

**WILLIAMSON COUNTY EMERGENCY SERVICES
DISTRICT #10
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

WILLIAMGRIMSLEY
Certified Public Accountant

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

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WILLIAMGRIMSLEY

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Williamson County Emergency Services District #10
Coupland, Texas

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and each major fund of Williamson County Emergency Services District #10 (the District), as of and for the year ended September 30, 2019, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my 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 the District as of September 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and page 24, respectively, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated March 31, 2020, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



William Arthur Grimsley, CPA
Gatesville, Texas
March 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2019

Our discussion and analysis of the Williamson County Emergency Services District #10's (the District) financial performance provides an overview and analysis of the District's financial activities for the year ended September 30, 2019. Please read it in conjunction with the Independent Auditor's Report, the accompanying basic financial statements, and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the year by \$269,251 (net position). Of this amount, \$161,029 is unrestricted and may be used to meet the District's future obligations.
- During the year, the District's revenues of \$310,039, exceeded its expenses of \$185,255, reflecting an increase in net position of \$124,784.
- The District's capital assets totaled \$419,428, net of accumulated depreciation, a decrease of \$42,390, the result of depreciation for the current year.
- Debt at year-end of \$311,206 decreased by \$24,124, the result of principal payments made.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide the 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 the District's assets, liabilities, and deferred inflows/outflows with the difference reported as net position. Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial health is improving or deteriorating.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2019

The *statement of activities* presents information showing how the District's net position changed during the year. 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 periods. This may include uncollected taxes and other revenues or expenses that are appropriated for the current year even though cash is not received or expended until the following year. The government-wide financial statements can be found on pages 8-9 of this report.

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.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District maintains one governmental fund, the General Fund. The basic governmental fund financial statements can be found on pages 10-13 of this report.

Notes to the Financial Statements. The notes provide narrative explanations or additional data needed for full disclosure in the government-wide statements and the fund financial statements. These can be found starting on page 14.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. Net assets exceed liabilities by \$269,251, however a large portion of the District's net position reflects its investment in capital assets less related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following is a summary of the District's net position as of September 30, 2019:

NET POSITION

	2019	2018	\$ Change	% Change
Current and other assets	\$ 161,029	\$ 17,980	\$ 143,049	795.6%
Capital assets, net	419,428	461,817	(42,389)	-9.2%
Total assets	<u>580,457</u>	<u>479,797</u>	<u>100,660</u>	<u>21.0%</u>
Current liabilities	-	-	-	0.0%
Long-term liabilities	311,206	335,330	(24,124)	-7.2%
Total liabilities	<u>311,206</u>	<u>335,330</u>	<u>(24,124)</u>	<u>-7.2%</u>
Net position:				
Net investment in capital assets	108,222	126,487	(18,265)	-14.4%
Restricted	-	-	-	0.0%
Unrestricted	161,029	17,980	143,049	795.6%
Total net position	<u>\$ 269,251</u>	<u>\$ 144,467</u>	<u>\$ 124,784</u>	<u>86.4%</u>

Changes in Net Position. Revenues totaled \$310,039 for the year, an increase of \$195,156, primarily from property taxes. Property tax is the largest component of revenue, accounting for 97.8 % of total revenue. Expenses totaled \$185,255, an increase of \$64,773, primarily from an increase in contracted services costs. The following is a summary of the District's operations for the fiscal year 2019:

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2019

CHANGES IN NET POSITION

	2019	2018	\$ Change	% Change
General Revenues:				
Tax revenues	303,364	101,613	201,751	198.5%
Williamson County stipend	6,610	13,170	(6,560)	-49.8%
Other income	65	100	(35)	100.0%
Total revenues	<u>310,039</u>	<u>114,883</u>	<u>195,156</u>	<u>169.9%</u>
Expenses:				
General government	164,645	98,267	66,378	67.5%
Interest on long-term debt	20,610	22,215	(1,605)	-7.2%
Total expenses	<u>185,255</u>	<u>120,482</u>	<u>64,773</u>	<u>53.8%</u>
Change in net position	<u>\$ 124,784</u>	<u>\$ (5,599)</u>	<u>\$ 130,383</u>	<u>-2328.7%</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds. The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spending resources. Such information is useful in accessing the District's financing requirements. In particular, unassigned and assigned fund balances may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As the District completed the year, its general fund (as presented in the balance sheet on page 10) reported a combined fund balance of \$16,098 (an increase from the prior year of \$3,090), the net result of an increase in property tax revenues over related expenses.

