# Travis County Emergency Services District No. 16
# Financial Statements
# September 30, 2021

Travis County Emergency Services District No. 16
For the Year ending September 30, 2021

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# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Travis County Emergency Services District No. 16

We have audited the accompanying financial statements of the governmental activities, and each major fund, of Travis County Emergency Services District No. 16, as of and for the year ended September 30, 2021, 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.

## Auditor's 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatements 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 Travis County Emergency Services District No. 16, as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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**Other Matters**

*Required Supplementary Information*

*Accounting* principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 19 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.

Medack & Oltmann, LLP

Medack & Oltmann, LLP
Giddings, TX
April 29, 2022

PEDERNALES FIRE DEPARTMENT

TRAVIS COUNTY EMERGENCY SERVICE DISRTICT 16

801 Bee Creek Road
Briarcliff, Texas 78669
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In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, the management of Travis County Emergency Services District No. 16 (the "District") offers the following narrative on the financial performance of the District for the year ended September 30, 2021. Please read it in connection with the District's financial statements that follow.

## Financial Highlights

Significant current year transactions include the following:

- This is the first year of operations for the District.
- Net Position at the close of the most recent period was $71,861.
- The General Fund balance at the close of the most recent period was $48,592
- General Fund revenues from property taxes accounted for 99.99% of total revenues.

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 "General Fund" 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.

## Management's Discussion and Analysis

### Overview of the Basic Financial Statements

The District's reporting is comprised of two parts:

- *Management's Discussions and Analysis (this section)*
- *Basic Financial Statements:*
    - *Statement of Net Position and Governmental Fund Balance Sheet*
    - *Statement of Activities and Governmental Fund Revenues, Expenditures, And Changes in Fund Balances*
    - *Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – General Fund*
    - *Notes to Basic Financial Statements*

The *Statement of Net Position and Governmental Fund Balance Sheet* includes a column (titled "General Fund") that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net position will indicate financial health.

The *Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balances* includes a column (titled "General Fund") that derives the change in fund balance resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The *Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund* presents a comparison statement between the District's adopted budget to its actual results.

The *Notes to Basic Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statements of Net Position and Governmental Fund Balance Sheet* and the *Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance*.

**The District as a Whole**

The District's net position for the year ending September 30, 2021, is shown in the table below. Our analysis below focuses on the net position and changes in the net position of the District's governmental activities as reported in the accrual basis of accounting.

**STATEMENT OF NET POSITION**

| | 9/30/2021 | 9/30/2020 |
|---|---|---|
| **Assets:** | | |
| Current assets | $ 549,708 | $ 71,529 |
| Property taxes receivable | 23,270 | 21,790 |
| **Total Assets** | $ 572,978 | $ 93,319 |
| | | |
| **Liabilities:** | | |
| Current liabilities | $ 501,116 | $ 37,523 |
| **Total Liabilities** | $ 501,116 | $ 37,523 |
| | | |
| **Net Position:** | | |
| Net investment in capital assets | $ - | $ - |
| Unrestricted | 48,592 | 55,796 |
| **Total Net Position** | $ 48,592 | $ 55,796 |

The District's total assets were $572,978 as of September 30, 2021. Of this amount, $23,270 is accounted for by property taxes receivable.

The changes in net position for the respective periods are also shown in the table below.

**STATEMENT OF ACTIVITIES**

| | 9/30/2021 | 9/30/2020 |
|---|---|---|
| Expenses: | | |
| Interlocal Agreement | $ 2,000,000 | $ 1,900,000 |
| Professional Fees | 9,486 | 7,756 |
| Appraisal District/Tax Office | 20,749 | |
| Bank Fees | 153 | 123 |
| Miscellaneous | - | 313 |
| **Total Expenses** | $ 2,030,388 | $ 1,908,192 |
| | | |
| **Revenues:** | | |
| General | $ 2,046,453 | $ 1,963,988 |
| **Total Revenues** | $ 2,046,453 | $ 1,963,988 |
| | | |
| **Change in Net Position** | $ 16,065 | $ 55,796 |
| | | |
| Beginning Net Position | $ 55,796 | $ - |
| | | |
| Ending Net Position | $ 71,861 | $ 55,796 |

Property taxes generated $2,034,524 in revenues. Net position increased $16,065 for the fiscal year ended September 30, 2021.

