

**Williamson County  
Emergency Services District No. 7  
Financial Statements  
September 30, 2020**

Williamson County Emergency Services District No. 7  
For the Year Ending September 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Williamson County Emergency Services District No. 7

We have audited the accompanying financial statements of the governmental activities, and each major fund, of Williamson County Emergency Services District No. 7, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of Williamson County Emergency Services District No. 7, as of September 30, 2020, and the respective changes in financial position thereof 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 and the budgetary comparison information, the schedule of changes in net pension liability and related ratios, and the schedule of District contributions on pages 3 through 7 and 26 through 29 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.



Medack & Oltmann, LLP  
Giddings, TX  
January 15, 2021

## **Williamson County Emergency Services District #7**

*Management's Discussion and Analysis* September 30, 2020

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As management of the Williamson County Emergency Services District #7 (the District), we are pleased to offer readers of the District's financial statements this narrative overview and analysis of the District's financial activities for the year ended September 30, 2020. We encourage readers to consider it in conjunction with the additional information presented in the accompanying basic financial statements and the notes to the financial statements.

### **Financial Statements**

- The net position of the District increased by \$ 77,509. Net position at year end consisted of net investment in capital assets of \$ 1,145,148 and unrestricted net position of \$ 264,616, for a total of \$ 1,409,764.
- Total revenues from all sources were \$ 726,648 which represents a decrease of \$ 179,113 from the prior year.
- Total expenditures from operations were \$ 649,139 which was an increase of \$ 23,780 from the prior year.
- As of September 30, 2020, the District's governmental fund reported an ending fund balance of \$ 249,049, an increase of \$ 108,755 from the prior fiscal year.

### **Using this Annual Report**

This annual report presents the following three components of the financial statements:

1. Government-wide financial statements provide information for the District as a whole.
2. Fund financial statements provide detailed information for the District's significant funds.
3. Notes to the financial statements provide additional information that is essential to understanding the government-wide and fund financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves. This information includes a management's discussion and analysis as well as a budgetary comparison schedule.

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

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the assets and liabilities of the District. The difference between assets and liabilities is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information on how the District's net position changed during the most recent fiscal year. This statement is presented using the accrual basis of accounting, which means that all of the current year revenues and expenses are taken into account regardless of when the cash is received or paid.

## Williamson County Emergency Services District #7

Management's Discussion and Analysis September 30, 2020

Both the Statement of Net Position and the Statement of Activities present information for the following:

- Government activities – This includes all of the District's emergency protection services which are primarily supported by property taxes.

The government-wide financial statements begin on page 8. The following is a summary of net position as of September 30, 2020, and September 30, 2019.

**Table 1**  
**Net Position**

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
Current & Other Assets	\$ 285,816	\$ 168,841
Capital Assets, Net	<u>1,842,009</u>	<u>1,918,246</u>
Total Assets	\$ 2,127,825	\$ 2,087,087
<b>Deferred Outflows of Resources</b>	\$ 4,277	\$ -
<b>Liabilities:</b>		
Current Liabilities	\$ 38,628	\$ 46,523
Long term liabilities	<u>683,710</u>	<u>708,309</u>
Total Liabilities	\$ 722,338	\$ 754,832
<b>Deferred Inflows of Resources</b>	\$ -	\$ -
<b>Net Position:</b>		
Net Investment in Capital Assets	\$ 1,145,148	\$ 1,193,780
Unrestricted	<u>250,458</u>	<u>138,475</u>
Total Net Position	\$ 1,395,606	\$ 1,332,255

## Williamson County Emergency Services District #7

Management's Discussion and Analysis September 30, 2020

The following table is a summary of changes in net position for the year ended September 30, 2020 and 2019.

**Table 2**  
**Changes in Net Position**

	Governmental Activities	
	2020	2019
Revenues		
Operating Grants & Contributions	\$ 59,709	\$ 47,955
Property Taxes	505,394	460,881
Penalty/Interest	3,732	4,411
Sales Tax	123,707	81,161
Interest	1,159	1,274
Miscellaneous	32,947	10,079
County Contribution	\$ -	\$ 300,000
Total Revenues	\$ 726,648	\$ 905,761
Expenses:		
General Government	\$ 649,139	\$ 625,359
Total Expense	\$ 649,139	\$ 625,359
Change in Net Position	\$ 77,509	\$ 280,402
Net Position-Beginning of Year	1,332,255	1,051,853
Net Position-End of Year	\$ 1,409,764	\$ 1,332,255

### 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 fund financial statements provide detailed information about the District's significant funds – not the District as a whole. The District's funds fall into one category – governmental funds.

