

**TRAVIS COUNTY  
EMERGENCY SERVICES DISTRICT  
NO. 6**

**Financial Statements  
for the Year Ended  
September 30, 2019 and  
Independent Auditors' Report**

# TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 6

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners of  
Travis County Emergency Services District No. 6:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Travis County Emergency Services District No. 6 (the "District"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

*"A Registered Investment Advisor"*

*This firm is not a CPA firm*

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2019, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios, the schedule of District contributions, the schedule of the District's proportionate share of the net pension liability, and the note to required supplementary information on pages 4 through 10, 33, 34, 35 and 36, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Maxwell Locke + Ritter LLP*

Austin, Texas  
February 19, 2020

# TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 6

## MANAGEMENT'S DISCUSSION & ANALYSIS YEAR ENDED SEPTEMBER 30, 2019

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This management's discussion and analysis provides an overview of the financial performance of Travis County Emergency Services District No. 6 (the "District") for the fiscal year ended September 30, 2019. Please read this section in conjunction with the District's basic financial statements beginning on page 11.

### SUMMARY OF THE DISTRICT

The District is a political subdivision of the State of Texas, created under the Texas Health and Safety Code, Chapter 775. This code, along with Section 48-e, Article III, Texas Constitution, provides the District with the authority to levy ad valorem tax not to exceed 10 cents per \$100 assessed valuation and to provide emergency services to the geographical area within the District. Currently the District provides the following emergency services:

- Fire Response
- Emergency Medical Service First Response
- Rescue Response
- Hazardous Material Response
- Water Incident Response
- Wildland Urban Interface
- Fire Code Service
- Fire Investigation
- Fire Prevention and Public Education Services

### Mission, Core Values and Vision Statements

- Mission: To minimize loss of life and property through Emergency Response, Prevention and Community Involvement.
- Core Values: Our success is built upon the foundation of our commitment to Professionalism, Leadership, Integrity, Respect, Compassion and Safety.
- Vision: Our organization is recognized by those we serve as exceptional and innovative.

### History

The District was originally created in 1985 as Travis County Rural Fire Prevention District No. 5 and provided emergency services through an interlocal agreement with the Hudson Bend Volunteer Fire Department. In 1995, the Travis County Rural Fire Prevention District No. 5 was converted to Travis County Emergency Services District No. 6 which is governed by a Board of five Commissioners. Paid career firefighters were hired to begin working at two of the four fire stations with continued assistance from the volunteers. By early 1996, the District had grown to 8 paid career firefighters and 35 volunteer personnel providing emergency services with an estimated population of 19,000. In 1997, the District established staffing for four fire stations with two personnel per fire station and purchased additional apparatus and administrative vehicles. The District also adopted a District Fire Code and established the office of District Fire Marshal.

In 2002, the voters approved \$10,000,000 of bonded indebtedness, and the District sold its first \$3,500,000 bond package in 2003. These bond funds provided the District the ability to construct a fifth fire station and to purchase additional apparatus.

With the annexation of land from Travis County Emergency Services District No. 8 in 2005, the District's coverage area increased to approximately 104 square miles. In 2006, the District voters approved collective bargaining rights for the firefighters employed by the District, and the District's Commissioners accepted Professional Firefighters Local #4117 as the firefighter's sole bargaining agent.

The District has had a long and proud history of providing emergency services to the community. The District has evolved from an all-volunteer organization in the late 1960's to the present-day Emergency Services District with six fire stations operating 24/7, 365 days a year. The District's current staffing level includes 102 career staff, 3 volunteers and support services personnel which efficiently serves an estimated population of over 88,000 people.

The District and its staff are involved with legislative issues affecting emergency services districts through the State Association of Fire and Emergency Services Districts ("SAFE-D"), Capital Area Fire Chief's Association ("CAFCA"), Counter-Terrorism Task Force, Travis County Combined Clinical Council, and the Travis County Fire Chief's Liaison Committee, to name a few. The District and its staff work closely with the general administrations of the City of Bee Cave, City of Lakeway, Village of the Hills, City of Austin, and Travis County.

Throughout its history, the District has maintained prudent and conservative financial management, and has been able to set aside financial reserves, which are judged sufficient to meet any unexpected deterioration of economic conditions in the near future. The District's Commissioners continue to promote the best possible service and to maintain a balanced budget within the limits of the District's tax revenue.

## **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$25.1 million. Of this amount, \$13.3 million (unrestricted net position) may be used to meet the District's ongoing obligations.
- The District's governmental funds reported combined ending fund balances of \$18.5 million. Approximately 38 percent of this total amount, \$7.1 million, is available for spending at the District's discretion (unassigned fund balance). Fund balance of \$8.3 million, approximately 45 percent, is committed for the District's vacation, sick and net pension liability. Fund balance of \$2.6 million, approximately 14 percent, is assigned for current and future capital projects.
- Unassigned fund balance for the General Fund was \$7.1 million, or 39 percent of the total General Fund expenditures.

## **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. Governmental Accounting Standards Board (“GASB”) Statement No. 34 provides that for governments engaged in a single governmental program, the fund financial statements and the government-wide statements may be combined. The District presents the governmental funds in the first two columns and a total in the third column. The next column is an adjustments column, reconciling the amounts reported in the governmental funds to show how each would change when reported on the full-accrual basis of accounting. The last column of these combination statements shows the amounts that normally would appear in the government-wide statements. For governmental activities, this last column tells how these services were financed in the short term as well as what remains for future spending. Fund financial statements report the District’s operations in more detail than the government-wide statements by providing information about the District’s most significant funds.

### **Reporting the District as a Whole - *The Statement of Net Position and the Statement of Activities***

The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities that include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are included regardless of when cash is received or paid.

These two statements report the District’s net position and changes in net position. The District’s net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources - is one way to measure the District’s financial health, or financial position. Over time, increases or decreases in the District’s net position are indicators of whether its financial health is improving or deteriorating. Other non-financial factors should be considered, however, to assess the overall health of the District, such as changes in the District’s property and sales tax base and the condition of the District’s facilities and equipment.

### **Reporting the District’s Governmental Funds - *Fund Financial Statements***

All District activities are considered governmental activities. The columns reporting the fund activity provide detailed information about the significant funds, not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, the District’s Board of Commissioners may establish other funds to assist in controlling and managing money for particular purposes (for example, the purchase of apparatus and the construction of new fire stations) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

The District’s services are reported in governmental funds. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in the adjustments column of the basic financial statements and in the *Notes to Basic Financial Statements*.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the District's government-wide activities. Both current and prior year data are presented with discussion of significant changes in the accounts.

