EL PASO COUNTY EMERGENCY SERVICES DISTRICT #1
(A COMPONENT UNIT OF THE COUNTY OF EL PASO, TEXAS)

BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2021

EL PASO COUNTY EMERGENCY SERVICES DISTRICT #1
(A COMPONENT UNIT OF THE COUNTY OF EL PASO, TEXAS)

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EL PASO COUNTY EMERGENCY SERVICES DISTRICT #1
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2021

Our discussion and analysis of El Paso County Emergency Services District #1's ("the District") financial performance provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2021. We encourage readers to consider this information in conjunction with the basic financial statements, which begin on Page 18.

Fund-based financial reporting and government-wide reporting are not viewed as being in conflict; however, they are not comparable. A significant portion of this analysis focuses on the changes in the government-wide statements, while still providing information on the District's fund-based comparative changes.

FINANCIAL HIGHLIGHTS 2021

- Total assets decreased by approximately 4% due to additional payments made toward two loans, as well as an increase in depreciation expense due to the operation of fire station #2.
- Total long-term liabilities decreased by 9% due to additional payments made toward two loans in order to pay them off one year early.
- Total net position of $5,436,982 increased by $278,336, which represents an increase of 5.4% for the year ended September 30, 2021, as a result of increases in general revenues.
- Amounts invested in capital assets, net of related debt amounted to $2,588,372. This represents an increase of 21% for the year ended September 30, 2021, which is mainly due to the District making principal payments toward it's long term debt, as well as purchasing more capital assets.
- Unrestricted net position, available to meet the District's ongoing obligations, totaled $2,848,610. This represents a decrease of 6% for the year ended September 30, 2021. The decrease is attributed to an increase in program expenses due to full year operations of the two fire stations.
- At September 30, 2021, the District's governmental fund statements show a combined ending fund balance of $2,889,870, a decrease of $241,744 or 7.7% as a result of the expenditure of funds that were committed for capital outlay.
- Program revenues amount to $799,167, a decrease of 1% from the prior year.
- General revenues amounted to $3,256,502, an increase of 0.1% from the prior year.
- Total revenues in the general fund amounted to $4,052,284, an increase of 0.2% from the prior year.
- The District expended $205,500 in capital expenditures for equipment.
- The District had $2,978,166 in net program expenses related to governmental activities. This represents a 31% increase from prior year.
- Total expenses amounted to $3,777,333, an increase of 22% from the prior year mainly due to a full year of operations for fire station #2 and COVID-19 related expenses.
- The District uses the general fund to maintain its financial records and a Special Revenue fund to maintain the financial records of its component unit, Horizon Volunteer Fire Department, Inc.
- Total deferred inflows amounted to $299, a decrease of 11% from the prior year.
- The District had a net pension liability of $34,457 at September 30, 2021 related to its participation in the Texas County and District Retirement System pension plan. This represents an increase of $26,497 over the prior year.

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FINANCIAL HIGHLIGHTS 2021 (CONTINUED)

- Deferred outflows of resources and deferred inflows of resources related to pensions amounted to $104,210 and $299 at September 30, 2021, respectively. This represents an increase of $85,875 and a decrease of $37 from deferred outflows of resources and deferred inflows of resources, respectively, reported in the previous year.
- Total revenue of the general fund amounted to $4,052,284, which exceeded the final budgeted revenue by 9%. The total expenditures of the general fund amounted to $4,294,028, which were less than the final budgeted appropriations by 0.7%.
- During 2021, the District held an election to approve the adoption of a local sales and use Tax at a rate not to exceed 1.5% pursuant to Health and Safety Code 775.0752. The election authorized the adoption of the rate, which became effective on October 1, 2021.
- Subsequent to year end, the District acquired land with a value of $4,209,110 to be used as a site for a future Headquarter facility.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include:

- Government-wide financial statements on Pages 18-19.
- Fund financial statements on Pages 20-23.
- Notes to the financial statements on Pages 24-55.

This report also contains required supplementary information and related notes on Pages 56 through 64.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the financial position of the District and are similar to private sector financial statements. The government-wide financial statements include Statement of Net Position and Statement of Activities. These statements appear on Pages 18 through 19 of this report. One of the most important questions asked about the District is whether its finances as a whole, are better off or worse as a result of the year's activities. The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These two statements report the District's *net position* and changes in assets and liabilities. The District's net position can be interpreted as the difference between assets, what the District owns, and liabilities, what the District owes, as one way to measure the District's financial health, or *financial position.* Over time, *increases or decreases* in the District's net position are indicators of whether its *financial health* is improving or deteriorating. Net position is shown in two categories: 1) invested in capital assets, net of related debt, and 2) unrestricted. To assess the *overall health* of the District other non-financial factors need to be considered. These include but are not limited to changes in the District's jurisdiction, the availability of funds to pursue capital projects, changes in local and regional demographics, macroeconomic factors, and continuing local government support.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

The Statement of Activities presents information showing how the District's net position changed during the fiscal year ended September 30, 2021. It provides a breakdown of revenues and expenses by function. All changes in net position are reported as soon as the underlying event which contributes to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only affect cash flows in future fiscal periods. Examples of such items include revenues earned and expenses incurred but not yet paid, all of which will produce changes in cash in a future fiscal period.

The Statement of Net Position and the Statement of Activities attempt to distinguish functions of the District that are principally supported by taxes (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees (*business-type activities)*. The governmental activities function of the District includes public safety (fire protection). The District does not engage in any business-type activities. The District's government-wide financial statements also intend to present information about the District's long-term liabilities resulting from employee benefit plans. During the year ended September 30, 2021, the District participated in the Texas Emergency Services Retirement System ("TESRS"), a defined-benefit pension plan, and the Texas County and District Retirement System ("TCDRS"), a statewide, agent multiple-employer, public employee retirement system.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District only has governmental funds. The governmental funds financial statements are on Pages 20 through 23.

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions of those reported in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. These funds 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 governmental fund statements provide a detailed *short-term view* of the District's operations and the services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The focus of governmental funds is narrower than that of government-wide financial statements. Therefore, it can be useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations have been provided as a link between the governmental fund statements and the government-wide financial statements to assist in this comparison.

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GOVERNMENTAL FUNDS (CONTINUED)

The District maintains its activities in the general fund.

The District uses a special revenue fund to maintain the activities of Horizon Volunteer Fire Department, Inc (“HVFD”).

The District has no proprietary funds or fiduciary funds.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in both the government-wide and governmental fund financial statements. The notes to the financial statements can be found on Pages 24 through 55 of this report.

OTHER INFORMATION

In addition to the basic financial statements and the accompanying notes, this reporting package also presents certain required supplementary information concerning the District's budgetary comparison schedules for its General Fund and Special Revenue Fund, Schedule of Changes in Net Pension Liability and Related Ratios, and Schedule of Employer Contributions. The required supplementary information can be found on Pages 56 through 64.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1
Net Position (In Thousands)
September 30,

	2021	2020
Current and other assets	$ 3,165.0	$ 3,404.8
Capital assets	10,689.0	11,097.7
Total assets	13,854.0	14,502.5
Deferred outflows of resources	104.2	18.3
Long-term obligations	(8,447.5)	(9,273.5)
Other liabilities	(73.4)	(88.3)
Total liabilities	(8,520.9)	(9,361.8)
Deferred inflows of resources	(0.3)	(0.3)
Net position:		
Investment in Capital assets, net	2,588.4	2,137.5
Unrestricted	2,848.6	3,021.2
Total net position	$ 5,437.0	$ 5,158.7

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GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

For the year ended September 30, 2021, net position of the District's activities increased 5.4% or $278,336. Unrestricted net assets, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased from $3,021,165 to $2,848,610 at the end of fiscal year 2021. The decrease is attributed to increasing operating expenditures for fire station #2.

Table 2
Changes in Net Position for 2021
Compared to Previous Year Activity
(In Thousands)

	Year Ended September 30,		
	2021	2020	Change
Program revenues:			
Operating grants	$ 255.9	$ 68.0	$ 187.9
Charges for services	543.2	737.6	(194.4)
General revenues:			
Property taxes	3,233.0	3,191.7	41.3
Investment earnings	0.9	16.7	(15.8)
Other	22.6	43.9	(21.3)
Total revenues	4,055.6	4,057.9	(2.3)
Program expenses:			
Public safety	3,498.8	2,807.5	691.3
Interest on long-term debt	278.5	265.4	13.1
Debt issuance costs		14.0	(14.0)
Total expenses	3,777.3	3,086.9	690.4
Change in net position	$ 278.3	$ 971.0	$(692.7)

For the year ended September 30, 2021, property taxes increased due to an increase in property tax rates and the assessed value of properties and commercialization in the area. Interest expense increased due to two new loans that were acquired in the prior year, of which principal payments began in current year. The increase in public safety expenses is attributed to an increase in HVFD stipend payments, cost-of-living adjustments for the salaries of the District employees, and small equipment purchases for the fire station #2. In addition, there were increases in operating expenses due to COVID-19 and professional services related to a sales tax election.

