

AUSTIN COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
Financial Statements
with
Independent Auditor's Report
September 30, 2021

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CERTIFIED PUBLIC ACCOUNTANTS/BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Austin County Emergency Communications District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Austin County Emergency Communications District, (the "District") 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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Austin County Emergency Communications District as of September 30, 2021, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios, and the schedule of contributions on pages 3 through 5 and pages 23 through 24, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Brenham, Texas
September 9, 2022





Austin County Emergency Communications District
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MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Governmental Accounting Standards Board Statement 34 requires that management of the District present an analysis and discussion of the financial activities of the District.

Management will attempt to give a brief overview of the finances of the District.

Financial Highlights

In 2021, net position increased by \$39,381 resulting from total revenues of \$312,176 less expenses of \$272,795. In 2020, net position increased by \$98,710 resulting from total revenues of \$310,769 less expenses of \$212,060.

As of September 30, 2021, the District's total assets were \$1,618,818 of which \$810,700 were capital assets. Its liabilities were \$810,796. As of September 30, 2020, the District's total assets were \$786,393 of which \$66,589 were capital assets. Its liabilities were \$15,228.

The District had net position as of September 30, 2021 of \$815,287 of which \$17,808 was the net investment in capital assets. The District had net position as of September 30, 2020, of \$775,906 of which \$55,590 was the net investment in capital assets.

Overview of the Financial Statements

The District's basic financial statements consist of government-wide financial statements, fund financial statements and the notes to the financial statements.

The government-wide financial statements, which are comprised of the Statement of Net Position and the Statement of Activities, include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using full accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The fund financial statements are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The fund financial statements have a short-term focus and help you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's activities.

Condensed Financial Information

Governmental Activities

	<u>2020</u>	<u>2021</u>
Current and Other Assets	\$ 713,912	\$ 806,654
Net pension asset	5,892	1,463
Capital Assets	<u>66,589</u>	<u>810,700</u>
<u>Total Assets</u>	786,393	1,618,818
Deferred outflows of resources	5,202	8,398
Other Liabilities	6,508	149,381
Long-term Liabilities	<u>8,720</u>	<u>661,415</u>
<u>Total Liabilities</u>	15,228	810,796
Deferred inflows of resources	461	1,133
Net Position:		
Invested in Capital Assets, net of related debt	55,590	17,808
Unrestricted	<u>720,316</u>	<u>797,479</u>
<u>Total Net Position</u>	<u>\$ 775,906</u>	<u>\$ 815,287</u>
	<u>Year Ended</u> <u>September 30, 2020</u>	<u>Year Ended</u> <u>September 30, 2021</u>
Revenues		
Program Revenues:		
Customer Land Lines Assessments	\$ 136,934	\$ 137,147
Customer Cellular Assessments	160,190	164,375
Interest Earned	9,862	6,887
Miscellaneous	<u>3,783</u>	<u>3,767</u>
<u>Total Revenue</u>	310,769	312,176
Expenses		
Operations	84,848	93,845
Rural Addressing	6,310	2,822
Administration and Support	120,807	175,947
Debt Service- Interest	<u>95</u>	<u>181</u>
<u>Total Expenses</u>	<u>212,060</u>	<u>272,795</u>
Change in Net Position	98,710	39,381
Beginning Net Position	<u>677,196</u>	<u>775,906</u>
Ending Net Position	<u>\$ 775,906</u>	<u>\$ 815,287</u>

FINANCIAL ANALYSIS

As indicated by the Statement of Activities, revenues exceeded expenses by \$39,381. Some categories that show relatively significant variations will be addressed.

Total expenses in 2021 were \$272,795, an increase of \$60,735 from September 30, 2020. Administration and support expenses increased by \$55,140 from September 30, 2020 to 2021 primarily due to an increase in depreciation expense related to the capitalization of the hardware refresh in 2021.

The revenue exceeded budget by \$9,428 primarily due to the increase in the number of customer cellular call lines. The expenditures exceeded budget by \$332,972 primarily due to the hardware refresh annual expenses being budgeted over multiple years.