This two-year comparison provides an indication of the District's financial well-being. Increases and decreases in net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2019, the District's assets and deferred outflows exceed its liabilities and deferred inflows by \$25.1 million compared to prior year net position of \$25.8 million. This decrease was caused by the increase in the net pension liability.

Investment in capital assets (e.g., land, buildings, furniture, and equipment) less any related debt used to acquire those assets that is still outstanding is \$11.6 million. The District uses these capital assets to provide services to the residents of the District; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, generally property taxes, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (\$199 thousand) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$13.3 million) may be used to meet the District's ongoing obligations including future expansion of services.

**Table 1**  
**THE DISTRICT'S NET POSITION**

	Year Ended 9/30/2019	Year Ended 9/30/2018
Assets		
Current assets	\$ 20,026,357	\$ 19,592,344
Capital assets (net of accumulated depreciation)	14,595,588	12,075,099
<b>TOTAL ASSETS</b>	<b>\$ 34,621,945</b>	<b>\$ 31,667,443</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 4,057,001</b>	<b>\$ 2,703,489</b>
Liabilities		
Current liabilities	\$ 2,250,479	\$ 1,786,603
Long-term liabilities	10,413,837	5,082,641
<b>TOTAL LIABILITIES</b>	<b>\$ 12,664,316</b>	<b>\$ 6,869,244</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 894,392</b>	<b>\$ 1,718,927</b>
Net Position		
Net investment in capital assets	\$ 11,635,588	\$ 8,695,099
Restricted	199,088	43,208
Unrestricted	13,285,562	17,044,454
<b>TOTAL NET POSITION</b>	<b>\$ 25,120,238</b>	<b>\$ 25,782,761</b>

**Changes in net position** - As described below (Table 2), the District’s total net position decreased by \$663 thousand. The total cost of all government-wide activities this year was \$21.5 million. General revenues, including property and sales tax, used to pay for these activities totaled \$20.4 million.

**Table 2  
THE DISTRICT’S CHANGE IN NET POSITION**

	Year Ended 9/30/2019	Year Ended 9/30/2018
Expenses		
Service operations	\$ 20,132,426	\$ 13,877,684
Capital outlay	-	43,147
Depreciation	1,196,836	1,121,192
Loss on conveyance of property	101,435	-
Debt service	73,700	83,165
<b>TOTAL EXPENSES</b>	<b>\$ 21,504,397</b>	<b>\$ 15,125,188</b>
Revenues		
Program revenues	\$ 456,891	\$ 289,029
General revenues	20,384,983	19,791,271
<b>TOTAL REVENUES</b>	<b>\$ 20,841,874</b>	<b>\$ 20,080,300</b>
<b>Change in net position</b>	<b>\$ (662,523)</b>	<b>\$ 4,955,112</b>

In the fiscal year ended September 30, 2019, the District experienced an increase in general revenues of approximately \$594 thousand due to increased property and sales tax revenue received. The cost for governmental activities this year increased by approximately \$6.4 million primarily due to an increase in human resources costs.

## **FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS**

At September 30, 2019, the District’s governmental funds reported a combined fund balance of \$18,506,031, which is an increase of \$83,573 from the prior year (a 1% increase), due to an increase in general revenues.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the fiscal year, the District’s Board approved amendments to the General Fund budget. These budget amendments include budget transfers between functional areas as shown on page 13.

With these budget amendments, the actual expenditures in the General Fund were approximately \$3.9 million below the final budgeted amounts, as capital expenditures were lower than anticipated. Resources available for appropriation were approximately \$975,000 above the final budgeted amounts. The primary reason for the increase is due to the collection of sales taxes, which were higher than originally forecasted, and an increase in interest earned.

The original capital outlay budget included funding for the purchase of new apparatus and the construction of the District's sixth station. Only a portion of the budgeted construction costs was incurred during fiscal year 2019 and the apparatus was delivered after the fiscal year end. The fiscal year 2019 budget was adjusted accordingly. As a result, the \$1.4 million excess revenues over expenditures will be used in fiscal year 2020 for the apparatus purchases and on-going station construction costs.

## CAPTIAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of the fiscal year September 30, 2019, the District had five fire stations in operation. For the fiscal year, the District's capital expenditures totaled \$3,818,760, consisting primarily of the construction of the sixth station. More detailed information about the District's capital assets is presented in the *Notes to Basic Financial Statements*.

**Table 3**  
**CAPITAL ASSETS AT YEAR-END**

	Year Ended 9/30/2019	Year Ended 9/30/2018
Land	\$ 1,243,310	\$ 1,243,310
Construction in progress	3,504,071	448,837
Vehicles	6,771,552	6,524,356
Equipment	3,201,526	3,286,555
Buildings	7,400,746	7,342,079
TOTAL CAPITAL ASSETS	22,121,205	18,845,137
Accumulated depreciation	(7,525,617)	(6,770,038)
TOTAL NET CAPITAL ASSETS	<u>\$ 14,595,588</u>	<u>\$ 12,075,099</u>

### Tax Revenue Bonds

Of the \$10,000,000 in limited tax bonds authorized by the voters in 2002, \$3,500,000 were sold in 2003 and \$3,740,000 were sold in 2008. In 2013, the District issued \$5,415,000 in refunding tax bonds to refund the Series 2003 and Series 2008 bonds. As of September 30, 2019, the District had total outstanding bonds of \$2,960,000, a decrease of \$420,000 from the prior year due to the payment on bond principal. More detailed information about the District's long-term liabilities is presented in the *Notes to Basic Financial Statements*.

### Compensated Absences and Sick Leave

As of September 30, 2019, the District had \$596,341 of compensated absences outstanding, which represent the estimated liability for employees' accrued vacation and sick leave for which employees are entitled to be paid upon termination.

## **ECONOMIC FACTORS, NEXT YEAR'S BUDGETS AND RATES**

The District is located in what has been one of the fastest growing regions in the state and the country. The District has a diversified tax bases with the principal tax payers (the top-ten tax payers) making up only 6.0% of the District's overall tax base.

The District's Board considered various factors when setting the fiscal year budget and the ad valorem tax rate that is charged for governmental activities. Considerations included the economy of the area within the District boundaries. To a large extent, the District is unable to influence potential future revenue streams. Tax revenues are currently limited by the mandatory \$0.10 per \$100 of assessed valuation cap, and inspection revenue is dependent on the continued growth of new construction projects within the District.

