



Travis County Emergency Services District No. 6

**Financial Statements
as of and for the Year Ended
September 30, 2024 and
Independent Auditors' Report**

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Travis County Emergency Services District No. 6

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statement of Net Position and Governmental Funds Balance Sheet	11
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances	12
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	13
Notes to Basic Financial Statements	14
Required Supplementary Information:	
Firefighters' Relief and Retirement Fund Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	32
Firefighters' Relief and Retirement Fund Schedule of District Contributions	33
Note to Required Supplementary Information	34
Other Supplementary Information-	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund	35

Independent Auditors' Report

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

Opinions

We have audited the 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, 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 accompanying 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, 2024, 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.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, 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 the District'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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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, the schedule of changes in net pension liability (asset) and related ratios, the schedule of District contributions, and the note to required supplementary information 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.

Supplementary 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. Such information 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. The 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
March 24, 2025

Travis County Emergency Services District No. 6

Management's Discussion & Analysis Year Ended September 30, 2024

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, 2024. 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 110 uniformed staff and 30 support services personnel which efficiently serves an estimated population of over 78,000 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, 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 \$51.9 million. Of this amount, \$30.4 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 \$43.2 million. Approximately 40 percent of this total amount, \$17.2 million, is available for spending at the District's discretion (unassigned fund balance). Fund balance of \$1.4 million, approximately 3 percent, is committed for the District's vacation and sick liability. Fund balance of \$14.8 million, approximately 34 percent, is assigned for current and future capital projects.
- Unassigned fund balance for the General Fund was \$17.2 million, or 63 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 three columns and a total in the fourth 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, 2024, the District's assets and deferred outflows exceed its liabilities and deferred inflows by \$51.9 million compared to prior year net position of \$46.7 million. This increase was caused primarily by an increase in revenues from the prior year.

Investment in capital assets (e.g., land, buildings, vehicles, and equipment) less any related debt used to acquire those assets that is still outstanding is \$21.4 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.

The remaining balance of unrestricted net position (\$30.4 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 9/30/2024	Year Ended 9/30/2023
Assets:		
Current assets	\$ 44,895,463	\$ 29,666,668
Capital assets (net of accumulated depreciation)	22,790,241	21,053,378
Total assets	<u>\$ 67,685,704</u>	<u>\$ 50,720,046</u>
Deferred Outflows of Resources	<u>\$ 9,590,245</u>	<u>\$ 10,414,596</u>
Liabilities:		
Current liabilities	\$ 3,392,882	\$ 2,266,541
Long-term liabilities	10,395,364	930,000
Net pension liability	9,433,865	8,826,418
Total liabilities	<u>23,222,111</u>	<u>12,022,959</u>
Deferred Inflows of Resources	<u>2,203,135</u>	<u>2,433,110</u>
Net Position:		
Net investment in capital assets	21,435,238	19,903,378
Restricted	-	20,103
Unrestricted	30,415,465	26,755,092
Total net position	<u>\$ 51,850,703</u>	<u>\$ 46,678,573</u>

Changes in net position - As described below (Table 2), the District's total net position increased by \$5.2 million. The total cost of all government-wide activities this year was \$27.6 million. General revenues, including property and sales tax, used to pay for these activities totaled \$31.8 million.

Table 2
The District's Change in Net Position

	Year Ended 9/30/2024	Year Ended 9/30/2023
Expenses:		
Service operations	\$ 25,700,211	\$ 23,007,905
Depreciation	1,631,272	1,576,212
Debt service	224,493	31,339
Total expenses	<u>27,555,976</u>	<u>24,615,456</u>
Revenues:		
Program revenues	949,828	664,477
General revenues	<u>31,778,278</u>	<u>29,601,960</u>
Total revenues	<u>32,728,106</u>	<u>30,266,437</u>
Change in net position	<u><u>\$ 5,172,130</u></u>	<u><u>\$ 5,650,981</u></u>

In the fiscal year ended September 30, 2024, the District experienced an increase in general revenues of approximately \$2.2 million due to increased property and sales tax revenue received. The cost for governmental activities this year increased by approximately \$2.9 million primarily due to an increase in payroll costs.

