

**Smith County Emergency  
Services District No. 2**

**Financial Statements Together  
with Auditor's Report  
And Supplemental Information**

**For the Year Ended September 30, 2019**

**Smith County Emergency Services District No. 2**  
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**For the Year Ended September 30, 2019**

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**Smith County Emergency Services District No. 2  
Board of Commissioners**

As of September 30, 2019

Randy Melton, President

Charles Wilson, Vice President

Paul Perryman, Secretary/Treasurer

Leroy Biggers, Assistant Treasurer

Earl Drott

As of audit report date – August 24, 2020

Randy Melton, President

Charles Wilson, Vice President

Paul Perryman, Secretary/Treasurer

Leroy Biggers, Assistant Treasurer

Matthew McKeethan

The mailing address for the  
District and Commissioners is:  
P.O. Box 780, Whitehouse, TX 75791



**INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
Smith County Emergency Services District No. 2  
Whitehouse, Texas

We have audited the accompanying financial statements of the governmental activities and the major fund information of the Smith County Emergency Services District No. 2 (the District) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**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 the major fund information of the District as of September 30, 2019, 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.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages 4 through 9, and budgetary comparison information, schedule of changes in net pension liability and related ratios, and schedule of employer contributions on pages 44 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplemental information on pages 49 and 50 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Spuyers, Johnson, Spuyers & Co. LLP*  
Certified Public Accountants

Tyler, Texas  
August 24, 2020



**REQUIRED SUPPLEMENTAL INFORMATION**

**SMITH COUNTY EMERGENCY SERVICES DISTRICT No. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Smith County Emergency Services District No. 2's (the District) annual financial report presents our discussion and analysis of the District's financial performance for the fiscal year ended September 30, 2019. Please read it in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- At the close of the current fiscal year, the District's governmental funds reported ending net position of \$8,664,981, which is an increase of \$600,517 from the previous year.
- The District's total revenues exceeded total expenses by \$600,517.
- The General Fund reported a fund balance this year of \$6,229,270, which is an increase of \$5,584,994 from the previous year.

**VOLUNTEER FIRE DEPARTMENTS CONTRACTED FOR SERVICES**

The following Volunteer Fire Departments (VFDs) are contracted by the District to provide fire suppression, fire prevention, rescue, and first responder emergency medical services to serve approximately 90,000 people in 40,000 homes and businesses in over 700 square miles of Smith County, Texas:

- |   |   |
|---|---|
| • Arp Volunteer Fire Department             | • Noonday Volunteer Fire Department     |
| • Bullard Volunteer Fire Department         | • Red Springs Volunteer Fire Department |
| • Chapel Hill Volunteer Fire Department     | • Troup Volunteer Fire Department       |
| • Dixie Volunteer Fire Department           | • Whitehouse Volunteer Fire Department  |
| • Flint-Gresham Volunteer Fire Department   | • Winona Volunteer Fire Department      |
| • Jackson Heights Volunteer Fire Department |   |

The District collects ad valorem tax revenue and pays the monthly bills for the VFDs. The reimbursement amounts to the VFDs have decreased as the District has started paying more of the VFDs' expenditures directly to the vendors. In addition, the District became the employer of the VFDs' employees and started paying their payroll expenses directly starting in July of 2016.

## **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements, notes to those statements, and other supplementary information. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 11 and 12). These statements provide information about the activities of the District as a whole and present a longer-term view of the District's finances. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (beginning on page 14) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term, as well as, what resources remain for future spending. They reflect the current financial resources and supply the basis for tax levies.

The notes to the financial statements (starting on page 19) provide narrative explanations or additional data needed for full disclosure in the government-wide statements and the fund financial statements.

### **Government-Wide Financial Statements**

The analysis of the District's overall financial condition and operations begins on page 11. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of the year, while the Statement of Activities includes all of the revenues and expenses generated by the District's operations during the year. These statements apply the 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.

In the Statement of Activities, the District's program revenues are offset by program expenses. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. These two statements report the District's net position and changes in it. The District's net position (assets and deferred outflows of resources less liabilities and deferred inflows of resources) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, one must consider non-financial factors as well, such as changes in the District's property tax base.



## **Governmental Fund Financial Statements**

The fund financial statements begin on page 14 and provide detailed information about the most significant funds - not the district as a whole. The District only has one governmental fund, the General Fund. This fund uses modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and reports balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. The differences between governmental activities (reported in the government-wide financial statements) and governmental funds are described in reconciliation schedules following each of the fund financial statements.

## **FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

### **Government-Wide Financial Analysis**

Net position of the District's governmental activities increased from \$8,064,464 to \$8,664,981. Table 1 summarizes the District's net position.

**Table 1-Net Position  
Smith County Emergency Services District  
No. 2 Governmental Activities**

	<u>2019</u>	<u>2018</u>
Current & other assets	\$ 6,865,209	\$ 2,359,262
Capital assets	<u>6,768,285</u>	<u>7,070,537</u>
Total assets	<u>13,633,494</u>	<u>9,429,799</u>
Total deferred outflows of resources	28,051	-
Long-term liabilities	4,834,479	98,555
Other liabilities	<u>162,085</u>	<u>1,266,780</u>
Total liabilities	<u>4,996,564</u>	<u>1,365,335</u>
Net position:		
Invested in capital assets, net of related debt	2,234,535	5,965,037
Unrestricted	<u>6,430,446</u>	<u>2,099,427</u>
Total net position	<u>\$ 8,664,981</u>	<u>\$ 8,064,464</u>

A large portion of the District's net position reflects its investment in capital assets. The District uses the capital assets to provide fire trucks and fire stations for use by various VFDs in the District and to provide radio usage to the District.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE. continued**

**Table 2 - Change in Net Position  
Smith County Emergency Services District  
No. 2 Governmental Activities**

	<u>2019</u>	<u>2018</u>
Revenues		
Ad valorem taxes and penalties	\$ 5,589,728	\$ 5,325,203
Other	483,104	305,528
Total Revenues	<u>6,072,832</u>	<u>5,630,731</u>
Program Expenses		
General	<u>5,472,315</u>	<u>5,402,434</u>
Increase in Net Position	<u>\$ 600,517</u>	<u>\$ 228,297</u>

The analysis in Table 2 focuses on the changes in net position of the District's governmental activities. Revenue for fiscal year 2019 increased by \$442,101 from the previous year. Property taxes make up a significant portion of this revenue. The tax levy for fiscal year 2019 was \$5,506,315 compared to \$5,207,811 for fiscal year 2018. Expenses for fiscal year 2019 increased by \$69,881 from the previous year. The increase in expenses was due to firefighting equipment purchases, technology expenses, capital purchases related to the maintenance facility, and payroll expenses.