Besides current economic conditions, the District's anticipated ad valorem tax revenue is dependent upon how various public entities (i.e. Travis County, the City of the Bee Cave, the Village of the Hills and the City of Lakeway) respond to requests for new development within their own jurisdictions. A strong pro-growth attitude would directly impact the District with potentially higher increases of revenue in future years, whereas a strong no-growth attitude would have the opposite effect. Currently, the City of Bee Cave, the City of Lakeway and unincorporated areas within the District are continuing to expand.

In 2008, the District's voters granted the District authority to collect a one percent sales tax within all areas of the District with the exception of the Cities of Bee Cave and Lakeway. In 2010, the District's voters granted the District authority to collect an additional three quarter of a percent sales tax within all areas of the District south of Mansfield Dam with the exception of the Cities of Bee Cave and Lakeway and the Village of the Hills.

Senate Bill 2, known as the Texas Property Tax Reform and Transparency Act, requires the District to receive voter approval before levying taxes that would result in collections 3.5% greater than the previous year, not including new property on the appraisal rolls. This new legislation becomes effective for the District's fiscal year 2021.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. 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. 6, Chief Financial Officer, P.O. Box 340196, Austin, Texas 78734, Office: 512-266-2533, Fax: 512-266-7065.

# TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 6

## STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET YEAR ENDED SEPTEMBER 30, 2019

	GENERAL FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS	ADJUSTMENTS (NOTE 2)	STATEMENT OF NET POSITION
<b>ASSETS:</b>					
Cash	\$ 18,902	-	18,902	-	18,902
Investments	18,525,903	192,605	18,718,508	-	18,718,508
Receivables:					
Property taxes, net	294,705	12,063	306,768	-	306,768
Sales taxes	715,374	-	715,374	-	715,374
Accounts	2,890	-	2,890	-	2,890
Prepaid assets	263,915	-	263,915	-	263,915
Due from other funds	-	13,560	13,560	(13,560)	-
Capital assets (net of accumulated depreciation):					
Land	-	-	-	1,243,310	1,243,310
Construction in progress	-	-	-	3,504,071	3,504,071
Vehicles	-	-	-	3,383,778	3,383,778
Equipment	-	-	-	1,576,870	1,576,870
Buildings	-	-	-	4,887,559	4,887,559
Total assets	<u>\$ 19,821,689</u>	<u>218,228</u>	<u>20,039,917</u>	<u>14,582,028</u>	<u>34,621,945</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Pension contributions after measurement date	\$ -	-	-	970,109	970,109
Deferred outflows related to pension liability	-	-	-	3,086,892	3,086,892
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,057,001</u>	<u>4,057,001</u>
<b>LIABILITIES:</b>					
Accounts payable	\$ 690,769	-	690,769	-	690,769
Payroll liabilities payable	522,789	-	522,789	-	522,789
Due to other funds	13,560	-	13,560	(13,560)	-
Bond interest payable	-	-	-	5,580	5,580
Long-term liabilities:					
Due within one year	-	-	-	1,031,341	1,031,341
Due after one year	-	-	-	2,525,000	2,525,000
Net pension liability	-	-	-	7,888,837	7,888,837
Total liabilities	<u>1,227,118</u>	<u>-</u>	<u>1,227,118</u>	<u>11,437,198</u>	<u>12,664,316</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred revenue - property taxes	294,705	12,063	306,768	(306,768)	-
Deferred inflows related to pension liability	-	-	-	894,392	894,392
Total deferred inflows of resources	<u>294,705</u>	<u>12,063</u>	<u>306,768</u>	<u>587,624</u>	<u>894,392</u>
<b>FUND BALANCES/ NET POSITION:</b>					
Fund balances:					
Nonspendable-					
Prepaid assets	263,915	-	263,915	(263,915)	-
Restricted for-					
Debt service	-	206,165	206,165	(206,165)	-
Committed for:					
Compensated absences - vacation	340,599	-	340,599	(340,599)	-
Compensated absences - sick	130,200	-	130,200	(130,200)	-
Net pension liability	7,876,365	-	7,876,365	(7,876,365)	-
Assigned for-					
Capital acquisitions	2,617,519	-	2,617,519	(2,617,519)	-
Unassigned	7,071,268	-	7,071,268	(7,071,268)	-
Total fund balances	<u>18,299,866</u>	<u>206,165</u>	<u>18,506,031</u>	<u>(18,506,031)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,821,689</u>	<u>218,228</u>	<u>20,039,917</u>		
Net position:					
Net investment in capital assets				11,635,588	11,635,588
Restricted for debt service				199,088	199,088
Unrestricted				13,285,562	13,285,562
Total net position				<u>\$ 25,120,238</u>	<u>\$ 25,120,238</u>

The notes to basic financial statements are an integral part of this statement.

# TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 6

## STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES YEAR ENDED SEPTEMBER 30, 2019

	GENERAL FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS	ADJUSTMENTS (NOTE 2)	STATEMENT OF ACTIVITIES
<b>EXPENDITURES/EXPENSES:</b>					
Service operations:					
Human resources	\$ 13,349,961	-	13,349,961	3,713,691	17,063,652
ESD management	837,351	-	837,351	-	837,351
Fleet	606,641	-	606,641	-	606,641
Operations	1,114,759	-	1,114,759	-	1,114,759
Communication	301,000	-	301,000	-	301,000
Technology	113,644	-	113,644	-	113,644
Administration	29,054	-	29,054	-	29,054
Prevention, fuels and education	66,325	-	66,325	-	66,325
Capital outlay	3,818,760	-	3,818,760	(3,818,760)	-
Depreciation	-	-	-	1,196,836	1,196,836
Loss on conveyance of property	-	-	-	101,435	101,435
Debt service:					
Principal payments	-	420,000	420,000	(420,000)	-
Interest payments	-	74,491	74,491	(791)	73,700
Total expenditures/expenses	<u>20,237,495</u>	<u>494,491</u>	<u>20,731,986</u>	<u>772,411</u>	<u>21,504,397</u>
<b>REVENUES:</b>					
Program revenues:					
Inspections	183,192	-	183,192	-	183,192
Fuels and wildfire mitigation	273,699	-	273,699	-	273,699
Total program revenues	<u>456,891</u>	<u>-</u>	<u>456,891</u>	<u>-</u>	<u>456,891</u>
Net program expense					(21,047,506)
General revenues:					
Property taxes	14,968,564	478,727	15,447,291	26,315	15,473,606
Penalties and interest on taxes	71,494	2,089	73,583	-	73,583
Sales taxes	4,088,223	-	4,088,223	-	4,088,223
Interest	510,364	3,806	514,170	-	514,170
Miscellaneous	235,401	-	235,401	-	235,401
Total general revenues	<u>19,874,046</u>	<u>484,622</u>	<u>20,358,668</u>	<u>26,315</u>	<u>20,384,983</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	93,442	(9,869)	83,573	(83,573)	-
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	164,475	164,475	(164,475)	-
Transfers out	(164,475)	-	(164,475)	164,475	-
Total other financing sources (uses)	<u>(164,475)</u>	<u>164,475</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(71,033)	154,606	83,573	(83,573)	-
Change in net position	-	-	-	(662,523)	(662,523)
<b>FUND BALANCES/ NET POSITION:</b>					
Beginning of year	<u>18,370,899</u>	<u>51,559</u>	<u>18,422,458</u>	<u>7,360,303</u>	<u>25,782,761</u>
End of year	<u>\$ 18,299,866</u>	<u>206,165</u>	<u>18,506,031</u>	<u>6,614,207</u>	<u>25,120,238</u>

