$ -	$ 1,060,407
Construction in Progress	104,936	390,757	-	495,693
Total capital assets, not being depreciated	1,165,343	390,757	-	1,556,100
Capital assets, being depreciated:				
Property, plant and equipment:				
Vehicles	7,527,219	1,353,508	(75,000)	8,805,727
Equipment	2,052,785	1,266,680	(178,905)	3,140,560
Buildings and structures	9,798,858	-	-	9,798,858
Furniture & Fixtures	626,241	-	(232,035)	394,206
Leased assets:				
Leased buildings	1,081,823	-		1,081,823
Total capital assets, being depreciated	21,086,926	2,620,187	(485,940)	23,221,173
Less accumulated depreciation for:				
Property, plant and equipment:				
Vehicles	3,790,217	862,442	(45,000)	4,607,659
Equipment	1,324,382	245,672	(156,542)	1,413,512
Buildings and structures	1,124,117	248,977	-	1,373,094
Furniture & Fixtures	437,234	30,669	(232,035)	235,868
Total accumulated depreciation	6,675,950	1,387,760	(433,577)	7,630,133
Less accumulated amortization for:				
Leased buildings	58,270	99,891	-	158,161
Total accumulated amortization	58,270	99,891	-	158,161
Total accumulated depreciation and amortization	6,734,220	1,487,651	(433,577)	7,788,294
Total Capital Assets, being depreciated, net	14,352,706	1,132,536	(52,363)	15,432,879
Governmental activities capital assets, net	$ 15,518,049	$ 1,523,293	$ (52,363)	$ 16,988,979

Current year depreciation expense was $1,387,760 and amortization expense was $99,891.

As part of its capital assets, Stations 6 & 7, Trails End and Travis Peak, were deeded to the District by the respective Homeowners' Association for use as fire stations. Under the terms of this agreement, if these properties cease to be used as fire stations, the property will revert back to the Homeowners' Associations.

NOTE 5: LONG-TERM DEBT

Bonds and Notes Payable:

The following are brief descriptions of bonds and notes outstanding as of September 30, 2023:

Capital One Public Funding:

- The District issued a note through Capital One Public Funding for $1,420,000 dated February 17, 2015, for the purchase of fire apparatus. This note has annual payments of $131,215 for at 2.65%, maturing for February 1, 2030.

Kansas State Bank:

- Note #3355585 for $140,000 dated December 27, 2019 for the purchase of a fire truck. This note has semi-annual payments of $15,705 at 3.43%, maturing June 27, 2024.
- Note #3355193 for $81,000 dated April 15, 2019 for the purchase of 3 Chevy Equinox vehicles. This note has semi-annual payments of $9,406 at 3.43%, maturing on April 15, 2024.
- Note #3361889 for $267,210 dated July 5, 2023, for the purchase of fire equipment. This note has annual payments of $46,805, maturing February 1, 2030.

Government Capital Corporation:

- Note #8562 for $318,661.98 dated March 6, 2019, for the purchase of new fire apparatus along with the refinance of #6273. This note has semi-annual payments of $19,575 at 4.07%, maturing February 8, 2029.
- Note #9157 for $398,148 dated July 17, 2020, for the purchase of a brush truck along with the refinance of #7128 and #6702. This note has annual payments of $46,682 at 3.15%, maturing April 15, 2030.
- Note #9635 for $1,477,416 dated September 20, 2021, for the purchase of fire apparatus. This note has annual payments of $165,366 at 1.79%, maturing September 20, 2031.
- Note #712410, for $1,301,682 was for the purchase of new fire engines, a rescue boat and other equipment. Semi-annual payments are $51,676 beginning April 15, 2017, with a 2.30% rate, maturity of October 15, 2031.

Motorola Solutions:

- Note #24793, for $417,626 was for the purchase of new radios. Annual payments are $208,813 beginning April 1, 2022, non-interest bearing, maturity of April 1, 2023. This note was paid of during the fiscal year.

Stryker Financial:

- Note for $200,020 was for the purchase of fire equipment. Annual payments are $33,286 at 5.131% interest maturing of April 1, 2028.

