

# Bastrop County ESD #3 Proposed Budget

## Budget Notes

The information below is intended to assist the reader in understanding the assumptions used to construct the proposed annual budget. Because Bastrop County ESD #3 (District) is a new organization, no historical information was available. This is a true zero-based budget.

### Budget Development Process

In early 2025, the Board developed a pro-forma budget as a guidepost for start up activities. The pro-forma budget included FY 2024-25 and FY 2025-26, with a projection of FY 2026-27 for planning purposes. Each month, the pro-forma budget was updated as new information was received. The development of the proposed FY 2025-26 budget took place over the past six weeks through a series of strategic and budget development workshops. It is anticipated that there may be changes to the proposed budget prior to adoption and that budget amendments will be necessary throughout the year when new information is received.

### Service Overview

The District currently provides EMS service within Bastrop County through a contract with Acadian Ambulance. Prior to the formation of the District, Acadian provided services through a zero-subsidy contract with Bastrop County. At that time, only four ambulances were available in the county. In June 2025, the contract was assigned to the District and services were enhanced to include five 24-hour ambulances, two 12-hour ambulances and a 24-hour critical care supervisor. Response time expectations were tightened in an effort to get resources to patients faster. Through the amended contract, the base fee paid to Acadian is \$223,166.66 per month. The contract has both incentives and penalties tied to clinical and operational performance metrics. Acadian can earn up to a total of \$250,000 per month if it was to hit all performance metric incentives.

### Looking forward

The Acadian contract runs through October 2026. The Board has not yet determined the future direction of EMS service in the county. Options include bringing service “in house” or seeking proposals for a long-term contract. Regardless, the Board has set a precedent to own the capital assets in accordance with the Texas Health and Safety Code Chapter 775. The statute requires that land, buildings and capital assets paid by taxpayers be titled in the governmental entity’s name. In FY 2024-25, the District began purchasing assets to deliver service within its territory. Should the District elect to enter a long-term contracted arrangement, those assets will be licensed to the provider as part of the contracted arrangement.

The FY 2025-26 budget was based on the assumption that the Board will bring EMS “in house” in FY 2026-27. All other scenarios will work within this assumption.

### Two-Year Totals

The reader will note that the budget contains a column for “2-Year Total.” The budget to be approved is only 12 months. However, the District received a Tax Anticipation Note in April 2025

to fund start up costs and the first seven months of the amended Acadian contract. The 2 Year Total column reflects the budget for FY 2025-26 plus the start up FY 2024-25 expenditures.

As we have not closed the FY 2024-25 books, the 2 Year Total amounts are estimates. We will revise these once the year end close is complete.

## Revenue

This is the first year in which the District will be levying ad valorem taxes. The tax rate proposed is \$0.10 per \$100 valuation. The budget assumes a 97% collection rate with collections spread primarily over November 2025 – February 2026. Total collections are estimated to be \$14.3 million.

The only other material source of revenue in the fiscal year is payments from the City of Elgin to cover EMS services from October through December 2025 pursuant to the Interlocal Agreement with the District. There will be an annexation election in November 2025 to determine if the City of Elgin and its ETJ within Bastrop County join the District.

If the election is successful, the property in the annexed territory will be subject to property taxes starting January 2026, with collections beginning in October 2026. If the election fails, the City of Elgin may elect to contract with the District for services starting in January 2026. Revenue for these services would be added to the budget at that time.

## Personnel

The District currently employs an Executive Director. We anticipate a second hire early in the FY 2025-26 budget year to assist with District administration and contract compliance. Should a decision be made to bring EMS in-house, additional positions would be hired throughout the year to complete the start-up. The bulk of this hiring would take place in late Q3 and Q4.

The District does not yet provide healthcare and retirement benefits. As a second employee is hired, these benefits will be added and the budget will be amended to include these costs.

## Operating Expenses

It is important to reiterate that the operating expenses were projected based on the assumption that the District brings the provision of EMS in-house in FY 2026-27. As such, the reader will see various line-items necessary to accomplish this formidable task. We will continue to monitor Acadian's compliance with the existing contract and weigh other factors prior to making that long-term decision.

The debt and interest payment (5211 Debt Payment – Principal and 5210 Debt Payment – Interest) is the repayment of the Tax Anticipation Note. The District intends to repay the loan in January 2026. A January 2026 repayment is three months earlier than required and will save the District approximately \$60,000 in interest.

## Capital Expenditures

The capital plan includes many items related to the long-term provision of EMS services in the County whether the District brings EMS in-house or continues with a long-term contracted provider. [Capital Expenditures include land for future stations, building future stations, ambulance modules and ambulance chassis.] Chapter 775 of the Texas Health and Safety Code requires that assets purchased with tax monies be titled in the District's name.

*Under 775.073(d), ESD money in a purchase affords an ESD an ownership right:  
(d) Any property, including an interest in property, purchased or leased using district funds, wholly or partly, must remain the property of the district, regardless of whether the property is used by a third party under a contract for services or otherwise, until the property is disposed of in accordance with Section [775.0735](#).*

The capital plan contemplates financing vehicles and medical equipment over a 5-7 year useful life depending on the asset. Property and construction over a 10-12 year period. The statute allows ESD to finance equipment for 10 years and real property for 20 years (HSC Sec. 775.085).

## Cash Flow and Net Income

October is the only month in which operating expenses are anticipated to exceed revenue. This is due to the natural skew of tax collections toward the end of December through February. The deficit for October will be funded through monies remaining from the 2025 Tax Anticipation Note.

Net Income is expected to peak in January with the available cash peaking in March. Deposits in excess of the FDIC limit are fully collateralized. The proposed budget does not include interest from deposited funds. This will be updated once a projection is finalized.

## Fund Balance

The District does not currently maintain a "Fund Balance" account. The Board has discussed the need to build a modest fund balance to provide a mechanism to:

- Fund normal operations during the first quarter of the fiscal year prior the receipt of tax revenue, and
- Use as an emergency reserve in case of crisis.

The Board recognized that any fund reserve is taxpayer resources. The fund reserve should be kept at a reasonable level to avoid unnecessarily burdening the taxpayer.