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Table 3 presents the total cost of each of the District's programs, as well as each program's net cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the District by each of these functions.

Table 3
Governmental Activities
(In Thousands)
Year Ended September 30,

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
General government	$3,498.8	$2,807.5	$2,699.6	$2,001.9
Debt issuance costs		14.0		14.0
Interest on long-term debt	278.5	265.4	278.5	265.4
Total expenses	$3,777.3	$3,086.9	$2,978.1	$2,281.3

The increase in general government expenses observed from 2020 to 2021 resulted from the increased salaries to District employees for cost-of-living adjustments, the increased stipend expense due to increased number of volunteer fire fighters serving on HVFD, as well as COVID-19 related expenses and increases in professional services.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted above, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As mentioned earlier, the General Fund is the chief operating fund of the District. The District's governmental fund statements show an ending fund balance of $2,889,870 for the year ended September 30, 2021. The balance decreased 8% or $241,744 for 2021 in comparison with the preceding year's fund balance. Ending fund balance in the amount of $1,331,812 constitutes unassigned, undesignated fund balance, which is available for spending at the District's discretion at September 30, 2021.

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FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

Table 4 presents the fund balance of the general fund and an analysis of significant changes in the fund balance.

Table 4
Changes in Year-End Fund Balance
(In Thousands)
September 30,

	2021	2020	Percent Change
General Fund	$2,889.9	$3,131.6	(7.7)%

The 7.7% decrease in the general fund balance observed in 2021 can be primarily attributed to the expenditure of funds that were committed for capital outlay, and additional debt principal payments made to retire two notes payable prior to maturity.

Revenue Source

Table 5 presents a detail of the governmental fund revenues for the fiscal year ended September 30, 2021, along with a comparison with the governmental fund revenues for the corresponding preceding fiscal year.

Table 5
Total Governmental Fund Revenues
Year Ended September 30,

	2021 Amount	Percent of Total	Increase (Decrease) Over 2020	Percent Increase (Decrease)
Property taxes	$3,229,614	79.7%	$ 49,658	1.6%
Charges for services	543,250	13.4%	(194,332)	(26.3)%
Contributions	40,204	1.0%	4,588	12.9%
Investment earnings	937	0.1%	(15,772)	(94.4)%
Grant income	215,713	5.3%	183,288	565.3%
Other income	22,566	0.5%	(21,348)	(48.6)%
Total	$4,052,284	100.0%	$ 6,082	0.2%

The increase in property taxes is due to increased value of property. The decrease in investment income is due to the District closing their investment account in prior year. The increase in grant income is due to new CARES grant obtained due to COVID-19. The decrease in charges for services is attributed to a large inspection and plan review order that was completed in prior year. The decrease in miscellaneous revenue is attributed to lesser compensation received for annexations by the City of El Paso of certain District property.

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GENERAL FUND BUDGETARY HIGHLIGHTS

Table 6 shows the variance between the final budget and the actual results for the fiscal year ended September 30, 2021:

Table 6
Final Budget Versus Actual Results
(In Thousands)
General Fund

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Property taxes	$3,317.2	$3,317.2	$3,229.6	$ (87.6)
Charges for services	324.9	401.3	543.3	142.0
Contributions			40.2	40.2
Investment earnings			.9	.9
Grant income			215.7	215.7
Other income			22.6	22.6
	$3,642.1	$3,718.5	$4,052.3	$333.8
Expenditures:				
Total general government	$4,249.7	$4,326.1	$4,294.0	$ 32.1

The number of calls for the year ended September 30, 2021 amounted to 4,023 and were comprised of the following:

Number of Calls	2021
Fire	163
Rescue and medical emergency	2,743
Other	1,117
	4,023

Total calls for 2021 increased by 18% in relation to the preceding fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's financial statements present capital assets in two categories: those assets subject to depreciation (such as buildings and equipment) and those not subject to depreciation (such as land). At September 30, 2021, the District had $10,688,971 invested in capital assets, net of depreciation. This represents a net decrease (including additions and deletions) of $408,687, or 4% compared to the previous year. The net decrease is primarily due to the depreciation of fire station #2 and heavy equipment placed in service in the previous year.

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CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

The fire station, located at 14151 Nunda, is one building with eleven apparatus bays. The building is used to house the Horizon Volunteer Fire Department, Inc. and District staff. The building contains a large conference room that is used for Fire Department trainings, Board of Commissioners meetings and can also be utilized for an Emergency Management Center and a disaster relief center. In preparation for unseen disasters, the building has been supplied with a back-up generator to power vital portions of the building. It also contains a day room, large kitchen/dining room, a covered private patio, a large exercise room, and sleeping quarters for the firefighters. Office space is dedicated to the dispatch office, Fire Chief's office, Assistant Chief's office, Line Officers' office, Fire Marshal's office, Fire Marshal Administrative Assistant, and an office shared by the Budget & Finance Specialist and Infection Control Nurse.

Fire Station #2 is located at 12361 Paseo Del Este and is one building with three apparatus bays. The building is used to house the Horizon Volunteer Fire Department, Inc. This building is equipped with a back-up generator that powers the entire station in preparation for unseen disasters. It also contains a dayroom/kitchen, officers' quarters, female dorm, fire fighters dorm and an exercise room.

Rolling stock is comprised of the following:

(1) 1984 Forklift 2002 Freightliner Class A Pumper
(2) 1997 Freightliner Class A Pumper
(3) 2002 Freightliner Class A Pumper
(4) 2002 Ford F-350 Quick Response Vehicle
(5) 2005 Pierce Tanker
(6) 2005 Polaris Ranger
(7) 2005 Logistics Cargo Trailer
(8) 2007 Pierce Quint Truck
(9) 2008 Light Tower
(10) 2009 Pierce Brush Truck
(11) 2009 Chevrolet Tahoe – Command/Staff Vehicle
(12) 2011 Chevrolet Suburban – Command/Staff Vehicle
(13) 2013 Top Hat Trailer
(14) 2014 Ford F350 – Quick Response Vehicle
(15) 2014 Chevrolet Tahoe – Fire Marshal/Staff Vehicle
(16) 2014 Pierce Class A Pumper
(17) 2015 Pierce Heavy Rescue Pumper
(18) 2016 Chevrolet Silverado – Quick Response Vehicle
(19) 2016 Chevrolet Silverado – Quick Response Vehicle
(20) 2016 Chevrolet Tahoe – Fire Marshal/Staff Vehicle
(21) 2018 Ford Escape – Fire Marshal/Staff Vehicle
(22) 2018 Ford Escape – Fire Marshal/Staff Vehicle
(23) 2018 Chevrolet Silverado – Command/Staff Vehicle
(24) 2019 Polaris Ranger – Search and Rescue
(25) 2019 Lamar Trailer
(26) 2019 Pierce Brush Truck
(27) 2021 Car Hauler Tilt Trailer
(28) 2020 Boom Lift
(29) 2020 Polaris Ranger
(30) 2021 Chevrolet Silverado – Quick Response Vehicle
(31) 2021 Ford Explorer – Staff Vehicle

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CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

Equipment that is readily available to fire personnel:

(1) 800 Trunking radio system that allows for interoperability with other Departments
(2) Handheld Portable Radios (63)
(3) Lifepack 15 Cardiac Monitors (4)
(4) 16 - AED's
(5) SCBA Fill station, compressor, and air storage
(6) SCBA's (67)
(7) Ampkus Extrication Tools (4 sets)
(8) Thermal Imaging Cameras (7)
(9) High Angle Rescue Equipment
(10) Dispatch Digital Conversion Equipment for interoperability with other Departments
(11) PortaCount Pro Respirator Fit Tester
(12) AMK-30CRT Spreaders (5)
(13) AMK-22 Cutter (4)
(14) 26 Ton Lift Kit with Air Cushion
(15) 11 Lift Bag
(16) SPX-4PTX, Super X Delux 4 Point Kit (vehicle stabilization)
(17) Portable Rope Rescue Equipment
(18) ARRS Rope Rescue System
(19) Water Rescue Equipment
(20) MCT for call information, hydrant mapping, GPS (11)
(21) Air Monitoring Equipment (6)
(22) Air Monitoring Calibration System
(23) Dry Suites for Special Rescue Team (12)
(24) Mavic Drones (2)
(25) Ballistic Vests (31)
(26) DJI Drone (1)
(27) Bulletproof vests (3)

(Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

Capital assets held by the District at the end of the current year and prior year are summarized in Table 7 as follows:

Table 7
Capital Assets, Net of Accumulated Depreciation

	Governmental Activities	
	2021	**2020**
Land	$ 1,010,836	$ 1,010,836
Buildings and improvements	8,272,144	8,390,174
Heavy trucks	794,419	996,314
Equipment	611,572	700,334
Total capital assets, net	$10,688,971	$11,097,658

Additional information on the District's capital assets can be found on Page 33 of this report.