Government Capital Corporation (The District and Travis County Emergency Services District No. 7 entered into several joint and severally liable debt agreements):

- Note #7821 for $9,170,668 at 4.03%, with payments of $717,756 until maturity on March 15, 2037. The note may be prepaid in full upon sixty days' notice in writing to the lender beginning March 15, 2027. The note is secured by an interest in ad valorem tax revenues and all other income or receipts received or to be received, as well as any other property designated by the note agreements – land and fire stations. The entire debt has been recorded by the District. However, Travis County ESD 7 intends to pay the District its share of the debt ($4,585,334, with payments of $358,878) until maturity in March 2037 by its collection of tax revenue.

NOTE 5: LONG-TERM DEBT – continued

- Note #7815 for $549,331 at 3.28%, with payments of $75,415 until maturity on March 15, 2027. The note may be prepaid in full upon sixty days' notice in writing to the lender beginning March 15, 2023. The note is secured by an interest in ad valorem tax revenues and all other income or receipts received or to be received and any other property designated by the note agreements – ambulance and equipment. The entire debt has been recorded by the District. However, Travis County ESD 7 intends to pay the District its share of the debt ($274,666, with payments of $37,708) until maturity in March 2027 by its collection of tax revenue.
- Note #8561 for $700,000 at 4.48%, with payments of $57,242 until maturity on March 15, 2037. The note may be prepaid in full upon sixty days' notice in writing to the lender beginning September 15, 2027. The note is secured by an interest in ad valorem tax revenues and all other income or receipts received or to be received and any other property designated by the note agreements – buildings and training tower classrooms. The entire debt has been recorded by the District. However, Travis County ESD 7 intends to pay the District its share of the debt ($515,185, with payments of $28,621) until maturity in March 2037 by its collection of tax revenue.
- Note #8052 for $1,525,000 at 3.43%, with payments of $193,326 until maturity on January 11, 2028. The note may be prepaid in full upon sixty days' notice in writing to the lender beginning August 15, 2023. The note is secured by an interest in ad valorem tax revenues and all other income or receipts received or to be received and any other property designated by the note agreements – fire engine and equipment. The entire debt has been recorded by the District. However, Travis County ESD 7 intends to pay the District its share of the debt ($918,294, with payments of $96,663) until maturity in January 2028 by its collection of tax revenue.

For the fiscal year ending 2024, payments made by Travis County ESD7 were included as part of the $3,750,000 payment made under the Interlocal Agreement.

Debt Service Requirements to Maturity:

Debt service requirements for the *notes payable* are summarized as follows:

Fiscal Year	Principal	Interest	Total Requirement
2025	1,183,774	417,410	1,601,184
2026	1,226,142	376,370	1,602,512
2027	1,232,428	333,768	1,566,196
2028	1,138,845	291,119	1,429,964
2029	1,032,311	252,959	1,285,270
2030-2034	3,934,336	758,860	4,693,196
2035-2039	2,391,568	112,705	2,504,273
Total	12,139,404	2,543,191	14,682,595

NOTE 5: LONG-TERM DEBT – continued

Changes in Long-Term Liabilities:

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the fiscal year ended September 30, 2024:

Governmental Activities:	Balance 9/30/2023	Additions	Retirements	Balance 9/30/2024	Due within one year
Notes Payable					
Capital One Public Funding	792,278	-	100,929	691,349	104,784
Government Capital #8562	191,243	-	31,686	159,557	32,989
Government Capital #7815	247,457	-	67,851	179,606	70,094
Government Capital #7821	8,007,520	-	436,863	7,570,657	440,281
Government Capital #8052	799,180	-	167,141	632,039	173,093
Government Capital #8561	564,037	-	29,834	534,203	33,268
Kansas State Bank #3355193	18,047	-	18,047	-	-
Kansas State Bank #3355585	30,887	-	30,887	-	-
Government Capital #9157	288,996	-	37,591	251,405	38,756
Government Capital #9635	1,202,148	-	141,156	1,060,992	143,521
Bank of Wewoka #712410	803,806	-	86,029	717,777	87,551
Stryker Financial	142,424	-	26,314	116,110	27,581
Kansas State Bank	261,970	-	36,251	225,719	31,856
Total Notes Payable	$ 13,349,993	$ -	$ 1,210,579	$ 12,139,414	$ 1,183,774
Pension Liability	747,815	935,536	-	1,683,351	-
Compensated Absences	200,058	-	24,974	175,084	-
OPEB Liability	37,598	13,573	-	51,171	-
Leases	1,045,749	-	82,665	963,084	82,665
Total Governmental Activities	$ 15,381,213	$ 949,109	$ 1,318,218	$ 15,012,104	$ 1,266,439

LEASES:

The District, as a lessee, is obligated under various noncancelable long-term leases. Current lease activities include leased office space. 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.

