

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2

WILLIAMSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2020

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2

WILLIAMSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2020

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET	8
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION	9
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	10
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	11
NOTES TO THE FINANCIAL STATEMENTS	12-23
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	25
OTHER SUPPLEMENTARY INFORMATION	
COMPUTATION OF NET LONG-TERM DEBT PER CAPITA	27
LISTING OF THE NUMBER OF EMERGENCY RESPONSES MADE WITHIN AND OUTSIDE THE DISTRICT	28
SCHEDULE OF INSURANCE AND BONDING COVERAGE	29
STATEMENT OF ACTIVITIES – SAM BASS FIRE DEPARTMENT	30
TAXES LEVIED AND RECEIVABLE	31-32
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES – GENERAL FUND – FIVE YEARS	33-34
BOARD OF COMMISSIONERS AND CONSULTANTS	35-36

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Williamson County Emergency
Services District No. 2
Williamson County, Texas

We have audited the accompanying financial statements of the governmental activities and major fund of Williamson County Emergency Services District No. 2 (the "District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material 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, 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 major fund of the District as of December 31, 2020, 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 the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

May 20, 2021

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Management's discussion and analysis of Williamson County Emergency Services District No. 2's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2020. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all the District's assets, liabilities and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include 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 has one governmental fund type. The General Fund accounts for resources not accounted for in another fund, property tax revenues, costs of assessing and collecting taxes, and general expenditures.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund financial statements provides a distinctive view of the District's governmental fund. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). The budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$5,268,012 as of December 31, 2020.

A portion of the District's net position reflects its net investment in capital assets (buildings, vehicles and equipment less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide for firefighting and emergency services.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a comparative analysis of government-wide changes in net position:

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2020</u>	<u>2019</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 6,244,374	\$ 6,369,424	\$ (125,050)
Capital Assets (Net of Accumulated Depreciation)	<u>6,950,899</u>	<u>7,153,548</u>	<u>(202,649)</u>
Total Assets	\$ 13,195,273	\$ 13,522,972	\$ (327,699)
Long -Term Liabilities	\$ 4,237,444	\$ 4,477,725	\$ 240,281
Other Liabilities	<u>287,823</u>	<u>281,427</u>	<u>(6,396)</u>
Total Liabilities	\$ 4,525,267	\$ 4,759,152	\$ 233,885
Deferred Inflows of Resources	<u>\$ 3,401,994</u>	<u>\$ 3,307,218</u>	<u>\$ (94,776)</u>
Net Position:			
Net Investment in Capital Assets	\$ 2,473,174	\$ 2,443,880	\$ 29,294
Unrestricted	<u>2,794,838</u>	<u>3,012,722</u>	<u>(217,884)</u>
Total Net Position	<u>\$ 5,268,012</u>	<u>\$ 5,456,602</u>	<u>\$ (188,590)</u>

The following table provides a summary of the District's operations for the years ended December 31, 2020, and December 31, 2019.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2020</u>	<u>2019</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 3,292,103	\$ 3,167,247	\$ 124,856
Mutual Aid Revenues	28,031	27,057	974
Other Revenues	<u>53,551</u>	<u>114,639</u>	<u>(61,088)</u>
Total Revenues	\$ 3,373,685	\$ 3,308,943	\$ 64,742
Expenses for Services	<u>3,562,275</u>	<u>2,989,674</u>	<u>(572,601)</u>
Change in Net Position	\$ (188,590)	\$ 319,269	\$ (507,859)
Net Position, Beginning of Year	<u>5,456,602</u>	<u>5,137,333</u>	<u>319,269</u>
Net Position, End of Year	<u>\$ 5,268,012</u>	<u>\$ 5,456,602</u>	<u>\$ (188,590)</u>

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's General Fund fund balance as of December 31, 2020, was \$2,805,909, a decrease of \$225,002 from the prior year. This decrease was primarily due to operating expenditures and capital costs exceeding property tax revenues and operating revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners annually adopts an unappropriated budget for the General Fund and did not amend the budget during the current fiscal year. Actual revenues were \$69,414 more than budgeted revenues. Actual expenditures were \$103,612 less than budgeted expenditures.

CAPITAL ASSETS

Capital assets as of December 31, 2020, total \$6,950,899 (net of accumulated depreciation) and include buildings, vehicles and equipment. Significant capital asset events during the current fiscal year included completed construction of a fence at Fire Station No. 3.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 209,694	\$ 209,694	\$
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	5,880,324	5,999,544	(119,220)
Firefighting Vehicles and Equipment	<u>860,881</u>	<u>944,310</u>	<u>(83,429)</u>
Total Net Capital Assets	<u>\$ 6,950,899</u>	<u>\$ 7,153,548</u>	<u>\$ (202,649)</u>

Additional information on the District's capital assets can be found in Note 6 of this report.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term debt payable of \$4,477,725. The changes in the debt position of the District during the fiscal year ended December 31, 2020, are summarized as follows:

Capital Lease Payable, January 1, 2020	\$ 518,254
Less: Capital Lease Principal Paid	<u>68,356</u>
Capital Lease Payable, December 31, 2020	<u><u>\$ 449,898</u></u>
Note Payable, January 1, 2020	\$ 4,191,414
Less: Note Principal Paid	<u>163,587</u>
Note Payable, December 31, 2020	<u><u>\$ 4,027,827</u></u>

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Williamson County Emergency Services District No. 2, 16248 Great Oaks Drive, Round Rock, TX 78681.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 1,241	\$	\$ 1,241
Investments	5,018,526		5,018,526
Receivables:			
Property Taxes	1,195,236		1,195,236
Penalty and Interest on Delinquent Taxes		13,230	13,230
Accrued Interest	11,147		11,147
Prepaid Costs	4,994		4,994
Land		209,694	209,694
Capital Assets (Net of Accumulated Depreciation)		6,741,205	6,741,205
TOTAL ASSETS	<u>\$ 6,231,144</u>	<u>\$ 6,964,129</u>	<u>\$ 13,195,273</u>
LIABILITIES			
Accounts Payable	\$ 2,644	\$	\$ 2,644
Accrued Interest Payable		44,898	44,898
Long-Term Liabilities:			
Capital Lease Payable Within One Year		70,167	70,167
Capital Lease Payable After One Year		379,731	379,731
Note Payable Within One Year		170,114	170,114
Note Payable After One Year		3,857,713	3,857,713
TOTAL LIABILITIES	<u>\$ 2,644</u>	<u>\$ 4,522,623</u>	<u>\$ 4,525,267</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	<u>\$ 3,422,591</u>	<u>\$ (20,597)</u>	<u>\$ 3,401,994</u>
FUND BALANCE			
Nonspendable -			
Prepaid Costs	\$ 4,994	\$ (4,994)	\$
Assigned for 2021 Budget Deficit	322,314	(322,314)	
Unassigned	<u>2,478,601</u>	<u>(2,478,601)</u>	
TOTAL FUND BALANCE	<u>\$ 2,805,909</u>	<u>\$ (2,805,909)</u>	<u>\$ - 0 -</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 6,231,144</u>		
NET POSITION			
Net Investment in Capital Assets		\$ 2,473,174	\$ 2,473,174
Unrestricted		2,794,838	2,794,838
TOTAL NET POSITION		<u>\$ 5,268,012</u>	<u>\$ 5,268,012</u>

The accompanying notes to the financial
statements are an integral part of this report.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Total Fund Balance - Governmental Funds	\$	2,805,909
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Land, construction in progress and capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental fund.		6,950,899
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Deferred inflows of resources related to property tax revenues and uncollected penalty and interest revenues on delinquent taxes for the 2019 and prior tax levies became part of recognized revenues in the governmental activities of the District.		33,827
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental fund. These liabilities at year-end consist of:

Accrued Interest Payable	\$	44,898	
Capital Leases Payable Within One Year		70,167	
Capital Leases Payable After One Year		379,731	
Notes Payable Within One Year		170,114	
Notes Payable After One Year		<u>3,857,713</u>	<u>(4,522,623)</u>

Total Net Position - Governmental Activities	\$	<u><u>5,268,012</u></u>
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The accompanying notes to the financial
statements are an integral part of this report.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property Taxes	\$ 3,289,237	\$ 2,866	\$ 3,292,103
Mutual Aid Revenues	28,031		28,031
Penalty and Interest	6,748	2,314	9,062
Investment Revenues	44,366		44,366
Miscellaneous Revenues	123		123
TOTAL REVENUES	<u>\$ 3,368,505</u>	<u>\$ 5,180</u>	<u>\$ 3,373,685</u>
EXPENDITURES/EXPENSES			
Service Operations:			
District Services - Sam Bass Fire			
Department	\$ 3,000,000	\$	\$ 3,000,000
Accounting and Auditing Fees	35,994		35,994
Appraisal District Fees	19,614		19,614
Commissioner Fees	9,500		9,500
Legal Fees-General	1,581		1,581
Legal Fees-Delinquent Tax Collections	1,496		1,496
Tax Assessor/Collector Fees	2,390		2,390
Depreciation		263,759	263,759
Other	48,908		48,908
Capital Outlay	61,110	(61,110)	
Debt Service:			
Capital Lease Principal	68,356	(68,356)	
Note Principal	163,587	(163,587)	
Capital Lease Interest	13,734	(325)	13,409
Note Interest	167,237	(1,613)	165,624
TOTAL EXPENDITURES/EXPENSES	<u>\$ 3,593,507</u>	<u>\$ (31,232)</u>	<u>\$ 3,562,275</u>
NET CHANGE IN FUND BALANCE	\$ (225,002)	\$ 225,002	\$
CHANGE IN NET POSITION		(188,590)	(188,590)
FUND BALANCE/NET POSITION -			
JANUARY 1, 2020	<u>3,030,911</u>	<u>2,425,691</u>	<u>5,456,602</u>
FUND BALANCE/NET POSITION -			
DECEMBER 31, 2020	<u><u>\$ 2,805,909</u></u>	<u><u>\$ 2,462,103</u></u>	<u><u>\$ 5,268,012</u></u>

The accompanying notes to the financial
statements are an integral part of this report.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Net Change in Fund Balance - Governmental Fund	\$ (225,002)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.	2,866
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Governmental funds report penalty and interest revenues on delinquent property taxes when collected. However, in the government-wide financial statements, revenues are recorded when penalty and interest are assessed.	2,314
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Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(263,759)
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Governmental funds report capital asset purchases as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.	61,110
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Governmental funds report principal payments on long-term liabilities as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected.	231,943
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Governmental funds report interest payments on capital leases and notes as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on leases and notes through fiscal year-end.	1,938
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Change in Net Position - Governmental Activities	\$ <u>(188,590)</u>
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The accompanying notes to the financial
statements are an integral part of this report.