At September 30, 2021 and 2020, the District had $8,447,533 and $9,281,414 in outstanding long-term debt, respectively, which is a decrease of 9%. Long-term debt in 2021 decreased due to additional payments made on the capital lease and one note in order to pay off debt one year early. Long-term debt held by the District at the end of the current year and the preceding year is summarized in Table 8 as follows:

Table 8
Long-term Debt Outstanding at Year End
Year Ended September 30,

	Governmental Activities	
	2021	**2020**
Notes payable	$8,363,151	$9,119,637
Capital leases	49,925	153,817
Net pension liability	34,457	7,960
Total long-term debt	$8,447,533	$9,281,414

The District's policy is to recognize deferred compensation expense for its employees when paid. More detailed information about the District's long-term liabilities is presented on Pages 34 through 38 of this report.

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ECONOMIC FACTORS

The District's taxing jurisdiction consists of the Town of Horizon City, which is 8.6 square miles, and its outlying area making up 139.4 square miles, for a total District size of 148 square miles. Horizon City makes up about 33% of the total estimated population of 56,629 people within the District. The largest growing areas of the District include Eastlake Estates, Mission Ridge, Emerald Estates, and Paseo Del Este.

The District consists of 5 members serving as the Board of Commissioners, 11 paid employees, and 2 vacant Fire Marshal office positions. The Fire Marshal's office increased their staff to keep up with the rapidly developing commercial business within ESD #1. The Horizon Fire Department has 66 active members, of which 28 are Emergency Medical Technicians (EMT's) certified at the basic level, 1 is certified at the Intermediate level and 6 are certified at the Paramedic level. In addition, the Department has 28 certified firefighters. Training is conducted every Wednesday by Certified Training Specialists in areas related to Fire Technology and Emergency Medical Services. Due to the pandemic, face to face trainings were suspended for 8 months in the current fiscal year, however, firefighters have continued on the job training and online training courses.

The District utilizes 24/7 dispatching services in conjunction with Horizon City Police Department. This dispatching system utilizes the CAD system. The Dispatching Center is staffed on average with three to four paid dispatchers every shift through the Horizon Police Department.

Training is also made available to firefighters to attend various seminars conducted in Texas and outside the state, as needed. The firefighters are required to attend a designated number of trainings to remain in good standing with the Department, Pension, and State Fireman's and Fire Marshal's Association. Due to the pandemic, out of town travel was suspended, however, the firefighters continued to meet the training hour requirements for the pension through other means.

The citizens of the community are fortunate to have the District rated by the Insurance Standards Organization (ISO 2/10 effective November 1, 2016). On August 1, 2020, the District opened Station #2 located at 12361 Paseo Del Este. Horizon Volunteer Fire Department staffs Station #1 with at least three volunteer firefighters, and Station #2 with at least 2 volunteers that are available at the stations at all times. This allows quick response times, with at least one firefighter being medically certified at each station. With this program being implemented, all calls are being answered. The average response time for a call in the District is 8.15 minutes to be on the scene. Horizon Volunteer Fire Department responded to 4,032 - 911 incidents in the fiscal year. They also head up the County Search and Rescue team with 9 members from HFD of the 32-member team. The Search and Rescue (SAR) team was activated in 11 incidents during this fiscal year.

It is important that the District continue to train its volunteers and procure state of the art equipment in order to be able to provide the citizens of the District with a continued quick and effective response to the needs of the community, as well as to maintain a lower ISO rating.

In the May 2021 election, the District placed a Sales Tax Proposition on the ballot. The proposition passed with 75% of the vote. On October 1, 2021, the District will begin collecting 1.5% of Sales Tax for all areas in the district except in the Town of Horizon. This funding will be used for new equipment, new fire apparatus, new fire stations and paid fire fighters.

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ECONOMIC FACTORS (CONTINUED)

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Board of Commissioners, President, 14151 Nunda, Horizon City, Texas 79928.

Bill Mayberry
Board of Commissioners, President

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
El Paso County Emergency Services District #1
Horizon City, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of El Paso County Emergency Services District #1 ("the District"), a discrete component unit of the County of El Paso, Texas, 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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.

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To the Board of Commissioners
El Paso County Emergency Services District #1

Auditors' Responsibility (Continued)

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 El Paso County Emergency Services District #1 as of September 30, 2021, 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, budgetary comparison information, schedule of the District's changes in the net pension liability and related ratios, and the schedule of the District's employer contributions, as listed in the table of contents, 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.

(Continued)

To the Board of Commissioners
El Paso County Emergency Services District #1

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of testing, and not to provide an opinion on internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

SBNG, PC

El Paso, Texas
January 27, 2022

EL PASO COUNTY EMERGENCY SERVICES DISTRICT #1
(A COMPONENT UNIT OF THE COUNTY OF EL PASO, TEXAS)

STATEMENT OF NET POSITION

September 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	$2,753,097
Taxes receivable, net	356,434
Other receivables, net	10,829
Prepaid expenses	44,620
Non-depreciable capital assets	1,010,836
Depreciable capital assets, net of accumulated depreciation	9,678,135
Total assets	13,853,951
Deferred outflows of resources from pensions	104,210
LIABILITIES	
Accounts payable	26,609
Accrued liabilities	9,999
Accrued interest	36,739
Due within one year:	
Notes payable	755,302
Capital lease	49,925
Due after one year:	
Notes payable	7,607,849
Net pension liability	34,457
Total liabilities	8,520,880
Deferred inflows of resources from pensions	299
NET POSITION	
Investment in capital assets, net of related debt	2,588,372
Unrestricted	2,848,610
Total net position	$5,436,982

The accompanying notes are an integral part of these financial statements.

EL PASO COUNTY EMERGENCY SERVICES DISTRICT #1
(A COMPONENT UNIT OF THE COUNTY OF EL PASO, TEXAS)

STATEMENT OF ACTIVITIES

Year Ended September 30, 2021

		Program Revenues			Net Revenue (Expense) and Change in Net Position
FUNCTIONS/PROGRAMS	**Expenses**	**Charges for Services and Fees**	**Capital Grants and Contributions**	**Operating Grants and Contributions**	**Governmental Activities**
Primary government:					
Governmental activities:					
Public safety	$3,498,800	$543,250	$	$ 255,917	$(2,699,633)
Interest on long-term debt	278,533				(278,533)
Total primary government	$3,777,333	$543,250	$	$ 255,917	(2,978,166)
		General revenues:			
		Taxes:			
		Property taxes			3,232,999
		Investment earnings			937
		Other income			22,566
		Total general revenues			3,256,502
		Change in net position			278,336
		Net position at beginning of year			5,158,646
		Net position at end of year			$ 5,436,982

The accompanying notes are an integral part of these financial statements.

EL PASO COUNTY EMERGENCY SERVICES DISTRICT #1
(A COMPONENT UNIT OF THE COUNTY OF EL PASO, TEXAS)

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2021

ASSETS	General Fund	Special Revenue Fund-HVFD	Total Governmental Activities
Cash and cash equivalents	$2,711,864	$41,233	$2,753,097
Taxes receivable, net	356,434		356,434
Other receivables, net	10,829		10,829
Due from other funds	41,233		41,233
Prepaid expenses	44,620		44,620
Total assets	$3,164,980	$41,233	$3,206,213

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	General Fund	Special Revenue Fund-HVFD	Total Governmental Activities
Liabilities:			
Due to other funds	$	$41,233	$ 41,233
Accounts payable	26,609		26,609
Accrued liabilities	9,999		9,999
Total liabilities	36,608	41,233	77,841
Deferred inflows of resources:			
Deferred revenue - property taxes	238,502		238,502
Total deferred inflows of resources	238,502		238,502
Fund balances:			
Non-spendable	44,620		44,620
Committed	312,477		312,477
Assigned	1,200,961		1,200,961
Unassigned	1,331,812		1,331,812
Total fund balances	2,889,870		2,889,870
Total liabilities, deferred inflows of resources and fund balances	$3,164,980	$41,233	$3,206,213

The accompanying notes are an integral part of these financial statements.