Financial Analysis of the District's Funds

At September 30, 2024, the District's governmental funds reported a combined fund balance of \$43,200,445, which is an increase of \$14,562,138 from the prior year (a 51% increase), due to an increase in general revenues and program revenues and the proceeds of a note payable.

General Fund Budgetary Highlights

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

With these budget amendments, the actual expenditures in the General Fund were approximately \$2.4 million below the final budgeted amounts, as human resources and capital outlay expenditures were lower than anticipated. Resources available for appropriation were approximately \$2.3 million above the final budgeted amounts. The primary reason for the increase is due to interest revenue and miscellaneous revenue related to COVID FEMA reimbursements being higher than originally forecasted.

Capital Assets and Debt Administration

Capital Assets

At the end of the fiscal year ended September 30, 2024, the District had six fire stations in operation. For the fiscal year, the District's capital expenditures totaled \$3,368,135, consisting primarily of land purchases, construction in progress and furniture and equipment. 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 9/30/2024	Year Ended 9/30/2023
Land	\$ 7,696,917	\$ 6,706,885
Construction in progress	1,545,309	150,541
Vehicles	9,997,841	9,836,451
Equipment	4,785,490	4,415,614
Buildings	11,726,058	11,726,058
Total capital assets	35,751,615	32,835,549
Accumulated depreciation	(12,961,374)	(11,782,171)
Total net capital assets	<u>\$ 22,790,241</u>	<u>\$ 21,053,378</u>

Tax Revenue Bonds and Note Payable

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, 2024, the District had total outstanding bonds of \$930,000, a decrease of \$220,000 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*.

