Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

# HAYS COUNTY EMERGENCY SERVICES DISTRICT #5

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

**HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**

TABLE OF CONTENTS

Montemayor Britton Bender PC
CERTIFIED PUBLIC ACCOUNTANTS

Arturo Montemayor III CPA, President & CEO | Stacy Britton CPA, Shareholder | Sean Bender CPA, Shareholder
Danielle Guerrero, Shareholder | Sara Carey CPA, Shareholder

Board of Commissioners
Hays County Emergency Services District #5

# INDEPENDENT AUDITOR'S REPORT

## Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Hays County Emergency Services District #5 (District), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the District, as of September 30, 2023 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

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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.

<u>Required Supplementary Information</u>
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the net pension liability and related ratios, the schedule of contributions, and budgetary comparison 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.

Montemayor Britton Bender PC

April 24, 2024
Austin, Texas

Our discussion and analysis of the Hays County Emergency Services District #5's (the District's) financial performance provides an overview of the District's financial activities for the year ended September 30, 2023. Please read it in conjunction with the District's financial statements, which follow this section.

The financial report consists of four parts: Management's Discussion and Analysis (this section), the financial statements, the notes to the financial statements, and required supplementary information.

## FINANCIAL HIGHLIGHTS

- During the year, the District had expenditures of $8,436,309 compared to total revenues of $8,507,670 resulting in an increase in net position of $71,361 for the year ended September 30, 2023.
- The District's total assets increased by $1,102,901 for the fiscal year.
- The District's ad valorem tax rate remained at .10 per $100 of assessed valuation for the fiscal year ended September 30, 2023 which is the statutory limit, as established by the State of Texas constitution.
- The District received $1,167,188 more in ad valorem tax revenues compared to prior year.

## USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements: The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

### Reporting the District as a Whole

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities provide information about the District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities 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 taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes therein. You can think of the District's net position-the difference between assets, deferred outflows, liabilities, and deferred inflows-as one way to measure the District's financial health, or *financial position*. Over time, increases or decreases in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax to assess the *overall health* of the District.

## THE DISTRICT AS A WHOLE

The District's total net position increased by $71,361 in the year ended September 30, 2023. Our analysis of the District's activities below focuses on net position and the changes in net position.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was $806,617 at September 30, 2023. The District has sufficient revenues to pay expenses of the District.

| **Assets** | **9/30/2023** | **9/30/2022** |
|---|---|---|
| Current and other assets | $4,271,135 | $3,709,051 |
| Capital assets, net | 8,207,929 | 7,667,112 |
| Total assets | 12,479,064 | 11,376,163 |
| | | |
| **Deferred outflows related to pension** | 1,393,836 | 1,088,985 |
| | | |
| **Liabilities** | | |
| Current and other liabilities | 1,804,762 | 366,603 |
| Long-term liabilities | 6,250,498 | 6,033,843 |
| Total liabilities | 8,055,260 | 6,400,446 |
| | | |
| **Deferred inflows related to pension** | 26,012 | 344,435 |
| | | |
| **Net position** | | |
| Net investment in capital assets | 3,485,011 | 2,524,371 |
| Restricted for station construction | 1,500,000 | 0 |
| Unrestricted | 806,617 | 3,195,896 |
| Total net position | $5,791,628 | $5,720,267 |

| **Revenues** | **9/30/2023** | **9/30/2022** |
|---|---|---|
| Program revenues: | | |
| Inspection and training | $441,722 | $277,488 |
| General revenues: | | |
| Ad Valorem property taxes | 6,290,147 | 5,122,959 |
| Sales taxes | 1,221,254 | 1,136,827 |
| Grants | 354,852 | 1,130,874 |
| Interest | 128,797 | 3,961 |
| Other | 70,898 | 91,927 |
| Total revenues | 8,507,670 | 7,764,036 |
| | | |
| **Expenses** | | |
| Firefighting operations | 7,122,530 | 5,463,653 |
| Administrative | 511,744 | 256,324 |
| Depreciation and amortization | 667,731 | 601,525 |
| Interest expense | 134,304 | 117,002 |
| Total expenses | 8,436,309 | 6,438,504 |
| Change in net position | 71,361 | 1,325,532 |
| Beginning net position | 5,720,267 | 4,394,735 |
| Ending net position | $5,791,628 | $5,720,267 |

### Financial Analysis of the Governmental Fund

The focus of the District's Governmental Fund is to provide information on near-term inflows and outflows and on resource balances available for spending. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance serves as a useful measure of the District's net resources available for spending at fiscal year-end.

During the fiscal year ending September 30, 2023, the District's only Governmental Fund was the General Fund, and it reported ending fund balance of $2,392,048, a decrease of $699,989 from $3,092,037 as of September 30, 2022. The District's ending unassigned fund balance of $892,048 was unencumbered and available for spending at the District's discretion. Additionally, the District had $1,500,000 in fund balance restricted for new station construction.

### General Fund Budgetary Highlights

The General Fund had a negative variance from the budget of $93,838 due to:

- Total revenues were less than budget by $1,356,875, primarily due to a grant advance of $1,500,000 received in fiscal year 2023 for a cost reimbursement grant was not yet earned at year end. This also resulted in capital outlay being $1,221,063 less than budget.