The total of the District's lease assets are recorded at a cost of $1,081,823, less accumulated amortization of $158,161.

In 2021, the District entered into a lease agreement with Casey Professional Building Unit B and C, for the use of office space, beginning November 1, 2021 for a term of 5 years at a fixed interest rate of 3.00%. This lease was terminated in February 2023. A new lease was signed for the same units plus unit A, effective March 1, 2023 for a term of 10 years at a fixed interest rate of 3%. This lease is not renewable and there is no residual value of the office space at the end of the lease.

NOTE 5: LONG-TERM DEBT – continued

In 2021, the District entered into a lease agreement with Casey Professional Building Unit 5, for the use of office space, beginning November 1, 2021 for a term of 5 years at a fixed interest rate of 3.00%. This lease was terminated in February 2023 and a new lease was signed, effective March 1, 2023 for a term of 10 years at a fixed interest rate of 3%. This lease is not renewable and there is no residual value of the office space at the end of the lease.

The future lease payments under lease agreements are as follows:

Year Ending September 30,	Principal	Interest
2025	$ 91,722	$ 27,638
2026	94,512	24,818
2027	97,386	21,974
2028	100,348	19,012
2029	103,401	15,959
2030-2034	475,715	31,565
	$ 963,084	$ 140,966

NOTE 6: ANNEXATION OF DISTRICT LAND

The District could in the future face the possibility of annexation which could 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, 2024, there were no plans by any other entity to annex property.

NOTE 7: PENSION PLAN

Plan Description. Travis County Emergency Services District #1 participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.

a. A brief description of benefit terms:
    1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
    2) The plan provides retirement, disability and survivor benefits.
    3) TCDRS is a savings-based plan. For the district's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 225%) and is then converted to an annuity.
    4) There are no automatic COLAs. Each year, the district may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
    5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.
b. The district's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Travis County Emergency Services District #1 NLT Fire & Rescue contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the district and are currently 7%. Contributions to the pension plan from the district for 2023 are shown in the Schedule of Employer Contributions.
c. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

NOTE 7: PENSION PLAN – continued

Employee membership data related to the Plan, as of the valuation date of December 31, 2023, was as follows:

Members	Dec. 31, 2022	Dec. 31, 2023
Number of inactive employees entitled to but not yet receiving benefits	53	59
Number of active employees	67	71
Average monthly salary:	$6,115	$7,324
Average age:	36.65	35.84
Average length of service in years:	6.97	7.11
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipient:	4	4
Average monthly benefit:	$360	$371

Net Pension Liability

The District's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Timing Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Actuarial Cost Method Entry Age (level percent of pay)

Amortization Method

Recognition of economic/demographic gains or losses
Straight-Line amortization over Expected Working Life

Recognition of assumptions changes or inputs
Straight-Line amortization over Expected Working Life

Asset Valuation Method

Smoothing period 5 years
Recognition method Non-asymptotic
Corridor None

Inflation 2.50%

Salary Increases The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.

Investment Rate of Return 7.60% (Gross of administrative expenses)

Cost-of-Living Adjustments Cost-of-Living Adjustments for Travis County Emergency Services District #1 NLT Fire & Rescue are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.

Retirement Age Deferred members are assumed to retire (100% probability) at the later of: a) age 60 b) earliest retirement eligibility.

(For all eligible members ages 75 and later, retirement is assumed to occur immediately.)