**The District Funds**

**Governmental Funds**

The District's governmental fund (as presented in the balance sheet on page 14) reported a total fund balance of \$6,229,270

**Governmental Fund Budgetary Highlights**

General fund revenues exceeded the budget by \$339,714 and expenditures were \$711,067 under budget (as presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual on page 44).

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of fiscal year 2019, the District had \$6,768,285 (net of depreciation) invested in a range of capital assets, including land for VFDs, six fire station buildings for VFDs, fire apparatuses for various VFDs, and radio equipment used by the District. The table below (Table 3) summarizes the District's capital assets.

**Table 3 - Capital Assets  
Smith County Emergency Services District No. 2**

	<u>2019</u>	<u>2018</u>
Land	\$ 273,379	\$ 71,180
Buildings	3,000,023	3,000,023
Equipment and trucks	9,258,224	8,054,075
Construction in Progress	220,520	1,131,717
Accumulated depreciation	(5,983,861)	(5,186,458)
Total	<u>\$ 6,768,285</u>	<u>\$ 7,070,537</u>

This year's major additions included:

Construction in progress for two VFDs	\$ 220,520
Land for two VFDs	202,199
Radio and technology projects	125,569

### **Debt**

At the end of fiscal year 2019, the District had \$4,533,750 in long-term notes payable versus \$0 at the end of 2018. The District had \$0 in short-term note payable versus \$1,105,500 at the end of 2018.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The District's appointed officials and citizens considered many factors when establishing the 2020 fiscal year budget, including the economy, employment growth, and traffic patterns. For 2020, the general fund revenues are budgeted at \$6,007,718. The ad valorem tax rate will remain the same at \$0.084648 per hundred dollars of valuation.

Beginning on April 1, 2020, the District was approved to receive sales tax revenue. The sales tax rate will vary between .25% to 1.5% depending on the location. The sales tax revenue will fund additional full-time firefighters to staff fire stations.

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

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's financial accountability. Questions about this report should be addressed to the District Secretary at P.O. Box 780, Whitehouse, TX, 75791.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Smith County Emergency Services District No. 2**  
**Statement of Net Position**  
**September 30, 2019**

	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,390,355	\$ 6,390,355
Taxes receivable, net of allowance for uncollectible taxes	473,854	473,854
Other receivables	1,000	1,000
Capital assets not being depreciated	493,899	493,899
Capital assets, net of accumulated depreciation	6,274,386	6,274,386
Total assets	13,633,494	13,633,494
<b>DEFERRED OUTFLOWS OF RESOURCES—PENSION</b>		
Total deferred outflows of resources	28,051	28,051
<b>LIABILITIES</b>		
Accounts Payable	56,477	56,477
Due to VFDs	43,529	43,529
Payroll liabilities	62,079	62,079
Long-term liabilities:		
Due within one year		
Notes payable	409,905	409,905
Compensated absences payable	133,808	133,808
Due in more than one year		
Net pension payable	101,016	101,016
Notes payable	4,123,845	4,123,845
Compensated Absences payable	65,905	65,905
Total liabilities	4,996,564	4,996,564
<b>NET POSITION</b>		
Net investment in capital assets	2,234,535	2,234,535
Unrestricted	6,430,446	6,430,446
Total net position	\$ 8,664,981	\$ 8,664,981

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

**Smith County Emergency Services District No. 2**  
**Statement of Activities**  
**For the Year Ended September 30, 2019**

<b>Functions / Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense)</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Revenue and Changes in Net Position</b>
					<b>Governmental Activities</b>
Primary government:					
General government	\$ 5,465,252	\$ 44,616	\$ 29,353	\$ 200,000	\$ (5,191,283)
Interest on short-term debt	7,063	-	-	-	(7,063)
<b>Total primary government</b>	<b>\$ 5,472,315</b>	<b>\$ 44,616</b>	<b>\$ 29,353</b>	<b>\$ 200,000</b>	<b>(5,198,346)</b>

General revenues:	
Ad valorem taxes	5,478,803
Investment earnings	16,609
Penalties and interest	110,925
Other revenue	192,526
Gain (loss) on disposal of capital assets	-
<b>Total general revenues</b>	<b>5,798,863</b>
Change in net position	600,517
Net position - beginning of year	8,064,464
Net position - end of the year	<b>\$ 8,664,981</b>

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

**FUND FINANCIAL STATEMENTS**



**Smith County Emergency Services District No. 2**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2019**

	<b>Governmental Fund Type</b>	
	<b>General</b>	<b>Total</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,390,355	\$ 6,390,355
Taxes receivable, net of allowance for uncollectible taxes	473,854	473,854
Other receivables	1,000	1,000
Total assets	\$ 6,865,209	\$ 6,865,209
<b>LIABILITIES</b>		
Accounts payable	\$ 56,477	\$ 56,477
Due to VFDs	43,529	43,529
Payroll liabilities	62,079	62,079
Total liabilities	162,085	162,085
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	473,854	473,854
Total deferred inflows of resources	473,854	473,854
<b>FUND BALANCES</b>		
Committed:		
Budget reserve account	968,513	968,513
Unassigned	5,260,757	5,260,757
Total fund balances	6,229,270	6,229,270
Total liabilities, deferred inflows, and fund balances	\$ 6,865,209	\$ 6,865,209

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

**Smith County Emergency Services District No. 2  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
September 30, 2019**