**The District Governmental Fund**

At September 30, 2021, the District's governmental fund reported a fund balance of $48,592.

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 resources reported in governmental funds. Those fund balance classifications are described below.

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

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

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

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

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

**General Fund Budgetary Highlights**

During the year, the board amended the original budget, while overall revenue did not change, overall expenditures decreased by $250.

The actual expenditures in the General Fund were $13,562 less than the budgeted amounts. Actual revenues in the General Fund were approximately $4,996 less than budgeted amounts primarily due to the estimation of property taxes.

**Economic Factors, Budgets and Rates**

Travis County Emergency Services District #16 ("ESD16") was created by its voting constituency in May of 2019. ESD16 provides Emergency Medical services through a contract with Travis County ESD #8 ("ESD8"). ESD 16 is managed by its Board of Commissioners ("ESD16 BOC"), appointed by the Travis County Commissioner of Precinct 3.

The District is located in west Travis county and serves a section of Texas Hill Country near Lake Travis, approximately 30 miles outside of Austin, TX. It has a moderate to strong economic and residential growth.

There is no doubt the citizens of ESD16 support both financial restraint and improved services. ESD16 BOC intends to make the most of its citizens' financial support to provide consistently outstanding emergency medical services. As such, ESD16 BOC entered into a contract with ESD8/Pedernales Fire Department ("PFD") to utilize ESD8 resources to provide emergency medical services to its constituency. The contract is reviewed by both ESD16 BOC and ESD8 BOC on an annual basis in concert with annual budget review and considerations.

Moving forward, ESD16 will continue to face economic challenges based on a growing population. With strategic planning, continued teamwork, and coordination of resources with ESD8, it will continue to work within its means to provide the services that the citizens of the District deserve.

ESD 16 is located in an area long known for tourist coming to Lake Travis, but now a developing bedroom community. This developing residential area is spurred, not only by the Austin economy, but expanded telecommuting efforts due to COVID19. ESD 16 services a large portion of State Highway 71; a highly traveled corridor between Austin and Texas Hill country attractions such as Marble Falls, Fredericksburg, etc.

Resource management has been challenging as the demand for services have increased relative to strong population growth, increased traffic, and overall development in the area.

In response, ESD16 BOC has structured its budget, utilizing the resources of ESD8 to meet strategic timelines and deliverables in order to meet the needs of its growing community.

ESD16 BOC remains good stewards of its citizenry funds, with constant focus on the services that its constituents deserve

**Contacting the District's Financial Management**

The financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it 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. 16
Attn: Treasurer
801 Bee Creek Road
Briarcliff, Texas 78669

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO 16
GOVERNMENTAL FUNDS BALANCE SHEET
AND STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

| | General Fund | Adjustments (Note 5) | Statement of Net Position |
|---|---|---|---|
| **ASSETS** | | | |
| Cash | $ 14,566 | $ - | $ 14,566 |
| Investments | 535,142 | - | 535,142 |
| Property Taxes Receivable | 23,270 | - | 23,270 |
| TOTAL ASSETS | $ 572,978 | $ - | $ 572,978 |
| **DEFERRED OUTFLOWS OF RESOURCES** | $ - | $ - | $ - |
| **LIABILITIES** | | | |
| Accounts Payable | $ 501,116 | $ - | $ 501,116 |
| TOTAL LIABILITIES | $ 501,116 | $ - | $ 501,116 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Deferred revenue - property taxes | $ 23,270 | $ (23,270) | $ - |
| FUND BALANCES/NET POSITION | | | |
| Fund balances: | | | |
| Non-spendable | $ - | $ - | $ - |
| Assigned | - | - | - |
| Unassigned | 48,592 | (48,592) | - |
| Total fund balances | 48,592 | (48,592) | - |
| Total liabilities and fund balances | $ 572,978 | | |
| Net position: | | | |
| Investment in capital assets | | - | - |
| Restricted | | - | - |
| Unrestricted | | 71,861 | 71,861 |
| Total net position | | $ 71,861 | $ 71,861 |