The District issued a note payable of \$9,999,000 during the year ending September 30, 2024, all of which was outstanding as of September 30, 2024. 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, 2024, the District had \$1,600,000 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 base with the principal tax payers (the top-ten tax payers) making up only 4.2% 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 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 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 became 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, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	Adjustments (Note 2)	Statement of Net Position
Assets:						
Cash	\$ 77,739	-	-	77,739	-	77,739
Investments	32,449,179	1,749	10,011,511	42,462,439	-	42,462,439
Receivables:						
Property taxes	526,100	13,072	-	539,172	-	539,172
Sales taxes	1,409,020	-	-	1,409,020	-	1,409,020
Other	233,160	-	-	233,160	-	233,160
Prepaid assets	21,083	-	-	21,083	-	21,083
Inventory	152,850	-	-	152,850	-	152,850
Due from other funds	437,514	2,567	-	440,081	(440,081)	-
Capital assets (net of accumulated depreciation):				-		
Land	-	-	-	-	7,696,917	7,696,917
Construction in progress	-	-	-	-	1,545,309	1,545,309
Vehicles	-	-	-	-	4,352,888	4,352,888
Equipment	-	-	-	-	1,974,338	1,974,338
Buildings	-	-	-	-	7,220,789	7,220,789
Total assets	<u>\$ 35,306,645</u>	<u>17,388</u>	<u>10,011,511</u>	<u>45,335,544</u>	<u>22,350,160</u>	<u>67,685,704</u>
Deferred Outflows of Resources:						
Pension contributions after measurement date	\$ -	-	-	-	1,398,867	1,398,867
Deferred outflows related to pension liability	-	-	-	-	8,191,378	8,191,378
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,590,245</u>	<u>9,590,245</u>
Liabilities:						
Accounts payable	729,035	-	-	729,035	-	729,035
Payroll liabilities payable	426,811	-	-	426,811	-	426,811
Due to other funds	2,567	-	437,514	440,081	(440,081)	-
Interest payable	-	-	-	-	103,400	103,400
Long-term liabilities:						
Due within one year	-	-	-	-	2,133,636	2,133,636
Due after one year	-	-	-	-	10,395,364	10,395,364
Due after one year - Net pension liability	-	-	-	-	9,433,865	9,433,865
Total liabilities	<u>1,158,413</u>	<u>-</u>	<u>437,514</u>	<u>1,595,927</u>	<u>21,626,184</u>	<u>23,222,111</u>
Deferred Inflows of Resources:						
Deferred revenue - property taxes	526,100	13,072	-	539,172	(539,172)	-
Deferred inflows related to pension liability	-	-	-	-	2,203,135	2,203,135
Total deferred inflows of resources	<u>526,100</u>	<u>13,072</u>	<u>-</u>	<u>539,172</u>	<u>1,663,963</u>	<u>2,203,135</u>
Fund Balances/Net Position:						
Fund balances:						
Nonspendable:						
Prepaid assets	21,083	-	-	21,083	(21,083)	-
Inventory	152,850	-	-	152,850	(152,850)	-
Restricted for:						
Debt service	-	4,316	-	4,316	(4,316)	-
Authorized construction	-	-	9,573,997	9,573,997	(9,573,997)	-
Committed for:						
Compensated absences - vacation	563,000	-	-	563,000	(563,000)	-
Compensated absences - sick	886,000	-	-	886,000	(886,000)	-
Assigned for-						
Capital acquisitions	14,827,000	-	-	14,827,000	(14,827,000)	-
Unassigned	17,172,199	-	-	17,172,199	(17,172,199)	-
Total fund balances	<u>33,622,132</u>	<u>4,316</u>	<u>9,573,997</u>	<u>43,200,445</u>	<u>(43,200,445)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 35,306,645</u>	<u>17,388</u>	<u>10,011,511</u>	<u>45,335,544</u>		
Net position:						
Net investment in capital assets					21,435,238	21,435,238
Unrestricted					30,415,465	30,415,465
Total net position					<u>\$ 51,850,703</u>	<u>\$ 51,850,703</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, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	Adjustments (Note 2)	Statement of Activities
Expenditures/expenses:						
Service operations:						
Human resources	\$ 19,474,480	-	-	19,474,480	1,352,823	20,827,303
ESD management	1,145,131	-	-	1,145,131	-	1,145,131
Fleet	954,628	-	-	954,628	-	954,628
Operations	1,736,537	-	-	1,736,537	-	1,736,537
Communication	569,319	-	-	569,319	-	569,319
Technology	299,442	-	-	299,442	-	299,442
Administration	30,140	-	-	30,140	-	30,140
Prevention, fuels and education	137,711	-	-	137,711	-	137,711
Capital outlay	2,930,621	-	437,514	3,368,135	(3,368,135)	-
Depreciation	-	-	-	-	1,631,272	1,631,272
Debt service:						
Principal payments	-	220,000	-	220,000	(220,000)	-
Interest payments	-	24,293	-	24,293	101,200	125,493
Debt issuance costs	-	-	99,000	99,000	-	99,000
Total expenditures/expenses	27,278,009	244,293	536,514	28,058,816	(502,840)	27,555,976
Revenues:						
Program revenues:						
Inspections	334,535	-	-	334,535	-	334,535
Fleet maintenance	224,559	-	-	224,559	-	224,559
Training	7,946	-	-	7,946	-	7,946
Fuels and wildfire mitigation	382,788	-	-	382,788	-	382,788
Total program revenues	949,828	-	-	949,828	-	949,828
Net program expense						(26,606,148)
General revenues:						
Property taxes	20,765,124	225,287	-	20,990,411	106,152	21,096,563
Penalties and interest on taxes	98,470	1,313	-	99,783	-	99,783
Sales taxes	8,004,595	-	-	8,004,595	-	8,004,595
Interest	1,780,993	406	111,511	1,892,910	-	1,892,910
Miscellaneous	684,427	-	-	684,427	-	684,427
Total general revenues	31,333,609	227,006	111,511	31,672,126	106,152	31,778,278
Excess (deficit) of revenues over (under) expenditures	5,005,428	(17,287)	(425,003)	4,563,138	(4,563,138)	-
Other financing sources-						
Issuance of note payable	-	-	9,999,000	9,999,000	(9,999,000)	-
Change in fund balances	5,005,428	(17,287)	9,573,997	14,562,138	(14,562,138)	-
Change in net position	-	-	-	-	5,172,130	5,172,130
Fund balances/net position:						
Beginning of year	28,616,704	21,603	-	28,638,307	18,040,266	46,678,573
End of year	\$ 33,622,132	4,316	9,573,997	43,200,445	8,650,258	51,850,703