CAPITAL ASSETS

The District owns capital assets in the form of office buildings, storage building, computer hardware and software, furniture and fixtures and automobiles. In 2021, capital assets had a value after depreciation of \$810,700. In September 30, 2020, capital assets had a value after depreciation of \$66,589. Significant additions in 2021 included a hardware refresh in the amount of \$784,171.

DEBT

Two lease agreements accounted for as capital leases in the amount of \$792,891 were the debt obligation as of September 30, 2021. Lease agreements accounted for as capital leases in the amount of \$10,999 were the debt obligations as of September 30, 2020.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Funding for the District is a process that is prescribed in the Health and Safety Chapter 772.304.

Potential use of retained funds by the District is to update office equipment and PSAP's computer and software.

A final designation for the funds is for disaster recovery. This would allow the District to continue operations in the event of an unforeseen disaster.

AUSTIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Statement of Net Position and
Governmental Funds Balance Sheet
September 30, 2021

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	\$ 596,934	\$ -	\$ 596,934
Certificates of deposit	178,268	-	178,268
Accounts receivable	23,617	-	23,617
Accrued interest receivable	388	-	388
Prepaid expenses	-	7,448	7,448
Net pension asset	-	1,463	1,463
Capital assets, net of accumulated depreciation	-	810,700	810,700
Total Assets	799,207	819,611	1,618,818
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	-	8,398	8,398
 LIABILITIES			
Accounts payable	10,402	-	10,402
Accrued expenses	7,502	-	7,502
Lease payable due in one year	-	131,477	131,477
Noncurrent liabilities			
Lease payable due in more than one year	-	661,415	661,415
Total Liabilities	17,904	792,892	810,796
 DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	-	1,133	1,133
 FUND BALANCE/NET POSITION			
Fund balance:			
Unassigned	781,303	(781,303)	-
Total liabilities and fund balance	\$ 799,207		
Net position:			
Net investment in capital assets		17,808	17,808
Unrestricted		797,479	797,479
Total net position		\$ 815,287	\$ 815,287

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

AUSTIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
 Reconciliation of the Balance Sheet to the Statement of Net Position
 Governmental Funds
 September 30, 2021

Fund Balances - total governmental funds \$ 781,303

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:

Governmental capital assets	\$ 1,348,518	
Less accumulated depreciation	<u>(537,818)</u>	810,700

Long term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds. (792,892)

Prepaid items benefit future periods and are included as an asset on the Statement of Net Position. 7,448

Net pension assets and deferred inflows and outflows are not receivable in the current period and, therefore, are not reported in the governmental funds. 8,728

Net Position of Governmental Activities \$ 815,287

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

AUSTIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Statement of Activities and
Governmental Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended September 30, 2021

	General Fund	Adjustments	Statement of Activities
Revenue:			
Customer land line assessments	\$ 137,147	\$ -	\$ 137,147
Customer cellular assessments	164,375	-	164,375
Interest earned	6,887	-	6,887
Miscellaneous	3,767	-	3,767
Total revenues	312,176	-	312,176
Expenditures:			
Current:			
Operations:			
ANI / ALL network and services	69,664	-	69,664
Equipment maintenance and repairs	23,932	(1,500)	22,432
Miscellaneous	128	218	346
Depreciation	-	1,403	1,403
Rural addressing expenses	2,822	-	2,822
Administration and support:			
Payroll	88,547	-	88,547
Retirement	4,614	1,905	6,519
Insurance	20,085	(307)	19,778
Office building expense	296	-	296
Office supplies	7,175	2,267	9,442
Professional fees	12,350	-	12,350
Miscellaneous	357	-	357
Depreciation	-	38,658	38,658
Capital outlay	784,171	(784,171)	-
Debt service - principal	2,279	(2,279)	-
Debt service - interest	181	-	181
Total expenditures	1,016,601	(743,806)	272,795
Excess/(deficiency) of revenue over expenditures	(704,425)	743,806	39,381
Other financing sources (uses)			
Capital lease proceeds	784,171	(784,171)	-
Total other financing sources (uses)	784,171	(784,171)	-
Net change in fund balance/change in net position	79,746	(40,365)	39,381
Fund balance/net position:			
Beginning of the year	701,557	74,349	775,906
End of the year	\$ 781,303	\$ 33,984	\$ 815,287