The notes to basic financial statements are an integral part of this statement.

# TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 6

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND YEAR ENDED SEPTEMBER 30, 2019

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
Property taxes	\$ 14,839,000	14,839,000	14,968,564	129,564
Sales taxes	3,769,000	3,769,000	4,088,223	319,223
Penalties and interest on taxes	62,000	62,000	71,494	9,494
Inspections	151,000	151,000	183,192	32,192
Fuels and wildfire mitigation	220,000	220,000	273,699	53,699
Interest	312,000	312,000	510,364	198,364
Miscellaneous	3,000	3,000	235,401	232,401
Total revenues	19,356,000	19,356,000	20,330,937	974,937
<b>EXPENDITURES:</b>				
Service operations:				
Human resources	14,367,000	14,246,000	13,349,961	896,039
ESD management	894,000	894,000	837,351	56,649
Fleet	563,000	607,000	606,641	359
Operations	1,216,000	1,257,000	1,114,759	142,241
Communication	265,000	301,000	301,000	-
Technology	132,000	132,000	113,644	18,356
Administration	36,000	36,000	29,054	6,946
Prevention, fuels and education	74,000	74,000	66,325	7,675
Capital outlay	6,606,000	6,606,000	3,818,760	2,787,240
Total expenditures	24,153,000	24,153,000	20,237,495	3,915,505
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(4,797,000)	(4,797,000)	93,442	4,890,442
<b>OTHER FINANCING USES-</b>				
Transfers out	-	(164,000)	(164,475)	(475)
Change in fund balance	(4,797,000)	(4,961,000)	(71,033)	4,889,967
<b>FUND BALANCE:</b>				
Beginning of year	18,370,899	18,370,899	18,370,899	-
End of year	\$ 13,573,899	13,409,899	18,299,866	4,889,967

The notes to basic financial statements are an integral part of this statement.

# TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 6

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2019

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Travis County Emergency Services District No. 6 (the “District”) was created under the Texas Health and Safety Code, Chapter 775. The District provides fire suppression, emergency medical and rescue first response, hazardous materials incident response, marine incident response and other emergency incident response that may arise within its boundaries. The District is also responsible for fire prevention and the enforcement of fire codes.

The reporting entity of the District encompasses those activities and functions over which the District’s Board of Commissioners (the “Board”) exercises significant oversight or control. The District is governed by the Board which has been appointed by the Travis County Commissioners’ Court. The District is not included in any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board (“GASB”) since Board members have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units which are included in the District’s reporting entity.

#### **Government-Wide and Fund Financial Statements**

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the “Total Governmental Funds” column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the statement of net position and the statement of activities.

The government-wide financial statements report information on all of the activities of the District. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the expenses are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.



## **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Sales taxes are recognized as revenues in the year in which the underlying exchanged occurred. Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include inspection fees, interest income and sales taxes. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources.

The District reports the following major governmental funds:

The General Fund includes financial resources used for general operations. It is a budgeted fund, and any unassigned fund balance is considered resources available for current operations.

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due.

## **Budgets and Budgetary Accounting**

Formal budgetary integration is employed as a management control device for the General Fund and the Debt Service Fund. 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 adopted on the modified accrual basis, which is consistent with generally accepted accounting principles.

Public meetings are conducted at which all interested persons' comments concerning the budget are heard. After such meetings, the Board formally adopts the budget through passage of a motion. The District may amend the budget throughout the year, approving such additional expenditures as may be required. All annual appropriations for the General Fund lapse at the fiscal year-end.

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance**

Investments - Temporary investments throughout the year consisted of investments in an external local government investment pool. The external local government investment pool is recognized at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The District is entitled to invest any and all of its funds in obligations of the United States of America or its agencies, direct obligations of the State of Texas, obligations of states, agencies, counties, cities and other political subdivisions of any state having a rating of not less than A or its equivalent, certificates of deposit, fully collateralized repurchase agreements, and public fund investment pools. The District’s investment policies and types of investments are governed by the Health and Safety Code, Chapter 775 Emergency Services Districts, Section 775.043 and Section 2256 of the Government Code (“Public Funds Investment Act”). The District’s management believes that it complied with the requirements of the District’s investment policy and the Public Funds Investment Act. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments.

Prepaid Assets - Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets in both the government-wide and fund financial statements.

Ad Valorem Property Taxes - Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds 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.

Capital Assets - Capital assets, which include land, construction in progress, buildings, vehicles and equipment are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000. Such assets are recorded at historical cost if purchased or estimated acquisition value at the date of donation if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets (other than land and construction in progress) are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings	15-40
Vehicles	3-15
Equipment	3-30

Pensions - The fiduciary net position of the Travis County Emergency Services District No. 6 Firefighters’ Relief and Retirement Fund and the Texas Emergency Services Retirement System (the “Plans”) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from the Plans’ fiduciary net position. 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.

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. See Note 8 for additional information on those fund balance classifications.

Deferred Outflows and Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with 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. See Note 9 for additional information on deferred outflows and inflows of resources.

Fair Value Measurements - The District complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 inputs are unobservable 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.

**Use of Estimates** - The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

### **Recently Issued Accounting Pronouncement**

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended September 30, 2021.

