

**Williamson County  
Emergency Services District No. Eight  
Financial Statements  
September 30, 2017**

Williamson County Emergency Services District No. 8  
For the Year Ending September 30, 2017

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# *Medack & Oltmann, LLP*

Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Williamson County Emergency Services District No. 8

We have audited the accompanying financial statements of the governmental activities, and each major fund, of Williamson County Emergency Services District No. 8, as of and for the year ended September 30, 2017, 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. 8, as of September 30, 2017, 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 budgetary comparison information on pages 3 through 10 and 26 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  
February 2, 2018



## Management's Discussion and Analysis

This is the discussion and analysis of the Williamson County ESD #8 for fiscal year ending September 30, 2017.

Citizens and taxpayers want a clear picture of the financial health of their governments, which includes Emergency Services Districts. They also want to know how their tax dollars were spent and how much it costs to provide major services such as firefighting, fire prevention and rescue services. The concept of financial accountability of elected or appointed officials is reflected in the standards adopted by the Governmental Accounting Standards Board (GASB) for annual financial reporting.

This Management Discussion and Analysis (MD&A) is composed with the GASB concepts in mind. Please read it in conjunction with the District's financial statements, which follow this section.

### Financial Highlights

- *The Districts total net position for the fiscal year exceeded the liabilities of \$39,625 by \$ 4,615,013.*
- *Change in net position from current operations was \$ 589,991 resulting in cash reserves of \$ 4,186,680 at the end of the fiscal year.*
- *The District continued the Fire Protection Services contract with the City of Georgetown at an annual cost of \$1,679,587.*
- The District approved the preliminary design for the construction of Fire Station 6 with a probable cost of \$4,302,730.
- The District's annexation of the Whitetail Subdivision will provide additional tax revenue in the coming years.

## **Using This Annual Report**

This annual report consists of two financial statements. GASB Statement No. 34 provides that for governments engaged in a single government program, the fund financial statements and the government-wide statements may be combined. These combined statements appear on pages 11 and 12. The second column is an adjustments column, reconciling the amounts reported in the government 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.

## **Reporting the District as a Whole**

The Statement of Net Position and the Statement of Activities present information about the District as a whole. These statements (as reported in the last column of each of the statements) include all of the District's assets and liabilities, utilizing the accrual basis of accounting which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two columns report the District's net position and changes in them. The difference between assets and liabilities, net assets, are one way to measure the District's financial health. 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. However, other non-financial factors such as changes in the District's property tax base must also be considered in an assessment of the overall financial health of the District.

The Statement of Activities, also included on page 12, presents information showing how the District's net position changed during the most recent twelve-month period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

## **Reporting the District's Funds**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District may establish other funds to help in control and manage money for particular purposes or to show that it is meeting its legal responsibilities for using certain taxes, grants and other money. These funds are reported using an accounting method called Modified Accrual accounting

which measures cash and all other financial assets that can be readily converted to cash.

## Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on near-term inflows and outflows of spend-able resources, as well as on balances of spend-able resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare that information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The District only reports using one fund that being the General Fund.

## 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 District as a Whole

Governmental activities increased the District's net position by \$ 589,991, approximately 14.66%. Our analysis below focuses on the net position (Table 1) and the changes in net position (Table 2) of the District's governmental activities:

**Table 1  
Government Activities  
Net Position**

<b>Assets</b>	<b>9/30/2017</b>	<b>9/30/2016</b>
Current Assets	4,227,584	3,621,171
Other Assets	-	-
Capital Assets	427,054	414,480
<b>Total Assets</b>	<b>\$ 4,654,638</b>	<b>\$ 4,035,651</b>
<b>Liabilities</b>		
Current Liabilities	39,625	10,629
Long-Term Liabilities	-	-
<b>Total Liabilities</b>	<b>\$ 39,625</b>	<b>\$ 10,629</b>
<b>Net Position</b>		
Investment in capital assets	427,054	414,480
Restricted	-	-
Unrestricted	4,187,959	3,610,542
<b>Total Net Position</b>	<b>\$ 4,615,013</b>	<b>\$ 4,025,022</b>