The focus of the District's *governmental fund* 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. In particular, *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.

The *governmental funds statements* provide a detailed short-term view of the government operations and the basic services it provided, and are reported on the modified accrual basis of accounting which focuses on available spendable resources. This allows the reader to evaluate the District's short-term financing requirements. Both the governmental fund *Balance Sheet* and the governmental fund

## Williamson County Emergency Services District #7

Management's Discussion and Analysis September 30, 2020

Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to the government-wide financial statements.

The District adopts an annual budget for the general fund. A budgetary comparison statement has been provided to demonstrate compliance. The governmental fund financial statements begin on page 8, and the budgetary comparison schedule is on page 26.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 through 25 of this report.

### General Fund Budgetary Highlights

The budgeted revenues were \$ 81,474 less than actual revenues and budgeted expenses were \$27,281 more than actual expenses for the year ended September 30, 2020. Actual results for expenditures were 4.33% less than budgeted expenditures, while the District's overall actual revenue were 12.95% more than budgeted.

### Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2020, amounts to \$ 1,145,148 (net of accumulated depreciation). This investment in capital assets includes vehicles, machinery, equipment, and buildings.

#### Capital Assets Governmental Activities (net of depreciation)

	Balance 9/30/2020	Balance 9/30/2019
Land	\$ 111,969	\$ 111,969
Vehicles	581,183	581,183
Furniture & Fixtures	1,926	1,926
Equipment	225,721	225,721
Buildings and Structures	1,619,923	1,619,923
Accumulated Depreciation	(698,713)	(622,476)
Governmental activities capital assets, net	<u>\$ 1,842,009</u>	<u>\$ 1,918,246</u>

Additional information on the District's capital assets can be found in Note 4 of this report.



## **Williamson County Emergency Services District #7**

*Management's Discussion and Analysis* September 30, 2020

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### **Debt Administration**

As of September 30, 2020, and September 30, 2019, the District was obligated on the following debt:

#### **Outstanding Debt at Year-End**

	<u>9/30/2020</u>	<u>9/30/2019</u>
Capital Lease-Government Capital Corp	\$ 696,861	\$ 724,466
Compensated Absences	15,519	11,454
Total	\$ 712,380	\$ 735,920

The District incurred \$ 27,002 in interest expense as of September 30, 2020.

Additional information on the District's non-current liabilities can be found in Note 5 of this report.

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

Williamson County ESD #7 tax revenues are expected to increase with the continued growth in the District. The development of properties within the district from agriculture tracts to suburban tracts for 2020 has continued. Several new developments started breaking ground in the later part of 2020 and the continued growth looks good for 2021. The passage of the sales tax initiative for areas outside of the City of Florence will increase revenue for the District starting in the second quarter of 2021. Emergency Service District # 7 hopes to increase staffing levels and replace some of the aging apparatus in the fleet with the increased sales tax revenues starting sometime in late fiscal year 2021.

The continued growth and demand for services will continue to put a strain on the district as the demand for services increase. The time between the development of property and when ad-valorem tax revenue is received can be as much as two years.

The Emergency Service District #7 base is rapidly changing from a predominantly agriculture area to a suburban community with large lots and ranchettes, with an already limited water supply. These areas are called the wildland interface, which pose a significant issue in providing fire service in the district.