## **2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds total fund balance	\$ 18,506,031
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, net of accumulated depreciation	14,595,588
Deferred tax revenue is not available to pay for current-period expenditures and, therefore, is deferred in the funds.	306,768
The following liabilities and deferred outflows and inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(2,960,000)
Bond interest payable	(5,580)
Compensated absences	(596,341)
Net pension liability	(7,888,837)
Pension contributions after measurement date	970,109
Deferred outflows related to pension liability	3,086,892
Deferred inflows related to pension liability	(894,392)
Total net position	<u>\$ 25,120,238</u>

Amounts reported for governmental activities in the statement of activities are different because:

Change in fund balances	\$ 83,573
Governmental funds report capital outlays as expenditures and proceeds from capital asset disposals as revenues. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense and the proceeds are netted with the remaining net book value of the capital asset disposals.	
Capital outlay	3,818,760
Depreciation expense	(1,196,836)
Loss on conveyance of property	(101,435)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred tax revenue	26,315
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Repayment of bond principal	420,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in bond interest payable	791
Change in compensated absences	(125,542)
Pension contributions made before measurement date	339,182
Pension contributions made after measurement date	970,109
Adjustments for ending deferred outflows and inflows related to net pension liability	<u>(4,897,440)</u>
Change in net position	<u>\$ (662,523)</u>

### 3. CASH AND TEMPORARY INVESTMENTS

The District's deposits are required to be secured in the manner provided by law for the security of the funds. During the year ended September 30, 2019, such deposits were entirely covered by Federal Deposit Insurance Corporation ("FDIC") insurance or secured by collateral pledged by the depository.

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy. The District's deposits and investments are invested pursuant to the investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy, in order of priority, are safety, liquidity, and yield.

The District had investments of \$18,718,508 in an external local government investment pool, Texas Local Governmental Investment Pool (“TexPool”) at September 30, 2019. The investments in TexPool had a weighted average maturity of one day and a Standard and Poor’s rating of AAAM.

TexPool is an external investment pool offered to local governments. Although TexPool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. TexPool is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. TexPool also has an advisory board to advise on TexPool’s investment policy; this board is made up equally of participants and nonparticipants who do not have a business relationship with TexPool. Federated Investors manages daily operations of TexPool under a contract with the Comptroller and is the investment manager for the pool. TexPool uses amortized cost rather than market value to report net assets to compute share prices. TexPool’s investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

In accordance with GASB Statement No. 79, the external local government investment pool does not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. This pool does 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, 2019, investments were included in an external local government 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, 2019, all of the District’s investments were with TexPool.

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

**4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds.” The composition of interfund balances as of September 30, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
Debt Service	General	\$ 13,560

During the year ended September 30, 2019, the General Fund transferred \$164,475 to the Debt Service Fund to pay down principal on the District’s outstanding Series 2013 bonds.

## 5. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2019 was as follows:

	Balance September 30, 2018	Additions	Retirements and Transfers	Balance September 30, 2019
Capital assets not being depreciated:				
Land	\$ 1,243,310	-	-	1,243,310
Construction in progress	448,837	3,156,669	(101,435)	3,504,071
Total capital assets not being depreciated	1,692,147	3,156,669	(101,435)	4,747,381
Capital assets being depreciated:				
Vehicles	6,524,356	247,196	-	6,771,552
Equipment	3,286,555	356,228	(441,257)	3,201,526
Buildings	7,342,079	58,667	-	7,400,746
Total capital assets being depreciated	17,152,990	662,091	(441,257)	17,373,824
Less accumulated depreciation for:				
Vehicles	(2,853,233)	(534,541)	-	(3,387,774)
Equipment	(1,674,085)	(391,828)	441,257	(1,624,656)
Buildings	(2,242,720)	(270,467)	-	(2,513,187)
Total accumulated depreciation	(6,770,038)	(1,196,836)	441,257	(7,525,617)
Total capital assets being depreciated, net	10,382,952	(534,745)	-	9,848,207
Capital assets, net	<u>\$ 12,075,099</u>	<u>2,621,924</u>	<u>(101,435)</u>	<u>14,595,588</u>

## 6. LONG-TERM LIABILITIES

Long-term liabilities transactions for the year ended September 30, 2019, are summarized as follows:

	Balance September 30, 2018	Additions	Retirements	Balance September 30, 2019	Due Within One Year
Tax revenue bonds	\$ 3,380,000	-	(420,000)	2,960,000	435,000
Compensated absences - vacation	340,599	725,610	(695,988)	370,221	370,221
Compensated absences - sick	130,200	172,097	(76,177)	226,120	226,120
Total governmental activities	<u>\$ 3,850,799</u>	<u>897,707</u>	<u>(1,192,165)</u>	<u>3,556,341</u>	<u>1,031,341</u>

Bonded debt consisted of the following at September 30, 2019:

General Obligation Bonds Series	Date of Issue	Amounts of Original Issue	Maturity Date	Interest Rate	Outstanding at 09-30-19	Due Within One Year
2013	11-5-2013	<u>\$ 5,415,000</u>	2028	2.34%	<u>\$ 2,960,000</u>	<u>\$ 435,000</u>

Bonds payable are payable from and secured by the proceeds of ad valorem taxes within the legal limitation of \$0.10 per \$100 of taxable assessed valuation, on all taxable property within the District. At September 30, 2019, limited tax bonds of \$2,760,000 were authorized by the voters of the District, but unissued.

Debt service requirements to maturity for District’s bonds are summarized as follows:

Fiscal Year	Principal	Interest	Total Requirement
2020	\$ 435,000	64,175	499,175
2021	450,000	53,820	503,820
2022	460,000	43,173	503,173
2023	465,000	32,350	497,350
2024	220,000	24,336	244,336
2025-2028	<u>930,000</u>	<u>44,109</u>	<u>974,109</u>
Total	<u>\$ 2,960,000</u>	<u>261,963</u>	<u>3,221,963</u>

**Compensated Absences** - Compensated absences represent the estimated liability for employees’ accrued vacation and sick leave. Accrued vacation is for employees that are entitled to be paid upon termination. Accrued sick leave is for employees that are entitled to be paid upon termination after 20 years of service. The retirement of these liabilities are paid from the General Fund.

**7. PROPERTY TAXES**

The District is authorized to levy a tax each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within its boundaries. Assessed values are established annually by the Travis Central Appraisal District. District property tax revenues are recognized when levied to the extent that they are collected in the current year. The uncollected balance is reported as deferred revenue. Taxes receivable are due January 1 and are delinquent if received after January 31 and are subject to penalty and interest charges.