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 6,229,270</b>
Taxes from current and prior year levies assumed to be collectible are reclassified from deferred inflows of resources. The net effect of this reclassification is to increase net position.	473,854
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. Details of these assets are included in the notes to the financial statements and can be found in Note 3. The net effect of including capital assets (net of depreciation) is to increase net position.	6,768,285
Long-term notes payable and compensated absences liability are deemed long-term in nature and therefore are not reported in the governmental funds balance sheet. The net effect of including long-term liabilities is to decrease net position.	(4,733,463)
Included in the items related to debt is the recognition of the District's net pension liability required by GASB 68 in the amount of \$101,016 and a Deferred Resource Outflow related to TCDRS in the amount of \$28,051. This amounted to a decrease in net position in the amount of \$72,965.	<u>(72,965)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 8,664,981</u></u>

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

**Smith County Emergency Services District No. 2**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended September 30, 2019**

	<u>General Fund</u>	<u>Total</u>
<b>REVENUES</b>		
Ad valorem taxes	\$ 5,453,154	\$ 5,453,154
Investment earnings	16,609	16,609
Penalties and interest	110,925	110,925
Charges for services	44,616	44,616
Grants	229,354	229,354
Other revenue	192,526	192,526
Total revenues	<u>6,047,184</u>	<u>6,047,184</u>
<b>EXPENDITURES</b>		
Current:		
General government	4,440,589	4,440,589
Debt Service:		
Debt service - interest	7,063	7,063
Capital Outlay	548,288	548,288
Total expenditures	<u>4,995,940</u>	<u>4,995,940</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Capital Related Debt Issued	4,533,750	4,533,750
Total Other Financing Sources and (Uses)	<u>4,533,750</u>	<u>4,533,750</u>
Net change in fund balances	<u>5,584,994</u>	<u>5,584,994</u>
Fund balance - beginning of year	<u>644,276</u>	<u>644,276</u>
Fund balance - end of year	<u>\$ 6,229,270</u>	<u>\$ 6,229,270</u>

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

**Smith County Emergency Services District No. 2**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances to the Statement of Activities**  
**For the Year Ended September 30, 2019**

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 5,584,994</b>
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation, \$850,540, exceeded capital outlay, \$548,288, in the current period.	(302,252)
The portion of tax revenue reported in the Statement of Activities that does not provide current financial resources is not reported as revenue in the fund. The current adjustment reflects a net increase in the deferral of the revenue.	25,648
The expenses relating to long-term compensated absences are recognized in the Statement of Activities. The net effect is to decrease net position.	(101,158)
The new debt issue. The net effect is to decrease net position.	(4,533,750)
Current year changes due to GASB 68 increased expenditures in the amount of \$72,965. The net effect is to decrease net position.	<u>(72,965)</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 600,517</u></u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**Smith County Emergency Services District No. 2**  
**Notes to the Financial Statements**  
**September 30, 2019**

**NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting entity

The Smith County Emergency Services District No. 2 (the District) operates under Chapter 775 of V.T.C.A., Health & Safety Code. The District was created on January 29, 2007, as a result of the November 2006 election by the voters within the District.

The District is governed by a five-member Board of Commissioners (the Board). Effective September 1, 2013, Texas House Bill 3257 requires that the Board be elected by the public rather than appointed by the Smith County Commissioners Court. Smith County created five districts within the county, from each of which one board commissioner was elected. The date of this election occurred on November 4, 2014. The new commissioners' terms of office began January 1, 2015. At this time, the terms of office for the previously appointed Board have expired. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for state and local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB).

The definition of a reporting entity is based primarily on the notion of financial accountability. The criteria for including organizations as component units within the District's reporting entity, as set forth by the GASB, include whether:

- The organization is legally separate (can sue and be sued in their own name),
- The District holds the corporate powers of the organization,
- The District appoints a voting majority of the organization's board,
- The District is able to impose its will on the organization,
- The organization has the potential to impose financial benefit/burden on the District, and
- There is fiscal dependency on the District.

A primary government has the ability to impose its will on an organization if it significantly influences the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government: (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation; or (c) is obligated in some manner for the debt of the organization. Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government.

Based on the criteria stated above, the District has no component units.

**Smith County Emergency Services District No. 2**  
**Notes to the Financial Statements**  
**September 30, 2019**

B. Basic Financial Statements - Government-Wide Financial Statements

The government-wide financial statements report information on all of the activities of the District. The financial statements' primary purpose is to show whether the District is better off or worse off as a result of the year's activities. Governmental activities are normally supported by taxes and intergovernmental revenues. The District maintains only a governmental activities fund.

In the Statement of Activities, the District's program revenues are offset by program expenses. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. These two statements report the District's net position and changes in it. The District's net position (assets and deferred outflows of resources less liabilities and deferred inflows of resources) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, one must consider non-financial factors as well, such as changes in the District's property tax base.

C. Basic Financial Statements - Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the district as a whole. The District only uses one governmental fund. This fund uses modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules are described following each of the fund financial statements.

The District has presented the following major governmental fund:

General Fund - The General Fund is the primary operating fund of the District. This fund is used to account for all financial resources of the District. All unrestricted general tax revenues and unrestricted other receipts are recorded in this fund. General operating expenditures, fixed charges, and capital improvement costs are paid from the General Fund.

The *Emergency Services District Operating Guide*, issued in 2010 by the Texas Department of Rural Affairs, suggests that an emergency services district use three types of governmental funds (if applicable): (1) General Fund; (2) Tax Debt Service Fund; and (3) Sales Tax Fund. The District has elected to use only the General Fund.

**Smith County Emergency Services District No. 2**  
**Notes to the Financial Statements**  
**September 30, 2019**

D. Measurement Focus/Basis of Accounting

The government-wide financial statements use 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 the related cash flows. The measurement focus of governmental funds is on the sources, uses, and balances of current financial resources.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, deferred inflows of resources, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Revenues from local sources consist primarily of property taxes received from Smith County taxpayers. Property tax revenues are recognized under the susceptible to accrual concept. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.