See Accompanying Notes to the Financial Statements

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO 16
GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
AND STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING SEPTEMBER 30, 2021

| | General Fund | Adjustments (Note 5) | Statement of Activities |
|---|---|---|---|
| **EXPENDITURES/EXPENSES** | | | |
| Interlocal Agreement | $ 2,000,000 | $ - | $ 2,000,000 |
| Professional Fees | 9,486 | - | 9,486 |
| Bank Fees | 153 | - | 153 |
| Miscellaneous | - | - | - |
| Appraisal District/Tax Office | 20,749 | - | 20,749 |
| Total expenditures/expenses | $ 2,030,388 | $ - | $ 2,030,388 |
| **GENERAL REVENUES** | | | |
| Property Taxes | $ 2,033,045 | $ 1,479 | $ 2,034,524 |
| Penalties and Interest | 11,717 | - | 11,717 |
| Interest | 212 | - | 212 |
| Total general revenues | $ 2,044,974 | $ 1,479 | $ 2,046,453 |
| Excess of Revenues and Other Sources over Expenditures | $ 14,586 | $ 1,479 | $ 16,065 |
| Net change in fund balances | $ 14,586 | $ (14,586) | $ - |
| Change in net position | | $ 16,065 | $ 16,065 |
| Fund Balance/Net Position Beginning of the year | $ 34,006 | $ 21,790 | $ 55,796 |
| End of the year | $ 48,592 | $ 23,269 | $ 71,861 |

See Accompanying Notes to the Financial Statements

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### REPORTING ENTITY

On May 4, 2019, the voters of the District approved the formation of an emergency services district to provide medical services and no other emergency services within its boundaries pursuant to Chapter 775 of the Texas Health & Safety Code.

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

### BASIS OF PRESENTATION

*Basic Financial Statements*

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

The District does not currently employ indirect cost allocation systems.

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

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous accounting model.

The governmental fund statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the District's actual experience conforms to the budget or fiscal plan.

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

BASIS OF ACCOUNTING

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

BUDGETS

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

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

CAPITAL ASSETS

The District does not own any capital assets.

EMPLOYMENT COSTS

The District does not have any employees.

RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases its insurance from regular commercial companies. As of September 30, 2021, no claims or losses have been incurred that were not covered by insurance. There is no liability due to any claim or suit having ever been filed.

EQUITY CLASSIFICATIONS

*Government-wide Statements*

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other government; or (2) law through constitutional provisions or enabling legislation.
c. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."
When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

*Fund Statements*

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

PROGRAM REVENUES

The District considers program revenues as revenues that (1) originate from the program or from parties other than the government's taxpayers or citizens as a whole and (2) reduce the expenses of the function that has to be financed by general revenues. Revenues of this type can originate from a governmental source, but the proceeds are a charge for services or products produced by a government agency, where that agency is considered a vendor within the marketplace. Additionally, program revenues are fees charged by the government agency that are used to support a specific operation of that governmental unit.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

The District adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

USE OF ESTIMATES

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued GASB Statement No. 87, Leases, effective for fiscal years beginning after June 15, 2021. 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, 2022.

FAIR VALUE MEASUREMENTS

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

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

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

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

## NOTE 2: CASH AND INVESTMENTS

*Cash*

The District's deposits are required to be secured in the manner provided by law for the security of the funds. At September 30, 2021, such deposits, reported as Cash totaled $14,566. These funds were adequately secured by Federal Deposit Insurance Corporation (Category 1).

The collateral pledged is represented by specific identifiable investment securities and classified as to credit risk by the three categories described below:

Category 1- Insured by FDIC or collateralized with securities held by the District or by its agent in its name.
Category 2- Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
Category 3- Uncollateralized.

*Investments*

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

TexPool

The District had an investment of $535,142 in an external local governmental investment pool, Texas Local Governmental Investment Pool ("TexPool"), at September 30, 2021. The investments in TexPool had a weighted average maturity of one day and a Standard and Poor's rating of AAAm.