### **Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives from the citizens of the Williamson County Emergency Services District #7. If you have any questions about this report or need further information, contact the Williamson County Emergency Services District #7, P.O. Box 523, Florence, TX 76527, or call 254-793-2591.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7  
GOVERNMENTAL FUND BALANCE SHEET AND  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020

	General Fund	Adjustments (Note 9)	Statement of Net Position
<b>ASSETS</b>			
Cash	\$ 192,443	\$ -	\$ 192,443
Property Taxes Receivable	18,186	-	18,186
Accounts Receivable	44,705	-	44,705
Prepaid Expense	29,414	-	29,414
Pension Asset	-	1,068	1,068
Capital Assets (net of accumulated depreciation)	-	1,842,009	1,842,009
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 284,748</u>	<u>\$ 1,843,077</u>	<u>\$ 2,127,825</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Amounts	\$ -	\$ 4,277	\$ 4,277
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ 4,277	\$ 4,277
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Interest Payable	-	6,603	6,603
Accrued Payroll/Liabilities	3,355	-	3,355
Long Term Liabilities - Due within one year	-	28,670	28,670
Long Term Liabilities - Due after one year	-	683,710	683,710
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>\$ 3,355</u>	<u>\$ 718,983</u>	<u>\$ 722,338</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	\$ 18,186	\$ (18,186)	\$ -
Interlocal Agreement	14,158	(14,158)	-
Pension Amounts	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 32,344	\$ (32,344)	\$ -
<b>FUND BALANCES/NET POSITION</b>			
Fund balances:			
Non-Spendable	29,414		
Committed	-		
Assigned	-		
Unassigned	219,635		
TOTAL FUND BALANCES	<u>249,049</u>		
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 284,748</u>		
Net Position:			
Net investment in capital assets		1,145,148	1,145,148
Unrestricted		264,616	264,616
Restricted		-	-
TOTAL NET POSITION		<u>\$ 1,409,764</u>	<u>\$ 1,409,764</u>

See Accompanying Notes to the Financial Statements

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7  
 GOVERNMENTAL FUND REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 AND STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDING SEPTEMBER 30, 2020

	General Fund	Adjustments (Note 9)	Statement of Activities
<b>EXPENDITURES/EXPENSES</b>			
VFD Contract	-	-	-
Apparatus	35,710	-	35,710
Utilities	15,105	-	15,105
Maintenance and Repairs	10,203	-	10,203
Professional Fees	14,937	-	14,937
Office Expenses/Postage	9,375	-	9,375
Insurance	30,908	-	30,908
Appraisal District & Tax Collector Fees	2,989	-	2,989
Fire Equipment & Supplies	31,439	-	31,439
Communications	9,318	-	9,318
EMS	957	-	957
Training	9,431	-	9,431
Miscellaneous	7,286	-	7,286
Personnel	369,522	(1,280)	368,242
Depreciation	-	76,237	76,237
Debt Service:			-
Principal	27,605	(27,605)	-
Interest	27,264	(262)	27,002
Total expenditures/expenses	<u>\$ 602,049</u>	<u>\$ 47,090</u>	<u>\$ 649,139</u>
<b>PROGRAM REVENUES</b>			
Grants/Contributions	<u>45,551</u>	<u>14,158</u>	<u>59,709</u>
Net program expense			589,430
<b>GENERAL REVENUES</b>			
Ad valorem taxes	503,708	1,686	505,394
Penalties and Interest	3,732	-	3,732
Sales Tax	123,707	-	123,707
Interest income	1,159	-	1,159
Miscellaneous	32,947	-	32,947
Total general revenues	<u>\$ 665,253</u>	<u>\$ 1,686</u>	<u>\$ 666,939</u>
Excess (Deficiency) of revenues over expenditures	\$ 108,755	\$ (108,755)	\$ -
Net Change in Fund Balance	108,755	(108,755)	-
Change in Net Position	\$ -	\$ 77,509	\$ 77,509
Fund Balance/Net Position			
Beginning of the year	<u>140,294</u>	<u>1,191,961</u>	<u>1,332,255</u>
End of the year	<u>\$ 249,049</u>	<u>\$ 1,160,715</u>	<u>\$ 1,409,764</u>

See Accompanying Notes to the Financial Statements

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

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

The financial statements for the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. More significant of these accounting policies are described below.

**REPORTING ENTITY**

The Williamson County Emergency Services District No. 7 (the District) was created by Article III, Section 48-e of the Constitution of Texas as proposed by SJR, No. 27, Acts of the 70<sup>th</sup> Legislature, Regular Session 1987, and adopted by the voters at an election held on February 15, 2005, to protect life and property from fire and to conserve natural and human resources. The District's governing body consist of a Board of Commissioners appointed by the Williamson County Commissioners Court.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit with the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, no potential component units appear to exist.