NOTE 7: PENSION PLAN – continued

Turnover Same as funding valuation

Mortality

Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

Asset Class	Benchmark	Target Allocation(1)	Geometric Real Rate of Return (2)
US Equities	Dow Jones US Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.75%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morningstar LSTA Leveraged Loan Index TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index (3)	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index +33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index(4)	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index(5)	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.60%

(1) Target asset allocation adopted at the March 2024 TCDRS Board meeting.
(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.2% per Cliffwater's 2024 capital market assumptions.
(3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.
(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.
(5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

NOTE 7: PENSION PLAN – continued

Net Pension Liability / (Asset)

Net Pension Liability / (Asset)	**December 31, 2022**	**December 31, 2023**
Total pension liability	$5,893,867	$8,358,708
Fiduciary net position	5,146,052	6,675,357
Net pension liability / (asset)	747,815	1,683,351
Fiduciary net position as a % of total pension liability	87.31%	79,86%
Pensionable covered payroll [1]	4,867,774	6,332,654
Net pension liability as a % of covered payroll	15.36%	26.58%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

Note: Rounding differences may exist above or in other tables in this report.
(1) Payroll is calculated based on contributions as reported to TCDRS.

Discount Rate		
Discount rate[2]	7.60%	7.60%
Long-term expected rate of return, net of investment expense[2]	7.60%	7.60%
Municipal bond rate[3]	Does not apply	Does not apply

(2) This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.
(3) The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability/(Asset)	**Total Pension Liability (a)**	**Fiduciary Net Position (b)**	**Net Pension Liability/(Asset) (a) – (b)**
Balances as of December 31, 2022	$5,893,867	$5,146,052	$747,815
Changes for the year:			
Service cost	680,363		680,363
Interest on total pension liability[1]	495,363		495,363
Effect of plan changes[2]	1,155,802		1,155,802
Effect of economic/demographic gains or losses	247,994		247,994
Effect of assumptions changes or inputs	0		0
Refund of contributions	(97,414)	(97,414)	0
Benefit payments	(17,268)	(17,268)	0
Administrative expenses		(3,486)	3,486
Member contributions		443,286	(443,286)
Net investment income		574,567	(574,567)
Employer contributions		581,971	(581,971)
Other[3]	0	47,649	(47,649)
Balances as of December 31, 2023	$8,358,708	$6,675,357	$1,683,351

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

(2) No plan changes valued.

(3) Relates to allocation of system-wide items.

NOTE 7: PENSION PLAN – continued

Sensitivity Analysis

The following presents the net pension liability of the district, calculated using the discount rate of 8.10%, as well as what the ESD net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total Pension Liability	$10,399,695	$8,358,708	$6,771,663
Fiduciary Net Position	6,675,357	6,675,357	6,675,357
Net pension liability/(asset)	$3,724,338	$1,683,351	$96,306

As of September 30, 2024, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/Outflows of Resources

	Deferred Inflows of Resources	**Deferred Outflows of Resources**
Differences between expected and actual experience	$12,240	$478,595
Changes of assumption	764	225,202
Net difference between projected and actual earnings	0	101,397
Contributions made subsequent to measurement date	N/A	747,876
Totals	$13,004	$1,553,070

The $747,876 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. The remaining amounts currently reported as deferred outflows of resources related to pensions will be recognized in pension expenses as follows:

Year ended September 30:	
2025	$157,641
2026	165,101
2027	253,784
2028	104,591
2029	55,537
Thereafter(1)	55,536

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

Payable to the Pension Plan

The District reported a payable of $107,234 for the outstanding amount of employer and employee contributions to the pension plan required for the year ended September 30, 2024.

NOTE 8: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. Travis County Emergency Services District #1 participates in the retiree Group Term Life program for the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.

a. A brief description of benefit terms:
   1) All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan.
   2) The plan provides a $5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program.
   3) The OPEB benefit is a fixed $5,000 lump-sum benefit.
   4) No future increases are assumed in the $5,000 benefit amount.
   5) Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year.
b. Membership information is shown in the chart below.
c. Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL fund does not meet the requirement of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.
d. The district's contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to $5,000.

