

**Williamson County  
Emergency Services District No. Eight  
Financial Statements  
September 30, 2019**

Williamson County Emergency Services District No. 8  
For the Year Ending September 30, 2019

TABLE OF CONTENTS

Independent Auditor's Report.....	1-2
Management's Discussion and Analysis (unaudited).....	3-9
Basic Financial Statements:	
Governmental Funds Balance Sheet and Statement of Net Position .....	10
Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities .....	11
Notes to Basic Financial Statements .....	12-22
Required Supplemental Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund .....	23



BILL GRAVELL JR.  
County Judge  
WILLIAMSON COUNTY TEXAS

April 15, 2020

Bobby Bunte, President  
Williamson County ESD #8  
3500 D.B. Wood Rd.  
Georgetown, Texas 78628

By Regular US Mail

**RE: Reminder to File an Audit or Compiled Financial Statements with the Williamson County Commissioners Court**

Dear Mr. Bunte,

I am writing this letter to you as courtesy reminder that Emergency Services Districts (ESDs) are required to file either an Audit or Compiled Financial Statements with the Williamson County Commissioners Court on or before June 1<sup>st</sup> each year. I have enclosed copies of the two statutes that set out the requirements relating to your ESD's filing requirements and I encourage you to discuss them with your legal counsel should you have questions.

You may mail or deliver your ESD's Audit or Compiled Financial Statements to my office and I will provide them to the Williamson County Commissioners Court. Please mail or deliver them prior to the June 1<sup>st</sup> deadline so that they can be provided to the Williamson County Commissioners Court on time. If you should have any questions or comments relating to this matter, please do not hesitate to contact my office to discuss them. I want to thank you for the service you provide to the citizens of Williamson County and I look forward to working with you in the future.

Sincerely,

Judge Bill Gravelle, Jr.  
Williamson County Judge

## **Health & Safety Code Section 775.082. Audit of District in Less Populous Counties.**

(a) The county auditor of a county that contains any part of the district shall have access to the books, records, officials, and assets of the district.

(b) A district shall prepare and file with the commissioners court of each county that contains any part of the district on or before June 1 of each year an audit report of the district's fiscal accounts and records. The audit shall be performed and the report shall be prepared at the expense of the district. The county auditor, with the approval of the commissioners court, shall adopt rules relating to the format of the audit and report. If a district is located in more than one county, the county auditors, with the approval of the commissioners court of each county in which the district is located, shall adopt uniform rules relating to the format of the audit and report.

(c) The person who performs the audit and issues the report must be an independent certified public accountant or firm of certified public accountants licensed in this state, unless the commissioners court by order requires the audit to be performed by the county auditor at least 120 days before the end of the district's fiscal year.

(d) The commissioners court, on application made to the commissioners court by the district, may extend up to an additional 30 days the deadline for filing the audit report.

(e) If the district fails to complete and file the audit report within the time provided by Subsection (b) or (d), the commissioners court may order the county auditor to perform the audit and issue the report. If a district is located in more than one county, the commissioners court of each county in which the district is located shall designate by joint order a county auditor of one of the counties to perform the audit and issue the report.

(e-1) When a district located wholly in one county fails to complete and file the audit report by September 1 of each year and a county auditor is not ordered to prepare the report, the president and treasurer of the board are removed from the board and the commissioners court shall fill the vacancies as provided by Section 775.034.

(f) The district shall pay all costs incurred by the county auditor to perform an audit and issue the report required by this section, unless otherwise ordered by the commissioners court or by joint order of the commissioners courts, if the district is located in more than one county.

(g) This section does not apply to a district located wholly in a county with a population of more than three million.

Added by Acts 1993, 73rd Leg., ch. 195, Sec. 2, eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., ch. 392, Sec. 5, eff. Sept. 1, 1997.

Amended by:

Acts 2005, 79th Leg., Ch. 120 (S.B. [1436](#)), Sec. 2, eff. September 1, 2005.

Acts 2007, 80th Leg., R.S., Ch. 900 (H.B. [2653](#)), Sec. 6, eff. September 1, 2007.

Acts 2007, 80th Leg., R.S., Ch. 900 (H.B. [2653](#)), Sec. 7, eff. September 1, 2007.

Acts 2011, 82nd Leg., R.S., Ch. 639 (S.B. [917](#)), Sec. 12, eff. June 17, 2011.