In September 2018, the District levied a combined tax rate of \$0.10 per \$100 of assessed valuation to finance operating expenditures and debt service requirements. The maintenance tax rate and the debt service tax rate were \$0.0969 and \$0.0031, respectively. The total fiscal year 2019 tax levy was \$15,651,760 based on a taxable valuation of \$15,589,702,587.



## 8. FUND BALANCES

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.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, amounts that are appropriated by the Board or Board designee that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

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

The detail of the fund balances is included in the Governmental Funds Balance Sheet on page 11. Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated the authority to assign fund balance for a specific purpose to the Chief Financial Officer of the District.

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.

## 9. PENSION PLANS

### **Firefighters' Relief and Retirement Fund**

#### **Plan Description**

The full-time firefighters of the District created the Travis County Emergency Services District No. 6 Firefighters' Relief and Retirement Fund (the "Fund") on March 1, 2008 to provide retirement, disability, and death benefits to all full-time firefighters who are eligible to participate through a single-employer defined benefit plan. The Travis County Emergency Services District No. 6 Firefighters' Relief and Retirement Fund Board of Trustees is the administrator of the Fund. The Fund is an independent entity for financial reporting purposes. The District is the only contributing employer. The financial reports are available upon written request from the Fund's Board of Trustees.

The plan provisions are established under the authority of the Texas Local Fire Fighter’s Retirement Act (“TLFFRA”). Members can retire at age 53 with 20 years of service. Members are vested after 10 years of service, and will be entitled to benefits starting at age 53. Members who terminate employment prior to vesting will be entitled to the return of the excess of their contributions to the Fund less the amount of benefits they received from the Fund.

**Benefits Provided**

Retirement and termination benefits are calculated using the member’s highest average monthly compensation, as defined by the Fund’s plan document. Highest average monthly compensation is based on an average of the 60 consecutive months of compensation which produces the highest average. A member who retires under the service retirement provisions of the Fund will receive a monthly benefit amount equal to 3.4% of the member’s highest average monthly average compensation multiplied by their years of credited service up to 20 years, plus 2.2% of the member’s highest average monthly compensation multiplied by their years of credited service in excess of 20 years.

Service retirement benefits are payable over the member’s lifetime. If that member’s death precedes that of their spouse, then two-thirds of the member’s benefit will be continued over the life of the spouse. If an active member becomes disabled under the terms of the plan they will receive a monthly benefit payment equal to 3.4% of the member’s highest average monthly compensation, multiplied by their years of credited service up to 20 years, plus 2.2% of the member’s highest average monthly compensation multiplied by their years of credited service in excess of 20 years. The years of credited service will not be less than 20 years. If a member dies while in active service, the member’s surviving spouse will receive an immediate monthly benefit payment, payable for as long as the spouse is living, equal to 2.2667% of the member’s highest average monthly compensation, multiplied by the member’s years of credited service up to 20 years, plus 1.4667% of the member’s highest average monthly compensation multiplied by their years of credited service in excess of 20 years. The years of credited service will not be less than 20 years. Each unmarried child of the deceased member will receive a monthly benefit payment of 7.47% of the member’s highest average monthly compensation until the age of 18 or until age 25 for a full-time student. In the event a member has no spouse at death or if the surviving spouse subsequently dies, each unmarried child of the member will receive double the benefits.

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

Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to but not yet receiving benefits	-
Active plan members	94
	<hr/>
Total	<u>94</u>

## Contributions

The authority under which the obligation to contribute to the Fund of the plan members and the District is a plan document executed by the Board of Trustees. The Board of Trustees acts on behalf of Fund members and the District under authority of TLFFRA and Title 8 of the Texas Government Code. The Fund is funded by monthly contributions of 20.0% and 19.2% from the employee members and the District, respectively, based on the covered payroll of employee members. The actuarially determined and actual contributions for the year ended September 30, 2019 equaled \$1,307,123.

## Net Pension Liability

### Actuarial Assumptions

The District's net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. As permitted by Paragraphs 22 and 60 of GASB Statement No 68, procedures were used to roll forward the total pension liability to December 31, 2018. The total pension liability in the December 31, 2017 actuarial valuation and rolled forward to December 31, 2018 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Timing	Actuarial reports are performed at least bi-annually and rolled forward to the measurement date.
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level percentage of payroll, open
Amortization Period	14.7 years
Asset Valuation Method	5-year smoothed market value with a 20% of market value corridor
Inflation	2.50%
Salary Increases	5.50%
Investment Rate of Return	7.00%
Retirement Age	Age 53 and 20 years of service
Turnover	Table T-1 from the Actuary's Pension Handbook
Mortality	The RP-2000 Mortality Table projected to 2024 using Scale AA, with separate rates for males and females.

The actuarial assumptions that determined the total pension liability as of December 31, 2018 were based on the results of an actuarial experience studies performed in connection with the 2013 through the 2017 actuarial valuations, except where required to be different by GASB 68.

### Changes Since the Prior Actuarial Valuation

The formula used to calculate the amortization period was changed in order to most accurately reflect the actuarial position of the plan. The study of proposed plan changes used the cost method and amortization period formula used in the December 31, 2017 actuarial valuation. The retirement age was decreased from 55 to 53.

### Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash and cash equivalents	1.73%	0.0000%
Fixed income	33.62%	1.0054%
Equities	63.44%	5.2655%
Real estate	1.21%	0.1091%

### Discount Rate

The discount rate used to measure the total pension liability was 7%. The Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

### **Changes in Net Pension Liability**

Changes in the District's net pension liability for the measurement year ended December 31, 2018 are as follows:

	<u>Total Pension Liability</u>	<u>Increase (Decrease) Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance as of December 31, 2017	\$ 21,801,395	\$ 19,688,064	\$ 2,113,331
Changes for the year:			
Service cost	1,613,655	-	1,613,655
Interest on total pension liability	1,885,108	-	1,885,108
Changes in benefit terms	3,559,759		3,559,759
Difference between expected and actual experience	-	-	-
Change in assumptions	-	-	-
Benefit payments	(89,393)	(89,393)	-
Employer contributions	-	1,166,370	(1,166,370)
Member contributions	-	1,214,970	(1,214,970)
Net investment income	-	(1,046,878)	1,046,878
Administrative expenses	-	(38,974)	38,974
Other changes	-	-	-
Balance as of December 31, 2018	<u>\$ 28,770,524</u>	<u>\$ 20,894,159</u>	<u>\$ 7,876,365</u>