**Table 2**  
**Government Activities**  
**Changes in Net Position**

	<u>9/30/2017</u>	<u>9/30/2016</u>
<b>General Revenues</b>		
Ad Valorem Taxes	2,412,804	2,142,589
Penalties & Interest on Taxes	9,179	8,249
Interest	10,973	9,552
Grant		
Other	-	-
<b>Total General Revenues</b>	<b>\$ 2,432,956</b>	<b>\$ 2,160,390</b>
<b>Program Revenues</b>		
Operating Grants and Contributions		
County Aid	-	-
<b>Expenditures/Expenses</b>		
Legal Notices	1,402	1,243
Tax Collector/Appraisal District Fees	18,279	17,315
Insurance & Bonds	4,191	3,551
Professional Services	21,767	14,697
Contracted Services	1,701,187	1,477,076
Miscellaneous	7	690
Training Prevention Staffing Study	1,203	2,870
Association Dues	1,100	1,100
Office Supplies	-	119
Hydrant Project	50,000	-
Long Range Strategic Training	-	18,668
Election Expense	9,498	-
Depreciation Expense	34,331	34,331
Debt Service		
Principal	-	-
Interest	-	761
<b>Total Expenditures/Expenses</b>	<b>\$ 1,842,965</b>	<b>\$ 1,572,421</b>
<b>Change in Net Postion</b>	<b>\$ 589,991</b>	<b>\$ 587,969</b>
 Net Position - Fund Balance Beginning of Year	 \$ 4,025,022	 \$ 3,437,053
Net Position - Fund Balance Ending of Year	\$ 4,615,013	\$ 4,025,022
 Change in Net Position		
 Percent Increase or (decrease)	 14.66%	 17.11%



## Capital Assets:

At the end of the fiscal year September 30, 2017, capital assets are as follows:

	2017	2016
Land	271,706	271,706
Construction in Progress	52,433	5,528
Vehicles	342,528	342,528
Furniture & Fixtures	-	-
Equipment	392	392
Buildings and Structures	-	-
Accumulated Depreciation	(240,005)	(205,674)
Governmental activities capital assets, net	427,054	414,480

Depreciation expense charged to the general fund was \$ 34,331.

More detailed information about the District's Capital Assets is presented in Note 5 of the financial statements.

## Financial Analysis of the Government's Funds

As noted earlier the District uses Fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For the year ending 09/30/17, the District's total fund balance was \$ 4,154,396 which reflects a net combined increase of \$ 576,435.

Approximately 99% of the District's FY 2017 income is derived from Ad Valorem property taxes, while the remainder is primarily Money Market Interest income. Interest rates have remained extremely low in the last year and the District received only about .45% of its total income on its cash investments.

<u>Revenues</u>		<u>Oct. 2016 to Sep. 2017</u>	
Property Taxes	\$	2,411,822	99.17%
Penalties & Interest		9,179	0.38%
Interest Income		10,973	0.45%
Grants		-0-	0.00%
Miscellaneous		-0-	0.00%
<b>Total</b>	<b>\$</b>	<b>2,431,974</b>	<b>100%</b>

## Budgetary Highlights

The District's annual budget includes estimated revenues and expenditures for fiscal year that begins each October 1. The annual budget is a "line-item" document that helps guide the Board of Commissioners through the year with a high degree of financial control over District expenditures.

Estimates of taxable value for the year are provided by the Williamson County Tax Appraisal Office. That estimate, combined with an estimate of historical tax collection rates for the District is used to estimate Ad Valorem Revenues and Establish a Tax Rate for the District.

In the fiscal year ending September 30, 2017, the Net Taxable (Assessed) Valuation of the District was \$ 2,530,095,826 resulting in a total tax levy of \$ 2,378,290 based on a tax rate of \$ 0.094 per \$100 valuation.

The District's 2016/2017 Budget resulted in actual expenditures of \$1,855,539 vs the budget of \$2,385,887.