- Operating expenses, excluding capital outlay, right of use asset-lease and debt service were $400,052, more than budget, primarily due to $272,918 in higher than anticipated personnel and related expenses and unbudgeted bad debt expense of $116,812.

- Other financing sources of $575,638 related to lease financing and proceeds from debt were unbudgeted. The related right of use asset-lease expense was also unbudgeted.

The budget was amended during the year to increase all budgeted revenues, and to increase personnel and related expenses, firefighting and related expenses, professional services, right of use asset-lease, capital outlay, and debt service.

### Capital Asset and Debt Administration

The District's capital assets at September 30, 2023, net of accumulated depreciation, totaled $8,029,222. The current year net increase reflected additions of $426,966, offset by depreciation expense of $656,300. Additionally, the District's right of use asset-lease at September 30, 2023, net of accumulated amortization, was $178,707. This included additions of $190,138, offset by amortization expense of $11,431.

### Debt Administration

The District's long-term debt at September 30, 2023, net of the current portion, totaled $3,858,604 for loans and leases payable. The current portion of the long-term debt was $864,314. Fire stations and fire apparatus are pledged as collateral.

**Debt Service Ratio**: The District maintains control over its debt load by maintaining its debt service to total revenues ratio (the "Debt Service Ratio") at 35% or less with the ad valorem tax rate at 10.00 cents per $100 of assessed valuation. The District feels that the Debt Service Ratio is more meaningful than the debt to equity ratio because the Debt Service Ratio is a better indicator of the District's ability to service the debt and still be able to pay annual operating expenses. The District's Debt Service Ratio as of September 30, 2023 is total debt service of $1,129,765/$8,507,670 total revenues for a ratio of 13.27%.

**Economic Factors and Next Year's Budgets and Rates**

The District's appointed officials considered many factors when setting the fiscal year 2024 budget and tax rates. Some of those factors include the economy and the anticipated needs of the District for operations and capital outlay in the next year as well as expected tax revenues.

**Contacting the District's Financial Management**

This financial report is designed to provide the taxpayers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's office at:

Beth Smith, President
Hays County Emergency Services District #5
P.O. Box 1385
Kyle, TX 78640

**HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2023

| | General Fund | Adjustments (Note 10) | Statement of Net Position |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 1,808,444 | | $ 1,808,444 |
| Short-term investments | 1,774,218 | | 1,774,218 |
| Grants receivable | 242,080 | | 242,080 |
| Sales taxes receivable | 208,138 | | 208,138 |
| Ad Valorem property taxes receivable | 136,112 | | 136,112 |
| Accounts receivable | 102,143 | | 102,143 |
| Capital assets: | | | |
| Land | - | 170,695 | 170,695 |
| Other capital assets, net of depreciation | - | 8,037,234 | 8,037,234 |
| | - | | 8,207,929 |
| | 4,271,135 | | 12,479,064 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Difference actual and expected experience | - | 565,517 | 565,517 |
| Changes in actuarial assumptions | - | 241,827 | 241,827 |
| Net difference projected and actual earnings | - | 202,939 | 202,939 |
| Contributions subsequent to the measurement date | - | 383,553 | 383,553 |
| | - | | 1,393,836 |
| | $ 4,271,135 | | |
| **LIABILITIES** | | | |
| Accounts payable | $ 50,860 | | 50,860 |
| Accrued interest payable | - | 61,787 | 61,787 |
| Accrued payroll and benefits | 192,115 | | 192,115 |
| Grant advance | 1,500,000 | | 1,500,000 |
| Long-term liabilities: | | | |
| Due within 1 year: loans and lease payable | - | 864,314 | 864,314 |
| Due in more than 1 year: | | | |
| Loans and lease payable | - | 3,858,604 | 3,858,604 |
| Accrued leave | - | 283,885 | 283,885 |
| Net pension liability | - | 1,243,695 | 1,243,695 |
| | 1,742,975 | | 8,055,260 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Differences between expected and actual experience | - | 20,121 | 20,121 |
| Changes in actuarial assumptions | - | 5,891 | 5,891 |
| Unavailable revenue - property taxes | 136,112 | (136,112) | - |
| | 136,112 | | 26,012 |
| **FUND BALANCES/NET POSITION** | | | |
| FUND BALANCES | | | |
| Fund balance - restricted for station construction | 1,500,000 | (1,500,000) | |
| Fund balance - unassigned | 892,048 | (892,048) | |
| | 2,392,048 | | |
| | $ 4,271,135 | | |
| NET POSITION | | | |
| Net investment in capital assets | | 3,485,011 | 3,485,011 |
| Restricted for station construction | | 1,500,000 | 1,500,000 |
| Unrestricted | | 806,617 | 806,617 |
| | | | $ 5,791,628 |

The accompanying notes are an integral part of this financial statement presentation.

**HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED SEPTEMBER 30, 2023

| | General Fund | Adjustments (Note 10) | Statement of Activities |
|---|---|---|---|
| **EXPENDITURES/EXPENSES:** | | | |
| Personnel and related expenses | $ 6,152,136 | $ 13,204 | $ 6,165,340 |
| Firefighting and related expenses | 957,190 | | 957,190 |
| Professional services | 212,652 | | 212,652 |
| Bad debt expense | 116,812 | | 116,812 |
| Administrative | 85,912 | | 85,912 |
| Insurance | 56,625 | | 56,625 |
| Tax collection expenses | 39,743 | | 39,743 |
| Depreciation and amortization | - | 667,731 | 667,731 |
| Right of use asset- lease | 190,138 | (190,138) | - |
| Capital outlay | 1,018,410 | (1,018,410) | - |
| Debt service: | | | |
| Interest expense | 134,304 | | 134,304 |
| Principal payments | 995,461 | (995,461) | - |
| | 9,959,383 | | 8,436,309 |
| **PROGRAM REVENUES:** | | | |
| Inspection and training | 441,722 | | 441,722 |
| Program revenue over/ (under) expenditures/expenses | (9,517,661) | | (7,994,587) |
| **GENERAL REVENUES:** | | | |
| Ad Valorem property taxes | 6,255,312 | 34,835 | 6,290,147 |
| Sales taxes | 1,221,254 | | 1,221,254 |
| Grants | 565,773 | (210,921) | 354,852 |
| Interest | 128,797 | | 128,797 |
| Other | 70,898 | | 70,898 |
| | 8,242,034 | | 8,065,948 |
| Total revenue over/(under) expenditures | (1,275,627) | | 71,361 |
| **OTHER FINANCING SOURCES:** | | | |
| Lease financing | 190,138 | (190,138) | - |
| Proceeds from debt | 385,500 | (385,500) | - |
| | 575,638 | | - |
| **NET CHANGE IN FUND BALANCE/ NET POSITION** | (699,989) | | 71,361 |
| **BEGINNING FUND BALANCE/ NET POSITION** | 3,092,037 | | 5,720,267 |
| **ENDING FUND BALANCE/ NET POSITION** | $ 2,392,048 | | $ 5,791,628 |

NOTES TO FINANCIAL STATEMENTS

## NOTE 1: ORGANIZATION

The Hays County Emergency Services District #5 (District) was created by an election of the Hays County residents from within what would be the geographical boundaries for the District. The District was established to arrange for fire and rescue protection services within its boundaries. The District handles all financial matters for the fire department.

The District is under full control and management of a five-commissioner Board of Commissioners. The commissioners are appointed by the Hays County Commissioners. For financial reporting purposes, the District includes all funds that are controlled by, or dependent upon, actions of the Board of Commissioners. Control by, or dependence upon, the Board was determined on the basis of the Board's full control of budget adoption and taxing authority.

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operation; thus data from these units would be combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in separate organizations that meet the aforementioned criteria; therefore, none are included in the accompanying general-purpose financial statements. The District is not included in any other governmental reporting entity.

Effective October 1, 2012 the District assumed all operations from the Kyle Volunteer Fire Department.

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to U.S. generally accepted accounting principles applicable to governments promulgated by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The following is a summary of the significant accounting policies.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The District is considered a special purpose government under GASB Statement No. 34. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements to be 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. The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's activities. The District services are supported primarily by ad valorem taxes. The Statement of Activities demonstrates how the District used revenue.

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's government activities. Direct expenses are those specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the Statement of Activities. Program revenues include fees for inspections and training, and any grants that are restricted for program operations or capital requirements. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

### MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are presented 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 all revenues available if they are collectible within 60 days after year-end. Expenditures are recognized in the accounting period in which the liability is incurred. Interest and tax revenues associated with the current fiscal year are considered susceptible to accrual and have been recognized as revenues in the current fiscal year. All other revenue is considered measurable and available only when cash is received by the District.

### NET POSITION

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

### FUND BALANCES

The fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District can establish limitations on the use of resources through either a commitment or an assignment.

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

When both unassigned and committed or assigned funds are available for expenditure, committed or assigned funds are used first.

Restricted fund balances include amounts that can only be spent for specific purposes stipulated by external resource providers. Committed fund balances include amounts that can only be used for specific purposes determined by a formal action of the Board or adoption of an ordinance. Limitations imposed by commitments remain in place until formal Board action is taken to remove the limitation. Amounts in the assigned fund balances are intended to be used by the District for specific purposes but do not meet the criteria to be committed. Assignments are generally temporary and do not require Board action to be taken to remove the assignment.

### ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and so near maturity that there is no significant risk of changes in value due to changes in interest rates.

### CAPITAL ASSETS

All capital assets are recorded at historical cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of $5,000 for assets with a useful life of two years or more. The District does not possess any infrastructure. Improvements are capitalized. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset's life are recorded as expenses. Depreciation is calculated on a straight-line basis. Estimated useful lives are as follows:

| | |
|---|---|
| Equipment | 5-15 years |
| Vehicles | 5-10 years |
| Building and building improvements | 40 years |

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### COMPENSATED ABSENCES

Full-time regular employees work either a 40 or 45 hour per week schedule. Firefighters are scheduled based on either a day shift or 24/48 hour shift schedule and typically work 56 hours per week. Accruals for leave are based on length of service and the schedule worked. Employees may accrue up to 288 hours of paid leave but are only allowed to carry forward a maximum of 72 hours to the next calendar year. Firefighters that have been with the department for more than 21 years can receive 432 hours of leave. Accrued leave will be paid to employees upon separation of employment based on when notice of termination is given.

### DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The statement of net position and governmental funds balance sheet report a separate section for deferred outflows of resources representing a consumption of net position that applies to a future period and is not recognized as an outflow of resources in the current period. The District's pension related items qualify for reporting in this category in the government-wide financial statements. See Note 11 for more information.

The statement of financial position and governmental funds balance sheet report a separate section for deferred inflows of resources representing an acquisition of net position that applies to a future period and is not recognized as an inflow of resources or revenue until that time. The District has two types of items which qualify for reporting in this category. The governmental funds report unavailable revenue from property taxes and grants. These amounts are deferred and recognized as an inflow in the period that they become available. The other type is pension related items reported in the government-wide financial statements. See Note 11 for more information.

### PENSIONS

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

### LEASES

The District determines if an arrangement is or contains a lease at inception. Upon inception, the present value of the minimum lease payments is included in right of use (ROU) assets and lease liabilities in the government- wide statement of financial position and recorded as lease expenditures and other financing sources in the fund financial statements.

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Amortization of the ROU asset is recognized on a straight-line basis over the lease term in the government wide financial statements. Lease payments are recognized as principal and interest payments in the fund financial statements. For short term leases of 12 months or less, the lease payments are recognized as rent expense is incurred in both the government wide and fund financial statements.

## NOTE 3: DEPOSITS

At September 30, 2023, the carrying amount of the District's cash deposits was $1,808,444 and the bank balance was $1,953,156. All of the District's deposits were fully collateralized with securities held by the pledging financial institution. The District has adopted an investment strategy to pursue limited investment risk, the objectives of which are safety of principal, maintenance of liquidity, and maximization of yield. The District is authorized to invest in money market mutual funds, certificates of deposit, commercial paper, public investment pools and governmental obligations or repurchase agreements.

The District's short-term investments consisted of deposits in TexPool, a local government investment pool in the State of Texas. The State Comptroller of Public Accounts oversees TexPool. The pool seeks to maintain a $1.00 value per share as required and must maintain a dollar weighted average maturity not to exceed 60 days. At September 30, 2023, the TexPool portfolio had weighted average maturities of 28 days. TexPool investments consist exclusively of U.S. Government securities, repurchase agreements collateralized by U.S. Government securities, and AAA-rated no-load money market mutual funds. Tex Pool is rated AAAm by Standard & Poor's. TexPool investments are carried at amortized cost, which approximates fair value.

## NOTE 4: PROPERTY TAXES

The District has the authority to levy a tax to a maximum of $0.10 per $100 of value. Ad Valorem taxes are levied each October 1 on the assessed valuation of all taxable property in the District. The tax rate for the October 1, 2022 levy was $0.0895 per $100 of value. Taxes are due upon receipt of the bill and are delinquent if not paid before the first day of February in the year following levy. On January 1 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties and interest ultimately imposed. Taxes are billed and collected by the Hays County Tax Assessor-Collector.

## NOTE 5: CAPITAL ASSETS

During the fiscal year, the District executed a lease agreement for space to store vehicles. The District will make monthly payments beginning July 2023 through July 2027. The District paid the first year of lease payments in full in 2023.

## NOTE 5: CAPITAL ASSETS

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land | $170,695 | $0 | $0 | $170,695 |
| Construction in progress | 149,055 | 291,062 | 0 | 440,117 |
| | 319,750 | 291,062 | 0 | 610,812 |
| Capital assets being depreciated: | | | | |
| Buildings | 4,818,626 | 0 | 0 | 4,818,626 |
| Buildings improvements | 47,837 | 0 | 0 | 47,837 |
| Vehicles | 6,457,708 | 509,875 | (591,444) | 6,376,139 |
| Equipment | 1,324,346 | 217,473 | 0 | 1,541,819 |
| ROU asset-lease | 0 | 190,138 | 0 | 190,138 |
| | 12,648,517 | 917,486 | (591,444) | 12,974,559 |
| Accumulated depreciation/amortization: | | | | |
| Buildings | (1,507,825) | (116,957) | 0 | (1,624,782) |
| Buildings improvements | (29,318) | (9,567) | 0 | (38,885) |
| Vehicles | (2,467,342) | (519,628) | 591,444 | (2,395,526) |
| Equipment | (1,296,670) | (10,148) | 0 | (1,306,818) |
| ROU asset-lease | 0 | (11,431) | 0 | (11,431) |
| | (5,301,155) | (667,731) | 591,444 | (5,377,442) |
| Total capital assets | $7,667,112 | $540,817 | $0 | $8,207,929 |

## NOTE 6: BUDGET VARIANCES

The District adopts an annual budget for the General Fund. The District amends the budget as needed during the year. Certain revenue and expenses were different from budgeted, resulting in a lower than budgeted fund balance. Grant revenues and capital outlay were less than budgeted, due to expenditures for cost-reimbursement grants not being incurred both in the current year. Inspection and training revenues, interest and other income were more than anticipated. Personnel and related expenditures and ROU lease-asset expense were more than anticipated. Bad debt expense was not budgeted. The District received unbudgeted proceeds from debt and lease financing.