## Sensitivity Analysis

The following presents the net pension liability of the District, calculated using the discount rate of 7%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	6%	7%	8%
Total pension liability	<u>\$ 12,818,583</u>	<u>\$ 7,876,365</u>	<u>\$ 3,820,231</u>

## Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the District recognized pension expense of \$4,894,205. As of September 30, 2019, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings	\$ 1,339,619	\$ -
Difference in expected and actual experience	1,176,237	894,377
Difference due to changes in actuarial assumptions	569,430	-
Contributions made subsequent to measurement date	970,109	-
Total	<u>\$ 4,055,395</u>	<u>\$ 894,377</u>

The \$970,109 reported as deferred outflows of resources related to pensions 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, 2020. The remaining amounts currently reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Pension Expense Amount</u>
Year ended September 30:	
2020	\$ 466,640
2021	327,131
2022	270,389
2023	575,887
2024	75,107
Thereafter	475,755
Total	<u>\$ 2,190,909</u>

## **Texas Emergency Services Retirement System**

### **Plan Description**

The District's volunteer firefighters participate in a cost-sharing multiple-employer defined benefit pension plan that is administered by the Texas Emergency Services Retirement System ("TESRS"). TESRS was created by the Texas Legislature and administers contributions made to it from various statewide emergency and fire-fighting organizations (primary volunteer groups).

### **Pension Plan Fiduciary Net Position**

Detailed information about TESRS's fiduciary net position is available in a separately-issued Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on TESRS's website, [www.tesrs.org](http://www.tesrs.org).

### **Benefits Provided**

TESRS provides retirement benefits as well as death and disability benefits. Member vesting occurs at 50% after 10 years of credited service and an additional 10% for each of the following five years of credited service. Upon reaching age 55, each vested member may retire and receive a monthly pension equal to their vested percent multiplied by six times the average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at a rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases. Death and disability benefits are dependent on whether the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

### **Contributions**

The minimum contribution requirements are set by board rule (currently \$36 per member per month) and there is no maximum contribution rate. The District makes 100% of all contributions currently at \$84 per volunteer per month. All obligations are fully funded quarterly. No contributions are required by the members nor are they allowed. The actual contributions for the year ended September 30, 2019 equaled \$2,016.

## Net Pension Liability

### Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial valuation and rolled forward to August 31, 2019 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	7.75%
Long-term expected Investment Rate of Return*	7.75%
Mortality	RP-2000 Combined Healthy Mortality Tables for males and females projected to 2024 by Scale AA

\* Includes Inflation of 3.0%

The actuarial methods and assumptions are primarily based on a study of actual experience for the five year period ending August 31, 2008 as supplemented by the recommended assumptions for the August 31, 2018 valuation.

### Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In addition, the final assumption was selected by “rounding down” and thereby reflects a reduction of 0.26% for adverse deviation.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities - Large cap domestic	32%	5.81%
Equities - Small cap domestic	15%	5.92%
Equities - Developed international	15%	6.21%
Equities - Emerging markets	5%	7.18%
Master limited partnership	5%	7.61%
Real Estate	5%	4.46%
Fixed income	23%	1.61%

### Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The TESRS plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

### Changes Since the Prior Actuarial Valuation

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period. There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

### **Sensitivity Analysis**

The following presents the net pension liability of the District, calculated using the discount rate of 7.75%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>6.75%</u>	<u>7.75%</u>	<u>8.75%</u>
Total pension liability	<u>\$ 22,167</u>	<u>\$ 12,472</u>	<u>\$ 5,982</u>

### **Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At September 30, 2019, the District reported a liability of \$12,472 for its proportionate share of the TESRS's net pension liability.

The net pension liability was measured as of August 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018 rolled forward to August 31, 2019. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At August 31, 2019 the employer's proportion of the collective net pension liability was 0.044% which was an increase of 0.001% from its proportion measured as of August 31, 2018. The change in proportion was immaterial and therefore disregarded this year.

For the year ended September 30, 2019, the District recognized pension expense of \$3,083.



As of September 30, 2019, the deferred outflows and inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	\$ 1,606	\$ -
Difference in expected and actual experience	<u>-</u>	<u>15</u>
Total	<u>\$ 1,606</u>	<u>\$ 15</u>

The deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	Pension Expense Amount
2020	\$ 339
2021	178
2022	395
2023	<u>679</u>
Total	<u>\$ 1,591</u>

## 10. RETIREMENT PLANS

The District offers its full time employees a voluntary deferred compensation plan (the “Deferred Compensation Plan”) that permits them to defer a portion of their current salary until future years. Any contributions made to the deferred compensation plan, in compliance with Section 457 of Internal Revenue Code (“IRC”), are not available to employees until termination of employment, retirement, death or an unforeseen emergency. In compliance with the provision of IRC Section 457(b), the Deferred Compensation Plan assets are in custodial accounts for the exclusive benefit of the Deferred Compensation Plan’s participants and beneficiaries.

Effective January 1, 2011, the District adopted a 401(a) Profit Sharing Plan (the “Profit-sharing Plan”). All employer contributions previously made to the Deferred Compensation Plan were redirected to the new Profit-sharing Plan. The Profit-sharing Plan allows for employer matches of 100% of employee contributions up to 12% of an employee’s compensation for employees participating in the Deferred Compensation Plan that are not in the TLFFRA pension plan. An additional employer matching contribution at a rate of \$1.00 for every \$3.00 contributed by the employee to the Deferred Compensation Plan, up to a maximum of 1% of the gross wages for the employees covered by the collective bargaining agreement (the “CBA”). Employer contributions are not fully vested to employees until after six years of service. Any employer contributions forfeited due to employee separation prior to six years of service will be redistributed to remaining active employees of the Deferred Compensation Plan.

Effective January 1, 2012, the District amended the Profit-sharing Plan to allow for an additional employer matching contribution of \$1.00 for every \$3.00 of additional employee contributions, up to a maximum of 1% of an employee's compensation for eligible employees, who are not subject to the CBA.

For the year ending September 30, 2019, 82 employees participated in the Deferred Compensation Plan with contributions totaling \$475,533 for both the employer and employees, and there are no unfunded obligations.

## **11. OPERATING LEASE**

The District has entered into an operating lease agreement with the City of Bee Cave. This lease agreement is for land on which one of its fire stations is located. This lease is fixed and long term and not subject to increase without renegotiating. The amount expended for this lease and the future minimum payments under the lease are minimal.