Total revenues were \$ 2,431,974 or \$184,116 greater than the final budgeted amount. Ad Valorem tax revenue was \$ 2,411,822 or \$183,464, greater than the budgeted amounts. This resulted in the actual surplus being \$576,435 more than the budgeted deficit of \$138,029.

Review of the financial operations of the District during the year yielded several Board directed changes to policy and operations. The district continues to be a low tax rate District with the lowest tax rate of current Districts in Williamson County. The contract with the City of Georgetown Fire Services Division is one of the primary reasons for that low cost and exceptional level of service delivery. Other significant decisions were elimination of duplicate funding of services provided by GMAT within the service contract area with Georgetown Fire Services and allocation of Williamson County funds for mutual aid services to equipment and service enhancement within the District.

### Currently Known Facts, Decisions and Economic Conditions

*For the 2017 fiscal year, the tax rate for Williamson County Emergency Services District No. 8 was set at \$0.094/\$100 of assessed property value, which was a reduction from the previous year, and a property valuation increase of 12.56%. For the same period, the contract price with the City of Georgetown for fire and emergency services increased by 15.17%. The contract price is based on the percentage of call volume in the ESD compared to the City. The ESD8 Board of Emergency Services Commissioners has provided the highest level of service while keeping the ad valorem tax rate from increasing. Thus, ESD8 continued to have one of the lowest property tax rates of any ESD in Williamson County.*

*ESD8 is executing long-range and strategic plans by moving forward with the construction of Fire Station 6. The Board has approved the schematic design for the station and the architect is beginning the detail design phase. The design includes space for an ESD8 office and meeting room. The station will be built on property already owned by the District near the intersection of FM3405 and Andice Road which is an area with high call volume and long response times. ESD8 will fund the construction of the station and the City of Georgetown will assume the maintenance costs as well as providing staff to operate the station. Its presence will greatly improve the coverage and response times in both the ESD and the City, and may also serve to reduce homeowner's insurance premiums for residents in that area.*

*ESD8 continues to fund the installation of fire hydrants, where feasible, in areas of the district that have minimal or no coverage. Installations were completed and more are expected this year in the Jonah water district and on the portion of the City of Georgetown water system that is located in the ESD. Additionally, the City of Georgetown has capped the cost of each hydrant installed on their system at \$5,000.*

*ESD8 has successfully completed the annexation of the Whitetail Subdivision after voters approved the annexation in the May 2017 general election. The addition of Whitetail to the ESD8 district will provide fire protection to the residents as well as provide ESD8 with additional tax revenue.*

*ESD8 has also successfully completed the annexation of Garey Park after voters approved the annexation in the November 2017 general election. This tract of land was donated to the City of Georgetown by Mr. Garey to be used as a park. The addition of Garey Park to the ESD8 district will not provide additional tax revenue due to it being park land, but will enable ESD8 to provide fire and emergency services to the area.*

*Financial management of funds and payment for services continue to be handled through a contracted CPA firm with oversight and approvals by the Treasurer and President. The board retains this CPA firm to perform their bookkeeping which results in improvements in account organization, reserve accounting, and management of disbursements. All of these improvements are made without sacrificing checks and balances. The ESD's financial policy includes financial guidelines and firm practices related to capital financing, debt service coverage, reserve balances, cash management, and investing of public funds in compliance with Governmental Accounting Standards Board accounting principles.*

*The ESD Board's meeting schedule is the third Wednesday of each month to provide a consistent date and time which facilitates attendance by Commissioners, Fire Department personnel, and visitors. Also, ESD8 holds special meetings and workshops, as needed, to meet needs that cannot be achieved during monthly sessions.*

*The Emergency Services District's administration is located in dedicated office space at 3500 D B Wood Road, in Georgetown's Public Safety Operations and Training Center. This physical space provides security for our documents, contracts, and financial records.*