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E. Contracts with Volunteer Fire Departments

The District has entered into contracts with eleven Volunteer Fire Departments (VFDs), which include Arp, Bullard, Chapel Hill, Dixie, Flint-Gresham, Jackson Heights, Noonday, Red Springs, Troup, Whitehouse, and Winona VFDs. The contracts call for the VFDs to provide the following services to their respective service area within Smith County: (1) fire protection and suppression, (2) fire prevention, (3) the control and extinguishment of fires, (4) hazardous materials response to the level currently trained, (5) First Responder emergency medical services, (6) emergency rescue, and (7) other assistance to the public as necessary. In exchange, the District collects ad valorem tax revenue and reimburses or pays expenses on behalf of the VFDs for approved monthly expenses not to exceed the approved annual budget per VFD. These expenses can include items such as legal fees, general operating expenses, insurance, truck repairs and maintenance, equipment repairs and maintenance, building repairs and maintenance, new equipment and gear, training, fuel, and personnel expenses. The District also allows the VFDs to use District assets, including fire stations and fire apparatuses, which are to be maintained at each assigned VFD's location.

F. Budgetary Control

The District's fiscal year is established as the twelve-month period beginning October 1. The commissioners estimate expenditures for the ensuing fiscal year after which the Board President subsequently submits a budget of estimated expenditures and revenues to the District. The budget is then legally enacted through passage of an ordinance. The Board is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board. Budgeted amounts are as originally adopted or as amended by the Board.

The Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-General Fund presents a comparison of budgetary data to actual results of operations for which annual operating budgets are legally adopted.

Capital expenditures and general government exceeded the budgeted amount. Total expenditures were within the budgeted amount.

G. Cash and Cash Equivalents

The District considers investments with original maturity of three months or less when purchased to be cash equivalents.

H. Capital Assets

Capital assets, which include real property, fire apparatuses, vehicles, and equipment, with an individual cost of more than \$25,000 and a useful life of more than one year are reported in the government-wide financial statements. All capital assets are valued at historical cost. Donated assets are valued at their fair market value on the date donated.

**Smith County Emergency Services District No. 2**  
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The contract agreement between the VFDs and the District states that all real property and personal property that has been or will be purchased, constructed, leased, or otherwise obtained with District funds at any time, whether past, present or future, by the VFD or for the VFD's use, is and shall remain the sole property of the District, regardless of whether the property is assigned to the VFD and/or is titled in the VFD's name. As of September 30, 2019, the District has only recorded some of the capital assets on its Statement of Net Position. All other such property is currently presented on the balance sheets of the individual VFDs. However, the District has determined that the effect of not recording these capital assets on its financial statements is immaterial.

Depreciation is calculated on each class of depreciable property using the straight-line method using the following estimated useful lives:

Buildings and improvements	30 years
Vehicles	10 years
Equipment	5 - 15 years

Land and Construction in Progress are not depreciated.

I. Compensated Absences

Accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay for it. Accumulated vacation and sick leave in the government-wide is recorded as an expense and a liability of those funds as the benefits accrue to the employees.

J. Inventory

The District does not maintain inventories of supplies, and therefore, reports all supplies on the purchase basis. Supplies are recorded as expenditures when they are purchased. Inventory of supplies at year end is not material.

K. Fund Balance Classification

In the fund financial statements, governmental funds report fund balances in the following classifications:

- **Nonspendable fund balance** - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- **Restricted fund balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

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- **Committed fund balance** - amounts constrained to specific purposes by the Board through use of board resolutions, its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.
- **Assigned fund balance** – amounts the Board intends to use for a specific purpose. Intent can be expressed by the Board President or Treasurer, who have been delegated the authority by the Board, up to \$100,000. The Board has the authority to assign any amount of funds.
- **Unassigned fund balance** - amounts that are available for any purpose. These amounts are reported only in the general fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). When it is appropriate for fund balance to be assigned (such as for the purchase of fixed assets, construction, debt service, or for other purposes), the Board designates the authority to assign up to \$100,000 of fund balance to the Board President or Treasurer. The Board has the authority to assign any amount of funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, the District considers restricted net position to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been first out of committed funds, then assigned funds, and finally unassigned funds.

L. Net Position

Net position represents assets and deferred outflows of resources less liabilities and deferred inflows of resources. *Net investment 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, and adding back unspent proceeds. *Unrestricted net position* represents resources over which the Board has discretionary control and are used to carry out operations of the District in accordance with its by-laws. 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. The District had no restricted net position at year end.

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M. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. Deferred Outflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows of resources relating to pension as described in Note 8.

O. Deferred Inflows of Resources

In addition to liabilities, the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government-wide statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

P. Contingency Expenditure Account

The contingency account reported on the Schedule of Expenditures includes budgeted items related to technology, repair, and new equipment expenditures.

**Smith County Emergency Services District No. 2**  
**Notes to the Financial Statements**  
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**NOTE 2 - DEPOSITS AND INVESTMENTS**

**Deposits**

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

As of September 30, 2019, \$500,000 of the District's deposits were insured by the FDIC; the amount uninsured by FDIC limits, \$5,916,229 was secured by pledged United States Government Securities. The District's funds and taxes collected were adequately secured at all times during the year.

Foreign Currency Risk The District does not have any deposits or investments denominated in a foreign currency.

As of September 30, 2019, the following are the District's cash and cash equivalents with respective maturities and credit rating:

<u>Type of Deposit</u>	<u>Fair Value</u>	<u>Percent</u>	<u>Maturity in Less than 1 year</u>	<u>Maturity in 1-10 Years</u>	<u>Maturity in Over 10 Years</u>	<u>Credit Rating</u>
Cash	\$ 5,381,649	69.8%	\$ 5,381,649	-	-	N/A
Money Markets	<u>1,008,706</u>	<u>30.2%</u>	<u>1,008,706</u>	<u>-</u>	<u>-</u>	N/A
Total Cash and Cash Equivalents	<u>\$ 6,390,355</u>	<u>100.0%</u>	<u>\$ 6,390,355</u>	<u>-</u>	<u>-</u>	

At September 30, 2019, the carrying amount of the District's deposits (cash on deposit at local banks) was \$6,390,355 and the bank balance was \$6,416,229. The difference between the District's deposits and the bank balance are outstanding checks and deposits-in-transit.

**Smith County Emergency Services District No. 2**  
**Notes to the Financial Statements**  
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**Investments**

**District Policies and Legal and Contractual Provisions Governing Investments**

**Compliance with the Public Funds Investment Act**

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing deposits and investments for the District are specified below:

**Credit Risk** To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments to those covered by the Public Funds Investment Act.