## **12. 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; and natural disasters. The District purchases its insurance from regular commercial companies. As of September 30, 2019, no claims or losses have been incurred that were not covered by insurance. There is no liability due to any claim or suit having been filed within the last three years.

## **13. COMMITMENTS AND CONTINGENCIES**

In December 2018, the District entered into a service agreement for hardware and software to provide a system of signals to traffic control devices to enable controlled passage for emergency vehicles and apparatus through designated intersections. The service agreement term is ten years with annual payments of approximately \$82,000.

At September 30, 2019, the District is committed under construction contracts with a remaining balance of \$457,781.

## **14. SUBSEQUENT EVENT**

In October 2019, the District approved a new employee CBA with the Lake Travis Firefighters Association IAFF Local 4117. This new CBA is effective October 1, 2019 and expires on November 30, 2021.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

# TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 6

## FIREFIGHTERS' RELIEF AND RETIREMENT FUND SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS SEPTEMBER 30, 2019\*

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
<b>Total Pension Liability</b>					
Service Cost	\$ 1,613,655	\$ 1,146,478	\$ 1,102,383	\$ 1,059,984	\$ 980,014
Interest on total pension liability	1,885,108	1,469,413	1,308,078	1,038,806	904,104
Effect of plan changes	3,559,759	-	-	-	-
Effect of assumption changes or inputs	-	471,987	-	194,031	-
Effect on economic/demographic (gains) or losses	-	(1,001,329)	-	1,543,569	-
Benefit payments/refunds of contributions	(89,393)	(260,580)	(38,945)	(25,156)	(87,471)
Net change in total pension liability	6,969,129	1,825,969	2,371,516	3,811,234	1,796,647
Total pension liability, beginning	21,801,395	19,975,426	17,603,910	13,792,676	11,996,029
Total pension liability, ending (a)	\$ 28,770,524	\$ 21,801,395	\$ 19,975,426	\$ 17,603,910	\$ 13,792,676
<b>Fiduciary Net Position</b>					
Employer contributions	\$ 1,166,370	\$ 1,121,761	\$ 1,077,176	\$ 943,417	\$ 899,146
Member contributions	1,214,970	1,168,507	1,122,061	968,074	903,757
Investment income net of investment expenses	(1,046,878)	2,650,333	649,191	88,895	619,435
Gain or (Loss) due to difference in projected versus actual earnings	-	-	-	-	(11,043)
Benefit payments/refunds of contributions	(89,393)	(260,580)	(38,945)	(25,156)	(87,471)
Administrative expenses	(38,974)	(35,457)	(26,134)	(37,917)	(33,068)
Other	-	-	-	24,193	-
Net change in fiduciary net position	1,206,095	4,644,564	2,783,349	1,961,506	2,290,756
Fiduciary net position, beginning	19,688,064	15,043,500	12,260,151	10,298,645	8,007,889
Fiduciary net position, ending (b)	\$ 20,894,159	\$ 19,688,064	\$ 15,043,500	\$ 12,260,151	\$ 10,298,645
Net pension liability / (asset), ending = (a) - (b)	\$ 7,876,365	\$ 2,113,331	\$ 4,931,926	\$ 5,343,759	\$ 3,494,031
Fiduciary net position as a % of total pension liability	72.62%	90.31%	75.31%	69.64%	74.67%
Pensionable covered payroll	\$ 6,074,844	\$ 5,842,505	\$ 5,610,292	\$ 4,913,630	\$ 4,683,052
Net pension liability as a % of covered payroll	129.66%	36.17%	87.91%	108.75%	74.61%

\* Schedule is intended to show information for 10 years.  
Additional years will be displayed as they become available.

# TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 6

## FIREFIGHTERS' RELIEF AND RETIREMENT FUND SCHEDULE OF DISTRICT CONTRIBUTIONS SEPTEMBER 30, 2019\*

Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 922,045	\$ 922,045	-	\$ 4,802,318	19.20%
2016	\$ 1,056,825	\$ 1,056,825	-	\$ 5,504,297	19.20%
2017	\$ 1,113,632	\$ 1,113,632	-	\$ 5,800,167	19.20%
2018	\$ 1,133,229	\$ 1,133,229	-	\$ 5,902,235	19.20%
2019	\$ 1,307,123	\$ 1,307,123	-	\$ 6,807,932	19.20%

\* Schedule is intended to show information for 10 years.  
Additional years will be displayed as they become available.

**TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

**TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
SEPTEMBER 30, 2019\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0440%	0.0430%	0.0420%	0.0440%	0.0520%
District's proportionate share of the net pension liability	\$ 12,472	\$ 9,310	\$ 10,081	\$ 12,816	\$ 13,880
Number of active members	2	2	2	2	2
District's proportionate share of the net pension liability per active member	\$ 6,236	\$ 4,655	\$ 5,041	\$ 6,408	\$ 6,940
Plan fiduciary net position as a percentage of the total pension liability	80.20%	84.26%	81.40%	83.50%	76.90%

\* Schedule is intended to show information for 10 years.  
Additional years will be displayed as they become available.

# TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 6

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED SEPTEMBER 30, 2019

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### 1. CHANGE IN ASSUMPTIONS

#### **Firefighters' Relief and Retirement Fund**

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period-

- The formula used to calculate the amortization period was changed in order to most accurately reflect the actuarial position of the plan. The study of proposed plan changes used the cost method and amortization period formula used in the December 31, 2017 actuarial valuation.
- The retirement age was decreased from 55 to 53.

#### **Texas Emergency Services Retirement System**

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

**OTHER  
SUPPLEMENTARY INFORMATION**



# TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 6

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND YEAR ENDED SEPTEMBER 30, 2019

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
Property taxes	\$ 504,000	504,000	478,727	(25,273)
Penalties and interest on taxes	3,000	3,000	2,089	(911)
Interest	-	-	3,806	3,806
Total revenues	507,000	507,000	484,622	(22,378)
<b>EXPENDITURES:</b>				
Debt service:				
Principal payments	256,000	420,000	420,000	-
Interest payments	74,000	74,000	74,491	(491)
Total expenditures	330,000	494,000	494,491	(491)
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	177,000	13,000	(9,869)	(22,869)
<b>OTHER FINANCING SOURCES-</b>				
Transfers in	-	164,000	164,475	475
Change in fund balance	177,000	177,000	154,606	(22,394)
<b>FUND BALANCE:</b>				
Beginning of year	51,559	51,559	51,559	-
End of year	\$ 228,559	228,559	206,165	(22,394)