**Health & Safety Code Section 775.0821. Alternative to Audit of District in less Populous Counties.**

(a) This section applies only to a district to which Section 775.082 applies that:

- (1) did not have any outstanding bonds secured by ad valorem taxes or any outstanding liabilities secured by ad valorem taxes having a term of more than one year during the previous fiscal year;
- (2) did not receive more than a total of \$250,000 in gross receipts from operations, loans, taxes, or contributions during the previous fiscal year; and
- (3) did not have a total of more than \$250,000 in cash and temporary investments during the previous fiscal year.

(b) Instead of filing an audit report under Section 775.082, a district to which this section applies may file compiled financial statements with the commissioners court of each county in which any part of the district is located.

(c) The district must file with the compiled financial statements an affidavit signed by an authorized district representative attesting to the accuracy and authenticity of the statements.

(d) The provisions of Section 775.082 relating to deadlines for filing an audit and the procedures and penalties relating to the failure of a district to file an audit apply to the filing of compiled financial statements under this section.

(e) A district that files compiled financial statements in accordance with Subsection (b) and that maintains an Internet website shall have posted on the district's website the compiled financial statements for the most recent three years.

Added by Acts 2013, 83rd Leg., R.S., Ch. 719 (H.B. [3764](#)), Sec. 1, eff. September 1, 2013.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 1068 (H.B. [2257](#)), Sec. 1, eff. September 1, 2015.



# MEDACK & OLTMANN, LLP

## CERTIFIED PUBLIC ACCOUNTANTS

### PARTNERS

James E. Medack, CPA  
Melodi J. Oltmann, CPA

### PROFESSIONAL STAFF

Remington O'Dell, CPA  
Ashton McGonagle

### MEMBERS

American Institute of  
Certified Public Accountants

Texas Society of  
Certified Public Accountants

### 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, 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

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, 2019, 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 9 and 23 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.

A handwritten signature in black ink that reads "Medack & Oltmann, LLP". The signature is written in a cursive, flowing style.

Medack & Oltmann, LLP  
Giddings, Texas  
March 9, 2020

3500 D.B. Wood Rd.  
78628  
512/930-FIRE (3473)



Georgetown, TX

## Management's Discussion and Analysis

This is the discussion and analysis of the Williamson County ESD #8 for fiscal year ending September 30, 2019.

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 \$410 by \$5,194,498.*
- *Change in net position from current operations was \$(358,545) resulting in cash reserves of \$4,449,367 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 \$3,587,662.*

### 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 10 and 11. 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 11, 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 decreased the District's net position by \$358,545, approximately 6.5%. 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>9/30/2019</b>	<b>9/30/2018</b>
Current Assets	\$ 4,506,129	\$ 4,832,304
Other Assets	-	-
Capital Assets	688,779	723,110
<b>Total Assets</b>	<b>\$ 5,194,908</b>	<b>\$ 5,555,414</b>
<b>Liabilities</b>		
Current Liabilities	\$ 410	\$ 2,371
Long-Term Liabilities		
<b>Total Liabilities</b>	<b>\$ 410</b>	<b>\$ 2,371</b>
<b>Net Position</b>		
Investment in capital assets	\$ 688,779	\$ 723,110
Restricted	-	-
Unrestricted	4,505,719	4,829,933
<b>Total Net Position</b>	<b>\$ 5,194,498</b>	<b>\$ 5,553,043</b>

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

	<u>9/30/2019</u>	<u>9/30/2018</u>
<b>General Revenues</b>		
Ad Valorem Taxes	\$ 3,252,130	\$ 2,704,079
Penalties & Interest on Taxes	10,992	8,787
Interest	61,079	12,749
Other	-	15,250
<b>Total General Revenues</b>	<b>\$ 3,324,201</b>	<b>\$ 2,740,865</b>
<b>Expenditures/Expenses</b>		
Legal Notices	\$ 1,180	\$ 1,609
Tax Collector/Appraisal District Fees	21,509	19,311
Insurance & Bonds	4,202	4,197
Professional Services	30,067	33,401
Contracted Services	3,587,662	1,615,535
Miscellaneous	652	562
Training Prevention Staffing Study	1,796	1,381
Association Dues	1,100	1,100
Office Supplies	247	-
Hydrant Project	-	76,627
Election Expense	-	14,781
Depreciation Expense	34,331	34,331
Debt Service		
Principal	-	-
Interest	-	-
<b>Total Expenditures/Expenses</b>	<b>\$ 3,682,746</b>	<b>\$ 1,802,835</b>
<b>Change in Net Postion</b>	<b>\$ (358,545)</b>	<b>\$ 938,030</b>
 Net Position - Fund Balance Beginning of Year	 \$ 5,553,043	 \$ 4,615,013
Net Position - Fund Balance Ending of Year	\$ 5,194,498	\$ 5,553,043
 Change in Net Position		
 Percent Increase or (decrease)	 -6.46%	 20.33%