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, 2024

	Original	Final	Actual	Variance
Revenues:				
Property taxes	\$ 20,676,000	20,676,000	20,765,124	89,124
Sales taxes	7,818,000	7,818,000	8,004,595	186,595
Penalties and interest on taxes	82,000	82,000	98,470	16,470
Inspections	200,000	200,000	334,535	134,535
Fleet maintenance	200,000	200,000	224,559	24,559
Fuels and wildfire mitigation	160,000	160,000	382,788	222,788
Interest	800,000	800,000	1,780,993	980,993
Training	6,000	6,000	7,946	1,946
Miscellaneous	3,000	3,000	684,427	681,427
Total revenues	29,945,000	29,945,000	32,283,437	2,338,437
Expenditures:				
Service operations:				
Human resources	20,317,000	20,147,000	19,474,480	672,520
ESD management	1,430,000	1,246,000	1,145,131	100,869
Fleet	997,000	997,000	954,628	42,372
Operations	1,467,000	1,748,000	1,736,537	11,463
Communication	426,000	570,000	569,319	681
Technology	399,000	300,000	299,442	558
Administration	33,000	33,000	30,140	2,860
Prevention, fuels and education	119,000	147,000	137,711	9,289
Capital outlay	4,441,000	4,441,000	2,930,621	1,510,379
Total expenditures	29,629,000	29,629,000	27,278,009	2,350,991
Excess of revenues over expenditures	316,000	316,000	5,005,428	4,689,428
Fund balance:				
Beginning of year	28,616,704	28,616,704	28,616,704	-
End of year	\$ 28,932,704	28,932,704	33,622,132	4,689,428

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, 2024

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 exchange 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.

The Capital Projects Fund is used to account for financial resources restricted for authorized construction and other capital asset acquisitions.

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, money market funds, U.S. government agency securities, U.S. Treasury bills, and U.S. Treasury notes. 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 U.S. government agency securities, U.S. Treasury bills, and U.S. Treasury notes are measured at fair value and the money market funds are measured at net asset value. 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.

Inventory - Inventory is valued at cost using the first-in/first-out method and consists of expendable supplies held for consumption. The cost is recorded as an expenditure as inventory items are consumed.

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. There was no allowance for uncollectible property taxes as of September 30, 2024.

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:

<u>Asset</u>	<u>Years</u>
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 (the "Plan") 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 Plan's 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.

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	\$ 43,200,445
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds-	
Capital assets, net of accumulated depreciation	22,790,241
Deferred tax revenue is not available to pay for current-period expenditures and, therefore, is deferred in the funds.	539,172
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	(930,000)
Note payable	(9,999,000)
Interest payable	(103,400)
Compensated absences	(1,600,000)
Net pension liability	(9,433,865)
Pension contributions after measurement date	1,398,867
Deferred outflows related to pension liability	8,191,378
Deferred inflows related to pension liability	(2,203,135)
Total net position	<u>\$ 51,850,703</u>

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

Change in fund balances	\$ 14,562,138
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	3,368,135
Depreciation expense	(1,631,272)
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	106,152
Bond and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and note 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	220,000
Issuance of note payable	(9,999,000)
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 interest payable	(101,200)
Change in compensated absences	(151,000)
Pension contributions made before measurement date	420,389
Pension contributions made after measurement date	1,398,867
Adjustments for ending deferred outflows and inflows related to net pension liability	<u>(3,021,079)</u>
Change in net position	<u>\$ 5,172,130</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, 2024, 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.

Investments and cash equivalents held at September 30, 2024 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local Governmental Investment Pool- TexPool	\$ 15,011,570	1	AAAm
Money market funds	6,241,297	1	N/A
U.S. Government Agency Securities- Federal Home Loan Bank	7,329,546	292	Aaa
U.S. Treasury Notes	13,880,026	404	Aaa
Total	<u>\$ 42,462,439</u>		

The District had investments in an external local government 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. 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 Hermes, Inc. 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.