EL PASO COUNTY EMERGENCY SERVICES DISTRICT #1
(A COMPONENT UNIT OF THE COUNTY OF EL PASO, TEXAS)

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

September 30, 2021

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:		
Total fund balances of governmental funds in the balance sheet		$2,889,870
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Governmental capital assets	16,488,177	
Less accumulated depreciation	(5,799,206)	10,688,971
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Net pension liability	(34,457)	
Notes payable	(8,363,151)	
Capital leases	(49,925)	
Accrued interest	(36,739)	(8,484,272)
Taxes receivable not collected within 60 days of the end of the fiscal year are not considered available resources under the modified accrual basis and are reported as deferred inflows of resources in the government funds. Unavailable taxes receivable are reported in the statement of net position on the full accrual basis.		238,502
Pension related deferred inflows and outflows are not due and payable in the current period, and are not available to pay current period expenditures, therefore are not reported in the governmental funds:		
Deferred outflows of resources related to pensions	104,210	
Deferred inflows of resources related to pensions	(299)	103,911
NET POSITION, GOVERNMENTAL ACTIVITIES		$5,436,982

The accompanying notes are an integral part of these financial statements.

EL PASO COUNTY EMERGENCY SERVICES DISTRICT #1
(A COMPONENT UNIT OF THE COUNTY OF EL PASO, TEXAS)

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

Year Ended September 30, 2021

	General Fund	Special Revenue Fund- HVFD	Total Governmental Activities
Revenues:			
Property taxes	$3,229,614	$	$3,229,614
Charges for services	543,250		543,250
Grant income	215,713		215,713
Contributions	40,204		40,204
Investment earnings	937		937
Other income	22,566		22,566
Total revenues	4,052,284		4,052,284
Expenditures:			
Current:			
Public safety	2,220,939	723,089	2,944,028
Capital outlay	205,500		205,500
Debt service:			
Principal	860,378		860,378
Interest	284,122		284,122
Total expenditures	3,570,939	723,089	4,294,028
Excess of revenues over(under) expenditures	481,345	(723,089)	(241,744)
Other financing sources:			
Interfund transfers	(723,089)	723,089	
Total other financing sources	(723,089)	723,089	
Net change in fund balance	(241,744)		(241,744)
Fund balance at beginning of year	3,131,614		3,131,614
Fund balance at end of year	$2,889,870	$	$2,889,870

The accompanying notes are an integral part of these financial statements.

EL PASO COUNTY EMERGENCY SERVICES DISTRICT #1
(A COMPONENT UNIT OF THE COUNTY OF EL PASO, TEXAS)

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

Year Ended September 30, 2021

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE		
Net change in fund balance - total governmental funds		$ (241,744)
Governmental funds report capital outlays as expenditures. However, in the government-wide statements, the cost of those assets are depreciated over their estimated useful lives:		
Expenditure for capital outlay	205,500	
Less current year provision for depreciation	(614,187)	(408,687)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position		860,378
Accrued interest expense is reported as an expense in the governmental funds on the modified accrual basis, but is reported as a liability in the statement of net position on the full accrual basis:		
Change in accrued interest expense		5,589
Certain property tax revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred on the modified accrual basis in governmental funds:		
Change in deferred property taxes		3,385
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds		
Change in pension liability, deferred inflows, and outflows		59,415
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 278,336

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

ORGANIZATION AND OPERATIONS

El Paso County Emergency Services District #1 ("the District") was created for the purpose of saving lives, the protection of property endangered by fires and other emergencies, and to promote the teaching and practices of fire and accident prevention. The District is a taxing entity and is a political subdivision of the State of Texas. The District was formed as provided by Article III, Section 48-e of the Texas Constitution. The District is administered by a Board of Commissioners ("Commissioners"), appointed by the Commissioners of the County of El Paso, Texas, that acts as the authoritative and legislative body of the entity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – As required by generally accepted accounting principles, these financial statements present the activities of the District and its component units. All activities of the District are governmental in nature and are financed through taxes and other non-exchange transactions. Component units are legally separate organizations for which the District is financially accountable or other organizations whose nature and significant relationship with the District are such that exclusion would cause the District's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit's Board, and (i) either the District's ability to direct the Organization or (ii) the potential for the Organization to provide a financial benefit to or impose a financial burden on the District.

Blended component units, although legally separate entities are, in substance, part of the District's operations. Accordingly, data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The District is not aware of any entity which would consider itself to be a discrete component unit of the District.

Blended Component Units

Horizon Volunteer Fire Department, Inc. – The Horizon Volunteer Fire Department ("HVFD") was established to provide first responders to fires, medical emergencies, disasters and terrorist acts, and to protect the lives and property of the residents of the District's response area. The HVFD was incorporated in the State of Texas in January 2015 and is a non-profit organization under Section 501(c) (3) of the Internal Revenue Code. The HVFD advances public safety through its fire prevention programs by enrolling volunteers. The HVFD administers a modified stipend program to provide incentive compensation to all enrolled volunteers in the form of hourly wages upon completion of a training program. The modified stipend program was originally implemented by the District and was transferred entirely to the HVFD effective June 2015. All stipend pay earned by volunteers is fully reimbursed by the District. All intercompany transactions have been eliminated in the accompanying financial statements.

(Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued) –

Horizon Volunteer Fire Department, Inc. (Continued) – The HVFD meets the requirements for blending because it is managed as a department of the District and because it does not have additional sources of income other than stipend reimbursements provided by the District. The HVFD's activities are reported as a Special Revenue Fund of the District. Separate financial statements are not prepared for the HVFD. The HVFD's fiscal year ends on September 30.

Relationships with Other Governmental Entities

The County of El Paso, Texas – As amended by the Texas 83rd Legislature, Section 775.301 of the Texas Health and Safety Code grants certain control provisions to the Commissioners Court of Counties that border the United States and Mexico and have a population of more than 800,000. Under the statute, the County of El Paso has certain control provisions over the District, which includes the responsibility of appointing a Board of Commissioners, establishing operating policies and procedures for the District, and approving the District's annual budget and tax rate. Based on the application of the criteria set forth by the Government Accounting Standards Board, management has determined the District to be a discrete component unit of the County of El Paso, Texas.

Government-Wide and Fund Financial Statements –The government-wide financial statements (the statement of net position and the statement of activities) report information on all activities of the District. There are no fiduciary or business-type activities conducted by the District. All activities of the District are governmental in nature and are supported by taxes and other non-exchange transactions.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenue. The District only has one governmental fund.

Measurement Focus, Basis of Accounting, and Financial Presentation – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in 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.

(Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Presentation (Continued) – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt, which is recognized when due.

Grants and entitlements and interest associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the District receives cash.

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

In addition to assets and liabilities, the government-wide statement of net position and the government fund balance sheet may report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position (or fund balance) that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net position (or fund balance) that applies to a future period which will not be recognized as an inflow of resources until that time. Internal activity between the governmental funds is eliminated in the government-wide statements.

Fund Accounting – The District uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. For the District, the General Fund is used to account for all financial resources of the District, except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Texas and the by-laws of the District.

(Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Activities – Effective October 1, 2020, the District has adopted GASBS No. 84, *Fiduciary Activities*. The standard establishes guidance regarding what constitutes fiduciary activities for accounting and financial reporting purposes, the recognition of liabilities to beneficiaries, and how fiduciary activities should be reported. Management has evaluated the criteria established by GASBS No. 84 and has not identified any activities or assets that would require to be reported as fiduciary activities as defined by GASBS No. 84.

Revenues: Exchange and Non-Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year-end. Under the modified accrual basis, interest and charges for services are considered to be both measurable and available at fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Expenses/Expenditures – On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Cash and Cash Equivalents and Investments – For presentation in the financial statements, investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an original maturity of more than three months are reported as investments. Investments are recorded at fair value, which is based on quoted market prices (Level 1 investments). There were no investments at the end of the fiscal year.

(Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Tax Calendar – The District is responsible for the assessment, collection, and apportionment of property taxes. The Board of Commissioners levies property taxes on October 1. The certified tax roll from the El Paso Central Appraisal District reflected taxable values of $3,343,792,354 for the year ended September 30, 2021. Taxes are due upon receipt of the tax bill and are delinquent if not paid by February 1, of the year following in which levied. On January 1, of each year, a tax lien attaches to property to secure the payment of tax revenues, penalties and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable in the current period.

The District's 2020-2021 effective tax rate was $.100000 per $100 of assessed valuation. The District incurred expenditures of $74,381 for the services provided by El Paso Central Appraisal District and $38,677 for the services provided by El Paso Central Appraisal District for the year ended September 30, 2021.

Allowance for Delinquent Taxes Receivable – Delinquent taxes receivable are evaluated by management throughout the year. The District performs ongoing evaluations and maintains allowances for uncollectible delinquent taxes based on factors surrounding the credit risk, historical trends, and other information of the outstanding amount for each tax levy. The allowance for uncollectible delinquent taxes was $29,270 for the year ended September 30, 2021.

Allowance for Doubtful Accounts – Other accounts receivable are stated net of an allowance for doubtful accounts. Management periodically evaluates the collectability of its accounts receivable. The allowance for doubtful accounts amounted to $1,759 for the year ended September 30, 2021.