**BASIS OF PRESENTATION**

*Basic Financial Statements*

GASB sets forth minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues or expenditures/expenses or either fund category or governmental and enterprise combined. Due to the fund structure of the District, all funds have been classified as major funds. As a part of this Statement, there is a reporting requirement regarding the local government's infrastructure (road, bridges, etc.) The District does not own any infrastructure assets and therefore is unaffected by this requirement.

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The reporting model focus is on either the District as a whole or major individual funds

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(within the fund financial statements). In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The District does not have any business-type activities.

The government-wide Statement of Activities reflects both the gross and net cost per functional category which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function. However, the District does not have any program revenues for this fiscal period.

The net cost by function is normally covered by general revenues (intergovernmental revenues, interest income, etc). The District does not currently employ indirect cost allocation systems.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The governmental fund statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the District's actual experience conforms to the budget or fiscal plan.

GASB provides that for governments engaged in a single governmental program, the fund financial statements and the government-wide statements may be combined. The District presents the general fund in the first column. The next column is an adjustments column. It reconciles the amounts reported in the governmental funds to show how each would change when reported on the full-accrual basis of accounting. The last column of these combination statements shows the amounts that normally would appear in the government-wide statements.

Expenses are reported by category, rather than by function since the District has only one function – providing emergency services to the residents of the District.

**BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are presented on an accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

In applying the "susceptible to accrual" concept to intergovernmental revenues, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

#### BUDGETS

The District follows these procedures in establishing the budget reflected in the financial statements:

1. Prior to the beginning of each fiscal year, the District prepares a budget. The operating budget includes proposed expenditures and the means of financing those expenditures and is prepared in accordance with the basis of accounting utilized by that fund.
2. Public meetings are conducted at which all interested persons' comments concerning the budget are heard. After such meetings, the Board of Commissioners formally adopts the budget through passage of a motion in a public meeting.
3. The District amends the budget throughout the year approving such additional expenses. The original and final amended budgets are used in presenting the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.
4. All annual appropriations lapse at fiscal year-end.

#### CAPITAL ASSETS

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

##### *Government-wide Statements*

In the government-wide financial statements, fixed assets are accounted for as capital assets. Property, plant, and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at the fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives with no salvage value. The range of estimated useful lives by type of asset is as follows:

Vehicles	5-10 years
Other Equipment	5-20 years

The District does not own any infrastructure assets.

**EQUITY CLASSIFICATIONS**

*Government-wide Statements*

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

- a. Net Investment in capital assets– Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other government; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

*Fund Financial Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable or spendable with spendable being further classified into restricted, committed, assigned or unassigned.

**RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases its insurance from regular commercial companies. As of September 30, 2020, no claims or losses have been incurred that were not covered by insurance. There is no liability due to any claim or suit having ever been filed.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**USE OF ESTIMATES**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the period. Operating results in the future could vary from the amounts derived from management's estimates.

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

In June 2017, the GASB issued GASB Statement No. 87, Leases, effective for fiscal years beginning after June 15, 2021. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities 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. GASB Statement no. 87 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 GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended September 30, 2022.

**NOTE 2: PROPERTY TAXES**

The District property tax is levied each October 1 on the assessed value listed as of the previous January 1 for all real property located in the District. The District's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. An enforceable lien is attached to the property as of January 1. The assessed value of the roll as of January 1, 2019, upon which the 2019 levy was based, was \$ 542,257,773 as certified by the Williamson County Central Appraisal District.

Taxes are due by January 31 following the October 1 levy date. The total 2019 levy was \$ 503,839 and the tax rate was \$ 0.092915 per \$100 assessed valuation. Property taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.



WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2020

**NOTE 3: DEPOSITS, SECURITIES, AND INVESTMENTS**

Deposits were with a contracted depository bank, Union State Bank. As of year-end, deposits did not exceed FDIC coverage (category 1). As of September 30, 2020, the carrying amount of the District's deposits was \$ 192,443 and the bank balance was \$ 219,997.