**Smith County Emergency Services District No. 2**  
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Custodial Credit Risk for Investments To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party. The District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District requires investments to be made in a manner that ensures the preservation of capital in the overall portfolio, and offsets during the 12-month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments.

Foreign Currency Risk for Investments The District does not have any investments denominated in a foreign currency.

As of September 30, 2019, the District has all investments in cash and cash equivalents, therefore, was not susceptible to any investment-related risks.

**NOTE 3 - CAPITAL ASSETS**

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

	Beginning Balance	Increases	Disposals	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 71,180	\$ 202,199	\$ -	\$ -	\$ 273,379
Construction in Progress	1,131,717	220,520	-	(1,131,717)	220,520
Total capital assets not being depreciated	1,202,897	422,719	-	(1,131,717)	493,899
Capital assets being depreciated:					
Buildings	3,000,023	-	-	-	3,000,023
Trucks and equipment	8,054,075	125,569	(53,137)	1,131,717	9,258,224
Accumulated depreciation	(5,186,458)	(850,540)	53,137	-	(5,983,861)
Total capital assets being depreciated, net of depreciation	5,867,640	(724,971)	-	1,131,717	6,274,386
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 7,070,537</b>	<b>\$ (302,252)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,768,285</b>

**Smith County Emergency Services District No. 2**  
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As of September 30, 2019, depreciation expense of \$850,540 was charged to general government on the Statement of Activities. All depreciation was expensed to the emergency response function of the District.

**NOTE 4 - PROPERTY TAXES**

Property taxes are levied on October 1 and are payable on or before January 31. They attach to the total associated properties as an enforceable lien on January 1. The tax rate in effect during the year ended September 30, 2019, (2018 taxes) was \$0.084648 per hundred dollars of valuation. All was designated for maintenance and operations.

Allowances for uncollectible tax receivables within the General Fund are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Property taxes receivable at September 30, 2019, for the General Fund, including applicable allowances for uncollectible accounts, are as follows:

	<b>2019</b>
Current property taxes receivable	\$ 148,262
Delinquent property taxes receivable	333,902
Less: Allowance for uncollectible taxes	(8,310)
Net property taxes receivable	\$ 473,854

**NOTE 5 - OPERATING LEASES**

Tower Lease

The District has entered into a lease agreement with UT Health East Texas for use of their radio system infrastructure, which allows for efficient communication of emergencies between the dispatch provider and the VFDs. In addition, the District leases a radio repeater tower from Deaton Communications LLC. The leases were effective through September 30, 2019, with operation and maintenance costs billed on a monthly basis based on the preceding year's usage. In October 2019, the lease was extended through September 30, 2020.



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As of September 30, 2019, the District incurred rental expenses of \$101,201 related to the UT Health tower lease and \$6,000 related to the Deaton Communications tower lease. The following schedule presents the future minimum lease payments:

Year ending September 30, 2020	\$ 107,201
	\$ 107,201

Copier Leases

The District has several lease agreements for copiers that expire on various dates through October 2019.

As of September 30, 2019, the District incurred copier lease expenses of \$2,254. The following schedule presents the future minimum lease payments:

Year ending September 30, 2020	\$ 1,260
2021	1,260
	\$ 2,520

Office Lease

The District has entered into a lease agreement for office space at \$1,250 per month. The initial term of the lease began December 1, 2012, and ended on November 30, 2015. The District has the right to renew the lease at the time of termination of the initial lease on a month-to-month lease. Under the terms of the contract, the District is also required to pay all utilities of the property and liability insurance premiums.

As of September 30, 2019, the District incurred rental expenses of \$15,000 related to the office lease. The District has not renewed this lease and is leasing the office space on a month-to-month basis.

**NOTE 6 - SHORT-TERM NOTES PAYABLE**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Short-term Notes Payable	\$ 1,105,500	\$ -	\$ (1,105,500)	\$ -	\$ -
Total Short-term Notes Payable	\$ 1,105,500	\$ -	\$ (1,105,500)	\$ -	\$ -

**Smith County Emergency Services District No. 2**  
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In April 2018, the District financed a short-term note with Government Capital Corporation with an interest rate of 2.50% and scheduled to mature in April 2019. The loan was obtained for the purpose of purchasing two new Pumper/Tanker vehicles. The District has pledged its revenue as collateral for the loan. The short-term note payable was paid off in January 2019.

For the year ended September 30, 2019, total interest expense for short-term liabilities was \$7,063.

**NOTE 7 - LONG-TERM LIABILITIES**

Long-term activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 98,555	\$ 150,333	\$ (49,175)	\$ 199,713	\$ 133,808
Notes payable	-	4,533,750	-	4,533,750	409,905
<b>Total long-term liabilities</b>	<b>\$ 98,555</b>	<b>\$4,684,083</b>	<b>\$ (49,175)</b>	<b>\$4,733,463</b>	<b>\$ 543,713</b>

**Notes Payable**

In 2019, the District financed a loan with VeraBank with an interest rate of 2.22% and scheduled to mature in September 2029. The loans were obtained for the purpose of constructing two new fire stations. The District has pledged revenue as collateral for the loans.

As of September 30, 2019, annual debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest
2020	\$ 409,905	\$ 100,649
2021	419,004	91,549
2022	428,306	82,247
2023	437,815	72,739
2024	447,534	63,020
2025-2029	2,391,186	161,584
	<b>\$ 4,533,750</b>	<b>\$ 571,788</b>

For the year ended September 30, 2019, total interest expense for long-term liabilities was not material.

**Smith County Emergency Services District No. 2**  
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**NOTE 8 - PENSION**

**Plan Description**

The District participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.