Capital Assets – Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. All capital assets are recorded at cost (or estimated historical cost) if purchased or constructed and updated for additions and retirements during the year. Donated capital assets are recorded at estimated fair market value at the date of the donation. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Depreciation is determined using the straight-line method over the following estimated useful lives of the capital assets:

Buildings and improvements	5-40 years
Heavy trucks	10 years
Equipment	3-10 years

(Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Long-term issuance costs are recognized as debt service expenditures in the current period in both the government-wide financial statements and the governmental financial statements.

Deferred Outflows of Resources and Deferred Inflows of Resources – In addition to assets and liabilities, the statement of net position and the governmental fund balance sheet may report separate sections of deferred outflows of resources and deferred inflows of resources.

Deferred outflows of resources represent a consumption of net position (or fund balance) that applies to a future period which will not be recognized as an outflow of resources until that time. The District recognized deferred outflows of resources related to pensions on its statement of net position.

Deferred inflows of resources represent an acquisition of net position (or fund balance) that applies to a future period which will not be recognized as an inflow of resources until that time. The District has two types of items that qualify for reporting in this category. Unearned revenue from property taxes arises only under the modified accrual basis of accounting and is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also recognizes deferred inflows of resources related to pensions on its statement of net position.

Reservations of Fund Balance – Unassigned fund balances are available for any purpose; these amounts can only be reported in the District's general fund. Assigned fund balance includes amounts that are intended to be used for specific purposes but are neither considered restricted nor committed. Fund balance may be assigned by formal action of the Board of Commissioners. At September 30, 2021, $859,288 was assigned for Fire Marshall operations and $341,673 was assigned for construction and heavy equipment purchases. Committed fund balances include amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to ordinances passed by the Board of Commissioners, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through ordinances approved by the Board of Commissioners. At September 30, 2021, $312,477 was committed for capital outlay. The non-spendable fund balance includes amounts that cannot be spent because it is not in spendable form or is not expected to be converted into cash. Non-spendable fund balance at September 30, 2021 includes $44,620 of prepaid expenses to be consumed in future periods.

Fund Balance Flow Assumptions – It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance, and unassigned fund balance is applied last.

(Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position – Equity is classified as net position and displayed in two components:

1) Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvements of those assets.

2) Unrestricted net position - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Estimates – The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from those estimates.

Budgets and Budgetary Accounting – The District is required by the Texas Constitution and the Texas Health and Safety Code to adopt an annual balanced budget for its general fund. The District's Board of Commissioners officially adopts the annual budget and any amendments. As established by the Texas 83rd Legislature, the Texas Health and Safety Code grants authority and responsibility to the County of El Paso, Texas for reviewing and approving the District's annual budget and amendments before adoption by the Board of Commissioners. All budgets are prepared on the budgetary basis of accounting as required by Texas law.

DEPOSITS

Statutes require the classification of funds held by the District into three categories.

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the District. Such funds must be maintained as cash, withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current two-year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

(Continued)

DEPOSITS (CONTINUED)

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

1) Commercial paper;
2) Bankers' acceptances;
3) Repurchase agreements;
4) Certificates of deposit; and
5) Obligation of, or Guaranteed by Governmental Agencies, such as letters of credit or direct obligations.

Investments in collateral mortgage obligations are prohibited. The maximum allowable stated maturity of any authorized investment type cannot exceed two years to maturity. Repurchase agreements, for which no secondary market exists has a maximum maturity of 120 days.

Investment categories are as follows:

Category 1 Insured or registered, with securities held by the District or its agent in the District's name.

Category 2 Uninsured and unregistered, with securities held by the counter party's trust department or agent in the District's name.

Category 3 Uninsured and unregistered, with securities held by the counter party or by its trust department or agent, but not in the District's name.

Custodial Credit Risk - Deposits – The District's policy is to require full collateralization of all funds on deposit with a depository bank. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be at least 102% of market value of principal and accrued interest on the deposits or investments less an amount insured by the FDIC. At its discretion, the District may require a higher level of collateralization for certain investment securities. Securities pledged as collateral shall be held by an independent third-party with whom the District has a current custodial agreement. Management evaluates the exposure to custodial credit risk for deposits exceeding the amount insured by the FDIC by comparing the amounts of cash on-hand to collateral funds. At September 30, 2021, pledged collateral funds securing the District's deposits had a fair market value of $4,876,078, which exceeded the District's bank balances by $1,888,620. Management does not believe the District is exposed to any significant credit risk.

(Continued)

PROPERTY TAX AND OTHER RECEIVABLES

Property tax and other receivables consist of the following at September 30, 2021:

	Gross	Allowance for Uncollectible Accounts	Net
Governmental activities:			
Property taxes, current	$192,706	$	$192,706
Property taxes, delinquent	192,998	(29,270)	163,728
Taxes receivable, net	385,704	(29,270)	356,434
Other receivables, net	12,588	(1,759)	10,829
Total governmental activities	$398,292	$(31,029)	$367,263

INTERFUND RECEIVABLES AND PAYABLES

The composition of the District's interfund balances as of September 30, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue	$41,233

(Continued)

CAPITAL ASSETS

Capital asset activity for the District for the year ended September 30, 2021 was as follows:

	September 30, 2020	Increases	Decreases	Transfers	September 30, 2021
Non-depreciable capital assets:					
Land	$ 1,010,836	$	$	$	$ 1,010,836
Total non-depreciable capital assets	$ 1,010,836	$	$	$	$ 1,010,836
Depreciable capital assets:					
Building and improvements	$ 9,232,760	$ 116,611	$	$	$ 9,349,371
Heavy trucks	4,075,551	23,724			4,099,275
Equipment	1,963,530	65,165			2,028,695
	15,271,841	205,500			15,477,341
Less accumulated depreciation:					
Building and improvements	842,586	234,641			1,077,227
Heavy trucks	3,079,237	225,619			3,304,856
Equipment	1,263,196	153,927			1,417,123
Total accumulated depreciation	5,185,019	614,187			5,799,206
Depreciable capital assets, net	$10,086,822	$(408,687)	$	$	$ 9,678,135
Total capital assets	$11,097,658	$(408,687)	$	$	$10,688,971

Total provision for depreciation of $614,187 was charged to public safety of the primary government. Capital assets pledged as security for long-term debt had a net book value of $4,953,268 as of September 30, 2021.

(Continued)

DEFERRED REVENUE

Deferred revenue in the amount of $238,502 at September 30, 2021, consisted of property tax revenue received within 60 days following year-end (unavailable to pay liabilities of the current period). Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Deferred revenue received after 60 days is fully recognized as revenue on the government-wide statements. Deferred revenue at the government-wide level arises only when the District receives resources before it has a legal claim to them.

LONG-TERM DEBT

The following is a summary of changes in governmental activities long-term debt for the year ended September 30, 2021:

	Balance at September 30, 2020	Additions	Reductions	Balance at September 30, 2021	Due Within One Year
Notes payable (direct borrowings)	$9,119,637	$	$(756,486)	$8,363,151	$755,302
Capital leases	153,817		(103,892)	49,925	49,925
Net pension liability	7,960	26,497		34,457	
	$9,281,414	$26,497	$(860,378)	$8,447,533	$805,227

(Continued)

LONG-TERM DEBT (CONTINUED)

Notes Payable (direct borrowings)

The District entered into a $3,000,000 note agreement with TIB - the Independent Bankers Bank to finance the acquisition and construction of a fire station. Interest is at 3.95% per annum, payable in semi-annual installments, which are specified in the contract. The note matures in February 2037 and is secured by real estate and ad valorem taxes levied and assessed on the proceeds of taxable property in the District as well as real estate.	$2,820,442
The District entered into a $4,597,000 note agreement with TIB - the Independent Bankers Bank to finance the acquisition and construction of a fire station. Interest is at 3.25% per annum, payable in semi-annual installments, which are specified in the contract. The note matures in February 2029 and is secured by ad valorem taxes levied and assessed on the proceeds of taxable property in the District as well as real estate.	2,518,000
The District entered into a $1,200,000 note agreement with TIB - the Independent Bankers Bank to finance the acquisition of real property. Interest is at 2.89% per annum, payable in semi-annual installments, which are specified in the contract. The note matures in August 2037 and is secured by ad valorem taxes levied and assessed on the proceeds of taxable property in the District as well as real estate.	1,099,907
The District entered into a $1,000,000 note agreement with TIB - the Independent Bankers Bank to finance the acquisition of real property. Interest is at 3.75% per annum, payable in semi-annual installments, which are specified in the contract. The note matures in August 2037 and is secured by ad valorem taxes levied and assessed on the proceeds of taxable property in the District as well as real estate.	868,939
The District entered into a $733,000 note agreement with TIB - the Independent Bankers Bank to finance the acquisition of 65 air regulators. Interest is at 1.79% per annum, payable in annual installments, which are specified in the contract. The note matures in August 2025 and is secured by ad valorem taxes levied and assessed on the proceeds of taxable property in the District.	607,094