Budget Highlights. Actual revenues were equivalent to budget. Actual expenditures were \$137,561 lower than the budget, primarily from lower operating expenses. The net effect of these produced a favorable variance of \$138,555 in the net change in fund balance.

More detail is presented in the required supplementary information section on page 24.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10 MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At year-end, the District's investment in capital assets totaled \$419,428, net of accumulated depreciation, a decrease of \$42,389 to the prior year.

More detailed information about the District's capital assets is presented in the Notes to the Financial Statements on page 20.

Debt

At year-end, the District's long-term debt was \$311,206, a decrease from the prior year of \$24,124. This decrease was the result of principal payments on outstanding debt. More detailed information about the District's long-term debt is presented in the Notes to the Financial Statements starting on page 21.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's appointed officials considered many factors when setting the fiscal year 2019 budget and tax rates. Some of those factors include the economy and the anticipated needs of the District for operations and capital outlay in the next year. The District adopted a general fund budget, sufficient to provide for budgeted operations and debt service for the fiscal year 2020. It will be funded primarily through an adopted property tax rate of \$.10 per \$100 of assessed valuation.

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 therein. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Williamson County Emergency Services District #10, P.O. Box 102, Coupland, Texas 78615.

**BASIC FINANCIAL STATEMENTS
(GOVERNMENT-WIDE)**

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

Statement of Net Position

As of September 30, 2019

	Total Governmental Activities
ASSETS:	
Cash	\$ 154,553
Property tax receivable	6,376
Deposit	100
Total current assets	161,029
Capital assets:	
Land	30,666
Apparatus	250,000
Station	521,685
Furniture and fixtures	4,000
Less: accumulated depreciation	(386,923)
Total long-term assets	419,428
Total assets	\$ 580,457
LIABILITIES:	
Noncurrent liabilities:	
Due within one year	\$ 35,915
Due after one year	275,291
Total noncurrent liabilities	311,206
Total liabilities	\$ 311,206
NET POSITION:	
Net investment in capital assets	\$ 108,222
Unrestricted	161,029
Total net position	\$ 269,251

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

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

Statement of Activities

For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities	\$ 164,645	\$ -	-	\$ (164,645)
Interest expense	20,610	-	-	(20,610)
Total primary government	<u>\$ 185,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (185,255)</u>
General Revenues:				
				303,364
				6,610
				65
			Total General Revenues	310,039
			Change in Net Position	124,784
			Net Position - Beginning of Year	144,467
			Net Position - End of Year	\$ 269,251

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

**BASIC FINANCIAL STATEMENTS
(GOVERNMENTAL FUNDS)**

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

Balance Sheet - Governmental Funds

As of September 30, 2019

	General Fund	Total Governmental Fund
ASSETS		
Cash	\$ 154,553	\$ 154,553
Property tax receivable	6,376	6,376
Deposits	100	100
Total assets	161,029	161,029
DEFERRED INFLOW OF RESOURCES		
Unavailable revenue - property taxes	6,376	6,376
Fund Balance		
Nonspendable	-	-
Restricted	-	-
Committed	-	-
Unassigned	154,653	154,653
Total fund balance	154,653	154,653
Total deferred inflows of resources and fund balance	\$ 161,029	\$ 161,029

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

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

As of September 30, 2019

Total fund balance (deficit) – governmental funds \$ 154,653
Amounts reported for governmental activities in the statement
of net position are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the fund. These
assets consist of:

Land	\$ 30,666	
Apparatus	250,000	
Station	521,685	
Furniture and fixtures	4,000	
Accumulated depreciation	(386,923)	
Total capital assets		419,428

Long-term debt is not due and payable in the current period and,
therefore, is not reported as a liability in the fund financial statement. (311,206)

Some revenues in the governmental fund are deferred because they are
not collected within the prescribed time period after year end. On the
accrual basis, however, those revenues would be recognized, regardless
of when they are collected.