## Capital Assets:

At the end of the fiscal year September 30, 2019, capital assets are as follows:

	2019	2018
Land	-	271,706
Construction in Progress	-	382,820
Vehicles	342,528	342,528
Equipment	392	392
Accumulated Depreciation	(308,667)	(274,336)
Intangible - Right to Occupy	654,526	-
Accumulated Amortization	-	-
Governmental activities capital assets, net	688,779	723,110

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 09/30/19, the District's total fund balance was \$ 4,457,853 which reflects a net combined decrease of \$ 333,571.

Approximately 98% of the District's FY 2019 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 1.84% of its total income on its cash investments.

Revenues	October 2018 to September 2019	
Property Taxes	\$ 3,242,773	97.83%
Penalties & Interest	10,992	0.33%
Interest Income	61,079	1.84%
Total	\$ 3,314,844	100.00%

## 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, 2019, the Net Taxable (Assessed) Valuation of the District was \$3,234,335,232 resulting in a total tax levy of \$3,234,355 based on a tax rate of \$0.10 per \$100 valuation.

The District's 2018/2019 Budget resulted in actual expenditures of \$3,648,415 vs the budget of \$3,683,969.

Total revenues were \$3,314,844 or \$76,351 greater than the final budgeted amount. Ad Valorem tax revenue was \$3,242,773 or \$20,780, greater than the budgeted amounts. This resulted in an overall favorable variance of \$111,905.

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.

### **Currently Known Facts, Decisions and Economic Conditions**

For the 2019 fiscal year, the tax rate for Williamson County Emergency Services District No. 8 was set at \$0.10/\$100 of assessed property value, which was the same tax rate as the previous year, and a property valuation increase of 12.91%. For the same period, the contract price with the City of Georgetown for fire and emergency services increased by 122.07%. The contract price for 2019 is no longer based solely on the percentage of call volume in the ESD compared to the City. The contract price is now based on a new cost model that has been developed to take into consideration elements of the cost of service that were not included in the old cost model. These considerations include factors such as area covered, property values, risk factors, population served, and call volume compared to the City. This has resulted in a substantial increase in the contract price. To validate and justify the new cost, the Board of Commissioners utilized the services of a consultant, ESCI, to develop the cost model specific for ESD8. Based on the recommendations of ESCI, the Board adopted the new cost model. The ESD8 Board of Commissioners strives to provide the highest level of service, and adopting a tax rate of \$0.10/\$100 of assessed property value is a reflection of the increasing cost of that service. ESD8 currently has a tax rate that is equal to the majority of the ESD's in Williamson County.

The construction of Fire Station 6 is progressing on schedule. Once completed, the station will include ESD8 office space and a meeting room that will also be available for community use. The Board has completed the transfer of the project in total to the City of Georgetown. In exchange for funds the ESD has already spent, a long term agreement of approximately 50 years has been put into place that guarantees the ESD full use of the office space and meeting room at no cost. Should the agreement be terminated prior to the 50 years, and an alternate location or method of amortization is not found, the City will pay the full remaining unamortized balance. This new agreement will be beneficial for the ESD and the community it serves as well as the City. The location of the new station near the intersection of FM3405 and Andice Road 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. All planned installations have been completed in the Jonah water district and work continues 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.