*Administratively, the ESD Policies and Procedures are current, comprehensive and comprehensible. ESD8 has a fire code that is in sync with that of the City of Georgetown. In an effort to help taxpayers stay informed about the ESD's activities, we continue to maintain and enhance our website as well as pursue other actions to increase public awareness.*

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

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Comments and/or questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

### **Williamson County ESD #8**

Bobby Bunte - ESD 8 President  
3500 D B Woods Rd.  
Georgetown, TX 78628  
Phone: 512-819-3104

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
GOVERNMENTAL FUNDS BALANCE SHEET AND  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017

	General Fund	Adjustments (Note 9)	Statement of Net Position
<b>ASSETS</b>			
Cash	\$ 4,186,680	\$ -	\$ 4,186,680
Property Taxes Receivable	33,563	-	33,563
Due from Other Governments	115	-	115
Prepaid Expenses	7,226	-	7,226
Capital Assets (net of accumulated depreciation)	-	427,054	427,054
<b>TOTAL ASSETS</b>	<b>\$ <u>4,227,584</u></b>	<b>\$ <u>427,054</u></b>	<b>\$ <u>4,654,638</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 39,625	\$ -	\$ 39,625
Deferred Revenues	-	-	-
Accrued Interest Payable	-	-	-
Long Term Liabilities-Due within one year	-	-	-
Long Term Liabilities-Due after one year	-	-	-
<b>TOTAL LIABILITIES</b>	<b>\$ <u>39,625</u></b>	<b>\$ -</b>	<b>\$ <u>39,625</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ <u>33,563</u></b>	<b>\$ <u>(33,563)</u></b>	<b>\$ -</b>
<b>FUND BALANCES/NET POSITION</b>			
Fund balances:			
Non-Spendable	\$ 7,226	\$ (7,726)	\$ -
Spendable	-	-	-
Assigned	3,577,961	(3,577,961)	
Unassigned	569,209	(569,209)	
Total fund balances	<u>4,154,396</u>	<u>(4,154,896)</u>	-
Total liabilities and fund balances	<b>\$ <u>4,227,584</u></b>	<b>\$ -</b>	<b>\$ -</b>
Net Position:			
Net Investment in Capital Assets		\$ 427,054	427,054
Unrestricted		4,187,959	4,187,959
Restricted		-	-
Total Net Position		<b>\$ <u>4,615,013</u></b>	<b>\$ <u>4,615,013</u></b>

See Accompanying Notes to the Financial Statements

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDING SEPTEMBER 30, 2017

	General Fund	Adjustments (Note 9)	Statement of Activities
<b>EXPENDITURES/EXPENSES</b>			
Legal Notices	\$ 1,402	\$ -	\$ 1,402
Tax Collector/Appraisal District Fees	18,279	-	18,279
Insurance & Bonds	4,191	-	4,191
Professional Services	21,767	-	21,767
Contracted Services	1,701,187	-	1,701,187
Miscellaneous	7	-	7
Training	1,203	-	1,203
Association Dues	1,100	-	1,100
Office Supplies	-	-	-
Special Projects-Fire Hydrants	50,000	-	50,000
Election Expense	9,498	-	9,498
Capital Outlay	46,905	(46,905)	-
Depreciation Expense	-	34,331	34,331
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures/expenses	\$ <u>1,855,539</u>	\$ <u>(12,574)</u>	\$ <u>1,842,965</u>
<b>PROGRAM REVENUES</b>	-	-	
Operating Grants and Contributions:			
County Aid	-	-	-
Net program expense			1,842,965
<b>GENERAL REVENUES</b>			
Ad valorem taxes	2,411,822	982	2,412,804
Penalties and Interest	9,179	-	9,179
Interest income	10,973	-	10,973
Miscellaneous	-	-	-
Total general revenues	\$ <u>2,431,974</u>	\$ <u>982</u>	\$ <u>2,432,956</u>
Excess (Deficiency) of revenues over expenditures	576,435	(576,435)	-
Change in net position	-	589,991	589,991
Fund Balance/Net Position			
Beginning of the year	<u>3,577,961</u>	<u>447,061</u>	<u>4,025,022</u>
End of the year	\$ <u><u>4,154,396</u></u>	\$ <u><u>460,617</u></u>	\$ <u><u>4,615,013</u></u>

See Accompanying Notes to the Financial Statements

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2017

**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. Eight (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 May 7, 2005, to protect life and property from fire and to conserve natural and human resources.