## NOTE 7: LONG-TERM LIABILITIES

| Loans | Original Issue | Maturity | Interest Rate | Beginning Balance | Additions | Payments | Ending Balance |
|---|---|---|---|---|---|---|---|
| Station 1 | $2,612,596 | 2028 | 3.32% | $1,646,719 | $0 | $212,834 | $1,433,885 |
| Quint 21 | 607,000 | 2025 | 2.65% | 240,785 | 0 | 78,859 | 161,926 |
| Station 23 | 340,000 | 2023 | 2.60% | 71,627 | 0 | 71,627 | 0 |
| Engine 23 | 350,000 | 2023 | 2.71% | 72,676 | 0 | 72,676 | 0 |
| Engine 24 | 557,348 | 2025 | 2.25% | 335,845 | 0 | 114,359 | 221,486 |
| Spartan 22 | 861,857 | 2029 | 2.18% | 861,857 | 0 | 122,027 | 739,830 |
| Spartan 23/24 | 1,913,232 | 2029 | 2.25% | 1,913,232 | 0 | 273,319 | 1,639,913 |
| Tender 21 | 385,500 | 2030 | 5.10% | 0 | 385,500 | 0 | 385,500 |
| | 7,627,533 | | | 5,142,741 | 385,500 | 945,701 | 4,582,540 |
| ROU asset-lease | 190,138 | 2027 | 4.38% | 0 | 190,138 | 49,760 | 140,378 |
| | $7,817,671 | | | $5,142,741 | $575,638 | $995,461 | $4,722,918 |

All loans are secured by the underlying asset (property or equipment) acquired. The loan agreements have provisions that change the timing of repayment of outstanding amounts to become immediately due if the District defaults on its required payments. Maturities of loans as of September 30, 2023 are as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $864,314 | $136,758 | $1,001,072 |
| 2025 | 907,097 | 112,281 | 1,019,378 |
| 2026 | 736,005 | 86,720 | 822,725 |
| 2027 | 730,275 | 65,130 | 795,405 |
| 2028 | 704,626 | 43,851 | 748,477 |
| 2029-2030 | 780,601 | 27,007 | 807,608 |
| | $4,722,918 | $471,747 | $5,194,665 |

**NOTE 7: LONG-TERM LIABILITIES**

| | Beginning Balance | Additions | Deletions | Total |
|---|---|---|---|---|
| Accrued leave | $92,137 | $646,860 | ($455,112) | $283,885 |

**NOTE 8: RISK MANAGEMENT**

The District is exposed to various risks of loss including general liability, property damage, and worker's compensation. The District insures against risk through participation in the Texas Municipal League Intergovernmental Risk Pool, a public entity risk pool, consisting of approximately 2,800 member cities/political subdivisions located throughout Texas. The District pays premiums for its general liability, property, auto and workers' compensation coverage. The District's risk is limited to the amount of premiums paid unless the pool should fail, in which case, the District would be liable for its ratable share of the pool deficit.

**NOTE 9: SUBSEQUENT EVENT**

In December 2023, the District executed a construction loan agreement for $6,111,000.

**NOTE 10: ADJUSTMENTS TO CONVERT FUND STATEMENTS TO GOVERNMENT-WIDE**

| | |
|---|---|
| Fund balance - general fund | $2,392,048 |
| Increase net position for capital assets not reported in the fund financial statements | 8,207,929 |
| Taxes receivables deferred in the fund financial statements and not in the government-wide financial statements | 136,112 |
| Long-term liabilities not reported in the fund financial statements | (6,250,498) |
| Accrued interest expense on long-term debt not reported in the fund financial statements | (61,787) |
| Deferred outflows and inflows of resources related to pensions, net, are applicable to future reporting periods and are not reported in the fund financial statements | 1,367,824 |
| Net position - governmental activities | $5,791,628 |

## NOTE 10: ADJUSTMENTS TO CONVERT FUND STATEMENTS TO GOVERNMENT-WIDE

| | |
|---|---|
| Net change in fund balance - governmental fund | ($699,989) |
| Proceeds from debt and lease financing not recognized as other financing source income not reported in the government-wide financial statements | (575,638) |
| Change in taxes receivable deferred in the fund financial statements | 34,835 |
| Change in grants receivable deferred in the fund financial statements | (210,921) |
| Depreciation and amortization expense not recognized in the fund financial statements | (667,731) |
| Long-term debt principal payments recognized as expenditures in the fund financial statements | 995,461 |
| Change in accrued leave not reported in the fund financial statements | (191,748) |
| Pension contributions are reported as expenditures in the governmental fund when made. Adjustments to the net pension liability and pension expense resulting from changes in deferred outflows and inflows of resources are not recognized in the fund financial statements. | 178,544 |
| ROU asset-lease expense recognized as expenditures in the fund financial statements | 190,138 |
| Capital outlays recognized as expenditures in the fund financial statements | 1,018,410 |
| Change in net position - governmental activities | $71,361 |