Membership Information

Members	Dec. 31, 2022	Dec. 31, 2023
Number of inactive employees entitled to but not yet receiving benefits	16	21
Number of active employees	67	71
Average age:	36.65	35.84
Average length of service in years:	6.97	7.11
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients (1):	3	3

(1) *"receiving benefits" indicates the member is retired and receiving monthly pension benefits, and his or her beneficiary is eligible for the $5,000 lump sum upon the retiree's death.*

Total OPEB Liability

Actuarial Assumptions. The total OPEB liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Timing — Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Actuarial Cost Method — Entry Age (level percent of pay)

Amortization Method

Recognition of economic/demographic gains or losses
: Straight-Line amortization over Expected Working Life

Recognition of assumptions changes or inputs
: Straight-Line amortization over Expected Working Life

Asset Valuation Method — Does not apply

Inflation — Does not apply

Salary Increases — Salary increases do not affect benefits but are used in the allocation of costs under the actuarial cost method.

NOTE 8: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS – continued

Investment Rate of Return	3.26%
(Discount Rate)	20 Year Bond Go Index published by bondbuyer.com as of December 28, 2023.
Cost-of-Living Adjustments	Does not apply
Retirement Age	Deferred members are assumed to retire (100% probability) at the later of: a) age 60 b) earliest retirement eligibility.

(For all eligible members ages 75 and later, retirement is assumed to occur immediately.)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances as of December 31, 2022	$37,598
Changes for the year:	
Service cost	3,294
Interest on total OPEB Liability [1]	1,510
Changes of benefit terms [2]	0
Effect of economic/demographic experience	2,822
Effect of assumptions changes or inputs [3]	6,580
Benefit payments	(633)
Other	0
Balance as of December 31, 2023	$51,171

[1] *Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest*
[2] *No plan changes valued.*
[3] *Reflects change in discount rate.*

Sensitivity Analysis

The following table shows the Total OPEB Liability of the District, calculated using the discount rate of 3.72%, as well as what the District's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 2.26%	Current Discount Rate 3.26%	1% Increase 4.26%
Total OPEB Liability	$70,249	$51,171	$38,186

Total OPEB Liability

Net Pension Liability / (Asset)	**December 31, 2022**	**December 31, 2023**
Total OPEB liability	$37,598	$51,171

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

Discount Rate		
Discount rate[1]	3.72%	3.26%
Long-term expected rate of return, net of investment expense[1]	Does not apply	Does not apply
Municipal bond rate[1]	3.72%	3.26%

[1] *The OPEB plan has been determined to be an unfunded OEPB plan; therefore, only the municipal bond rate applies.*

NOTE 8: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS – continued

Deferred Inflows/Outflows of Resources

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$4,799	$7,841
Changes of assumption	22,965	20,277
Contributions made subsequent to measurement date	N/A	6,219
Totals	$27,764	$34,337

The $6,219 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2024. The remaining amounts currently reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:	
2025	$222
2026	222
2027	222
2028	222
2029	222
Thereafter(1)	(756)

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

NOTE 9: 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 constitutional provisions, or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - Amounts that can only be used for specific purpose pursuant to approval by formal action by the Board. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved 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.

NOTE 9: FUND BALANCE – continued

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

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

Fund balance of the District may be committed for 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 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, 2024, the District has not adopted a minimum fund balance policy.

NOTE 10: 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 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	$23,695,450
Lease assets	1,081,823
Accumulated Depreciation	(7,630,133)
Accumulated Amortization	(158,161)
	$16,988,979

The statement of net position includes as Deferred Outflows of Resources amounts that are permitted to be recognized as part of pension and OPEB expense over a period of years in the governmental funds.

Deferred outflows related to pensions	$1,553,070
Deferred outflows related to OPEB	$34,337

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

Accrued interest	$274,403

NOTE 10: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND AND GOVERNMENT-WIDE STATEMENTS – continued

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	$1,266,439
Due after one year	$13,745,655
	$15,012,094

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

Deferred revenue	$(267,705)

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

TIFMAS	$(591,783)
Interlocal Agreements	(581,827)

Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Deferred inflows related to pensions	$13,004
Deferred inflows related to OPEB	$27,764

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	$1,571
Adjustment for Pension Liability	566,622
Adjustment for OEPB Liability	(15,944)
Change in Deferred Inflows/Outflows related to Pension	(830,911)
Change in Deferred inflows/outflows related to OEPB	16,479
Total adjustment	$685,524

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	$(3,010,944)
Depreciation Expense	1,487,651

Repayment of notes payable is reported as expenditures 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 Principal	$(1,210,579)
Payment of Lease Principal	(82,665)

NOTE 10: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND AND GOVERNMENT-WIDE STATEMENTS – continued

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

Change in accrued interest payable	$(22,614)
Change in accrued interest payable – leases	(215)

Because some property taxes will not be collected for several months after the district's year end, they are not considered as "available" revenues in the governmental funds.