- a) A brief description of benefit terms:
- 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
  - 2) The plan provides retirement, disability and survivor benefits.
    - a. Retirement eligibility: The vesting requirement for the employees is 8 years of service. In addition, employees may retire before age 60 if they meet one of the following requirements, set by the employer:
      - i. "Rule of" eligibility – A vested employee can retire if their age plus years of service time add up to at least 80.
      - ii. 30-year retirement at any age.
    - b. Disability Retirement Benefits: A member who is vested and who is totally and permanently disabled is eligible for a disability retirement benefit. A member who is not vested is eligible for disability retirement benefits if the total and permanent disability was a result of an on-the-job injury.
    - c. Survivor Benefits: Benefits are payable to the beneficiaries or estate of a deceased member. The eligibility requirement for an employer-provided Survivor Benefit is four years of TCDRS service. Otherwise the Survivor Benefit is the deceased member's account balance.
  - 3) TCDRS is a savings-based plan. For the district's plan, 4% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 100%) and is then converted to an annuity.
  - 4) There are no automatic COLAs. Each year, the district may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
  - 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.
- b) Membership information is shown in the chart below.
- c) The district's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The District's contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the district and are currently 4%. Contributions to the pension plan from the district for 2018 are shown in the Schedule of Employer Contributions.

**Smith County Emergency Services District No. 2**  
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d) The most recent comprehensive annual financial report for TCDRS can be found at the following link, [www.tcdrs.org](http://www.tcdrs.org).

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

Members	Dec. 31, 2017	Dec. 31, 2018
Number of inactive employees entitled to but not yet receiving benefits:	0	1
Number of active employees:		85
Average monthly salary*:		\$ 1,554
Average age*:		34.53
Average length of service in years*:		3.36
<b>Inactive Employees (or their Beneficiaries) Receiving Benefits</b>		
Number of benefit recipients:		0
Average monthly benefit:		\$ 0

*\*Averages reported for active employees.*

**Net Pension Liability**

The District's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Valuation Timing</b>	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<b>Actuarial Cost Method</b>	Entry Age Normal (1)
<b>Amortization Method:</b>	
Recognition of economic / demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
<b>Asset Valuation Method:</b>	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None

**Smith County Emergency Services District No. 2**  
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<b>Inflation</b>	2.75%
<b>Salary Increases</b>	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 3.25% (made up of 2.75% 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 employee.
<b>Investment Rate of Return</b>	8.10% (Gross of administrative expenses)
<b>Cost-of-Living Adjustments</b>	Cost-of-Living Adjustments for Smith County Emergency Services District #2 are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
<b>Retirement Age</b>	<i>Deferred members are assumed to retire (100% probability) at the later of: a) age 60 b) earliest retirement eligibility. (For all eligible members ages 75 and later, retirement is assumed to occur immediately.)</i>
<b>Turnover</b>	Same as funding valuation.
<b>Mortality:</b>	
Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	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.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014

*(1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.*

**Smith County Emergency Services District No. 2**  
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**Long-Term Expected Rate of Return**

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 assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2019 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016 for more details.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (2)
US Equities	Dow Jones US Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	18.00%	8.40%
Global Equities	MSCI World [net] Index	2.50%	5.70%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	10.00%	5.40%
Int'l Equities - Emerging Markets	MSCI EM Standard (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pav Canned Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	2.00%	7.20%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (5)	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

(1) Target asset allocation adopted at the April 2019 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.70%, per Cliffwater's 2019 capital market assumptions.

(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

**Smith County Emergency Services District No. 2**  
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**Net Pension Liability / (Asset)**

Net Pension Liability / (Asset)	December 31, 2017	December 31, 2018
Total pension liability	\$ 0	\$ 127,336
Fiduciary net position	0	26,320
Net pension liability / (asset)	0	101,016
Fiduciary net position as a % of total pension liability	0.00%	20.67%
Pensionable covered payroll (1)	\$ 0	\$ 384,568
Net pension liability as a % of covered payroll	0.00%	26.27%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

*Note: Rounding differences may exist above or in other tables in this report.*

*(1) Payroll is calculated based on contributions as reported to TCDRS.*

**Discount Rate**

Discount rate (2)	8.10%	8.10%
Long-term expected rate of return, net of investment expense (2)	8.10%	8.10%
Municipal bond rate (3)	Does not apply	Does not apply

*(2) This rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.*

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

**Smith County Emergency Services District No. 2**  
**Notes to the Financial Statements**  
**September 30, 2019**

**Pension Liability / (Asset) and Pension Expense**

Changes in Net Pension Liability / (Asset)	Total Pension Liability	Fiduciary Net Position	Net Pension Liability /
	(a)	(b)	(a) – (b)
Balances as of December 31, 2017	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	127,239	-	127,239
Interest on total pension liability (1)	10,306	-	10,306
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	(10,209)	-	(10,209)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	(22)	22
Member contributions	-	15,383	(15,383)
Net investment income	-	283	(283)
Employer contributions	-	9,922	(9,922)
Other (3)	-	754	(754)
Balances as of December 31, 2018	\$ 127,336	\$ 26,320	\$ 101,016

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) No plan changes valued.

(3) Relates to allocation of system-wide items.

**Sensitivity Analysis**

The following presents the net pension liability of the employer, calculated using the discount rate of 8.10%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.



**Smith County Emergency Services District No. 2**  
**Notes to the Financial Statements**  
**September 30, 2019**

	1% Decrease 7.10%	Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 161,934	\$ 127,336	\$ 102,035
Fiduciary net position	26,320	26,320	26,320
Net pension liability / (asset)	\$ 135,614	\$ 101,016	\$ 75,715

For the year ended August 31, 2019, the District recognized net pension expense of \$72,965 in the Government-Wide Statement of Activities.

**Deferred Inflows / Outflows of Resources**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,480	\$ -
Changes in actuarial assumptions	-	-
Net difference between projected and actual earnings	-	601
Contributions made subsequent to the measurement date (3)	<u>N/A</u>	<u>36,930</u>
Total	\$ 9,480	\$ 37,531

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended August 31:	Amount
2019	\$ (579)
2020	(579)
2021	(579)
2022	(579)
2023	(579)
Thereafter (4)	(5,835)

(3) Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as outlined in Appendix D of actuarial report.

(4) Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

**Smith County Emergency Services District No. 2**  
**Notes to the Financial Statements**  
**September 30, 2019**

**NOTE 9 - FUND BALANCE**

As of September 30, 2019, commitments of fund balance are described below:

- *Budget reserve account* – consists of the District's emergency and income-shortfall funds which are listed below:
  - The emergency fund can only be used solely for use in emergency situations, such as firefighting extremes during fire season, bunker gear purchases, and wild land gear purchases. As of September 30, 2019, the balance of this fund was \$500,000
  - The income-shortfall fund can only be used to pay expenditures when income falls below the budgeted amount. As of September 30, 2019, the balance of this fund was \$468,513.