U.S. government agency securities and U.S. Treasury notes are valued using Level 1 inputs that are based on market data from independent sources for similar securities. Money market funds are measured at net asset value.

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 an external local government investment pool, money market funds, U.S. government agency securities, and U.S. Treasury notes 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, the District's investments were included in an external local government investment pool, money market funds, U.S. government agency securities, and U.S. Treasury notes and the diversification of investments is consistent with the District's investment policy.

Interest Rate Risk - The District considers the holdings in the external local government investment pool and the money market funds 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. U.S. government agency securities and U.S. Treasury notes held by the District have set interest rates.

Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. As of September 30, 2024, the District's investments which require disclosure are as follows-

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Investments at September 30, 2024-		
Federal Home Loan Bank	\$ 7,329,546	17%

4. **Interfund Receivables and Payables**

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, 2024 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service	General	\$ 2,567
General	Capital Projects	437,514
Total		<u>\$ 440,081</u>

5. Capital Assets

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

	Balance September 30, 2023	Additions	Retirements and Transfers	Balance September 30, 2024
Capital assets not being depreciated:				
Land	\$ 6,706,885	990,032	-	7,696,917
Construction in progress	150,541	1,394,768	-	1,545,309
Total capital assets not being depreciated	6,857,426	2,384,800	-	9,242,226
Capital assets being depreciated:				
Vehicles	9,836,451	161,390	-	9,997,841
Equipment	4,415,614	821,945	(452,069)	4,785,490
Buildings	11,726,058	-	-	11,726,058
Total capital assets being depreciated	25,978,123	983,335	(452,069)	26,509,389
Less accumulated depreciation for:				
Vehicles	(4,823,774)	(821,179)	-	(5,644,953)
Equipment	(2,855,003)	(408,218)	452,069	(2,811,152)
Buildings	(4,103,394)	(401,875)	-	(4,505,269)
Total accumulated depreciation	(11,782,171)	(1,631,272)	452,069	(12,961,374)
Total capital assets being depreciated, net	14,195,952	(647,937)	-	13,548,015
Capital assets, net	<u>\$ 21,053,378</u>	<u>1,736,863</u>	<u>-</u>	<u>22,790,241</u>

6. Long-Term Liabilities

Long-term liabilities transactions for the year ended September 30, 2024, are summarized as follows:

	Balance September 30, 2023	Additions	Retirements	Balance September 30, 2024	Due Within One Year
Tax revenue bonds	\$ 1,150,000	-	(220,000)	930,000	225,000
Note payable	-	9,999,000	-	9,999,000	308,636
Compensated absences - vacation	563,000	1,064,000	(1,033,000)	594,000	594,000
Compensated absences - sick	886,000	350,000	(230,000)	1,006,000	1,006,000
Net pension liability	8,826,418	607,447	-	9,433,865	-
Total governmental activities	<u>\$ 11,425,418</u>	<u>12,020,447</u>	<u>(1,483,000)</u>	<u>21,962,865</u>	<u>2,133,636</u>

Bonded debt consisted of the following at September 30, 2024:

General Obligation Bonds Series	Date of Issue	Amounts of Original Issue	Maturity Date	Interest Rate	Outstanding at September 30, 2024	Due Within One Year
2013	11/5/2013	<u>\$ 5,415,000</u>	2028	2.34%	<u>\$ 930,000</u>	<u>\$ 225,000</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, 2024, limited tax bonds of \$2,760,000 were authorized by the voters of the District, but unissued.

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

Fiscal Year	Principal	Interest	Total Requirement
2025	\$ 225,000	19,130	244,130
2026	230,000	13,806	243,806
2027	235,000	8,365	243,365
2028	<u>240,000</u>	<u>2,808</u>	<u>242,808</u>
Total	<u>\$ 930,000</u>	<u>44,109</u>	<u>974,109</u>

Note payable consisted of the following at September 30, 2024:

Date of Issue	Amounts of Original Issue	Maturity Date	Interest Rate	Outstanding at September 30, 2024	Due Within One Year
7/15/2024	<u>\$ 9,999,000</u>	2044	4.75%	<u>\$ 9,999,000</u>	<u>\$ 308,636</u>

Note payable is 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.