The collateral pledged is represented by specific identifiable investment securities and classified as to credit risk by the three categories described below:

- Category 1 - Insured by FDIC or collateralized with securities held by the District or by its agent in its name.
- Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- Category 3 - Uncollateralized.

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020, was as follows:

	Balance 10/1/2019	Additions/ Completions	Retirements/ Adjustments	Balance 9/30/2020
Governmental Activities:				
Capital assets not being depreciated:				
Land	111,969	-	-	111,969
Total capital assets not being depreciated	111,969	-	-	111,969
Capital assets, being depreciated:				
Vehicles	581,183	-	-	581,183
Equipment	227,647	-	-	227,647
Building	1,619,923	-	-	1,619,923
Total capital assets being depreciated	2,428,753	-	-	2,428,753
Total capital assets	2,540,722	-	-	2,540,722
Less accumulated depreciation:	(622,476)	(76,237)	-	(698,713)
Total capital assets, net of depreciation	1,806,277	(76,237)	-	1,730,040
Governmental activities capital assets, net	1,918,246	(76,237)	-	1,842,009

Current year depreciation expense was \$ 76,237.

The District received a donation of land and building from the City of Florence. In the terms of the agreement the property will revert back to the City if the District discontinues use of the property from its primary purpose, a fire station and secondary purpose as District offices.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2020

**NOTE 5: LIABILITIES**

Transactions for the year ended September 30, 2020, are summarized as follows:

	Balance			Balance	
	9/30/2019	Additions	Payments	9/30/2020	Due within one year
Government Capital Corp	724,466	-	27,605	696,861	28,670
Total Capital Leases	\$ 724,466	\$ -	\$ 27,605	\$ 696,861	\$ 28,670
Compensated Absences	11,454	4,065	-	15,519	-
Total Governmental	<u>\$ 735,920</u>	<u>\$ 4,065</u>	<u>\$ 27,605</u>	<u>\$ 712,380</u>	<u>\$ 28,670</u>

Annual Payments required to amortize lease obligation outstanding as of September 30, 2020, including interest payments, are as follows:

Year Ending September 30	Principal	Interest	Total
2021	\$ 28,670	\$ 26,210	\$ 54,880
2022	29,770	25,110	54,880
2023	30,912	23,968	54,880
2024	32,097	22,783	54,880
2025	33,329	21,551	54,880
2026-2030	186,831	87,570	274,400
2031-2035	225,523	48,878	274,400
2036-2038	129,730	7,486	137,216
Total	<u>\$ 696,861</u>	<u>\$ 263,556</u>	<u>\$ 960,417</u>

The District entered into a loan agreement for the financing of the construction of a new fire station (Andice Station), pledging tax revenue as security, for \$ 765,000, at 3.8% for 20 years. Payments \$ 27,440 are made semi-annual beginning July 1, 2018 until January 1, 2038.

Compensated absences represent the estimate liability for employees' accrued vacation for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the General Fund.

**NOTE 6: ACCOUNTS RECEIVABLE**

Accounts receivable at year end consist of the following:

Sales Tax	\$ 20,189
Texas Forest Services	10,635
FEMA/COVID	<u>13,881</u>
	<u>\$ 44,705</u>

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2020

**NOTE 7: PENSION**

*Plan Description.* Williamson County Emergency Services District #7 participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.

a. A brief description of benefit terms:

- 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
- 2) The plan provides retirement, disability and survivor benefits.
- 3) TCDRS is a savings-based plan. For the district's plan, 4% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 100%) and is then converted to an annuity.
- 4) There are no automatic COLAs. Each year, the district may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
- 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.

b. Membership information is shown in the chart below.

c. The district's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Williamson County Emergency Services District #7 contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the district and are currently 4%. Contributions to the pension plan from the district for 2018 are shown in the Schedule of Employer Contributions.

d. The most recent comprehensive annual financial report for TCDRS can be found at the following link, [www.tcdrs.org](http://www.tcdrs.org).

Employee membership data related to the Plan, as of the valuation date of December 31, 2019, was as follows:

Members	Dec. 31, 2018	Dec. 31, 2019
Number of inactive employees entitled to but not yet receiving benefits	N/A	1
Number of active employees	N/A	13
Average monthly salary:	N/A	\$ 2,098
Average age:	N/A	33.63
Average length of service in years:	N/A	3.28

Inactive Employees (or their Beneficiaries)  
 Receiving Benefits

Number of benefit recipients:	N/A	0
Average monthly benefit:	N/A	\$ 0

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2020

**NOTE 7: PENSION (continued)**

**Net Pension Liability**

The District's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Valuation Timing</b>	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Amortization Method</b>	Recognition of economic/demographic gains or losses Straight-Line amortization over Expected Working Life Recognition of assumptions changes or inputs Straight-Line amortization over Expected Working Life
<b>Asset Valuation Method</b>	Smoothing period                      5 years Recognition method                Non-asymptotic Corridor                                None
<b>Inflation</b>	2.75%
<b>Salary Increases</b>	The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion, and longevity component that on average approximates 1.6% per year for a career employee.
<b>Investment Rate of Return</b>	8.10%
<b>Cost-of-Living Adjustments</b>	Cost-of-Living Adjustments for Williamson County Emergency Services District #7 are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
<b>Retirement Age</b>	Deferred members are assumed to retire (100% probability) at the later of: a) age 60 b) earliest retirement eligibility. (For all eligible members ages 75 and later, retirement is assumed to occur immediately.)
<b>Turnover</b>	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.
Disabled retirees	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 115% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2020

**NOTE 7: PENSION (continued)**

**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 April 2020 information for a 10-year time horizon.

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

Asset Class	Benchmark	Target Allocation <sup>(1)</sup>	Geometric Real Rate of Return <sup>(2)</sup>
US Equities	Dow Jones US Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	7.00%	5.20%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(4)</sup>	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index +33% S&P Global REIT (net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(5)</sup>	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%

(1) Target asset allocation adopted at the June 2020 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.80%, per Cliffwater's 2020 capital market assumptions.

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

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

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

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2020

**NOTE 7: PENSION (continued)**

**Net Pension Liability / (Asset)**

Net Pension Liability / (Asset)	Dec. 31, 2018	Dec. 31, 2019
Total pension liability	\$ -0-	\$ 7,944
Fiduciary net position	-0-	9,012
Net pension liability / (asset)	-0-	(1,068)
Fiduciary net position as a % of total pension liability	0.00%	113.45%
Pensionable covered payroll <sup>(1)</sup>	-0-	\$ 153,930
Net pension liability as a % of covered payroll	0.00^	(0.69%)

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

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

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

**Discount Rate**

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

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

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

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE 7: PENSION (continued)**

**Changes in Net Pension Liability / (Asset)**

Changes in Net Pension Liability/(Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) – (b)
Balances as of December 31, 2018	\$-0-	\$-0-	\$-0-
<i>Changes for the year:</i>			
Service cost	7,343		7,343
Interest on total pension liability <sup>(1)</sup>	595		595
Effect of plan changes <sup>(2)</sup>	0		0
Effect of economic/demographic gains or losses	6		6
Effect of assumptions changes or inputs	0		0
Refund of contributions	0	0	0
Benefit payments	0	0	0
Administrative expenses		(7)	7
Member contributions		6,157	(6,157)
Net investment income		(9)	9
Employer contributions		2,571	(2,571)
Other <sup>(3)</sup>	0	300	(300)
Balances as of December 31, 2019	\$7,944	\$9,012	(\$1,068)

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

(2) No plan changes valued.

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

**Sensitivity Analysis**

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

	Current Discount		
	1% Decrease 7.10%	Rate 8.10%	1% Increase 9.10%
Total Pension Liability	\$ 9,801	\$7,944	\$6,564
Fiduciary Net Position	9,012	9,012	9,012
Net pension liability/(asset)	\$789	(\$1,068)	(\$2,448)

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2020

**NOTE 7: PENSION (continued)**

As of September 30, 2020, the deferred inflows and outflows of resources are as follows:

**Deferred Inflows/Outflows of Resources**

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -0-	\$ 6
Changes of assumption	0	0
Net difference between projected and actual earnings	0	294
Contributions made subsequent to measurement date	<u>N/A</u>	<u>3,977</u>
Totals	\$ -0-	\$ 4,277

The \$ 3,977 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The remaining amounts currently reported as deferred outflows of resources related to pensions will be recognized in pension expenses as follows:

Year ended September 30:

2020	\$ 73
2021	73
2022	73
2023	75
2024	0
Thereafter <sup>(1)</sup>	6

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

**Payable to the Pension Plan**

At September 30, 2020, the District had fully funded the amount of employer and employee contributions to the pension plan required for the year ended September 30, 2020.