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

AUSTIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended September 30, 2021

Net changes in Fund Balances - total governmental funds		\$ 79,746
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of these assets are depreciated over their estimated useful lives:</p>		
Less current year depreciation	(40,061)	
Fixed asset additions	784,171	744,110
Capital lease proceeds provide current financial resources to governmental funds, but incurring debt increases long term liabilities in the Statement of Net Position.		(784,171)
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		2,279
Expenditures reported in the statement of activities are expensed once economic performance has occurred. In the governmental funds expenditures are recognized when they are paid for.		(2,584)
Change in Net Position of Governmental Activities		\$ 39,381

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

AUSTIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Revenue:				
Customer land line assessments	\$ 140,400	\$ 140,400	\$ 137,147	\$ (3,253)
Customer cellular assessments	154,800	154,800	164,375	9,575
Interest earned	6,600	6,600	6,887	287
Miscellaneous	948	948	3,767	2,819
Total revenues	<u>302,748</u>	<u>302,748</u>	<u>312,176</u>	<u>9,428</u>
Expenditures:				
Current:				
Operations:				
Cellular phone companies	3,000	3,000	-	(3,000)
ANI/ALI network and services	46,896	46,896	69,664	22,768
DIR T1 Line	7,200	7,200	-	(7,200)
Equipment maintenance and repairs	398,833	398,833	23,932	(374,901)
Miscellaneous	1,314	1,314	128	(1,186)
Rural addressing	4,092	4,092	2,822	(1,270)
Administration and support:				
Payroll	115,724	115,724	88,547	(27,177)
Retirement	9,924	9,924	4,614	(5,310)
Insurance	25,940	25,940	20,085	(5,855)
Office building expense	6,804	6,804	296	(6,508)
Office supplies	17,999	17,999	7,175	(10,824)
Professional fees	6,250	6,250	12,350	6,100
Miscellaneous	32,645	32,645	357	(32,288)
Capital outlay	7,008	7,008	784,171	777,163
Debt service - principal	-	-	2,279	2,279
Debt service - interest	-	-	181	181
Total expenditures	<u>683,629</u>	<u>683,629</u>	<u>1,016,601</u>	<u>332,972</u>
Excess/(deficiency) of revenue over expenditures	(380,881)	(380,881)	(704,425)	(323,544)
Other financing sources (uses)				
Capital lease proceeds	-	-	784,171	784,171
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>784,171</u>	<u>784,171</u>
Net change in fund balance	(380,881)	(380,881)	79,746	460,627
Beginning fund balance	<u>701,557</u>	<u>701,557</u>	<u>701,557</u>	<u>-</u>
Ending fund balance	<u>\$ 320,676</u>	<u>\$ 320,676</u>	<u>\$ 781,303</u>	<u>\$ 460,627</u>

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

AUSTIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Notes to Financial Statements
September 30, 2021

1. Summary of significant accounting policies

The accompanying financial statements include all funds of Austin County Emergency Communications District. The accounting policies of Austin County Emergency Communications District conform to generally accepted accounting principles. The following is a summary of the more significant policies:

A. Reporting entity

The Austin County Emergency Communications District is incorporated as a political subdivision under the laws of the State of Texas and, as such, is exempt from federal and state taxation. The District was formed pursuant to a county wide election in 1987 at which the qualified electorate approved its formation. The District is governed by a seven-member Board of Directors, two of which are appointed by Austin County, two by the municipalities of the County, one by the Austin County Firefighters Association and one by the Austin County Sherriff's Department. The seventh member is a non-voting member from AT&T. The District has no taxing authority and exists solely to provide emergency communications to the citizens of Austin County. The District is subject to regulation issued by the Public Utility Commission, and the Commission of State Emergency Communications. Due to the normal changing legal environments, regulations may change that would impact the District's operations.