## NOTE 11: PENSION PLAN

Plan Description

The District provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide TCDRS, an agent multiple-employer public employee retirement system. TCDRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TCDRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TCDRS. This report may be obtained by calling TCDRS at 800-823-7782; in addition, the report is available on TCDRS' website at www.tcdrs.org. Plan provisions for the District were as follows:

Benefits Provided

The plan provisions that have been adopted by the Board of the District are within the options available in the governing state statutes of TCDRS. TCDRS provides retirement benefits that are calculated based on age, average compensation and service credit as follows:

## NOTE 11: PENSION PLAN

| | |
|---|---|
| Employee deposit rate | 7% |
| District contribution rate | 13.13% |
| Years required for vesting | 10 |
| Service retirement eligibility (expressed as age/years of service) | 60/10, any/20, rule of 80 |

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued TCDRS financial report.

Employees Covered
As of the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries receiving benefits | 0 |
| Inactive employees entitled to but not yet receiving benefits | 23 |
| Active employees | 47 |

Contributions
Under the state law governing TCDRS, the contribution rate for each District is determined annually by the actuary, using the Entry Age actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees of the District were required to contribute 7% of their annual salary during the year, and the District was required to contribute at the actuarially determined rate of 13.54% for calendar 2022 and 13.13% for calendar 2023. The District's contributions to TCDRS for the year ended September 30, 2023 were $581,063 which equaled the required contribution.

Discount Rate
The discount rate used to measure the total TCDRS pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the rates specified in the funding policy. Based on that assumption, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The discount rate for calculating the total pension liability is equal to the long-term expected rate of return on pension plan investments applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on the TCDRS pension plan investments was determined to be 7.60% using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are

**NOTE 11: PENSION PLAN**

developed for each major asset class. These real rates of return 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. The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Net Pension Liability/(Asset)

The District's net pension liability of $1,243,695 for TCDRS at September 30, 2023 was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Pension Actuarial Assumptions

The significant actuarial assumptions used to measure the total pension liability are as follows:

| | |
|---|---|
| Actuarial valuation date: | 12/31/2022 |
| Actuarial cost method: | Entry age normal |
| Investment rate of return (7.50% rate of return plus 0.10% adjustment gross of administrative expenses): | 7.60% |
| Inflation: | 2.50% |
| Projected Salary Increases: | 4.70% average |
| Mortality rates: | 135% and 120% of Pub-2010 General Retirees Tables for males and females, respectively, both projected with 100% of MP-2021 Scale after 2010 |

Actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study over the years 2017-2020.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the District, calculated using the discount rate of 7.60%, 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 or 1 percentage point higher than the current rate:

| | 1% Decrease (6.60%) | Discount Rate (7.60%) | 1% Increase (8.60%) |
|---|---|---|---|
| District's net pension liability (asset) | $2,387,691 | $1,243,695 | $329,833 |

**NOTE 11: PENSION PLAN**

| Asset Class | Target Allocation | Geometric Real Rate of Return |
|---|---|---|
| U.S. Equities | 11.50% | 4.95% |
| Private Equity | 25.00% | 7.95% |
| Global Equities | 2.50% | 4.95% |
| International Equities-Developed | 5.00% | 4.95% |
| International Equities-Emerging | 6.00% | 4.95% |
| Investment-Grade Bonds | 3.00% | 2.40% |
| Strategic Credit | 9.00% | 3.39% |
| Direct Lending | 16.00% | 6.95% |
| Distressed Debt | 4.00% | 7.60% |
| REIT Equities | 2.00% | 4.15% |
| Master Limited Partnerships | 2.00% | 5.30% |
| Private Real Estate Partnerships | 6.00% | 5.70% |
| Hedge Funds | 6.00% | 2.90% |
| Cash Equivalents | 2.00% | 0.20% |

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions
For the year ended September 30, 2023, the District recognized pension expense of $396,086. At September 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Inflows of Resources | Deferred Outflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $20,121 | $565,517 |
| Changes in actuarial assumptions | $5,891 | $241,827 |
| Net difference between projected and actual earnings | $0 | $202,939 |
| Contributions subsequent to the measurement date | N/A | $383,553 |

The $383,553 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the District's 2024 fiscal year. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

## NOTE 11: PENSION PLAN

| For the year ended September 30: | |
|---|---|
| 2024 | $132,958 |
| 2025 | 146,459 |
| 2026 | 149,347 |
| 2027 | 222,606 |
| 2028 | 107,801 |
| Thereafter | 225,100 |
| | $984,271 |

| Changes in Net Pension Liability/(Asset) | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/ (Asset) (a)-(b) |
|---|---|---|---|
| Balance at December 31, 2021 | $4,212,091 | $3,413,126 | $798,965 |
| Changes for the year: | | | |
| Service cost | 528,508 | 0 | 528,508 |
| Interest on total pension liability | 359,406 | 0 | 359,406 |
| Effect of plan changes | 0 | 0 | 0 |
| Effect of economic/demographic gains or losses | 148,597 | 0 | 148,597 |
| Effect of assumption changes or inputs | 0 | 0 | 0 |
| Refunds of contributions | (23,564) | (23,564) | 0 |
| Benefit payments | 0 | 0 | 0 |
| Administrative expenses | 0 | (2,333) | 2,333 |
| Member contributions | 0 | 256,262 | (256,262) |
| Net investment income | 0 | (262,114) | 262,114 |
| Employer contributions | 0 | 494,703 | (494,703) |
| Other | 0 | 105,263 | (105,263) |
| Balance at December 31, 2022 | $5,225,038 | $3,981,343 | $1,243,695 |