**NOTE 8: FUND BALANCE CLASSIFICATION**

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Non-spendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.



WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE 8: FUND BALANCE CLASSIFICATION (continued)**

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for a specific purpose pursuant to approval by formal action by the Board.

Assigned - For the General Fund, amounts that are appropriated by the Board or Board designee that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as non-spendable, restricted, or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The detail of the fund balance is included in the Governmental Fund Balance Sheet on page 8.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated the authority to assign fund balance for a specific purpose to the District's Chief or Assistant Chief.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

As of September 30, 2020, the District has not adopted a minimum fund balance policy.

**NOTE 9: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND  
AND GOVERNMENT-WIDE STATEMENTS**

Differences between the Governmental Fund Balance Sheet and the Statement of Net Position:

The differences (as reflected in the adjustments column) primarily result from the long-term economic resources focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet.

The amount reported as Pension Asset and Deferred outflows related to the pension are not due and payable in the current period and, therefore, are not reported in the funds.

Pension Asset	\$ 1,068
Deferred outflows related to pension liability	4,277

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2020

**NOTE 9: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND  
 AND GOVERNMENT-WIDE STATEMENTS (continued)**

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the District as a whole.

Cost of capital assets	\$ 2,540,722
Accumulated Depreciation	<u>(698,713)</u>
	<u>\$ 1,842,009</u>

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Accrued interest payable	\$ 6,602
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Long-term liabilities applicable to the district's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities – both current and long-term—are reported in the statement of net assets.

Due within one year	\$ 28,670
Due after one year	683,710

Taxes receivable and interlocal agreement (county) are offset by deferred revenues in the governmental funds and thus are not included in fund balance.

Property Taxes	\$ (18,186)
Interlocal Contribution	\$ (14,158)

Differences between the Governmental Fund Operating Statement and the Statement of Net Activities:

The differences (as reflected in the adjustments column) arise primarily from the long-term economic resources focus of the statement of activities versus the current financial resources focus of the governmental funds.

Some expenses reporting in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Adjustment for Compensated Leave	\$ 4,065
Adjustment for Pension Asset	(1,068)
Change in Deferred Outflows related to Pension	<u>(4,277)</u>
Total adjustment	\$ (1,280)

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	\$ -0-
Depreciation Expense	76,237

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE 9: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND  
AND GOVERNMENT-WIDE STATEMENTS (continued)**

Repayment of capital lease obligations is reported as an expenditure in governmental funds. For the district as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Payment of Principal \$ (27,605)

Interest expense in the statement of activities differs from the amount reported in governmental funds because additional accrued interest was calculated for capital lease obligations.

Change in accrued interest payable \$ (262)

Because some property taxes will not be collected for several months after the district's year end, they are not considered as "available" revenues in the governmental funds.

Adjustment for property taxes collected after year-end \$ 1,686

**NOTE 10: DATE OF MANAGEMENT'S REVIEW**

Management has evaluated subsequent events through the date the financial statements were available to be issued.

**NOTE 11: COMMITMENT**

The District entered into an agreement with Williamson County whereby the County paid \$ 300,000 towards the construction cost of the Andice station. Under this agreement the District will provide to the County housing bay for one EMS response vehicle and housing (bedroom, office, and storage) for EMS personnel for an unspecified time at no additional future cost. The County may terminate this agreement without cause upon a 90-day notice. The District may terminate this agreement after 5 years from the date of final completion of the station with or without cause with 180 days written notice. Under the terms of the agreement should the District terminate this agreement prior to the 5-year period the District would have to repay the \$ 300,000. If beginning in the sixth year the District terminates, only \$ 150,000 would be repaid and a credit of \$ 30,000/year would be granted for years 7-10, that after the 10<sup>th</sup> year no repayment would be required. The District currently does not expect to terminate this agreement, and no liability has been established.