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 at 6:00 pm 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, 2019

	General Fund	Adjustments (Note 8)	Statement of Net Position
<b>ASSETS</b>			
Cash	\$ 4,449,367	\$ -	\$ 4,449,367
Property Taxes Receivable	47,866	-	47,866
Due from Other Governments	-	-	-
Prepaid Expenses	8,896	-	8,896
Capital Assets (net)	-	688,779	688,779
TOTAL ASSETS	<u>\$ 4,506,129</u>	<u>\$ 688,779</u>	<u>\$ 5,194,908</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 410	\$ -	\$ 410
Deferred Revenues	-	-	-
Accrued Interest Payable	-	-	-
Long Term Liabilities-Due within one year	-	-	-
Long Term Liabilities-Due after one year	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 410</u>	<u>\$ -</u>	<u>\$ 410</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	<u>\$ 47,866</u>	<u>\$ (47,866)</u>	<u>\$ -</u>
<b>FUND BALANCES/NET POSITION</b>			
Fund balances:			
Non-Spendable	\$ 8,896	\$ (8,896)	\$ -
Spendable			
Assigned	2,762,977	(2,762,977)	
Unassigned	1,685,980	(1,685,980)	
Total fund balances	<u>4,457,853</u>	<u>(4,457,853)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 4,506,129</u>	<u>\$ -</u>	<u>\$</u>
Net Position:			
Net Investment in Capital Assets		\$ 688,779	688,779
Unrestricted		4,505,719	4,505,719
Restricted		-	-
Total Net Position		<u>\$ 5,194,498</u>	<u>\$ 5,194,498</u>

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, 2019

	General Fund	Adjustments (Note 8)	Statement of Activities
<b>EXPENDITURES/EXPENSES</b>			
Legal Notices	\$ 1,180	\$ -	\$ 1,180
Tax Collector/Appraisal District Fees	21,509	-	21,509
Insurance & Bonds	4,202	-	4,202
Professional Services	30,067	-	30,067
Contracted Services	3,587,662	-	3,587,662
Miscellaneous	652	-	652
Training	1,796	-	1,796
Association Dues	1,100	-	1,100
Office Supplies	247	-	247
Depreciation Expense	-	34,331	34,331
Total expenditures/expenses	\$ <u>3,648,415</u>	\$ <u>34,331</u>	\$ <u>3,682,746</u>
<b>GENERAL REVENUES</b>			
Ad valorem taxes	3,242,773	9,357	3,252,130
Penalties and Interest	10,992	-	10,992
Interest income	61,079	-	61,079
Miscellaneous	-	-	-
Total general revenues	\$ <u>3,314,844</u>	\$ <u>9,357</u>	\$ <u>3,324,201</u>
Excess (Deficiency) of revenues over expenditures	(333,571)	333,571	-
Change in net position	-	(358,545)	(358,545)
Fund Balance/Net Position			
Beginning of the year	<u>4,791,424</u>	<u>761,619</u>	<u>5,553,043</u>
End of the year	\$ <u><u>4,457,853</u></u>	\$ <u><u>736,645</u></u>	\$ <u><u>5,194,498</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, 2019

**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.

**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.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2019

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

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 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.



WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2019

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

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.

**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.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2019

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

**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.

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.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2019

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

- 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.”

*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, 2019, 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.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2019

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

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

**RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after 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 \$8,138,792 (Category 2). At September 30, 2019, the carrying amount of the District's deposits was \$4,449,367, and the bank balance was \$4,448,903.

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

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

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2019

**NOTE 2: CASH (continued)**

	<u>Carrying Value</u>	<u>Bank Balance</u>
Category 1	\$ 250,000	\$ 250,000
Category 2	4,199,367	4,198,903
Category 3	<u>-0-</u>	<u>-0-</u>
	<u>\$4,449,367</u>	<u>\$ 4,448,903</u>

**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, 2018, upon which the 2018 levy was based, was \$3,234,335,232 as certified by the Williamson County Central Appraisal District.

Taxes are due by January 31 following the October 1 levy date. The total 2018 levy was \$3,234,355 and the tax rate was \$ .10 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 \$3,587,662 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, 2019

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2019, was as follows:

	Balance 10/1/2018	Additions/ Completions	Retirements/ Adjustments	Balance 9/30/2019
Governmental Activities:				
Capital assets not being depreciated:				
Land	271,706	-	(271,706)	-
Construction in Progress	382,820	-	(382,820)	-
Total capital assets not being depreciated	654,526	-	(654,526)	-
Capital assets, being depreciated				
Vehicles	342,528	-	-	342,528
Equipment	392	-	-	392
Total capital assets being depreciated	342,920	-	-	342,920
Less accumulated depreciation for:				
Vehicles	(274,023)	(34,253)	-	(308,276)
Equipment	(313)	(78)	-	(391)
Total accumulated depreciation	(274,336)	(34,331)	-	(308,667)
Total capital assets, being depreciated, net	68,584	(34,331)	-	34,253
Capital assets, being amortized				
Intangible - right to occupy	-	654,526	-	654,526
Total capital assets being amortized	-	654,526	-	654,526
Less accumulated amortization for:				
Intangible - right to occupy	-	-	-	-
Total accumulated amortization	-	-	-	-
Total capital assets, being amortized, net	-	654,526	-	654,526
Governmental activities capital assets, net	723,110	620,195	(654,526)	688,779

Current year depreciation expense was \$34,331, and amortization expense is \$-0-.

**Intangible – Right to Occupy**

The District agreed, in late 2013, to construct and equip what was to be later identified as fire station number 6. Land was purchased and development costs were incurred through September 2018 totaling \$654,526. The fire station was expected to be leased to the City of Georgetown, Texas for a nominal amount and operated by the City fire department. On December 19, 2018, the decision was made by the District's board to transfer the project in total to the City of Georgetown, Texas. In exchange, the District will be allowed to occupy 890 square feet of space in the facility for a period of approximately 50 years. This decision does state that if this agreement is terminated prior to 2068 and an alternate location or method of amortization is not found, the City will pay the full remaining unamortized balance.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2019

**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, 2019, 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.

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.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2019

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

The Board has adopted a budgetary stabilization arrangement to be used for future operational budgetary shortfalls, in the event a revenue deficit arises. According to GASB criteria, in order for amount to be reflected as restricted or committed, usage of these funds must be specifically identified. Therefore, no amounts have been reflected as restricted or committed.

As of September 30, 2019, the District has not adopted a minimum fund balance policy.

Fund Balance:	
<u>Nonspendable</u>	
Prepaid Expenses	\$ 8,896
<u>Assigned</u>	
Contingency Reserve	2,762,977
Total Assigned	\$ 2,762,977
Unassigned	\$ 1,685,980
Total Fund Balance:	<u>\$ 4,448,957</u>

**NOTE 8: 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	\$ 997,446
Accumulated Depreciation	<u>(308,667)</u>
	<u>\$ 688,779</u>

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

Deferred revenue	\$ (47,866)
------------------	-------------

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2019

**NOTE 8: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND  
AND GOVERNMENT-WIDE STATEMENTS (continued)**

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.

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

Capital outlay	\$ (-0-)
Depreciation Expense	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	\$ 9,357
--	----------

**NOTE 9: 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, 2019

	Budget		Actual Amounts Budgetary Basis	Favorable/ (Unfavorable)
	Original	Final		
<b>GENERAL REVENUES</b>				
Ad Valorem Taxes	\$ 3,221,993	\$ 3,221,993	\$ 3,242,773	20,780
Penalties and Interest	9,000	9,000	10,992	1,992
Interest Income	7,500	7,500	61,079	53,579
Miscellaneous			-	-
Total Revenues	\$ 3,238,493	\$ 3,238,493	\$ 3,314,844	76,351
				-
<b>EXPENDITURES/EXPENSES</b>				
Legal Notices	\$ 1,500	\$ 1,500	\$ 1,180	320
Tax Collector/Appraisal District Fees	21,000	21,000	21,509	(509)
District Voter Info/Ed	-	-	-	-
Insurance & Bonds	4,300	4,300	4,202	98
Membership Dues	1,200	1,200	1,100	100
Fire Hydrant Grant Program	100,000	-	-	-
Professional Services	51,700	51,700	30,067	21,633
Contracted Services	3,039,668	3,585,144	3,587,662	(2,518)
Miscellaneous	1,125	1,125	652	473
Office Supplies	250	250	247	3
Election Expense	15,000	15,000	-	15,000
Training & Travel	2,750	2,750	1,796	954
Capital Outlay	2,363,678	-	-	-
Debt Service.				-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures/expenses	\$ 5,602,171	\$ 3,683,969	\$ 3,648,415	35,554
Excess (Deficiency) of revenues over expenditures	\$ (2,363,678)	\$ (445,476)	\$ (333,571)	111,905
 Fund Balance Beginning of the year			4,791,424	
End of the year			\$ 4,457,853	

See Accompanying Notes to the Financial Statements