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

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

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

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

NOTE 2: CASH AND INVESTMENTS – continued

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, 2021, investments were included in a local governmental investment pool with a rating from Standard and Poor's in compliance with the District's investment policy.

Concentration of Credit Risk- Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. At September 30, 2021, all of the District's investments were with TexPool.

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

| Investment | Fair Value | Effective Duration (in years) | Credit Risk |
|---|---|---|---|
| TexPool | $535,142 | 0.0 | AAAm |

The District's investment in TexPool represents 100% of its investment portfolio.

NOTE 3: PROPERTY TAXES

The District has contracted with the Travis County Tax Assessor Collector to bill and collect its property tax. The District's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. The assessed value of the roll as of January 1, 2020, upon which the 2020 levy was based, was $2,289,388,984 as certified by the Travis Central Appraisal District.

Taxes are due by January 31 following the October 1 levy date. On February 1 of each year, a tax lien attaches to the property. The total 2020 levy was $2,060,450 and the tax rate was $ 0.09 per $100 assessed valuation.

The Travis County Tax Assessor/Collector informed the District that taxpayers outside of the District's jurisdiction were incorrectly taxed, resulting in an overpayment of property tax revenue of $50,072. The County noted the mistake in September 2020 and utilized the collections to pay down on the amount owed. As of September 30, 2021, the District has paid back the remaining balance.

NOTE 4: FUND BALANCE

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

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

NOTE 4: FUND BALANCE - continued

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

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

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

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

The detail of the fund balance is included in the Governmental Fund Balance Sheet on page 8.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated the authority to assign fund balance for a specific purpose to the District's Chief or Assistant Chief.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

As of September 30, 2021, the District has not adopted a minimum fund balance policy.

NOTE 5: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND AND GOVERNMENT-WIDE STATEMENTS

Differences between the Governmental Fund Balance Sheet and the Statement of Net Position:

The differences (as reflected in the adjustments column) primarily result from the long-term economic resources focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet.

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

| | |
|---|---|
| Deferred revenue | ($23,270) |

Differences between the Governmental Fund Operating Statement and the Statement of Net Activities:

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

NOTE 5: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND AND GOVERNMENT-WIDE STATEMENTS – continued

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

| | |
|---|---|
| Adjustment for property taxes collected after year-end | $1,479 |

NOTE 6: DATE OF MANAGEMENT'S REVIEW

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

NOTE 7: SUBSEQUENT EVENTS

The Coronavirus (COVID-19) pandemic impacted the nation, leading to consumer uncertainties and financial setbacks for many businesses and individuals. COVID-19 may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. Management continues to monitor and evaluate the continually evolving environment associated with the virus. While it is not possible at this time to estimate the impact that COVID-19 will have on the District's operations, the pandemic could adversely affect the District's financial position and activities.

Required Supplemental Information

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO 16
GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDING SEPTEMBER 30, 2021

| | BUDGETED AMOUNTS | | | |
|---|---|---|---|---|
| | ORIGINAL | FINAL | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE) |
| REVENUES: | | | | |
| Property Taxes | $ 2,049,970 | $ 2,049,970 | $ 2,033,045 | (16,925) |
| Penalties and Interest | - | - | 11,717 | 11,717 |
| Interest | - | - | 212 | 212 |
| TOTAL REVENUES | $ 2,049,970 | $ 2,049,970 | $ 2,044,974 | (4,996) |
| EXPENDITURES: | | | | |
| Interlocal Agreement | $ 2,000,000 | $ 2,000,000 | $ 2,000,000 | - |
| Professional Fees | 20,000 | 17,250 | 9,486 | 7,764 |
| Bank Fees | 1,000 | 1,000 | 153 | 847 |
| Miscellaneous | 200 | 200 | - | 200 |
| Appraisal District/Tax Office | 23,000 | 25,500 | 20,749 | 4,751 |
| TOTAL EXPENDITURES | $ 2,044,200 | $ 2,043,950 | $ 2,030,388 | 13,562 |
| **Excess of Revenues and Other Sources over Expenditures** | $ 5,770 | $ 6,020 | $ 14,586 | 8,566 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | $ 34,006 | |
| End of year | | | $ 48,592 | |