6,376

Net assets of governmental activities (page 8) \$ 269,251

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

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended September 30, 2019

	General Fund	Total Governmental Fund
Revenues:		
Property tax	\$ 298,869	\$ 298,869
Williamson county stipend	6,610	6,610
Other	65	65
Total Revenues	305,544	305,544
Expenditures:		
Contractual services- CVFD	29,457	29,457
Contractual services-TVFD	50,540	50,540
Contractual services- accounting and other	9,742	9,742
Contractual services- revenue collection	2,762	2,762
Utilities	4,068	4,068
Insurance	8,441	8,441
Legal and professional services	3,400	3,400
Postage and printing	1,026	1,026
Publications and public notices	107	107
Membership and dues	275	275
Other	1,126	1,126
Debt service - principal	24,124	24,124
Debt service - interest	31,921	31,921
Total Expenditures	166,989	166,989
Excess of Revenues Over Expenditures	138,555	138,555
Net Change in Fund Balance	138,555	138,555
Fund Balance, Beginning of Year	16,098	16,098
Fund Balance, End of Year	\$ 154,653	\$ 154,653

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

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

Reconciliation of the Statement of Revenues, Expenditures and Changes in Governmental Funds to the Statement of Activities

For the Year Ended September 30, 2019

Net change in fund balance – total governmental fund	\$ 138,555
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Amounts reported for governmental activities in the statement of activities (page 9) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were higher (lower) than depreciation in the current period.	(42,390)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental fund. This is the net change from the previous period.	4,495
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Repayment of principal on debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.	<u>24,124</u>
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Change in net position of governmental activities (page 9)	<u><u>\$ 124,784</u></u>
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The accompanying notes are an integral part of these financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

Notes to the Financial Statements

For the Year Ended September 30, 2019

Note 1- Summary of Significant Accounting Policies

The accounting policies of the Williamson County Emergency Services District #10 (the District) conform to generally accepted accounting principles (GAAP) in the United States of America, applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for established governmental accounting and financial reporting principles. The more significant of the District's policies are described below.

The Reporting Entity

The District is a political subdivision of the state of Texas that was formed in May 2005. The District's role is to collect taxes from the citizens of its respective district and utilize those collections for emergency services. Those services include fire, allied services, and first responder. The Commissioners of the District are an appointed Board by the Williamson County Commissioners, to oversee and guide the various activities of the District.

The District has adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. Using these criteria, the District has no component units.

Government-Wide Financial Statements

The government-wide financial statements (i.e. the *Statement of Net Position* and the *Statement of Activities*) report information on all of the non-fiduciary activities of the District.

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

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

Notes to the Financial Statements

For the Year Ended September 30, 2019

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within thirty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

The District reports the following major governmental fund:

General Fund - The general fund is the District's primary operating fund. It is used to account for all financial resources of the general government.

Cash and Cash Equivalents

Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and so near maturity that there is not significant risk of changes in value due to changes in interest rates.

Accounts Receivable

Accounts receivable consists of uncollected property tax, as of September 30, 2019. The District does not record an allowance for uncollectable accounts, supported by historical collections.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

Notes to the Financial Statements

For the Year Ended September 30, 2019

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) at the time of acquisition and updated for additions and retirements during the year. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Depreciation is calculated on a straight-line basis. Estimated useful lives are as follows:

Furniture and Fixtures	5 Years
Fire Trucks/Equipment	10 Years
Stations	30 Years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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. The District does not have any items that qualify.

In addition to liabilities, the statement of net 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. The District has only one item that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue-property taxes*, is reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the periods the amounts become available.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

Notes to the Financial Statements

For the Year Ended September 30, 2019

Equity Classifications

In the government-wide financial statements, equity is shown as net position and classified into three components:

Net investment in capital assets – Capital assets, net of accumulated depreciation, reduced by the outstanding balance of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – Consists of assets with constraints placed on the use either by: 1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments or 2) imposed law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

Unrestricted – All other net assets that do not meet the definition of "net investment in capital assets" or "restricted".

The District reports governmental fund balances by the five-following classification:

Nonspendable – Amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.

Restricted – Amounts with restrictions that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes, imposed by formal action of the District's highest level of decision making authority. In the case of the District, it is the District's Board of Commissioners, and the formal action would be an ordinance to modify or rescind the commitment.

Assigned – Amounts constrained by District management's intent to be used for specific purposes but not formally restricted by external resources or committed by the District's Board of Commissioners.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

Notes to the Financial Statements

For the Year Ended September 30, 2019

Unassigned – Amount of the remaining fund balance not in any of the other classifications.