Debt service requirements to maturity for the District's note payable is summarized as follows:

Fiscal Year	Principal	Interest	Total Requirement
2025	\$ 308,636	471,330	779,966
2026	323,470	456,496	779,966
2027	339,017	440,949	779,966
2028	355,312	424,654	779,966
2029	372,389	407,577	779,966
2030-2034	2,148,262	1,751,568	3,899,830
2035-2039	2,716,605	1,183,225	3,899,830
2040-2044	<u>3,435,309</u>	<u>464,521</u>	<u>3,899,830</u>
Total	<u>\$ 9,999,000</u>	<u>5,600,320</u>	<u>15,599,320</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 various years of service ranging between 5 and 20 years of service depending on separation age. 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 2023, the District levied a combined tax rate of \$0.0831 per \$100 of assessed valuation to finance operating expenditures and debt service requirements. The maintenance tax rate and the debt service tax rate were \$0.0822 and \$0.0009, respectively. The total fiscal year 2024 tax levy was \$21,492,836 based on a taxable valuation of \$25,863,821,901.

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 Plan

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 52 with 20 years of service. Members are vested after 10 years of service, and will be entitled to benefits starting at age 52. 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 48 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 average compensation multiplied by their years of credited service in excess of 20 years up to 30 years, plus 1.0% of the member's highest average monthly average compensation multiplied by their years of credited service in excess of 30 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 December 31, 2023 actuarial valuation was as follows:

Retirees and beneficiaries currently receiving benefits	7
Terminated employees entitled to but not yet receiving benefits	1
Active plan members	99
Total	<u>107</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, 2024 equaled \$1,816,722.

Net Pension Liability

Actuarial Assumptions

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 December 31, 2023. 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	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	26.6 years
Asset Valuation Method	5-year smoothed market value with a 20% of market value corridor
Inflation	2.50%
Salary Increases	2.75%, plus promotion, step and longevity increase that vary by service
Investment Rate of Return	6.50%
Retirement Age	Age 52 and 20 years of service
Turnover	Table T-1 from the Actuary's Pension Handbook
Mortality	The PubS-2010 (public safety employees) total dataset mortality tables for employees and for retirees, projected for mortality improvement generationally using the projection scale MP-2019.

The actuarial assumptions that determined the total pension liability as of December 31, 2023 were based on the results of actuarial experience studies performed in connection with the 2021 through the 2023 actuarial valuations, except where required to be different by GASB 68.

Changes Since the Prior Actuarial Valuation

- The amortization period increased from 5.9 years to 26.6 years
- The minimum retirement age decreased from 53 to 52
- The averaging period in the definition of Highest Average Monthly Pay was reduced from 60 to 48 consecutive months of service

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.

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities - Domestic large cap	20.1%	6.07%
Equities - Domestic small/mid cap	26.8%	6.30%
Equities - International developed	9.0%	6.03%
Equities - Emerging markets	5.0%	6.72%
Real estate	4.0%	4.05%
Fixed income	34.3%	1.95%
Cash and cash equivalents	0.8%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 6.5%. 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, 2023 are as follows:

	Total Pension Liability	Increase (Decrease) Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance as of December 31, 2022	\$ 48,636,456	\$ 39,810,038	\$ 8,826,418
Changes for the year:			
Service cost	2,570,286	-	2,570,286
Interest on total pension liability	3,314,094	-	3,314,094
Change of benefit provisions	-	-	-
Difference between expected and actual experience	1,105,186	-	1,105,186
Change in assumptions	-	-	-
Benefit payments	(441,362)	(441,362)	-
Employer contributions	-	1,751,096	(1,751,096)
Member contributions	-	1,824,065	(1,824,065)
Net investment income	-	6,004,729	(6,004,729)
Administrative expenses	-	(64,356)	64,356
Assumption changes	1,716,054	-	1,716,054
Change of benefit provisions	1,471,361	-	1,471,361
Balance as of December 31, 2023	<u>\$ 58,318,075</u>	<u>\$ 48,884,210</u>	<u>\$ 9,433,865</u>

Sensitivity Analysis

The following presents the net pension liability of the District, calculated using the discount rate of 6.50%, 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 (5.50%) or 1 percentage point higher (7.50%) than the current rate.