(Continued)

LONG-TERM DEBT (CONTINUED)

Notes Payable (direct borrowings) (Continued)

The District entered into a $283,532 note agreement with TIB - the Independent Bankers Bank to finance the acquisition of a brush truck. Interest is at 2.190% per annum, payable in annual installments, which are specified in the contract. The note matures in February 2027 and is secured by ad valorem taxes levied and assessed on the proceeds of taxable property in the District.	$ 246,153
The District entered into a $500,000 note agreement with TIB - the Independent Bankers Bank to finance the acquisition of a heavy rescue truck. Interest is at 2.45% per annum, payable in semi-annual installments, which are specified in the contract. The note matures in August 2024 and is secured by ad valorem taxes levied and assessed on the proceeds of taxable property in the District.	164,616
The District entered into a $356,000 note agreement with TIB - the Independent Bankers Bank to finance the acquisition and construction of a pumper truck. Interest is at 2.07% per annum, payable in semi-annual installments, which are specified in the contract. The note matures in February 2023 and is secured by heavy equipment and ad valorem taxes levied and assessed on the proceeds of taxable property in the District.	38,000
Total notes payable (direct borrowings)	8,363,151
Less amount due within one year	755,302
Amount due after one year	$7,607,849

(Continued)

LONG-TERM DEBT (CONTINUED)

Annual debt service for the outstanding notes is as follows:

Year Ending September 30,	Principal	Interest	Total
2022	$ 755,302	$ 255,041	$ 1,010,343
2023	738,428	234,992	973,420
2024	750,842	215,152	965,994
2025	787,892	194,737	982,629
2026-2030	2,912,585	669,608	3,582,193
2031-2035	1,661,069	311,711	1,972,780
2036-2037	757,033	32,960	789,993
Total	$8,363,151	$1,914,201	$10,277,352

Capital Lease Obligation

Capital lease obligation of the governmental activities at September 30, 2021 consists of the following obligation under capital lease entered into for the acquisition of rolling stock:

Capital lease originating in November 2008, in the original amount of $850,000, with annual interest at 4.685%. Annual principal payments, including interest, are in the amount of $108,508 during the first five years and $56,150 thereafter, maturing in March 2023. Secured by Pierce Brush truck, Pierce Quint truck, and Chevy Tahoe.	$49,925
Amount due within one year	$49,925

LONG-TERM DEBT (CONTINUED)

Capital Lease Obligation (Continued)

Annual debt service requirements for the capital lease are as follows:

Year Ending September 30,	Principal	Interest	Total
2022	$49,925	$2,339	$52,264

For governmental activities, long-term liabilities are liquidated by the general fund. The related equipment will become the property of the District when all the terms of the lease agreement are met.

Equipment under capital leases totals $822,475 and has been fully depreciated as of September 30, 2021. Amortization of leased equipment under capital lease is included in depreciation expense.

EMPLOYEE PENSION PLAN

Texas County & District Retirement System

Plan Description – El Paso County Emergency Services District #1 participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.

A brief description of the benefit terms includes the following:

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.

3) TCDRS is a savings-based plan. For the District's plan, 7% of each employee's pay is deposited into his or her TCDRS account per year. 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 210%) and is then converted to an annuity.

(Continued)

EMPLOYEE PENSION PLAN (CONTINUED)

Texas County & District Retirement System (Continued)

Plan Description (Continued) –

4) There are no automatic cost of living adjustments (“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. The terms may be amended as of January 1 each year but remain in conformity with the Act.

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 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 7%. The most recent comprehensive annual financial report for TCDRS can be found at www.tcdrs.org. Membership information is shown in the chart below.

	December 31, 2020
Members:	
Inactive employees entitled to but not yet receiving benefits:	1
Number of employees:	12
Average monthly salary:	$2,488
Average age:	48.38
Average length of service in years*:	4.78
Inactive employees:	
Number of benefit recipients:	1
Average monthly benefit:	$ 84

*Averages reported for active employees

No contributions were payable to the plan at September 30, 2021.

EMPLOYEE PENSION PLAN (CONTINUED)

Net Pension Liability – The Net Pension Liability ("NPL") is the difference between the Total Pension Liability ("TPL") and the Plan's Fiduciary Net Position ("FNP"). The TPL is the present value of pension benefits that are allocated to current members due to past service by the entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service, and automatic COLAs. In addition, ad-hoc COLA's are adjusted in the TPL to the extent they are substantially automatic. The FNP is determined on the same basis as the pension plans. The Plan's FNP allocated to the District was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The reported FNP as of December 31, 2020 does not reflect changes to plan investments that occurred subsequent to December 31, 2020.

Net Pension Liability/ (Asset)	December 31, 2020
Total pension liability	$110,704
Fiduciary net position	76,247
Net pension liability/(asset)	$ 34,457
Fiduciary net position as a percentage of total pension liability	68.87%
Pensionable covered payroll (1)	$334,865
Net pension liability as a percentage of covered payroll	10.29%
Discount rate (2)	7.60%
Long-term expected rate of return, net of investment expense (2)	7.60%
Municipal bond rate (3)	Does not apply

(1) Payroll is calculated based on contributions as reported to TCDRS.
(2) This rate reflects the long-term rate of return funding valuation assumption of 7.50% 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.

(Continued)

EMPLOYEE PENSION PLAN (CONTINUED)

Other Actuarial Assumptions – The actuarial assumptions that determined the total pension liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except where required to be different by GASB 68. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

Actuarial Methods and Assumptions Used for GASB Calculations – All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2020 funding valuations, except as noted below and throughout this report.

The following are key assumptions and methods used:

Valuation Timing	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.
Actuarial Cost Method	Entry Age Normal (1)
Amortization Method	
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
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%

(Continued)

EMPLOYEE PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions Used for GASB Calculations (Continued) –

Salary Increases	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 employee.
Investment Rate of Return	7.60% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-living adjustments for El Paso County Emergency Services District #1 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.
Retirement Age	Average age 61.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	
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.

(Continued)

EMPLOYEE PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions Used for GASB Calculations (Continued) –

Mortality (Continued)

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.

Schedule of Changes in Net Pension Liability/(Asset) – The change in the reported net pension liability for the measurement period ended December 31, 2020 is as follows:

	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a)-(b)
Balance as of December 31, 2019	$ 38,963	$31,003	$ 7,960
Changes for the year:			
Service cost	35,394		35,394
Interest on total pension liability	5,953		5,953
Effect of plan changes	20,191		20,191
Effect of economic/demographic gains or losses	3,877		3,877
Effect of assumptions changes or inputs	8,084		8,084
Refund of contributions	(915)	(915)	
Benefit payments	(843)	(843)	
Administrative expenses		(56)	56
Member contributions		20,092	(20,092)
Net investment income		3,286	(3,286)
Employer contributions		22,470	(22,470)
Other		1,210	(1,210)
Balance as of December 31, 2020	$110,704	$76,247	$ 34,457

(Continued)

EMPLOYEE PENSION PLAN (CONTINUED)

Schedule of Changes in Net Pension Liability/(Asset) – A schedule of changes in Net Pension Liability and Related Ratios, in addition to the information above, includes multi-year trend information and is presented in the Required Supplementary Information section and can be found on page 61 of this report.

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 2021 information for a 10-year time horizon. The valuation assumption for long-term expected return is reassessed at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice.

Asset Class	Target Allocation	Geometric Real Rate of Return
U.S. Equities	11.50%	4.25%
Global Equities	2.50%	4.55%
International Equities - Developed Markets	5.00%	4.25%
International Equities - Emerging Markets	6.00%	4.75%
Investment-grade Bonds	3.00%	(0.85%)
Strategic Credit	9.00%	2.11%
Direct Lending	16.00%	6.70%
Distressed Debt	4.00%	5.70%
REIT Equities	2.00%	3.45%
Master Limited Partnerships (MLPs)	2.00%	5.10%
Private Real Estate Partnerships	6.00%	4.90%
Private Equity	25.00%	7.25%
Hedge Funds	6.00%	1.85%
Cash Equivalents	2.00%	(0.70%)

(Continued)

EMPLOYEE PENSION PLAN (CONTINUED)

Depletion of Plan Assets/GASB Discount Rate – The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the expected rate of return on pension plan investments.

2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer, an alternative method to determine the sufficiency of the fiduciary net position in all future years has been used. The alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.

2. Under TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.

(Continued)

EMPLOYEE PENSION PLAN (CONTINUED)

Depletion of Plan Assets/GASB Discount Rate (Continued) –

3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.