For the classification of fund balances, the District considers restricted amounts to have been spent first when an expenditure is incurred for the purpose for which restricted and unrestricted fund balance is available. Expenditures are to be spent from restricted fund balances first, followed by committed, assigned, and lastly unassigned fund balance.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimations and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

Note 2 – Cash Deposits

Legal and Contractual Provisions, Governing Deposits and Investments

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At September 30, 2019, the carrying amount of the District's cash deposits were \$154,553 and the bank balances were \$156,561, all of which were covered by FDIC insurance.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in; (1) obligations of the U.S.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

Notes to the Financial Statements

For the Year Ended September 30, 2019

Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) banker's acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District did not have invested funds at September 30, 2019.

Policies, Governing Deposits and Investments

In compliance with the Public Funds Investments Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk – Deposits: This is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2019, were covered by depository insurance or by pledged collateral held by the District's agent bank in the District's name.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus, positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Other Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, investment policies of the District's investment pools allow the portfolio's investment manager to only invest in obligations of the U.S. Government and its agencies; repurchase agreements; and no-load AAAM money market mutual funds registered with the SEC.

Note 3 – Property Taxes

The District has the authority to levy a tax to a maximum of \$.10 per \$100 of assessed property values. Property taxes are levied each October 1 on the assessed valuation of all taxable property within the District's boundaries. The tax rate for the October 1, 2018, levy was \$.10 per \$100 of appraised value. Taxes are due on receipt of the bill and are delinquent if not paid before February 1 of the year following the levy. On January 1 of each year, a tax lien attaches to

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

Notes to the Financial Statements

For the Year Ended September 30, 2019

property to secure the payment of all taxes, penalties and interest ultimately imposed. Taxes are assessed, billed and collected by the Williamson County Appraisal District.

Note 4 – Capital Assets

The following is a summary of changes in capital assets for the year:

	Balance 9/30/2018	Additions	Retirements	Balance 9/30/2019
Capital assets not being depreciated:				
Land	\$ 30,666	\$ -	\$ -	\$ 30,666
Total	30,666	-	-	30,666
Capital assets being depreciated:				
Station	521,685	-	-	521,685
Apparatus	250,000	-	-	250,000
Furniture and fixtures	4,000	-	-	4,000
Total capital assets being depreciated	775,685	-	-	775,685
Total capital assets	806,351	-	-	806,351
Less: accumulated depreciation	(344,533)	(42,390)	-	(386,923)
Net capital assets	\$ 461,818	\$ (42,390)	\$ -	\$ 419,428

Depreciation was charged to functions within the primary government as follows:

Program services	\$ 42,390
Total	\$ 42,390

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

Notes to the Financial Statements

For the Year Ended September 30, 2019

Note 5– Debt

The following is a summary of changes in debt for the year:

	Origination Date	Maturity Date	Interest Rate	Balance 9/30/2018	Additions	Retirements	Balance 9/30/2019
Note #4737	12/6/2007	2/1/2028	4.969%	\$ 260,414	\$ 3,329	\$ (19,556)	\$ 244,187
Note #5160	1/12/2009	2/1/2028	4.969%	58,623	7,981	(4,989)	61,615
Note #6381	9/30/2013	10/31/2019	3.343%	16,294	-	(10,890)	5,404
Total				<u>\$ 335,331</u>	<u>\$ 11,310</u>	<u>\$ (35,435)</u>	<u>\$ 311,206</u>

At September 30, 2019, future debt service requirements are as follows:

Note #4737:

Year:	Principal	Interest	Total
2020	\$ 24,363	\$ 9,606	\$ 33,969
2021	23,046	10,923	33,969
2022	24,191	9,778	33,969
2023	25,393	8,576	33,969
2024	26,655	7,314	33,969
2025-2028	120,539	15,337	135,876
Total	<u>\$ 244,187</u>	<u>\$ 61,534</u>	<u>\$ 305,721</u>

Note #5160:

Year:	Principal	Interest	Total
2020	\$ 6,148	\$ 2,423	\$ 8,571
2021	5,815	2,756	8,571
2022	6,104	2,467	8,571
2023	6,407	2,164	8,571
2024	6,726	1,845	8,571
2025-2028	30,415	3,872	34,287
Total	<u>\$ 61,615</u>	<u>\$ 15,527</u>	<u>\$ 77,142</u>

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

Notes to the Financial Statements

For the Year Ended September 30, 2019

Note #6381:

<u>Year:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 5,404	\$ 272	\$ 5,676
Total	<u>\$ 5,404</u>	<u>\$ 272</u>	<u>\$ 5,676</u>

Total Debt Service:

<u>Year:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 35,915	\$ 12,301	\$ 48,216
2021	28,861	13,679	42,540
2022	30,295	12,245	42,540
2023	31,800	10,740	42,540
2024	33,381	9,159	42,540
2025-2027	150,954	19,209	170,163
Total	<u>\$ 311,206</u>	<u>\$ 77,333</u>	<u>\$ 388,539</u>

On December 6, 2007, the District entered into Promissory Note Agreement #4737, with Government Capital Corporation for the construction of a new fire station in Coupland, Texas, in the amount of \$400,000. The note was subsequently transferred to South Side Bank. On April 22, 2019, the original loan was amended. The amended loan matures on February 1, 2028, carries an interest rate of 4.969%, and calls for nine annual payments of \$33,969. The note is secured by a commercial deed of trust.