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.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2017

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

**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 (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



WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2017

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

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 – fire-fighting.

**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 pursuant to GASB Statement #33, 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.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2017

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

**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 amended budget is 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.

The General Fund did not have expenditures in excess of appropriations.

**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. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2017

**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:

Buildings and Structures	40 years
Vehicles	7-20 years
Other Equipment	10-20 years

The District does not own any infrastructure assets.

*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 does not meet the definition of “restricted” or “net investment in capital assets.”

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2017

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

*Fund 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.

**COMPENSATED ABSENCES**

The District had no employees as of year-end.

**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, 2017, 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. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2017

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. 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, 2021.

**NOTE 2: CASH**

Deposits were with a contracted depository bank, Union State Bank. As of year-end, deposits exceeded FDIC coverage. Therefore, in accordance with the depository contract, Union State Bank has pledged additional collateral. This collateral consisted of U.S. Government Securities, having a market value of \$5,569,435 (Category 2). At September 30, 2017, the carrying amount of the District's deposits was \$4,186,680, and the bank balance was \$4,186,680.

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.

	<u>Carrying Value</u>	<u>Bank Balance</u>
Category 1	\$ 250,000	\$ 250,000
Category 2	3,936,680	3,936,680
Category 3	-0-	-0-
	<u>\$4,186,680</u>	<u>\$ 4,186,680</u>

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2017

**NOTE 3: PROPERTY TAXES**

The District uses the Williamson County Tax Assessor Collector to bill and collect its property tax. 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, 2016, upon which the 2016 levy was based, was \$2,530,095,826 as certified by the Williamson County Central Appraisal District.

Taxes are due by January 31 following the October 1 levy date. The total 2016 levy was \$2,378,290 and the tax rate was \$ .09400 per \$100 assessed valuation. Property taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

**NOTE 4: COMMITMENTS**

The District has entered into an agreement with the City of Georgetown Fire Department to provide fire protection and suppression, fire prevention, hazardous material control, emergency rescue and other assistance to the public as necessary. Payments are made quarterly and totaled \$1,679,587 for the year. This contract and the related fee are renegotiated annually.

The District purchased a fire engine and has leased it to the City of Georgetown Fire Department. The lease agreement is the same term as the agreement for fire protection services. The lease payment is \$1.00 per year.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2017

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2017, was as follows:

	Balance 10/1/2016	Additions/ Completions	Retirements/ Adjustments	Balance 9/30/2017
Governmental Activities:				
Capital assets not being depreciated:				
Land	271,706	-	-	271,706
Construction in Progress	5,528	46,905	-	52,433
Total capital assets not being depreciated	277,234	46,905	-	324,139
Capital assets, being depreciated				
Vehicles	342,528	-	-	342,528
Furniture & Fixtures	-	-	-	-
Equipment	392	-	-	392
Buildings and Structures	-	-	-	-
Total capital assets being depreciated	342,920	-	-	342,920
Less accumulated depreciation for:				
Vehicles	(205,517)	(34,253)	-	(239,770)
Furniture & Fixtures	-	-	-	-
Equipment	(157)	(78)	-	(235)
Buildings and Structures	-	-	-	-
Total accumulated depreciation	(205,674)	(34,331)	-	(240,005)
Total capital assets, being depreciated, net	137,246	34,331	-	102,915
Governmental activities capital assets, net	414,480	34,331	-	427,054

Current year depreciation expense was \$34,331.