B. Basis of presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental activities and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

Fund Financial Statements

Fund financial statements of the reporting entity are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and

AUSTIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Notes to Financial Statements
September 30, 2021

the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

C. Measurement focus and basis of accounting

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, the governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded 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 the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. Penalties and interest, and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include payments on general long-term debt which are recognized when due

D. Capital assets

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus.

AUSTIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Notes to Financial Statements
September 30, 2021

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets valued at historical cost, except for donated fixed assets which are recorded at their estimated fair value at the time of donation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful life using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows.

Autos	5 years
Buildings	15 to 40 years
Equipment	5 to 10 years
Furniture and Fixtures	5 to 10 years
Hardware and Software	3 to 10 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

E. Budgets and Budgetary Accounting

Budgets are generally adopted on a basis consistent with GAAP. The legal level of budgetary control is each general ledger account. Therefore, a budget amendment is required to increase the appropriations for any general ledger account.

F. Fund equity

Government-wide statements

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

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors,

AUSTIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Notes to Financial Statements
September 30, 2021

contributors, or laws or regulations of other governments; 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 "invested in capital assets, net of related debt."

Fund statements

Governmental fund equity is classified as fund balance.

Classification of fund balances

The *non-spendable* fund balance includes the portion of net resources that cannot be spent because of their form or because they must be maintained intact. Resources not in spendable form include supplies inventories and prepaid items, long-term advances to other funds net of deferred interest revenue, long-term receivable net of deferred interest revenue, nonfinancial assets held for resale, and unrealized change in the fair value of investments.

Some resources are spendable but are legally or contractually required to be maintained intact. Such resources include the principal of an endowment.

The *restricted* fund balance includes net resources that can be spent only for the specific purposes stipulated by constitution, external resource providers (creditors, grantors, contributors), laws and regulations of other governments, or through enabling legislation. The enabling legislation authorizes the District to assess, levy, charge or otherwise mandate payment of resources from external resource providers; those resources can be used only for the specific purposes stipulated in the legislation.

The *committed* fund balance includes spendable net resources that can only be used for specific purposes pursuant to constraints imposed by formal Board actions, no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.

The *assigned* fund balance includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Such intent should be expressed by the Board or its designated officials to assign amounts to be used for specific purposes, but are neither restricted nor committed. Constraints imposed on the use of

AUSTIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Notes to Financial Statements
September 30, 2021

assigned amounts can be removed with no formal Board actions. The assigned fund balance is only reported in the General Fund.

The *unassigned* fund balance represents spendable net resources that have not been restricted, committed, or assigned to specific purposes.

Spending Prioritization in Using Available Resources

When both restricted resources and other resources (i.e., committed, assigned, and unassigned) can be used for the same purpose, the District budget considers restricted resources to be spent first.

When committed, assigned, and unassigned resources can be used for the same purpose, the flow assumption in the District's budget is to spend in the sequence of committed resources first, assigned second, and unassigned last.

G. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deduction from TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit term. Investments are reported at fair value.

2. Deposits with financial institutions

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the District's deposits may not be returned to it. The District does not have a depository policy for custodial risk. Of the bank balances, \$250,000 was covered by federal depository insurance and \$526,559 was collateralized with securities held by the pledging financial institution's trust department or agent in the name of the District.

AUSTIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Notes to Financial Statements
September 30, 2021

3. Capital assets

A summary of changes in capital assets for the year ended September 30, 2021 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Depreciable assets:				
Autos	\$ 25,388	\$ -	\$ -	\$ 25,388
Building	72,182	-	-	72,182
Equipment	87,649	784,171	-	871,820
Furniture & Fixtures	12,697	-	-	12,697
Hardware & Software	366,431	-	-	366,431
Total at historical cost	564,347	784,171	-	1,348,518
Less accumulated depreciaton for:				
Autos	25,388	-	-	25,388
Building	30,633	1,773	-	32,406
Equipment	64,228	37,478	-	101,706
Furniture & Fixtures	11,077	810	-	11,887
Hardware & Software	366,431	-	-	366,431
Total accumulated depreciation	497,758	40,061	-	537,818
Total capital assets, being depreciated, net	\$ 66,589	\$ 744,110	\$ -	\$ 810,700

Depreciation expense was charged to governmental functions as follows:

Operations	\$ 1,403
Administrative and support	38,658
Total Governmental Activities	<u>\$ 40,061</u>

4. Capital leases obligation

In June 2020, the District entered into a lease agreement for a copier. The copier was capitalized at a cost of \$11,760. The related depreciation expense for the year ended September 30, 2021 is \$2,352.