On January 12, 2009, the District entered into Promissory Note Agreement #5160, with Government Capital Corporation to provide additional funding of the fire station, in the amount of \$100,000. The note was subsequently transferred to South Side Bank. On April 22, 2019, the original loan was amended. The amended loan matures on February 1, 2028, carries an interest rate of 4.969%, and calls for nine annual payments of \$8,571. The note is secured by the assignment of Ad Valorem Taxes.

On September 10, 2013, the District entered into Note Agreement #6381 with Government Capital Corporation for the purchase of fire trucks, in the amount of \$61,072. The loan matures on October 31, 2019 and carries an interest rate of 3.343%. The note is secured by the assignment of Ad Valorem Taxes. For the year ended September 30, 2019, principal payments of \$10,890

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10

Notes to the Financial Statements

For the Year Ended September 30, 2019

were made and interest of \$460 was paid. As allowed by the note agreement, this note was subsequently transferred and assigned to Schertz Bank and Trust.

Note 6 – Contracts/Commitments

The District does not have employees and the Board of Commissioners are not compensated. Accordingly, the District contracts with independent parties for its service and operational needs. Most notable among these is the provision to the citizens within its boundaries for emergency services. The District maintains Emergency Service Agreements (the Agreements) with the Coupland and Thrall Volunteer Fire Departments (the Departments) to provide for the protection of life and property from fire, and medical first responder assistance. The terms of the Agreements are to remain in effect on a year to year basis unless terminated by either party upon ninety (90) days written notice. In consideration for the services to be rendered under the Agreements the District is to pay the Departments, as funds become available and are appropriated in the sole discretion of the District, the sums set out in the annual budget as approved by the District. The District also agrees to provide for the purchase of capital or other equipment and improvements as requested by the Departments and approved by the District. For the year ended September 30, 2019, the District paid \$79,997 under the terms of the Agreements on behalf of or directly to the Departments.

Note 7 – Risk Management

The District is exposed to various risks of loss including general liability and property damage. The District insures against such risks through the purchase of commercial insurance.

Note 8 – Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through March 31, 2020, the date the financial statements were available to be issued. No events requiring recognition or disclosure have occurred as of this date.

REQUIRED SUPPLEMENTARY INFORMATION

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT #10
Statement of Revenues, Expenditures, and Changes in Fund Balance-
Budget to Actual - General Fund

For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property tax revenue	\$ 269,370	\$ 268,322	\$ 298,869	\$ 30,547
Williamson county stipend	13,000	36,228	6,610	(29,618)
Other income	-	-	65	65
Total General Revenue	<u>282,370</u>	<u>304,550</u>	<u>305,544</u>	<u>994</u>
EXPENDITURES				
Contractual services- CVFD & TVFD	19,390	19,390	79,997	(60,607)
Contractual services- accounting	20,000	12,000	9,742	2,258
Contractual services- revenue collection	1,300	2,500	2,762	(262)
Utilities	-	-	4,068	(4,068)
Insurance	30,000	30,000	8,441	21,559
Legal and professional fees	10,100	8,150	3,400	4,750
Operating expenses	145,535	176,465	2,534	173,931
Debit service - principal and interest	56,045	56,045	56,045	-
Total Expenses	<u>282,370</u>	<u>304,550</u>	<u>166,989</u>	<u>137,561</u>
Excess (Deficit) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,555</u>	<u>\$ 138,555</u>

COMPLIANCE/INTERNAL CONTROL SECTION

WILLIAMGRIMSLEY

CERTIFIED PUBLIC ACCOUNTANT

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

To the Board of Commissioners
Williamson County Emergency Services District #10
Coupland, Texas

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Williamson County Emergency Services District #10 (the District), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued my report, thereon, dated March 31, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



William Arthur Grimsley, CPA
Gatesville, Texas
March 31, 2020