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net pension liability	<u>\$ 18,018,207</u>	<u>\$ 9,433,865</u>	<u>\$ 2,400,099</u>

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

For the year ended September 30, 2024, the District recognized pension expense of \$3,021,079. As of September 30, 2024, 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	\$ 1,813,111	\$ -
Difference in expected and actual experience	3,785,323	1,106,828
Difference due to changes in actuarial assumptions	2,592,944	1,096,307
Contributions made subsequent to measurement date	1,398,867	-
Total	<u>\$ 9,590,245</u>	<u>\$ 2,203,135</u>

The \$1,398,867 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, 2025. The remaining amounts currently reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Expense Amount
Year ended September 30:	
2025	\$ 775,417
2026	1,283,750
2027	1,649,145
2028	(252,885)
2029	410,579
Thereafter	<u>2,122,237</u>
Total	<u>\$ 5,988,243</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 is made 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, 2024, 92 employees participated in the Deferred Compensation Plan with contributions totaling \$835,390 for both the employer and employees, and there are no unfunded obligations.

11. 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, 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 been filed within the last three years.

12. 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 \$91,000.

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

The District has entered into an interlocal cooperation agreement with the City of Bee Cave for the construction of a public safety facility for joint use by the City of Bee Cave and the District (the “Project”). The preliminary projected total cost of the Project is approximately \$30,000,000.

The District entered into interlocal agreements during the year ended September 30, 2023 with other emergency services districts to provide fleet maintenance services. The initial term of the interlocal agreements was through September 30, 2023, with automatic renewals for an additional one-year term unless terminated sooner based on the terms of the interlocal agreements.

Required Supplementary Information

Travis County Emergency Services District No. 6

Firefighters' Relief and Retirement Fund Schedule of Changes in Net Pension Liability (Asset) and Related Ratios September 30, 2024

	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 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
Total Pension Liability										
Service Cost	\$ 2,570,286	\$ 2,501,495	\$ 1,892,793	\$ 1,837,663	\$ 1,666,099	\$ 1,613,655	\$ 1,146,478	\$ 1,102,383	\$ 1,059,984	\$ 980,014
Interest on total pension liability	3,314,094	2,973,985	2,517,005	2,229,752	2,127,432	1,885,108	1,469,413	1,308,078	1,038,806	904,104
Effect of plan changes	1,417,361	-	1,395,804	-	-	3,559,759	-	-	-	-
Effect of assumption changes or inputs	1,716,054	-	830,219	-	(1,710,142)	-	471,987	-	194,031	-
Effect on economic/demographic (gains) or losses	1,105,186	-	2,661,957	-	(748,491)	-	(1,001,329)	-	1,543,569	-
Benefit payments/refunds of contributions	(441,362)	(182,282)	(37,877)	-	(89,480)	(89,393)	(260,580)	(38,945)	(25,156)	(87,471)
Net change in total pension liability	9,681,619	5,293,198	9,259,901	4,067,415	1,245,418	6,969,129	1,825,969	2,371,516	3,811,234	1,796,647
Total pension liability, beginning	48,636,456	43,343,258	34,083,357	30,015,942	28,770,524	21,801,395	19,975,426	17,603,910	13,792,676	11,996,029
Total pension liability, ending (a)	\$ 58,318,075	\$ 48,636,456	\$ 43,343,258	\$ 34,083,357	\$ 30,015,942	\$ 28,770,524	\$ 21,801,395	\$ 19,975,426	\$ 17,603,910	\$ 13,792,676
Fiduciary Net Position										
Employer contributions	\$ 1,751,096	\$ 1,721,021	\$ 1,592,102	\$ 1,404,151	\$ 1,337,310	\$ 1,166,370	\$ 1,121,761	\$ 1,077,176	\$ 943,417	\$ 899,146
Member contributions	1,824,065	1,790,484	1,656,452	1,464,853	1,393,040	1,214,970	1,168,507	1,122,061	968,074	903,757
Investment income net of investment expenses	6,004,729	(6,600,256)	4,425,166	4,607,128	4,598,176	(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	(441,362)	(182,282)	(37,877)	-	(89,480)	(89,393)	(260,580)	(38,945)	(25,156)	(87,471)
Administrative expenses	(64,356)	(43,845)	(45,265)	(27,846)	(47,153)	(38,974)	(35,457)	(26,134)	(37,917)	(33,068)
Other	-	-	-	-	-	-	-	-	24,193	-
Net change in fiduciary net position	9,074,172	(3,314,878)	7,590,578	7,448,286	7,191,893	1,206,095	4,644,564	2,783,349	1,961,506	2,290,756
Fiduciary net position, beginning	39,810,038	43,124,916	35,534,338	28,086,052	20,894,159	19,688,064	15,043,500	12,260,151	10,298,645	8,007,889
Fiduciary net position, ending (b)	\$ 48,884,210	\$ 39,810,038	\$ 43,124,916	\$ 35,534,338	\$ 28,086,052	\$ 20,894,159	\$ 19,688,064	\$ 15,043,500	\$ 12,260,151	\$ 10,298,645
Net pension liability / (asset), ending = (a) - (b)	\$ 9,433,865	\$ 8,826,418	\$ 218,342	\$ (1,450,981)	\$ 1,929,890	\$ 7,876,365	\$ 2,113,331	\$ 4,931,926	\$ 5,343,759	\$ 3,494,031
Fiduciary net position as a % of total pension liability	83.82%	81.85%	99.50%	104.26%	93.57%	72.62%	90.31%	75.31%	69.64%	74.67%
Pensionable covered payroll	\$ 9,120,325	\$ 8,952,420	\$ 8,282,260	\$ 7,324,265	\$ 6,965,200	\$ 6,074,844	\$ 5,842,505	\$ 5,610,292	\$ 4,913,630	\$ 4,683,052
Net pension liability / (asset) as a % of covered payroll	103.44%	98.59%	2.64%	-19.81%	27.71%	129.66%	36.17%	87.91%	108.75%	74.61%

Travis County Emergency Services District No. 6

Firefighters' Relief and Retirement Fund Schedule of District Contributions September 30, 2024

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%
2020	\$ 1,380,364	\$ 1,380,364	-	\$ 7,189,396	19.20%
2021	\$ 1,474,639	\$ 1,474,639	-	\$ 7,680,411	19.20%
2022	\$ 1,759,258	\$ 1,759,258	-	\$ 9,162,802	19.20%
2023	\$ 1,731,136	\$ 1,731,136	-	\$ 9,016,333	19.20%
2024	\$ 1,816,722	\$ 1,816,722	-	\$ 9,462,094	19.20%

Travis County Emergency Services District No. 6

Note to Required Supplementary Information Year Ended September 30, 2024

1. Change in Assumptions

- The amortization period increased from 5.9 years to 26.6 years
- The minimum retirement age decreased from 53 to 52
- The averaging period in the definition of Highest Average Monthly Pay was reduced from 60 to 48 consecutive months of service

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, 2024

	Original and Final	Actual	Variance
Revenues:			
Property taxes	\$ 226,000	225,287	(713)
Penalties and interest on taxes	3,000	1,313	(1,687)
Interest	-	406	406
Total revenues	229,000	227,006	(1,994)
Expenditures:			
Debt service:			
Principal payments	220,000	220,000	-
Interest payments	25,000	24,293	707
Total expenditures	245,000	244,293	707
Deficit of revenues under expenditures	(16,000)	(17,287)	(1,287)
Fund balance:			
Beginning of year	21,603	21,603	-
End of year	\$ 5,603	4,316	(1,287)