The total of these funds is \$968,513 which makes up the budget reserve account. Additional amounts can only be added to the budget reserve account by Board resolution.

There were no fund balance amounts classified as nonspendable, restricted, or assigned as of September 30, 2019.

**NOTE 9 - TAX ABATEMENTS**

The District entered into tax abatement agreements with local businesses under the Property Redevelopment and Tax Abatement Act of the Texas Tax Code Chapter 312. Under the Act, localities may grant property tax abatements in order to encourage the growth and establishment of industry and commercial enterprise in the district. Growth is measured both by increases in capital expenditure for buildings, machinery, and other capital goods and the increase in the workforce.

Tax abatement will be considered for the following facilities if such development will create substantial capital improvements within the District's limits or additional jobs:

- Manufacturing facilities
- Distribution facilities
- Corporate offices
- Research parks
- Major tourism attractions

When an investment improves existing property, the portion of the value of property eligible for abatement is:

**Smith County Emergency Services District No. 2**  
**Notes to the Financial Statements**  
**September 30, 2019**

- For real property, the value of real property which has increased in market value because of the development, re-development or improvements specified in the abatement contract.
- For personal property, the market value of the personal property at the location, other than inventory or supplies, purchased with new capital identified in the tax abatement agreement contract. Personal property located at the site before the period covered by the agreement is not eligible for tax abatement.
- If the project provides for capital expenditures of at least \$1,000,000 or an annual payroll increase of \$400,000 or the creation of 25 new permanent full-time jobs then the property eligible for abatement may be personal, real or mixed.

Compliance with these tax abatement agreements are monitored by the Smith County Tax Abatement Committee on at least an annual basis. If the conditions for abatement are not substantially met for a year, the taxing entities may choose to terminate this agreement, continue the agreement without any abatement for that year, or reduce the amount of abatement.

For the fiscal year ended September 30, 2019, the District abated taxes totaling \$56,072, including the following tax abatement agreements:

- Boyd Metals, Inc. was granted a tax abatement period of 4 years in June of 2016. Boyd received a 100% tax abatement on existing property with approved investment improvements in the amount of \$1,600,000. In addition to the investment improvements, Boyd was required to add 5 new jobs by December of 2016 and added 10 jobs (total 15) by December 31, 2017 expected to add 15 (total 30) by December 31, 2018. At December 31, 2018, Boyd had reached 87% of the required amount therefore received 87% tax abatement for year ended September 30, 2019.
- John Soules Foods (2014) was granted a tax abatement period of 5 years in October of 2014. John Soules Foods received a 100% tax abatement on existing property with approved investment improvements in the amount of \$19,000,000. In addition to the investment improvements, John Soules Foods was required to add 70 new full-time jobs to its base of 470 full-time positions by December of 2015. At December 31, 2018, John Soules had created 272 new jobs was therefore compliant with the tax abatement agreement.

**Smith County Emergency Services District No. 2**  
**Notes to the Financial Statements**  
**September 30, 2019**

- John Soules Foods (2018) was granted a tax abatement period of 5 years in May of 2018. John Soules Foods received a 100% tax abatement on existing property with approved investment improvements in the amount of \$21,000,000. In addition to the investment improvements, John Soules Foods was required to add 50 new full-time jobs to its base of 622 full-time positions by December of 2018. At December 31, 2018, John Soules had created 120 new jobs with total employment of 742 and was therefore compliant with the tax abatement agreement.
- Dragline Service Specialties (which is a division of Wyoming Machinery Company) was granted a tax abatement period of 5 years in July of 2018. GG Distributing Company received a 100% tax abatement on existing property with approved investment improvements in the amount of \$14,900,000. In addition to the investment improvements, GG Distributing Company was required to add 34 new full-time jobs by December of 2018. At December 31, 2018, GG Distributing Company had created 41 new jobs with total employment of 41 and was therefore compliant with the tax abatement agreement.
- GG Distributing Company was granted a tax abatement period of 5 years in October of 2016. GG Distributing Company received an 80% tax abatement on existing property with approved investment improvements in the amount of \$15,000,000. In addition to the investment improvements, GG Distributing Company was required to add 50 new full-time jobs by December of 2018. At December 31, 2018, GG Distributing Company had created 180 new jobs with total employment of 180 and was therefore compliant with the tax abatement agreement.

Information relevant to the disclosure of the tax abatements for the fiscal year ended September 30, 2019 is:

	Years of Abatement	Approved Investment Amount	Actual Investment Amount	Tax Rate	Amount of Taxes Abated during the Fiscal Year
Companies:					
Boyd Metals Inc.	3rd of 4 years	\$ 1,600,000	\$ 1,352,000	0.00084648	\$ 995
John Soules Foods 2014	5th of 6 years	19,000,000	19,000,000	0.00084648	16,083
John Soules Foods 2018	1st of 5 years	21,000,000	20,104,000	0.00084648	17,018
Dragline Service Specialties	1st of 5 years	14,900,000	5,909,000	0.00084648	5,002
GG Distributing	1st of 5 years	15,000,000	25,065,000	0.00084648	16,974
Total Taxes Abated					\$ 56,072

**Smith County Emergency Services District No. 2**  
**Notes to the Financial Statements**  
**September 30, 2019**

The District has started tax abatement agreements for Sanderson Farms in the fiscal year ended September 30, 2017, but the tax abatement will not occur until year ending September 30, 2020 for Sanderson Farms.

The District has not made any commitments as part of the agreements other than to reduce taxes. The District is not subject to any tax abatements agreements entered in to by other governmental entities. The District has chosen to disclose information about its tax abatement agreements individually.

**NOTE 11 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 24, 2020, which is the date the financial statements were available to be issued. Beginning on April 1, 2020, the District was approved to receive sales tax revenue. The sales tax rate will vary between .25% to 1.5% depending on the location. The sales tax revenue will fund additional full-time firefighters to staff fire stations.