In FY September 2017 the District began construction of a new fire station which will eventually be leased to the City of Georgetown. As of year-end no formal lease agreement has been made. The construction is estimated to be completed sometime in FY 2018. The project is estimated to cost \$5 to \$5.5 million and indebtedness is excepted not to exceed \$2 million, the remainder of the cost to come from funds on hand.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2017

**NOTE 6: ANNEXATION OF DISTRICT LAND BY THE CITY OF GEORGETOWN**

The City of Georgetown has the right to annex property within the District which could in the future result in a reduction of the total value of property within the District and a reduction in the total tax revenue to be collected. For the year ending September 30, 2017, the District has been made aware that the City of Georgetown will be annexing certain portions of the ESD. However, the tax revenue loss is expected to be minimal.

**NOTE 7: FUND BALANCE**

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 constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for 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.

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.



WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2017

**NOTE 7: FUND BALANCE (continued)**

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, 2017, the District has not adopted a minimum fund balance policy.

**Fund Balance:**

Nonspendable

Prepaid Expenses	\$ 7,226
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Assigned

Fire Hydrants:

Chisholm Trail	-0-
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Jonah Water SUD	-0-
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Capital Projects-

Facilities	2,163,546
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Contingency Reserve	<u>1,414,415</u>
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Total Assigned	<u>\$ 3,577,961</u>
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Unassigned	<u>569,209</u>
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Total Fund Balance:	<u><u>\$ 4,154,396</u></u>
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**NOTE 8: ANNEXATION**

In August 2017 the District held an election for the approval to annex an adjoining subdivision into the District. Approval passed and taxes from this new subdivision will begin to be collected in FY 2018. The increase in tax revenue cannot be determined as yet.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2017

**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.

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	\$ 667,059
Accumulated Depreciation	( 240,005)
	<u>\$ 427,054</u>

Taxes receivable are offset by deferred revenues in the governmental funds and thus are not included in fund balance.

Deferred revenue	\$ (33,563)
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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.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2017

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

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	\$ (46,905)
Depreciation Expense	34,331

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

Adjustment for property taxes collected after year-end	\$ 982
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**NOTE 10: DATE OF MANAGEMENT'S REVIEW**

Management has evaluated subsequent events through the date of the auditor's report, the date the financial statements were available to be issued.

## **Required Supplemental Information**

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND  
BUDGET TO ACTUAL COMPARISON - GENERAL FUND  
FOR THE YEAR ENDING SEPTEMBER 30, 2017

	Budget		Actual Amounts Budgetary Basis	Favorable/ (Unfavorable)
	Original	Final		
<b>GENERAL REVENUES</b>				
Ad Valorem Taxes	\$ 2,217,500	\$ 2,228,358	\$ 2,411,822	183,464
Penalties and Interest	10,500	10,500	9,179	(1,321)
Interest Income	9,000	9,000	10,973	1,973
Grants	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	\$ 2,237,000	\$ 2,247,858	\$ 2,431,974	184,116
<b>EXPENDITURES/EXPENSES</b>				
Legal Notices	\$ 1,500	\$ 1,500	\$ 1,402	98
Tax Collector/Appraisal District Fees	19,000	19,000	18,279	721
District Voter Info/Ed	5,000	5,000	-	5,000
Insurance & Bonds	4,100	4,100	4,191	(91)
Membership Dues	1,200	1,200	1,100	100
Fire Hydrant Grant Program	100,000	100,000	50,000	50,000
Professional Services	28,600	28,600	21,767	6,833
Contracted Services	1,701,187	1,701,187	1,701,187	-
Miscellaneous	2,800	2,800	7	2,793
Office Supplies	1,000	1,000	-	1,000
Election Expense	15,000	15,000	9,498	5,502
Training & Travel	6,500	6,500	1,203	5,297
Capital Outlay	500,000	500,000	46,905	453,095
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures/expenses	\$ 2,385,887	\$ 2,385,887	\$ 1,855,539	530,348
Excess (Deficiency) of revenues over expenditures	\$ (148,887)	\$ (138,029)	\$ 576,435	714,464
Fund Balance Beginning of the year			3,577,961	
End of the year			\$ 4,154,396	

See Accompanying Notes to the Financial Statements