# HAYS COUNTY EMERGENCY SERVICES DISTRICT #5

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2023

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| **PROGRAM REVENUES:** | | | | |
| Inspection and training | $ 204,500 | $ 421,500 | $ 441,722 | $ 20,222 |
| **GENERAL REVENUES:** | | | | |
| Ad Valorem property taxes | 6,254,000 | 6,262,000 | 6,255,312 | (6,688) |
| Sales taxes | 1,100,000 | 1,221,000 | 1,221,254 | 254 |
| Grants | - | 1,977,131 | 565,773 | (1,411,358) |
| Interest | 5,000 | 115,000 | 128,797 | 13,797 |
| Other | 40,000 | 44,000 | 70,898 | 26,898 |
| | 7,399,000 | 9,619,131 | 8,242,034 | (1,377,097) |
| Total revenues | 7,603,500 | 10,040,631 | 8,683,756 | (1,356,875) |
| **EXPENDITURES:** | | | | |
| Personnel and related expenses | 5,117,801 | 5,879,218 | 6,152,136 | (272,918) |
| Firefighting and related expenses | 649,000 | 914,800 | 957,190 | (42,390) |
| Professional services | 38,500 | 208,500 | 212,652 | (4,152) |
| Bad debt expense | - | - | 116,812 | (116,812) |
| Administrative | 100,500 | 100,500 | 85,912 | 14,588 |
| Insurance | 70,000 | 70,000 | 56,625 | 13,375 |
| Tax collection expenses | 48,000 | 48,000 | 39,743 | 8,257 |
| Right of use asset- lease | - | 51,840 | 190,138 | (138,298) |
| Capital outlay | 512,000 | 2,239,473 | 1,018,410 | 1,221,063 |
| Debt service | 1,067,451 | 1,134,451 | 1,129,765 | 4,686 |
| | 7,603,252 | 10,646,782 | 9,959,383 | 687,399 |
| Revenues over/(under) expenditures | 248 | (606,151) | (1,275,627) | (669,476) |
| **OTHER FINANCING SOURCES** | | | | |
| Lease financing | - | - | 190,138 | 190,138 |
| Proceeds from debt | - | - | 385,500 | 385,500 |
| | - | - | 575,638 | 575,638 |
| **NET CHANGE IN FUND BALANCE** | 248 | (606,151) | (699,989) | (93,838) |
| **BEGINNING FUND BALANCE** | 3,092,037 | 3,092,037 | 3,092,037 | - |
| **ENDING FUND BALANCE** | $ 3,092,285 | $ 2,485,886 | $ 2,392,048 | $ (93,838) |

See Independent Auditor's Report.

**HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2023*
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

| | Actuarial Year Ended December 31, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Total pension liability** | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Service cost | $ 528,508 | $ 445,035 | $ 346,900 | $ 309,258 | $ 249,907 | $ 193,206 | $ 111,333 | $ 72,093 | $ 50,452 |
| Interest on total liability | 359,406 | 271,828 | 204,215 | 129,899 | 94,274 | 59,517 | 28,417 | 19,317 | 7,927 |
| Effect of plan changes | - | - | - | 447,631 | - | 64,202 | 90,408 | 7,665 | 22,352 |
| Effect of assumption changes or inputs | - | 49,162 | 290,285 | - | - | (11,777) | - | 1,015 | - |
| Effect of economic/demographic (gains) or losses | 148,597 | 314,423 | 115,964 | (3,180) | 44,626 | 74,753 | 62,314 | (47,049) | 55,977 |
| Benefit payments/refunds of employee contributions | (23,564) | - | - | (7,371) | (9,296) | (5,757) | - | - | - |
| **Net change in total pension liability** | 1,012,947 | 1,080,448 | 957,364 | 876,237 | 379,511 | 374,143 | 292,472 | 53,041 | 136,708 |
| **Total pension liability - beginning** | 4,212,091 | 3,131,643 | 2,174,279 | 1,298,043 | 918,532 | 544,388 | 251,917 | 198,876 | 62,167 |
| **Total pension liability - ending (a)** | $ 5,225,038 | $ 4,212,091 | $ 3,131,643 | $ 2,174,280 | $ 1,298,043 | $ 918,532 | $ 544,389 | $ 251,917 | $ 198,875 |
| **Plan fiduciary net position** | | | | | | | | | |
| Contributions - employer | $ 494,703 | $ 384,814 | $ 319,196 | $ 197,739 | $ 186,567 | $ 132,054 | $ 75,236 | $ 46,980 | $ 28,781 |
| Contributions - employee | 256,262 | 233,287 | 192,331 | 174,790 | 155,473 | 126,984 | 76,615 | 46,751 | 38,948 |
| Net investment income | (262,114) | 558,684 | 159,645 | 163,098 | (8,619) | 55,255 | 13,554 | (723) | 1,371 |
| Benefit payments/refunds of employee contributions | (23,564) | - | - | (7,371) | (9,296) | (5,757) | - | - | - |
| Administrative expenses | (2,333) | (1,847) | (1,625) | (1,170) | (800) | (440) | (147) | (98) | (40) |
| Other | 105,263 | 18,123 | 15,289 | 12,716 | 9,980 | 3,390 | 7,991 | (12) | (3) |
| **Net change in plan fiduciary net position** | 568,217 | 1,193,061 | 684,836 | 539,802 | 333,305 | 311,485 | 173,249 | 92,898 | 69,057 |
| **Plan fiduciary net position - beginning** | 3,413,126 | 2,220,065 | 1,535,229 | 995,427 | 662,123 | 350,637 | 177,389 | 84,490 | 15,433 |
| **Plan fiduciary net position - ending (b)** | 3,981,343 | 3,413,126 | 2,220,065 | 1,535,229 | 995,427 | 662,123 | 350,638 | 177,389 | 84,489 |
| **Net pension liability (a) - (b)** | $ 1,243,695 | $ 798,965 | $ 911,578 | $ 639,051 | $ 302,616 | $ 256,409 | $ 193,751 | $ 74,528 | $ 114,385 |
| Plan fiduciary net position as a % of the total pension liability | 76.20% | 81.03% | 70.89% | 70.61% | 76.69% | 72.08% | 64.41% | 70.42% | 42.48% |
| Covered employee payroll | $ 3,653,475 | $ 3,332,665 | $ 2,747,592 | $ 2,497,006 | $ 2,221,036 | $ 1,814,059 | $ 1,532,299 | $ 1,168,774 | $ 973,712 |
| Net pension liability as % of covered-employee payroll | 34.04% | 23.97% | 33.18% | 25.59% | 13.62% | 14.13% | 12.64% | 6.38% | 11.75% |

NOTE:

*The District implemented GASB 68 in fiscal year 2015. Information prior to 2015 is not available.
The beginning Net Pension Liability for 2015 was determined using rollback procedures
allowed for initial year of implementation. Fiscal Year 2023 - Valuation Date 12/31/22.

**HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2023*
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution** | $ 581,063 | $ 471,717 | $ 381,710 | $ 275,522 | $ 216,044 | $ 172,100 | $ 107,471 | $ 65,677 | $ 42,699 |
| Contributions in relation to the actuarially determined contribution | 581,063 | 471,717 | 381,710 | 275,522 | 216,044 | 172,100 | 107,471 | 65,677 | 42,699 |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | - | - |
| Covered-employee payroll | 4,419,224 | 3,598,824 | 3,270,124 | 2,650,241 | 2,521,668 | 2,091,272 | 1,688,839 | 1,407,357 | 1,093,570 |
| Contributions as a percentage of covered-employee payroll | 13.15% | 13.11% | 11.67% | 10.40% | 8.57% | 8.23% | 6.36% | 4.67% | 3.90% |

**NOTE:**

*The District implemented GASB 68 in fiscal year 2015. Information prior to 2015 is not available.

**TCDRS calculates actuarially determined contributions on a calendar year basis. GASB 68 indicates the employer should report employer contributions on a fiscal year basis.

Valuation Date: December 31, 2022

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

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Actuarial Cost Method | Entry Age |
| Amortization Method | Level percentage of payroll, closed |
| Remaining Amortization Period | 13.7 years (based on contribution rate calculated in 12/31/22 valuation) |
| Asset Valuation Method | 5-year smoothed market |
| Inflation | 2.50% |
| Salary Increases | Varies by age and service. 4.7% average over career including inflation |
| Investment rate of Return | 7.5% net of investment expenses, including inflation |
| Retirement Age | Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61. |
| Mortality | 135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. |
| Changes in Assumptions and Methods | 2015: New inflation, mortality and other assumptions were reflected.<br>2017: New mortality assumptions were reflected. |
| Changes in Plan Provisions | 2015: Employer contributions reflect that the current service matching rate was increased to 150% for future benefits.<br>2016: Employer contributions reflect that the member contribution rate was increased to 5%.<br>2017: Employer contributions reflect that the member contribution rate was increased to 7% and the current service matching rate was increased to 175% for future benefits. Also, new Annuity Purchase Rates were reflected for benefits earned after 2017.<br>2018: Employer contributions reflect that the current service matching rate was increased to 200% for future benefits.<br>2019: No changes in plan provisions were reflected in the schedule.<br>2020: Employer contributions reflect that the current service matching rate was increased to 250% for future benefits and the prior service matching rate was increased to 100%.<br>2021: No changes in plan provisions were reflected in the schedule.<br>2022: No changes in plan provisions were reflected in the schedule. |