In December 2020, the District entered into a lease agreement for equipment. The equipment was capitalized at a cost of \$784,171. The related depreciation expense for the year ended September 30, 2021 is \$32,674.

The following is a schedule of the future minimum lease payments under the capital leases and the net present value of the net minimum lease payments at September 30, 2021.

AUSTIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Notes to Financial Statements
September 30, 2021

Fiscal year ending September 30,	Copier Lease	Hardware Lease	Total
2022	\$ 2,460	\$ 182,743	\$ 185,203
2023	2,460	182,743	185,203
2024	2,460	182,743	185,203
2025	1,640	182,743	184,383
2026 and years thereafter	-	182,743	182,743
	9,020	913,717	922,735
Less amount representing interest	(300)	(129,545)	(129,843)
Present value of future minimum lease payments	8,720	784,171	792,891
Less current portion	(2,321)	(129,156)	(131,477)
Total present value of long-term portion of minimum lease payments	<u>\$ 6,399</u>	<u>\$ 655,015</u>	<u>\$ 661,414</u>

5. Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Copier lease	\$ 10,999	\$ -	\$ (2,279)	\$ 8,720	\$ 2,321
Hardware lease	-	784,171	-	784,171	129,156
Long-Term Liabilities	<u>\$ 10,999</u>	<u>\$ 784,171</u>	<u>\$ (2,279)</u>	<u>\$ 792,891</u>	<u>\$ 131,477</u>

6. Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

7. Retirement Plan

Plan description

The District provides retirement, disability, and death benefits for all of its employees through a nontraditional, defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCERS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of non-traditional defined benefit plans. TCERS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year

AUSTIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Notes to Financial Statements
September 30, 2021

basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 5 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 5 years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The employer has elected the annually determined contribution rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer's contribution rate was 9.15% for the calendar year 2020. The deposit rate payable by the employee members is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution may be changed by the governing body of the employer within the options available in the TCDRS Act.

Employees covered by benefit terms

At the December 31 actuarial valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	0
Active employees	1

AUSTIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
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Net Pension Asset

The District's Net Pension Asset (NPA) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Position Asset was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate	7.60%	8.10%
Long-term expected rate of return, net of investment expense	7.60%	8.10%

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

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumption and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2021 information for a 10 year time horizon.

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return</u>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.25%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	5.70%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.45%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%
		<u>100.00%</u>	

AUSTIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Notes to Financial Statements
September 30, 2021

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2019	\$ 47,266	\$ 53,157	(5,892)
Changes for the year:			
Service cost	11,610	-	11,610
Interest on total pension liability	4,769	-	4,769
Effect of economic/demographic gains or losses	(28)	-	(28)
Effect of assumptions changes or inputs	5,148	-	5,148
Refund of contributions	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	(51)	51
Member contributions	-	4,884	(4,884)
Net investment income	-	5,515	(5,515)
Employer contributions	-	6,384	(6,384)
Other	-	339	(339)
Net changes	<u>21,499</u>	<u>17,071</u>	<u>4,428</u>
Balances as of December 31, 2020	<u>\$ 68,764</u>	<u>\$ 70,227</u>	<u>\$ (1,463)</u>

Sensitivity of the net pension asset to changes in the discount rate

The following presents the pension liability of the District, calculated using the discount rate of 7.6%, as well as what the District's pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.6%) or 1-percentage-point higher (8.6%) than the current rate:

	1% Decrease in Discount Rate (6.6%)	Current Discount Rate (7.6%)	1% Increase in Discount Rate (8.6%)
Total pension liability	\$ 80,849	\$ 68,764	\$ 58,873
Fiduciary net position	<u>70,227</u>	<u>70,227</u>	<u>70,227</u>
Net pension liability (asset)	\$ 10,622	\$ (1,463)	\$ (11,354)

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

For the year ended September 30, 2021, the District recognized pension expense of \$6,519.

AUSTIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Notes to Financial Statements
September 30, 2021

At September 30, 2021, 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	\$ 50	\$ 139
Changes of assumptions	-	4,588
Net difference between projected and actual earnings	1,083	-
Contributions made subsequent to measurement date	-	3,671

An amount of \$3,671 related to contributions subsequent to measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2021	\$	389
2022		494
2023		(64)
2024		434
2025		584
Thereafter		1,757
	\$	3,594

SUPPLEMENTARY INFORMATION

AUSTIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Texas County & District Retirement System

Schedule of Changes in Net Pension Liability And Related Ratios
Last 10 years
(unaudited)

	December 31,				
	2020	2019	2018	2017	2016
Total Pension Liability					
Service Cost	\$ 11,610	\$ 11,410	\$ 11,162	\$ 10,610	\$ 6,295
Interest on total pension liability	4,769	3,544	2,419	1,390	250
Changes of benefit terms	-	-	-	-	-
Effect of assumption changes or inputs	5,148	-	-	-	5
Effect of economic/demographic (gains) or losses	(28)	(29)	57	133	-
Changes of assumptions	-	-	-	20	-
Net change in total pension liability	<u>21,499</u>	<u>14,925</u>	<u>13,638</u>	<u>12,153</u>	<u>6,550</u>
Total pension liability - beginning	47,266	32,341	18,703	6,550	-
Total pension liability - ending (a)	<u>\$ 68,764</u>	<u>\$ 47,266</u>	<u>\$ 32,341</u>	<u>\$ 18,703</u>	<u>\$ 6,550</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 6,384	\$ 6,361	\$ 6,173	\$ 6,008	\$ 9,212
Contributions - employee	4,884	4,930	4,834	4,643	2,604
Net investment income	5,515	5,846	(337)	1,922	-
Administrative expense	(51)	(41)	(29)	(16)	-
Other	339	394	330	143	179
Net change in plan fiduciary net position	<u>17,070</u>	<u>17,491</u>	<u>10,972</u>	<u>12,700</u>	<u>11,995</u>
Plan fiduciary net position - beginning	53,157	35,667	24,695	11,995	-
Plan fiduciary net position - ending (b)	<u>\$ 70,227</u>	<u>\$ 53,157</u>	<u>\$ 35,667</u>	<u>\$ 24,695</u>	<u>\$ 11,995</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (1,463)</u>	<u>\$ (5,892)</u>	<u>\$ (3,326)</u>	<u>\$ (5,992)</u>	<u>\$ (5,445)</u>
Plan fiduciary net position as a percentage of total pension liability	102.13%	112.46%	110.28%	132.04%	183.13%
Covered employee payroll	69,771	70,432	69,054	66,330	37,198
Net pension liability as a percentage of covered employee payroll	-2.10%	-8.36%	-4.82%	-9.03%	-14.64%

Notes to Schedule:

GASB 68 requires 10 fiscal years of data to be provided in this schedule. The District began participation in the 2016 plan year.

AUSTIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Texas County & District Retirement System

Schedule of Contributions
Last 10 Fiscal Years
(unaudited)

	December 31,				
	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 6,384	\$ 6,353	\$ 6,173	\$ 6,008	\$ 3,371
Contributions in relation to the actuarially determined contributions	6,384	6,361	6,173	6,008	9,212
Contribution deficiency (excess)	-	(8)	-	-	(5,841)
Covered employee payroll	\$ 69,771	\$ 70,432	\$ 69,054	\$ 66,330	37,198
Contributions as a percentage of covered employee payroll	9.2%	9.0%	8.9%	9.1%	24.8%

Notes to Schedule of Contributions

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of 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	20 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.6% average over career including inflation.
Investment rate of return	7.50%, net of administrative and investment expense, 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	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule.