

**Williamson County
Emergency Services District No. 7
Financial Statements
September 30, 2023**

Williamson County Emergency Services District No. 7
For the Year Ending September 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Williamson County Emergency Services District No. 7 as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Williamson County Emergency Services District No. 7, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Williamson County Emergency Services District No. 7's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Williamson County Emergency Services District No. 7's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 changes in net pension liability and related ratios, and schedule of employer contributions on pages 3-7 and 29-33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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, Texas
March 15, 2024

Williamson County Emergency Services District #7

Management's Discussion and Analysis September 30, 2023

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, 2023. 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 \$1,777,476. Net position at year end consisted of net investment in capital assets of \$1,661,585 and unrestricted net position of \$3,820,008, for a total of \$5,481,593.
- Total revenues from all sources were \$3,540,489 which represents an increase of \$741,359 from the prior year.
- Total expenditures from operations were \$1,761,807 which was an increase of \$471,756 from the prior year.
- As of September 30, 2023, the District's governmental fund reported an ending fund balance of \$3,817,632, an increase of \$1,497,739 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 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, 2023

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, 2023, and September 30, 2022.

Net Position

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Assets:		
Current & Other Assets	\$ 3,980,698	\$ 2,457,883
Capital Assets, Net	2,388,973	2,103,653
Total Assets	<u>\$ 6,369,671</u>	<u>\$ 4,561,536</u>
Deferred Outflows of Resources	\$ 73,107	\$ 24,396
Liabilities:		
Current Liabilities	\$ 191,378	\$ 163,870
Long term liabilities	768,237	712,046
Total Liabilities	<u>\$ 959,615</u>	<u>\$ 875,916</u>
Deferred Inflows of Resources	\$ 1,570	\$ 5,899
Net Position:		
Net Investment in Capital Assets	\$ 1,661,585	\$ 1,419,469
Unrestricted	3,820,008	2,284,648
Total Net Position	<u>\$ 5,481,593</u>	<u>\$ 3,704,117</u>

Williamson County Emergency Services District #7

Management's Discussion and Analysis September 30, 2023

The following table is a summary of changes in net position for the years ended September 30, 2023 and 2022.

Table 2
Change in Net Position

	Governmental Activities	
	2023	2022
Revenues		
Operating Grants & Contributions	\$ 163,446	\$ 87,482
Property Taxes	887,307	765,961
Penalty/Interest	8,487	6,747
Sales Tax	2,258,345	1,919,365
Interest	17,368	9,349
Miscellaneous	205,537	10,228
Loss on Sale of Assets	\$ (1,206)	\$ -
Total Revenues	\$3,539,284	\$2,799,132
Expenses:		
General Government	\$1,761,807	\$1,290,051
Total Expense	\$1,761,807	\$1,290,051
Change in Net Position	\$1,777,477	\$1,509,081
Net Position-Beginning of Year	3,704,116	2,195,037
Net Position-End of Year	\$5,481,593	\$3,704,116

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, 2023

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 29.

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 28 of this report.

General Fund Budgetary Highlights

The budgeted revenues were \$1,296,693 less than actual revenues and budgeted expenses were \$136,218 less than actual expenses for the year ended September 30, 2023. Actual results for expenditures were 6.65% more than budgeted expenditures, while the District's overall actual revenue were 58.29% more than budgeted.

Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2023, amounts to \$2,388,973 (net of accumulated depreciation). This investment in capital assets includes vehicles, machinery, equipment, and buildings.

Capital Assets Governmental Activities (net of depreciation)

	Balance 9/30/2023	Balance 9/30/2022
Land	\$ 111,969	\$ 111,969
Construction-in-Progress	65,524	168,268
Vehicles	844,157	663,207
Equipment	247,533	402,207
Buildings and Structures	1,619,923	1,619,923
Accumulated Depreciation	(500,133)	(861,921)
Governmental activities capital assets, net	<u>\$ 2,388,973</u>	<u>\$ 2,103,653</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, 2023

Debt Administration

As of September 30, 2023, and September 30, 2022, the District was obligated on the following debt:

Outstanding Debt at Year-End

	<u>09/30/2022</u>	<u>09/30/2023</u>
Notes	\$ 684,184	\$ 727,388
Pension Liability	42,909	79,760
Compensated Absences	<u>24,448</u>	<u>23,914</u>
Total	\$ 751,541	\$ 831,062

The District incurred \$31,014 in interest expense as of September 30, 2023.

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 2023 has continued. Several new developments started breaking ground such as the Palmer Rach Subdivision and Nolina Development on Ronald Reagan, south of FM 2338. The continued growth looks good for Williamson County ESD 7. The passage of the sales tax initiative for areas outside of the City of Florence continues to increase revenue for the district.

Emergency Service District # 7 has increased the staffing levels to 5 full-time personnel a shift in 2023. Plans are underway for a third fire station around Ronald Reagan and County Road 248. We anticipate this station coming online in 2026. This station will house a new ladder truck, a squad (type 6 NWCG brush engine) and a district commander. Additionally, staffing for this station will be 5 personnel a shift plus a 40 hour a week district commander. Additionally, the Florence fire station will undergo a major remodel in the summer of 2024. The district is currently looking for land in the area of FM 487 and CR 233 for a future fire station. There is no timeline for the construction of this station to date. A local developer donated to the District the rights to 2.035 acres of land for a fee of \$10. Under the terms of the agreement, the District is must maintain a public fire and emergency service facility for the residents of Williamson County.

The continued growth and demand for services will continue to put a strain on the district as the demand for services increases. The time between the development of property and when ad-valorem tax revenue is received by the ESD can be as much as two years. The ad Valorem tax rate is the voter approval tax rate of 0.086729/\$100 for Williamson County ESD 7 for FY 23/24.

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, 2023

	General Fund	Adjustments (Note 9)	Statement of Net Position
ASSETS			
Cash	\$ 3,218,806	\$ -	\$ 3,218,806
Property Taxes Receivable	41,503	-	41,503
Accounts Receivable	608,829	-	608,829
Escrow Funds	111,560	-	111,560
Capital Assets (net of accumulated depreciation)	-	2,388,973	2,388,973
TOTAL ASSETS	<u>\$ 3,980,698</u>	<u>\$ 2,388,973</u>	<u>\$ 6,369,671</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Amounts	\$ -	\$ 73,107	\$ 73,107
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ -</u>	<u>\$ 73,107</u>	<u>\$ 73,107</u>
LIABILITIES			
Accounts Payable	\$ 68,705	\$ -	\$ 68,705
Accrued Payroll/Liabilities	52,858	-	52,858
Accrued Interest Payable	-	6,990	6,990
Long Term Liabilities - Due within one year	-	62,825	62,825
Long Term Liabilities - Due after one year	-	768,237	768,237
TOTAL LIABILITIES	<u>\$ 121,563</u>	<u>\$ 838,052</u>	<u>\$ 959,615</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 41,503	\$ (41,503)	\$ -
Deferred Pension Amounts	-	1,570	1,570
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 41,503</u>	<u>\$ (39,933)</u>	<u>\$ 1,570</u>
FUND BALANCES/NET POSITION			
Fund balances:			
Non-Spendable	-		
Committed	-		
Assigned	-		
Unassigned	3,817,632		
TOTAL FUND BALANCES	<u>3,817,632</u>		
TOTAL LIABILITIES AND FUND BALANCES	<u>3,980,698</u>		
Net Position:			
Net investment in capital assets		1,661,585	1,661,585
Unrestricted		3,820,008	3,820,008
Restricted		-	-
TOTAL NET POSITION		<u>\$ 5,481,593</u>	<u>\$ 5,481,593</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, 2023

	General Fund	Adjustments (Note 9)	Statement of Activities
EXPENDITURES/EXPENSES			
Apparatus	\$ 78,670	\$ -	\$ 78,670
Utilities	21,568	-	21,568
Maintenance and Repairs	56,572	-	56,572
Professional Fees	22,871	-	22,871
Office Expenses/Postage	4,496	-	4,496
Insurance	103,653	-	103,653
Appraisal District & Tax Collector Fees	4,526	-	4,526
Fire Equipment & Supplies	109,648	-	109,648
Communications	7,425	-	7,425
EMS	59,905	-	59,905
Training	14,706	-	14,706
Miscellaneous	53,976	-	53,976
Personnel	1,072,481	(16,723)	1,055,758
Capital Outlay	473,023	(473,023)	-
Depreciation	-	137,832	137,832
Debt Service:			
Debt Issue Costs	750	-	750
Principal	69,106	(69,106)	-
Interest	31,014	(1,563)	29,451
Total expenditures/expenses	\$ 2,184,390	\$ (422,583)	\$ 1,761,807
PROGRAM REVENUES			
Grants/Contributions	\$ 163,446	\$ -	\$ 163,446
Net program expense			1,598,361
GENERAL REVENUES			
Ad valorem taxes	\$ 867,973	\$ 19,334	\$ 887,307
Penalties and Interest	8,487	-	8,487
Sales Tax	2,258,345	-	2,258,345
Interest income	17,368	-	17,368
Miscellaneous	205,536	-	205,536
Total general revenues	\$ 3,357,709	\$ 19,334	\$ 3,377,043
Excess (Deficiency) of revenues over expenditures	\$ 1,336,765	\$ (1,336,765)	\$ -
OTHER FINANCING SOURCES/(USES):			
Proceeds from Sale of Asset	\$ 48,664	\$ (48,664)	\$ -
Gain (Loss) from sale of assets	-	(1,206)	(1,206)
Financing Proceeds	112,310	(112,310)	-
Total Other Financing Sources/(Uses):	\$ 160,974	\$ (162,180)	\$ (1,206)
Net Change in Fund Balance	1,497,739	(1,498,945)	(1,206)
Change in Net Position	\$ -	\$ 1,777,476	\$ 1,777,476
Fund Balance/Net Position			
Beginning of the year	2,319,893	1,384,224	3,704,117
End of the year	3,817,632	1,663,961	5,481,593

See Accompanying Notes to the Financial Statements

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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 70th 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, 2023

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 or fiduciary 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. 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.

Fund Accounting

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The focus of Governmental Fund measurement (in the Fund Financial Statements) is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The District reports the following major governmental funds:

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General Fund

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

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 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.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. All annual appropriations lapse at fiscal year-end.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The District adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District' acquisition of net position applicable to a future reporting period.

The District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

AD VALOREM PROPERTY TAXES

Delinquent taxes are prorated based on rates adopted for the year of the levy. Allowances for uncollectibles within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. There were no allowance for uncollectible property taxes as of September 30, 2023.

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.

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 expenses as incurred.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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 or have any leases required to be reported under GASB 87.

Fund Financial Statements

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

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.”

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

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.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

COMPENSATED ABSENCES

The District's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. As of the year end, the liability for accrued vacation reflects that time earned by the employees in the current year. The liability for these compensated absences is recorded as long-term debt in the government-wide statements.

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plan and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by Texas County & District Retirement System (TCDRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2023, 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.

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.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for fiscal years beginning after June 15, 2022. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The implementation of GASB 96 did not have a material impact on the District's financial statements, the adoption did not result in a restatement of previously reported fund balance for the year ended September 30, 2023.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Management is evaluating the effects that the full implementation of GASB Statement No. 101 will have on its financial statements for the year ended September 30, 2025.

NOTE 2: DEPOSITS, SECURITIES, AND INVESTMENTS

Deposits were with a contracted depository bank, VeraBank N.A.. As of September 30, 2023, the carrying amount of the District's deposits was \$3,218,806 and the bank balance was \$3,321,545. As of year-end, deposits exceeded FDIC coverage by \$3,071,545 however; difference was collateralized with pledged securities of \$3,427,092 (Category 2).

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.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3: 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, 2022, upon which the 2022 levy was based, was \$972,943,639 as certified by the Williamson County Central Appraisal District.

Taxes are due by January 31 following the October 1 levy date. The total 2022 levy was \$843,824 and the tax rate was \$0.0867 per \$100 assessed valuation. Property taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

	Balance 9/30/2022	Additions/ Completions	Retirements/ Adjustments	Balance 9/30/2023
Governmental Activities:				
Capital assets not being depreciated:				
Land	111,969	-	-	111,969
Construction in Progress	168,268	3,024	(105,768)	65,524
Total capital assets not being depreciated	<u>280,237</u>	<u>3,024</u>	<u>(105,768)</u>	<u>177,493</u>
Capital assets, being depreciated:				
Vehicles	663,207	575,766	(394,816)	844,157
Equipment	402,207	-	(154,674)	247,533
Building	1,619,923	-	-	1,619,923
Total capital assets being depreciated	<u>2,685,337</u>	<u>575,766</u>	<u>(549,490)</u>	<u>2,711,613</u>
Total capital assets	<u>2,965,574</u>	<u>578,790</u>	<u>(655,258)</u>	<u>2,889,106</u>
Less accumulated depreciation:	<u>(861,921)</u>	<u>(137,832)</u>	<u>499,620</u>	<u>(500,133)</u>
Total capital assets, net of depreciation	<u>1,823,416</u>	<u>437,934</u>	<u>(49,870)</u>	<u>2,211,480</u>
Governmental activities capital assets, net	<u>2,103,653</u>	<u>440,958</u>	<u>(155,638)</u>	<u>2,388,973</u>

Current year depreciation expense was \$137,832.

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, 2023

NOTE 5: LIABILITIES

Transactions for the year ended September 30, 2023, are summarized as follows:

	Balance 09/30/2022	Additions	Payments	Balance 09/30/2023	Due within one year
Government Capital #8072	638,434	-	30,905	607,529	32,097
Government Capital #9655	45,750	-	17,424	28,326	9,141
Government Capital #9983	-	112,310	20,777	91,533	21,587
Total Notes	\$ 684,184	\$ 112,310	\$ 69,106	\$ 727,388	\$ 62,825
Pension Liability	42,909	36,851	-	79,760	-
Compensated Absences	24,448	-	534	23,914	-
Total Governmental	<u>\$ 751,541</u>	<u>\$ 149,161</u>	<u>\$ 69,640</u>	<u>\$ 831,062</u>	<u>\$ 62,825</u>

Annual payments required are as follows:

Year Ending September 30	Principal	Interest	Total
2024	\$ 62,825	\$ 27,258	\$ 90,083
2025	65,191	24,893	90,084
2026	67,663	22,438	90,101
2027	60,148	19,890	80,038
2028	37,313	17,567	54,880
2029-2033	209,167	65,233	274,400
2034-2038	225,081	21,915	246,996
Total	<u>\$ 727,388</u>	<u>\$ 199,194</u>	<u>\$ 926,582</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 3.80% for 20 years. Payments \$27,440 are made semi-annual beginning July 1, 2018 until January 1, 2038.

The District entered into a loan agreement for the financing of equipment, pledging tax revenue as security, for \$45,750, at 3.20% for 5 years. Payments of \$10,047 are made annually beginning October 6, 2022 until October 6, 2026.

The District entered into a loan agreement for the financing of equipment, pledging tax revenue as security, for \$112,310, at 3.90% for 5 years. Payments of \$25,157 are made annually beginning July 1, 2022 until July 1, 2027.

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.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

NOTE 6: ACCOUNTS RECEIVABLE

Accounts receivable at year end consist of the following:

Sales Tax	\$491,515
Grant Receivable	90,000
Street Smart	<u>27,314</u>
Total	<u>\$608,829</u>

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, 7% 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 150%) 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 7%. Contributions to the pension plan from the district for 2022 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.

Employee membership data related to the Plan, as of the valuation date of December 31, 2022, was as follows:

Members	Dec. 31, 2022	Dec. 31, 2021
Number of inactive employees entitled to but not yet receiving benefits	13	6
Number of active employees	24	21
Average monthly salary:	\$3,490	\$2,465
Average age:	34.32	35.62
Average length of service in years:	4.62	4.38

Inactive Employees (or their Beneficiaries) Receiving Benefits

Number of benefit recipients:	0	0
Average monthly benefit:	\$0	\$0

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

NOTE 7: PENSION (continued)

Net Pension Liability

The District's net pension liability was measured as of December 31, 2022, 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, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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 (level percent of play)
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%
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%
Cost-of-Living Adjustments	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.
Retirement Age	Deferred members are assumed to retire (100% probability) at the later of: a) age 60 b) earliest retirement eligibility. <i>(For all eligible members ages 75 and later, retirement is assumed to occur immediately.)</i>
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	

Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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 January 2023 information for a 10-year time horizon.

Note that 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. Milliman relies on the expertise of Cliffwater in this assessment.

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
US Equities	Dow Jones US Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.39%
Direct Lending	Morningstar LTSA US Leveraged Loan TR Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	7.60%
REIT Equities	67% FTSE NAREIT All Equity REITs Index +33% Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

(1) Target asset allocation adopted at the March 2022 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.3% per Cliffwater's 2023 capital market assumptions.

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

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

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

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

NOTE 7: PENSION (continued)

Net Pension Liability / (Asset)

Net Pension Liability / (Asset)	December 31, 2022	December 31, 2021
Total pension liability	\$224,562	\$101,152
Fiduciary net position	144,803	58,243
Net pension liability / (asset)	79,760	42,909
Fiduciary net position as a % of total pension liability	64.48%	57.58%
Pensionable covered payroll ⁽¹⁾	\$748,698	\$348,927
Net pension liability as a % of covered payroll	10.65%	12.30%

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

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

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

Discount Rate

Discount rate ⁽²⁾	7.60%	7.60%
Long-term expected rate of return, net of investment expense ⁽²⁾	7.60%	7.60%
Municipal bond rate ⁽³⁾	Does not apply	Does not apply

(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 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, 2023

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, 2021	\$101,152	\$58,243	\$42,909
<i>Changes for the year:</i>			
Service cost	61,528		61,528
Interest on total pension liability ⁽¹⁾	12,364		12,364
Effect of plan changes ⁽²⁾	38,307		38,307
Effect of economic/demographic gains or losses	11,212		11,212
Effect of assumptions changes or inputs	0		0
Refund of contributions	0	0	0
Benefit payments	0	0	0
Administrative expenses		(85)	85
Member contributions		52,409	(52,409)
Net investment income		(10,687)	10,687
Employer contributions		32,868	(32,868)
Other ⁽³⁾	0	12,055	(12,055)
Balances as of December 31, 2022	\$224,562	\$144,803	\$79,760

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

⁽²⁾ Reflects plan changes adopted effective in 2023.

⁽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 7.60%, 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.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total Pension Liability	\$276,060	\$224,562	\$184,198
Fiduciary Net Position	144,803	144,803	144,803
Net pension liability/(asset)	\$131,258	\$79,760	\$39,396

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7: PENSION (continued)

As of September 30, 2023, 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	\$1,091	\$11,096
Changes of assumption	479	2,202
Net difference between projected and actual earnings	0	11,853
Contributions made subsequent to measurement date	<u>N/A</u>	<u>47,956</u>
Totals	\$1,570	\$73,107

The \$73,107 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, 2024. 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:

2023	\$3,967
2024	3,890
2025	3,790
2026	4,930
2027	1,181
Thereafter ⁽¹⁾	5,823

⁽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

The District reported a payable of \$9,487 for the outstanding amount of employer and employee contributions to the pension plan required for the year ended September 30, 2023.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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.

Restricted - Amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - Amounts that can only be used for specific purpose pursuant to approval by formal action by the Board. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved 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, 2023, 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.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

**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	\$2,889,106
Accumulated Depreciation	<u>(500,133)</u>
	<u>\$2,388,973</u>

The statement of net position includes as Deferred Outflows of Resources are amounts that are permitted to be recognized as part of pension expense over a period of years in the governmental funds.

Deferred Outflows of Resources	\$73,107
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Accrued interest payable	\$6,990
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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	\$62,825
Due after one year	768,237

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	\$(41,503)
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Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Deferred Inflows of Resources	\$1,570
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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	\$(534)
Adjustment for Pension Liability	36,851
Change in Deferred Outflows related to Pension	<u>(53,040)</u>
Total adjustment	\$(16,723)

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

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

When capital assets that 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, or fair market value of donated assets, is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	\$473,023
Depreciation Expense	\$137,832

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	\$(69,106)
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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	\$(1,563)
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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	\$19,334
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In the statement of activities, only the gain on the sale of equipment is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the equipment less any accumulated depreciation.

Loss from disposal of assets	\$(1,206)
Proceeds from sale of assets	\$48,664

The issuance of long-term debt provides current financial resources to the governmental funds, however, this has no effect of net position. The amount is the net effect of these differences in the treatment of long-term debt and related items.

Financing Proceeds	\$(112,310)
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NOTE 10: DATE OF MANAGEMENT'S REVIEW

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

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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 10th year no repayment would be required. The District currently does not expect to terminate this agreement, and no liability has been established.