4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return of the investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, a discount rate of 7.60% has been used. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Sensitivity Analysis – The following presents the net pension liability of the District, calculated using the discount rate of 7.60%, as well as what the District net position liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	$129,873	$110,704	$94,964
Less fiduciary net position	76,247	76,247	76,247
Net pension liability/(asset)	$ 53,626	$ 34,457	$18,717

(Continued)

EMPLOYEE PENSION PLAN (CONTINUED)

Net Pension Expense – Pension expense for the year ended September 30, 2021 is recognized by the District as follows:

Pension Expense/ (Income)	January 1, 2020 to December 31, 2020
Service cost	$35,394
Interest on total pension liability	5,953
Effect of plan changes	20,191
Administrative expenses	56
Member contributions	(20,092)
Expected investment on return, net of investment expenses	(4,177)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains and losses	727
Recognition of assumption changes or inputs	897
Recognition of investment gains or losses	322
Other	(1,210)
Net pension expenses	$38,061

As of September 30, 2021, the deferred inflows and outflows of resources are as follows:

	September 30, 2021	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$299	$ 5,781
Changes of assumptions		7,187
Net difference between projected and actual earnings		1,118
Contributions made after measurement date		90,124
	$299	$104,210

(Continued)

EMPLOYEE PENSION PLAN (CONTINUED)

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 December 31,	
2021	$ 92,071
2022	1,948
2023	1,919
2024	1,804
2025	1,625
Thereafter	4,544
	$103,911

Texas Emergency Services Retirement System

The District offers a retirement plan to eligible employees under the Texas Emergency Services Retirement System ("TESRS").

Plan Description – TESRS administers a cost-sharing multiple employer pension system ("the System") established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. The System issues a stand-alone financial report that is available to the public at www.tesrs.org.

The System is governed by a Board of Trustees composed of nine members. Of the nine-member Board of Trustees, at least five trustees must be active members of the pension system, one of whom must represent emergency medical services personnel. One Trustee may be a retiree of the pension system, and three Trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. At August 31, 2020 ("the measurement date"), there were 238 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

(Continued)

EMPLOYEE PENSION PLAN (CONTINUED)

Texas Emergency Services Retirement System (Continued)

On August 31, 2020, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,837
Terminated Members Entitled to Benefits but Not Yet Receiving Them	1,787
Active Participants (Vested and nonvested)	3,634

Benefits Provided – Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by Board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

Funding Policy – Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is $36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

(Continued)

EMPLOYEE PENSION PLAN (CONTINUED)

Texas Emergency Services Retirement System (Continued)

Funding Policy (Continued) – The State is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The Board rule defining contributions was amended effective July 27, 2014, to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2020, Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to fifteen years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by the System.

Contributions Required and Contributions Made – The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by Board rule, and there is no maximum contribution rate.

(Continued)

EMPLOYEE PENSION PLAN (CONTINUED)

Texas Emergency Services Retirement System (Continued)

Contributions Required and Contributions Made (Continued) – During the year ended August 31, 2020, a total of $33,018 in contributions were made to the System on behalf of ESD#1. Total contributions made to the System subsequent to the measurement period and prior to September 30, 2021 totaled $53,056 and are presented as an expense in the accompanying statement of activities for the fiscal year ended September 30, 2021.

Payments by a Non-Employer Third-Party – The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is $36 per member and the department may make a higher monthly contribution for its members). As established in Section 775.301 of the Texas Health and Safety Code, the Commissioners' Court of El Paso Texas County ("the County") approves the District's annual fiscal budget and may establish procedures regarding the District's procurements and activities. Accordingly, the County is considered the controlling governing body of the District for purposes of adopting TESRS's funding policy and thus, is required to make minimum contributions to TESRS. The payments provided to TESRS by El Paso Texas County meet the criteria of a special funding situation as defined in GASB statement 68, and thus are recognized as revenue by the District when paid by the County to TESRS in accordance with GASB 68, Paragraph 58.

During the fiscal year ended September 30, 2021, pension contributions from the County made to TESRS on behalf of the District totaled $39,204. The District made voluntary contributions to the Plan of $13,852 in the fiscal year ended September 30, 2021. Since the County pays 100% of the required contributions into the Plan, the County carries 100% of the net pension liability related to the Plan; therefore, additional GASB 68 reporting requirements for the Plan apply to the County and not the District.

DEFERRED COMPENSATION PLAN

On September 1, 2020, the District established a 457(b) non-qualified Deferred Compensation Plan for employees to be eligible to receive benefits. The Plan is administered by National Benefit Services, LLC and is a defined contribution plan. Under the terms of the Plan, all employees are eligible to participate as of their first day of employment with the District without limit to their salary deduction contributions. There are no employer contributions under the Plan. Employee contributions into the Plan become 100% vested immediately. The Plan was made retroactively effective to January 1, 2020.

DEFERRED COMPENSATION PLAN (CONTINUED)

District Management has no ability to direct funds contributed into the Plan. In addition, Management has concurrently adopted the provision of GASBS No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, under which defined contribution pension plans and certain 457 Plans are provided an exemption from being recognized as fiduciary component units. Therefore, Management has concluded that the Plan does not meet the criteria established by GASBS No. 84, *Fiduciary Activities*, which would require the Plan to be recognized as a fiduciary component unit. Accordingly, the Plan assets, liability and fund balance have not been presented as a Pension trust fund in the accompanying financial statements.

INTERFUND TRANSFERS

The composition of the District's interfund transfers as of September 30, 2021 is as follows:

From	To	Amount
General Fund	Special Revenue Fund	$723,089
Special Revenue Fund	General Fund	$723,089

Interfund transfers are exclusively to fund the Horizon Volunteer Fire Department Stipend program and employee retention.

RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to volunteer firefighters and natural disaster, for which commercial insurance is carried. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amounts of loss can be reasonably estimated.

During fiscal year ended 2021, the District contracted with VFIS of Texas, Inc. for liability, property, and crime damage. Coverages provided to the District are as follows:

Public Official Errors and Omissions Liability (Per Occurrence)	$1,000,000
Business Auto Coverage Liability Combined (Each Accident)	$1,000,000
Commercial General Liability (Per Occurrence)	$3,000,000
Commercial Property	$8,485,796

(Continued)

RISK MANAGEMENT (CONTINUED)

Fair Labor Standards Act Suit Defense Coverage (Per Occurrence)	$100,000
Blanket Portable Equipment	Guaranteed Replacement Cost Coverage
Crime Insurance:	
Employee Dishonesty (Per Occurrence)	$100,000
Surety Bond	$100,000

There were no settlements that exceeded insurance coverage in the last three years.

Workers' compensation coverage is maintained by paying premiums to Texas Mutual Insurance Company. The premium is calculated based upon accident history and administrative costs.

NEW ACCOUNTING PRONOUNCEMENTS

In June 2017, GASB Statement No. 87 *Leases* was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District is evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The District is evaluating how this pronouncement will affect the financial statements.

(Continued)

NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations*, was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The District is evaluating how this pronouncement will affect the financial statements.

In May 2020, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, was issued. This Statement is intended to provide temporary relief to governments and other stakeholders considering the COVID-19 pandemic. This Statement amended the effective date of Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements,* Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* Statement No. 84 *Fiduciary Activities*, and Statement No. 91, *Conduit Debt Obligations* to be postponed by one year and Statement No. 87 *Leases,* to be postponed by 18 months.

In June 2020, GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, was issued. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPED plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Paragraph 4 and 5 have been adopted concurrently with GASB No. 84, *Fiduciary Activities*.

(Continued)

COMMITMENTS AND CONTINGENCIES

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S have declared a state of emergency. It is anticipated that these impacts will continue for some time, however, there has been no immediate impact to the Organization's operations. Future potential impacts may include disruptions or restrictions on the Organization's employees' ability to work. Operating functions may be changed and may increase operating costs, however future effects of these issues are unknown.

SUBSEQUENT EVENTS

During 2021, the District held an election to approve the adoption of a local sales and use Tax at a rate not to exceed 1.5% pursuant to Health and Safety Code 775.0752. The election authorized the adoption of the rate, which became effective on October 1, 2021.

On December 14, 2021, the District closed on the purchase of land with a value of $4,209,110. The land is to be used as a site for a future Headquarter facility. The Property is subject to use restrictions, to be used exclusively for a fire department headquarters, including related administrative offices, fire suppression training, equipment maintenance, repair, and storage facilities and a fire station. The District has an obligation to commence construction on the Property no later than the last day of the 24th month following December 14, 2021, the date of the warranty deed.