Adjustment for property taxes collected after year-end	$43,320

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Grants & Contributions	$591,783
Interlocal Agreements	581,827

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

Gain from disposal of assets	$47,637
Proceeds from sale of assets	(100,000)

NOTE 11: COMMITMENTS

The District entered into an Agreement with Beacon Emergency Services Team, PA d/b/a BEST EMS to provide medical direction. Effective July 1, 2016, the District began providing Advanced Life Support services under the direction of a licensed physician. As payment for the services rendered, the District paid Beacon Emergency Services Team. PA, $24,926, for the year ended September 30, 2024, for services provided under the Agreement.

The District has an agreement with the City of Jonestown to provide fire protection and emergency services for $25,000 beginning August 8, 2019 to August 7, 2020. This agreement can be renewed for successive 1-year terms. This contract was renewed during the fiscal year.

The District has an agreement with the Village of Point Venture to provide fire protection and emergency services for $8,000 beginning April 1, 2023 to September 30, 2028. This agreement can be renewed for successive 2-year terms.

The District has an agreement with the City of Lago Vista to provide fire protection and emergency services for $60,000 beginning April 1, 2024. This agreement continues until either party terminates. In addition, the District has an agreement with the City of Lago Vista for $20,000 for emergency management services beginning March 1, 2023 to September 30, 2028. This agreement can be renewed for successive 2-year terms.

The District has an agreement with Williamson County Emergency Services District No. 7 to provide management services for $20,000 per month beginning August 12, 2024 and ending November 11, 2024.

The District entered an interlocal agreement with Travis County Emergency Services District No. 7 (ESD 7) to provide emergency medical services on behalf ESD 7 within ESD 7's boundaries for fiscal years 2018-2037. For the year ended September 30, 2024, the District received $3,750,000. Future payment terms to the District by ESD 7 are as follows:

2025	$4,150,000
2026	4,350,000
2027	4,350,000
2028	4,350,000
2029	4,350,000
2030-2034	21,750,000
2035-2037	13,050,000
Total	$60,100,000

NOTE 12: 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 NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL- GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	BUDGETED AMOUNTS			
	ORIGINAL	FINAL	ACTUAL AMOUNTS	VARIANCE FAVORABLE/ (UNFAVORABLE)
REVENUES:				
Ad valorem taxes	$ 6,316,587	$ 6,457,366	$ 6,457,366	$ -
Penalties & Interest on Taxes	20,000	57,400	57,400	-
Sales Tax	650,000	637,655	671,298	33,643
Interest	20,000	90,435	114,750	24,315
Miscellaneous Income	5,000	29,157	50,385	21,228
Inspections	-	4,321	4,321	-
Grants & Contributions	658,134	3,441,376	3,404,570	(36,806)
Interlocal Agreement	4,003,000	4,048,000	4,006,750	(41,250)
EMS Standby/Transport	265,000	253,631	174,854	(78,777)
TOTAL REVENUES	$ 11,937,721	$ 15,019,341	$ 14,941,694	$ (77,647)
EXPENDITURES:				
Administration Expenditures:				
Bond Service/Bank Charges	$ 1,000	$ 1,599	$ 2,243	$ (644)
Computer/Website Maintenance	18,000	35,074	35,868	(794)
Legal fees	15,000	20,960	20,960	-
Appraisal/assessor costs	79,000	86,085	86,085	-
Audit	11,000	10,650	10,650	-
Dispatch Fee	85,000	81,809	22,287	59,522
Medical Director	25,000	24,926	24,926	-
Office Supplies & Repairs	15,000	11,410	11,410	-
Public Relations	10,000	5,701	5,701	-
Rent	93,834	112,978	-	112,978
Telephone/Internet	57,000	65,749	65,749	-
Miscellaneous	135,500	122,073	15,074	106,999
Professional Services & Dues	50,000	48,535	130,589	(82,054)
Personnel Costs	8,005,000	10,315,798	10,342,804	(27,006)
Station facilities and fixtures	160,000	150,000	120,324	29,676
Apparatus/Operational Supplies	690,500	1,832,820	930,999	901,821
Insurance	145,000	145,000	129,902	15,098
Training and travel	132,000	200,221	198,771	1,450
Capital Outlay	-	-	3,010,944	(3,010,944)
Debt Service:				
Lease principal payments	-	-	82,665	(82,665)
Interest on leases	-	-	30,314	(30,314)
Bond principal retirement	1,207,091	1,210,116	1,210,579	(463)
Bond interest	489,496	486,471	486,010	461
TOTAL EXPENDITURES	$ 11,424,421	$ 14,967,975	$ 16,974,854	$ (2,006,879)
OTHER SOURCES/(USES):				
Proceeds from Sale of Assets	250,000	100,000	100,000	-
TOTAL OTHER SOURCES/(USES)	250,000	100,000	100,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES and OTHER SOURCES/(USES)	$ 763,300	$ 151,366	$ (1,933,160)	$ (2,084,526)
Net change in fund balance	763,300	151,366	(1,933,160)	(2,084,526)
Beginning of year			$ 2,743,258	
End of year			$ 810,098	