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, 2023

	Budget		Actual Amounts Budgetary Basis	Variance Favorable/ (Unfavorable)
	Original	Final		
GENERAL REVENUES				
Ad Valorem Taxes	\$ 840,869	\$ 840,869	\$ 867,973	27,104
Penalty & Interest	-	-	8,487	8,487
Sales Tax	1,300,814	1,300,814	2,258,345	957,531
Interest Income	5,900	5,900	17,368	11,468
Grants/Contributions	28,000	76,879	163,446	86,567
Miscellaneous	-	-	205,536	205,536
Total General Revenues	<u>\$ 2,175,583</u>	<u>\$ 2,224,462</u>	<u>\$ 3,521,155</u>	<u>1,296,693</u>
EXPENDITURES/EXPENSES				
Apparatus	\$ 77,700	\$ 77,700	\$ 78,670	\$ (970)
Utilities	33,600	34,400	21,568	12,832
Maintenance and Repairs	60,800	60,800	56,572	4,228
Professional Fees	35,500	35,500	22,871	12,629
Office Expense/Postage	2,600	2,600	4,496	(1,896)
Insurance	71,080	71,080	103,653	(32,573)
Appraisal District & Tax Collector Fees	8,000	8,000	4,526	3,474
Fire Equipment & Supplies	110,879	107,179	109,648	(2,469)
Communications	27,000	27,000	7,425	19,575
EMS	17,500	66,379	59,905	6,474
Training	13,000	13,000	14,706	(1,706)
Miscellaneous	16,600	20,300	53,976	(33,676)
Personnel	1,229,151	1,229,153	1,072,481	156,672
Capital Outlay	76,600	72,300	473,023	(400,723)
Debt Service:				
Debt Issue Cost	-	-	750	(750)
Principal	196,545	196,545	69,106	127,439
Interest	26,235	26,236	31,014	(4,778)
Total expenditures/expenses	<u>\$ 2,002,790</u>	<u>\$ 2,048,172</u>	<u>\$ 2,184,390</u>	<u>(136,218)</u>
Excess (Deficiency) of revenues over expenditures	172,793	176,290	1,336,765	1,160,475
OTHER FINANCING SOURCES/(USES):				
Proceeds from sale of asset	\$ -	\$ -	\$ 48,664	\$ 48,664
Note Proceeds	-	-	112,310	112,310
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>160,974</u>	<u>160,974</u>
Excess (Deficiency) of revenues and other financing sources over expenditures	172,793	\$ 176,290	\$ 1,497,739	
Fund Balance Beginning of the year			<u>2,319,893</u>	
End of the year			<u>\$ 3,817,632</u>	

See Accompanying Notes to the Financial Statements

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO 7
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
YEAR ENDED SEPTEMBER 30, 2023

EXPENDITURES IN EXCESS OF APPROPRIATIONS

The general government expenditures for capital outlay exceeded appropriations due to under-budgeting of expense for increase in unexpected capital outlay purchases. The District's management will monitor the budget vs actual statement and amend the budget as necessary as circumstances arise.

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

	Year Ended December 31									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service cost	61,528	24,385	17,785	7,343	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	12,364	4,291	2,084	595	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	38,307	42,423	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	-	(617)	3,027	-	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	11,212	(1,403)	1,233	6	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
Net change in total pension liability	123,411	69,079	24,129	7,944	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	101,152	32,073	7,944	-	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	224,563	101,152	32,073	7,944	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	32,868	6,029	5,457	2,571	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	52,409	13,957	13,072	6,157	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	(10,687)	8,675	969	(9)	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
Administrative expenses	(85)	(32)	(21)	(7)	N/A	N/A	N/A	N/A	N/A	N/A
Other	12,055	574	549	300	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	86,560	29,203	20,026	9,012	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	58,241	29,038	9,012	-	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	144,801	58,241	29,038	9,012	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability / (asset), ending = (a) - (b)	79,762	42,911	3,035	(1,068)	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	64.48%	57.58%	90.54%	113.44%	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	748,698	348,927	326,790	153,930	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	10.65%	12.30%	0.93%	-0.69%	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
2019	-	-	-	-	0.0%
2020	2,571	2,571	-	153,930	1.7%
2021	5,457	5,457	-	326,790	1.7%
2022	6,029	6,029	-	348,927	1.7%
2023	32,868	32,868	-	748,698	4.4%

Williamson County Emergency Services District No. 7
Notes to the Schedule of Employer Contributions
For the year ending September 30, 2023

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 (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	16.9 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment rate of Return	7.50%, 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	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
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. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule	2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: Employer contributions reflect that the member contribution rate was increased to 7%.

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