Management has evaluated events through January 27, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

EL PASO COUNTY EMERGENCY SERVICES DISTRICT #1
(A COMPONENT UNIT OF THE COUNTY OF EL PASO, TEXAS)

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	
	Original	**Final**		**Variance**
Revenues:				
Taxes:				
Property taxes	$ 3,317,247	$ 3,317,247	$ 3,229,614	$ (87,633)
Charges for services	324,870	401,291	543,250	141,959
Contributions			40,204	40,204
Investment earnings			937	937
Grant income			215,713	215,713
Other income			22,566	22,566
Total revenues	3,642,117	3,718,538	4,052,284	333,746
Expenditures:				
Public safety:				
Fire control and EMS:				
Salaries and benefits	1,347,006	1,372,103	1,307,543	64,560
Material and services	1,481,157	1,521,786	1,636,485	(114,699)
Capital outlay	356,460	367,155	205,500	161,655
Debt service:				
Principal payments	780,852	780,852	860,378	(79,526)
Interest payments	284,200	284,200	284,122	78
Total expenditures	4,249,675	4,326,096	4,294,028	32,068
Surplus of revenues over expenditures (excess of expenditures over revenue)	(607,558)	(607,558)	(241,744)	365,814
Fund balance, beginning of year	3,131,614	3,131,614	3,131,614	
Fund balance, end of year	$ 2,524,056	$ 2,524,056	$ 2,889,870	$ 365,814

(Continued)

EL PASO COUNTY EMERGENCY SERVICES DISTRICT #1
(A COMPONENT UNIT OF THE COUNTY OF EL PASO, TEXAS)

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
(CONTINUED)

Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts Budgetary	
	Original	Final	Basis	Variance
Budget basis deficit			$ (241,744)	
GAAP basis deficit			(241,744)	
Fund balance, beginning of year			3,131,614	
Fund balance, end of the year			$ 2,889,870	

See notes to required supplementary information
and independent auditors' report.

EL PASO COUNTY EMERGENCY SERVICES DISTRICT #1
(A COMPONENT UNIT OF THE COUNTY OF EL PASO, TEXAS)

BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
HORIZON VOLUNTEER FIRE DEPARTMENT, INC.

Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts Budgetary	
	Original	Final	Basis	Variance
Revenues:				
Transfers from general fund	$ 782,328	$ 782,328	$ 723,089	$ (59,239)
Total revenues	782,328	782,328	723,089	(59,239)
Expenditures:				
Public safety:				
Salaries and benefits	782,328	782,328	723,089	59,239
Total expenditures	782,328	782,328	723,089	59,239
Surplus of revenues over expenditures				
Fund balance, beginning of year				
Fund balance, end of year	$	$	$	$

See notes to required supplementary information
and independent auditors' report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SIGNIFICANT ACCOUNTING POLICIES

Budgetary Basis of Accounting – The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles ("GAAP"). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenses are recognized on the cash and encumbrances basis. Revenues are budgeted in the year that receipt is expected, and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting on the governmental fund statements and on the full accrual basis on the government-wide statements.

BUDGET PROCESS AND CALENDAR

Budgetary Process – The budgetary process is prescribed by provisions of Title 4, Chapter 102, of the Local Government Code of the Texas Legislature and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriation resolution, both of which are prepared on the budgetary basis of accounting.

The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified by resolution of the District Board. All funds are required to be budgeted and appropriated. The level of budgetary control is at the object level for the District. Any budgetary modifications at this level may only be made by resolution of the District Board.

Under the District's by-laws, revenues not specifically related to a particular fund shall be deposited into the District's General Fund. Monies can only be transferred from the General Fund by resolution of the District Board.

Estimated Resources – As part of the District's budgetary process, the Board approves the official estimated resources. The official estimated resources states the projected revenue of the General Fund. Prior to September 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the official estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about October 1, the estimated resources is amended to include any unencumbered balances from the preceding year. The estimated resources may be further amended during the year if the Board determines that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year ended 2021.

(Continued)

EL PASO COUNTY EMERGENCY SERVICES DISTRICT #1
(A COMPONENT UNIT OF THE COUNTY OF EL PASO, TEXAS)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(CONTINUED)

BUDGET PROCESS AND CALENDAR (CONTINUED)

Appropriations – An annual appropriation resolution must be passed by September 15 of the preceding year for the period October 1 to September 30. The appropriation resolution fixes spending authority at the fund and object level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among funds and objects within a fund may be modified during the year only by a resolution of the Board. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriations in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as final budgeted amounts in the schedules of budgetary comparison represent the final appropriation amounts, including all supplemental appropriations.

Lapsing of Appropriations – At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the General Fund and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be re-appropriated.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2021, the following categories exceeded its corresponding budgeted appropriation:

Material and services	$114,699
Principal payments	79,526
	$194,225

Total expenditures did not exceed budgeted appropriations for the year ended September 30, 2021. Material and services exceeded budgeted appropriations due to COVID-19 related expenditures that were funded by a grant contract. Principal payments exceeded budgeted appropriations due to additional principal payments made to two notes payable. Both payments were made in order to retire the notes prior to maturity.

EL PASO COUNTY EMERGENCY SERVICES DISTRICT #1
(A COMPONENT UNIT OF THE COUNTY OF EL PASO, TEXAS)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
YEAR ENDED DECEMBER 31, 2020

	2020	2019	2018	Years 2011 - 2017
Total Pension Liability				
Service cost	$ 35,394	$ 20,091	$ 5,104	N/A
Interest on total pension liability	5,953	2,031	413	N/A
Effect of plan changes	20,191	8,981		N/A
Effect of economic/demographic losses	3,877	3,001		N/A
Effect of assumption changes or inputs	8,084		(409)	N/A
Benefit payments/refund of contributions	(1,758)	(249)		N/A
Net change in total pension liability	71,741	33,855	5,108	N/A
Total pension liability, beginning	38,963	5,108		N/A
Total pension liability, ending	110,704	38,963	5,108	N/A
Fiduciary Net Position				
Employer contributions	22,470	11,070	2,317	N/A
Member contributions	20,092	13,241	2,771	N/A
Investment income net of investment expenses	3,286	845	57	N/A
Benefit payments/refund of contributions	(1,758)	(249)		N/A
Administrative expenses	(56)	(24)	(4)	N/A
Other	1,210	828	151	N/A
Net change in fiduciary net position	45,244	25,711	5,292	N/A
Fiduciary net position, beginning	31,003	5,292		N/A
Fiduciary net position, ending	76,247	31,003	5,292	N/A
Net pension liability (asset)	$ 34,457	$ 7,960	$ (184)	N/A
Fiduciary net position as a percentage of total pension liability	68.87%	79.57%	103.60%	N/A
Pensionable covered payroll	$ 334,865	$ 264,822	$ 55,422	N/A
Net pension liability (asset) as a percentage of covered payroll	10.29%	3.01%	-0.33%	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

See independent auditors' report.

EL PASO COUNTY EMERGENCY SERVICES DISTRICT #1
(A COMPONENT UNIT OF THE COUNTY OF EL PASO, TEXAS)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

YEAR ENDED DECEMBER 31, 2020

Year Ended December 31,	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a % Covered Payroll
2011	$	$	$	$	
2012					
2013					
2014					
2015					
2016					
2017					
2018	2,317	2,317		55,422	4.2%
2019	11,070	11,070		264,822	4.2%
2020	22,470	22,470		334,865	6.7%

(1) 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.

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

See independent auditors' report.

EL PASO COUNTY EMERGENCY SERVICES DISTRICT #1
(A COMPONENT UNIT OF THE COUNTY OF EL PASO, TEXAS)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation Date	Actuarially determined contribution rates are calculated on a calendar basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Ratios -

Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.60% average over career including inflation
Investment Rate of Return	7.50%, 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 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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Methods and Assumptions Used to Determine Contribution Ratios (Continued) -

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: No changes in plan provisions were reflected in the Schedule. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: Employer contributions reflect that the member contribution rate was increased to 6% and the current service matching rate was increased to 170%.

* Only changes that affect the benefit amount and that are effective 2015 and thereafter are shown in the notes to the Schedule.

AUDITORS' SECTION

SBNG
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
El Paso County Emergency Services District #1

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of El Paso County Emergency Services District #1 ("the District"), a discrete component unit of County of El Paso, Texas, 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, and have issued our report thereon dated January 27, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

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To the Board of Commissioners
El Paso County Emergency Services District #1

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SBNG, PC

January 27, 2022
El Paso, Texas

EL PASO COUNTY EMERGENCY SERVICES DISTRICT #1
(A COMPONENT UNIT OF THE COUNTY OF EL PASO, TEXAS)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2021

I. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of El Paso County Emergency Services District #1.

2. No significant deficiencies or material weaknesses were reported in the audit of the financial statements of El Paso County Emergency Services District #1 as reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

3. No instances of non-compliance material to the financial statements of El Paso County Emergency Services District #1, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

II. AUDIT FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

Current Year Findings: None

Prior Year Findings: None

See independent auditors' report.