**NOTE 15: SUBSEQUENT EVENTS**

The Coronavirus (COVID-19) pandemic impacted the nation, leading to consumer uncertainties and financial setbacks for many businesses and individuals. COVID-19 may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. Management continues to monitor and evaluate the continually evolving environment associated with the virus. While it is not possible at this time to estimate the impact that COVID-19 will have on the District's operations, the pandemic could adversely affect the District's financial position and activities.

Required Supplemental Information

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7  
 GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND  
 BUDGET TO ACTUAL COMPARISON - GENERAL FUND  
 FOR THE YEAR ENDING SEPTEMBER 30, 2020

	Budget		Actual Amounts Budgetary Basis	Variance Favorable/ (Unfavorable)
	Original	Final		
<b>GENERAL REVENUES</b>				
Ad Valorem Taxes	\$ 457,305	\$ 475,370	\$ 503,708	28,338
Penalty & Interest	2,500	3,500	3,732	232
Sales Tax	83,000	92,000	123,707	31,707
Interest Income	-	600	1,159	559
Grants/Contributions	43,000	47,700	45,551	(2,149)
Miscellaneous	100	10,160	32,947	22,787
Total General Revenues	\$ 585,905	\$ 629,330	\$ 710,804	81,474
<b>EXPENDITURES/EXPENSES</b>				
VFD Contract	\$ 418,518	\$ -	\$ -	-
Apparatus	-	35,350	35,710	(360)
Utilities	-	14,480	15,105	(625)
Maintenance and Repairs	-	2,650	10,203	(7,553)
Professional Fees	16,000	16,500	14,937	1,563
Office Expense/Postage	-	10,750	9,375	1,375
Insurance	15,100	34,600	30,908	3,692
Appraisal District & Tax Collector Fees	2,800	2,800	2,989	(189)
Fire Equipment & Supplies	-	22,125	31,439	(9,314)
Communications	1,000	13,025	9,318	3,707
EMS	-	3,900	957	2,943
Training	-	7,500	9,431	(1,931)
Miscellaneous	5,800	5,000	7,286	(2,286)
Personnel	-	357,600	369,522	(11,922)
Reserve	-	2,180	-	2,180
Capital Outlay	18,000	-	-	-
Debt Service:				
Principal	108,687	100,870	27,605	73,265
Interest	-	-	27,264	(27,264)
Total expenditures/expenses	\$ 585,905	\$ 629,330	\$ 602,049	27,281
Excess (Deficiency) of revenues over expenditures	-	-	108,755	108,755
Net Change in Fund Balance	-	-	108,755	
Fund Balance Beginning of the year			140,294	
End of the year			\$ 249,049	

See Accompanying Notes to the Financial Statements

**Williamson County Emergency Services District #7**  
**Schedule of Changes in Net Pension Liability and Related Ratios**

	Year Ended December 31									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Total Pension Liability</b>										
Service cost	7,343	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	595	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	<u>7,944</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	<u>7,944</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Fiduciary Net Position</b>										
Employer contributions	2,571	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	6,157	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	(9)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(7)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	<u>300</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	9,012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	<u>9,012</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability / (asset), ending = (a) - (b)	<u>(1,068)</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	113.44%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	153,930	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	-0.69%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Williamson County Emergency Services District #7**  
**Schedule of Employer Contributions**

Year Ending September 30	Actually Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	-	-	-	-	0.0%
2019	2,571	2,571	-	153,930	1.7%

Williamson County Emergency Services District No. 7  
Notes to the Schedule of Employer Contributions  
For the year ending September 30, 2020

Valuation Date:	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	0.00 (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment rate of Return	8.00%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: new Mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule	2015: No changes in plan provisions were reflected in the Schedule.  2016: No changes in plan provisions were reflected in the Schedule.  2017: New Annuity Purchase Rates were reflected for benefits earned after 2017  2018: No changes in plan provisions were reflected in the Schedule.  2019: No changes in plan provisions were reflected in the Schedule.

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