**REQUIRED SUPPLEMENTAL INFORMATION**

**Smith County Emergency Services District No. 2**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual -**  
**General Fund (unaudited)**  
**For the Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 5,433,854	\$ 5,433,854	\$ 5,453,154	\$ 19,300
Investment earnings	-	-	16,609	16,609
Penalties and interest	-	-	110,925	110,925
Charges for services	44,616	44,616	44,616	-
Grants	218,000	218,000	229,354	11,354
Other revenue	11,000	11,000	192,526	181,526
Total revenues	<u>5,707,470</u>	<u>5,707,470</u>	<u>6,047,184</u>	<u>339,714</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,437,007	4,297,007	4,440,589	(143,582)
Debt Service:				
Debt service - principal	1,105,000	1,105,000	-	1,105,000 *
Debt service - interest	20,000	20,000	7,063	12,937
Capital Outlay:				
Capital Expenditures	145,000	285,000	548,288	(263,288)
Total expenditures	<u>5,707,007</u>	<u>5,707,007</u>	<u>4,995,940</u>	<u>711,067</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Related Debt Issued	-	-	4,533,750	(4,533,750)
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>4,533,750</u>	<u>(4,533,750)</u>
Net change in fund balances	<u>463</u>	<u>463</u>	<u>5,584,994</u>	<u>(5,584,531)</u>
Fund balance - beginning of year	<u>644,276</u>	<u>644,276</u>	<u>644,276</u>	<u>-</u>
Fund balance - end of year	<u>\$ 644,739</u>	<u>\$ 644,739</u>	<u>\$ 6,229,270</u>	<u>\$ (5,584,531)</u>

\* This amount was paid. Since it was a short-term note payable, it was included on previous year's Schedule of Revenues, Expenditures, and Changes in Fund Balance.

The District prepares its annual budget in accordance with generally accepted accounting principles (GAAP basis).

The budget and all transactions are presented on a budget basis in the Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual above.

*Expenditures in Excess of Budgeted Amounts*

For the year ended September 30, 2019, overall budgeted expenditures were in excess of the amount expended. Individual amounts for general government and capital expenditures were in excess of the amount budgeted.

**Smith County Emergency Services District No. 2**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**For the Year Ended September 30, 2019**

	Year Ended December 31									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Total Pension Liability</b>										
Service cost	\$127,239	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	10,306	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(10,209)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	<u>0</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in total pension liability	127,336	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	<u>0</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$127,336</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<b>Fiduciary Net Position</b>										
Employer contributions	\$9,922	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	15,383	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	283	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(21)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	<u>754</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in fiduciary net position	26,320	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	<u>0</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$26,320</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$101,016</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability	20.67%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$384,568	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability/(asset) as % of covered payroll	26.27%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A



**Smith County Emergency Services District No. 2  
Schedule of Employer Contributions(1)  
For Fiscal Year 2019**

<b>Year Ending December 31</b>	<b>Actuarially Determined Contribution<sup>(1)</sup></b>	<b>Actual Employer Contribution<sup>(1)</sup></b>	<b>Contribution Deficiency (Excess)</b>	<b>Pensionable Covered Payroll<sup>(2)</sup></b>	<b>Actual Contribution as a % of Covered Payroll</b>
2009					
2010					
2011					
2012					
2013					
2014					
2015					
2016					
2017					
2018	9,922	9,922	0	384,568	2.6%

<sup>(1)</sup> *TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis. If additional assistance is needed, please contact TCDRS.*

<sup>(2)</sup> *Payroll is calculated based on contributions as reported to TCDRS.*

**Smith County Emergency Services District No. 2**  
**Notes to the Schedule of Employer Contributions**  
**For Fiscal Year 2019**

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	20.0 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and 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	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.
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.
	2016: No changes in plan provisions were reflected in the Schedule.
	2018: No changes in plan provisions were reflected in the Schedule.

*\*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.*

**OTHER SUPPLEMENTAL INFORMATION**

**Smith County Emergency Services District No. 2**  
**Schedule of Expenditures**  
**Governmental Funds**  
**For the Year Ended September 30, 2019**

	<u>General Fund</u>
Admin health insurance	\$ 92,698
Accounting fees	33,014
Advertising	2,271
Appraisal district fees	81,417
Auto expense and cellular service	22,710
Building repairs and maintenance	81,825
Command trailers	5,394
Contingency	18,993
Delinquent tax collection fees	32,717
Dispatching	82,137
Electronic data backup	30,600
Equipment repairs and maintenance	20,437
Fee on loan proceeds	33,750
Fuel	132,073
General operational	388,995
Insurance	178,797
Legal and professional	26,722
Memberships and dues	1,748
New equipment and gear	267,647
Office supplies and equipment	18,451
Paging	32,859
Payroll taxes	144,481
Personnel	2,090,024
Rent/utilities	27,802
Retirement Expense	46,852
Service contracts with other Volunteer Fire Departments	30,000
Tax assessor collector fees	77,274
Tower lease	107,201
Travel	13,505
Training	66,845
Truck repairs and maintenance	251,350
Total General Government Expenditures	<u>4,440,589</u>
Debt service - interest on long-term debt	7,063
Capital outlay	548,288
Total General Fund Expenditures	<u><u>\$ 4,995,940</u></u>

**Smith County Emergency Services District No. 2**  
**Ad Valorem Tax Data**  
**Schedule of Property Taxes Receivable**  
**General Fund**  
**For the Year Ended September 30, 2019**

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Taxable Value</u>	<u>Tax Levy</u>	<u>Taxes Receivable</u>
2009 and prior years	Various	Various	Various	\$ 40,095
2010	0.086175	\$ 5,193,303,768	\$ 4,485,070	18,770
2011	0.084648	5,210,155,270	4,414,505	20,731
2012	0.084648	5,236,487,863	4,432,579	23,589
2013	0.084648	5,329,661,963	4,511,316	28,741
2014	0.084648	5,504,783,771	4,653,912	33,624
2015	0.084648	5,702,720,309	4,831,332	40,896
2016	0.084648	5,876,153,929	4,983,765	53,219
2017	0.084648	6,153,078,787	5,207,811	74,237
2018	0.084648	6,496,100,091	5,506,315	148,262
				482,164
			Allowance for Uncollectible Taxes	(8,310)
			Taxes Receivable, Net of Allowance for Uncollectible Taxes	\$ 473,854