EXPENDITURES IN EXCESS OF APPROPRIATIONS

The general government expenditures for capital outlay exceeded appropriations due to under-budgeting of expense for increase in unexpected capital outlay purchases. The District's management will monitor the budget vs actual statement and amend the budget as necessary as circumstances arise.

Travis County Emergency Services District No. 1
Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	$ 680,363	$ 596,605	$ 507,995	$ 386,920	$ 324,781	$ 282,642	$ 140,231	106,638	96,243	95,915
Interest on total pension liability	495,363	405,775	320,658	257,814	204,714	157,941	104,170	75,743	64,425	58,882
Effect of plan changes	1,155,802	4,450	-	-	142,006	78,946	193,739	23,848	(26,919)	-
Effect of assumption changes or inputs	-	-	103,961	331,593	-	-	(3,445)	-	4,004	-
Effect of economic/demographic (gains) or losses	247,994	160,873	164,792	14,796	(27,540)	51,104	120,499	100,078	(6,700)	(50,837)
Benefit payments/refunds of contributions	(114,682)	(32,167)	(98,720)	(53,836)	(47,401)	(23,691)	(43,467)	(20,211)	(18,523)	(30,162)
Net change in total pension liability	2,464,840	1,135,536	998,686	937,287	596,560	546,942	511,727	286,096	112,530	73,798
Total pension liability, beginning	5,893,867	4,758,331	3,759,645	2,822,358	2,225,798	1,678,856	1,167,129	881,033	768,503	694,705
Total pension liability, ending (a)	$ 8,358,707	$ 5,893,867	$ 4,758,331	$ 3,759,645	$ 2,822,358	$ 2,225,798	$ 1,678,856	$ 1,167,129	$ 881,033	$ 768,503
Fiduciary Net Position										
Employer contributions	581,971	483,857	333,264	286,467	216,081	163,859	84,581	52,757	49,743	43,575
Member contributions	443,286	340,744	297,937	246,955	227,112	195,402	129,949	73,477	59,788	55,019
Investment income net of investment expenses	574,567	(335,896)	776,164	259,630	295,297	(23,828)	168,983	71,037	(1,474)	49,882
Benefit payments/refunds or contributions	(114,682)	(32,167)	(98,720)	(53,836)	(47,401)	(23,691)	(43,467)	(20,211)	(18,523)	(30,162)
Administrative expenses	(3,486)	(3,016)	(2,476)	(2,382)	(1,908)	(1,446)	(984)	(769)	(655)	(619)
Other	47,649	115,393	15,982	14,440	13,900	10,146	2,283	15,700	464	1,051
Net change in fiduciary net position	1,529,305	568,915	1,322,151	751,274	703,081	320,442	341,345	191,991	89,343	118,746
Fiduciary net position, beginning	5,146,052	4,577,137	3,254,986	2,503,712	1,800,631	1,480,189	1,138,844	946,853	857,510	738,764
Fiduciary net position, ending (b)	$ 6,675,357	$ 5,146,052	$ 4,577,137	$ 3,254,986	$ 2,503,712	$ 1,800,631	$ 1,480,189	$ 1,138,844	$ 946,853	$ 857,510
Net pension liability/(asset), ending = (a) - (b)	$ 1,683,350	$ 747,815	$ 181,194	$ 504,659	$ 318,646	$ 425,167	$ 198,667	$ 28,285	$ (65,820)	$ (89,007)
Fiduciary net position as a % of total pension liability	79.86%	87.31%	96.19%	86.58%	88.71%	80.90%	88.17%	97.58%	107.47%	111.58%
Pensionable covered payroll	$ 6,332,654	$ 4,867,774	$ 4,256,246	$ 3,527,923	$ 3,244,461	$ 2,791,462	$ 2,165,820	$ 1,469,541	$ 1,195,755	$ 1,100,372
Net pension liability as a % of covered payroll	26.58%	15.36%	4.26%	14.30%	9.82%	15.23%	9.17%	1.92%	-5.50%	-8.09%

Travis County Emergency Services District No. 1
Schedule of Employer Contributions

Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll*	Actual Conribution as a % of Covered Payroll
2015	43,575	43,575	-	1,100,372	4.0%
2016	49,743	49,743	-	1,195,755	4.2%
2017	52,757	52,757	-	1,469,541	3.6%
2018	84,467	84,581	(114)	2,165,820	3.9%
2019	212,505	212,505	-	3,338,855	6.4%
2020	248,449	248,449	-	3,431,513	7.2%
2021	360,773	360,773	-	4,236,547	8.5%
2022	450,427	450,427	-	4,685,171	9.6%
2023	483,857	483,857	-	4,867,774	9.9%
2024	581,971	581,971	-	6,332,654	9.2%

*Payroll is calculated based on contributions as reported to TCDRS.

Travis County Emergency Services District No. 1
Notes to the Schedule of Employer Contributions
For the year ending September 30, 2024

Valuation Date:	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	17.0 years (based on contribution rate calculated in 12/31/2023 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: Employer contributions reflect that the member contribution rate was increased to 6%. Also, new Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: Employer contributions reflect that the member contribution rate was increased to 7% and the current service matching rate was increased to 160% for future benefits and a 2% flat COLA was adopted. 2019: Employer contributions reflect that the current service matching rate was increased to 175% for future benefits and a 2% flat COLA was adopted. 2020: Employer contributions reflect that the current service matching rate was increased to 200% for future benefits and a 2% flat COLA was adopted. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule. 2023: Employer contributions reflect that a 3% flat COLA was adopted.

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

Travis County Emergency Services District No. 1
Schedule of Changes in Total OPEB Liability and Related Ratios

	Year Ended December 31									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB Liability										
Service cost	$ 3,294	$ 5,204	$ 4,610	$ 3,491	$ 1,891	$ 1,816	$ -	N/A	N/A	N/A
Interest on total OPEB liability	1,510	1,205	1,133	1,189	1,006	867	-	N/A	N/A	N/A
Effect of plan changes	-	-	-	-	-	-	23,811	N/A	N/A	N/A
Effect of assumption changes or inputs	6,580	(25,412)	2,487	8,535	12,214	(4,345)	-	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	2,822	3,546	(3,319)	(3,892)	2,646	1,667	-	N/A	N/A	N/A
Benefit payments/refunds of contributions	(633)	(487)	(426)	(353)	(649)	(837)	-	N/A	N/A	N/A
Net change in total OPEB liability	13,573	(15,944)	4,485	8,970	17,108	(832)	23,811	N/A	N/A	N/A
Total OPEB liability, beginning	37,598	53,542	49,057	40,087	22,979	23,811	-	N/A	N/A	N/A
Total OPEB liability, ending	$ 51,171	$ 37,598	$ 53,542	$ 49,057	$ 40,087	$ 22,979	$ 23,811	N/A	N/A	N/A
Pensionable covered payroll	$ 6,332,654	$ 4,867,774	$ 4,256,246	$ 3,527,923	$ 3,244,461	$ 2,791,462	$ 2,165,820	N/A	N/A	N/A
Net OPEB liability as a % of covered payroll	0.81%	0.77%	1.26%	1.39%	1.24%	0.82%	1.10%	N/A	N/A	N/A