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WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1. CREATION OF DISTRICT

Williamson County Rural Fire Prevention District No. 2 was created November 3, 1987, under Chapter 794 of the Health and Safety Code. At an election held on August 9, 1997, voters approved to convert the District to an emergency services district. Effective September 8, 1997, the District became Williamson County Emergency Services District No. 2 (the "District"). The District now operates under Chapter 775 of the Health and Safety Code. The District was established to provide operating and capital funds for the contracting of fire protection services to the residents of the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB").

The District is a political subdivision of the State of Texas governed by an appointed board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification").

GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position 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 improvements of those assets.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenues and expenses in the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Governmental Fund Balance Sheet and a Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

Governmental Funds

The District has one governmental fund; therefore, it is a major fund.

General Fund - To account for resources not required to be accounted for in another fund, property tax revenues, costs of assessing and collecting taxes and general expenditures.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in governmental funds to be available if they are collectible within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and recorded as revenues include the 2019 tax levy collections during the period October 1, 2019, to December 31, 2020, and taxes collected from January 1, 2020, to December 31, 2020, for all prior tax levies. The 2020 tax levy has been fully deferred to meet the District’s planned expenditures in the 2021 fiscal year.

Capital Assets

Capital assets, which include land, buildings and equipment, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as an expenditure in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

All capital assets are capitalized if they have an original cost of \$5,000 or more and a useful life of at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Buildings and Improvements	40
Firefighting Vehicles	5-15
Equipment	4-15
Office Equipment and Furnishings	2-10

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Commissioners are wages subject to federal income tax withholding for payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Governmental Fund Balance Sheet, and the reported fund balance provides an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in the governmental fund are classified using the following hierarchy:

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The District does not have any restricted fund balances.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. As of December 31, 2020, the District assigned \$322,314 of the current balance to cover a portion of the 2021 budget.

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

In June 2017, GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after June 15, 2021. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended December 31, 2022.

NOTE 3. TAX LEVY

During the year ended December 31, 2020, the District levied an ad valorem tax at the rate of \$0.10 per \$100 of assessed valuation, which resulted in a tax levy of \$3,401,994 on the adjusted taxable valuation of \$3,401,836,820 for the 2020 tax year.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was \$2,881,241 and the bank balance was \$2,883,085.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The bank balance was fully covered by federal depository insurance.

The carrying values of the deposits are included in the Governmental Funds and the Statement of Net Position at December 31, 2020, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 1,241	\$ 2,880,000	\$ 2,881,241

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Commissioners.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool. Certificates of deposit are valued at acquisition cost at the date of purchase.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of December 31, 2020, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
TexPool	\$ 2,138,526	\$ 2,138,526	\$	\$	\$
Certificates of Deposit	<u>2,880,000</u>	<u>2,880,000</u>			
TOTAL INVESTMENTS	\$ 5,018,526	\$ 5,018,526	\$ - 0 -	\$ - 0 -	\$ - 0 -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2020, the District's investment in TexPool was rated AAAM by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit covered by FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of approximately one year or less.

NOTE 5. FIRE PROTECTION SERVICES

The District has contracted with Sam Bass Fire Department (the "Department") to provide fire protection and suppression services to the residents of the District. The term of the current agreement is from December 25, 2013, through December 31, 2014, and will continue on a year-to-year basis unless terminated by either party upon 90 days written notice to the other party. Under the terms of the agreement, the Department agrees to provide fire prevention, protection and fighting services as well as an emergency medical first responder program to all the residents and commercial interests within the geographic area of the District and those requesting mutual aid.

The District agrees to reimburse the Department for the actual allowable costs incurred in performance of this contract. The contract amount is annually established and budgeted by the District after consultation with the Department concerning its needs. The District agrees to pay the Department on a monthly basis. The District will not reimburse the Department for costs in excess of the amount that is established and budgeted annually. During the current fiscal year, the District paid \$3,000,000 to the Department.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5. FIRE PROTECTION SERVICES (Continued)

Title to all property owned or acquired by the Department will remain with the Department, but in the event of dissolution of the Department, any equipment or property acquired with District funds will revert to the District.

NOTE 6. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2020:

	January 1, 2020	Increases	Decreases	December 31, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 209,694	\$	\$	\$ 209,694
Capital Assets Subject to Depreciation				
Buildings and Improvements	\$ 7,135,026	\$ 61,110	\$	\$ 7,196,136
Firefighting Vehicles and Equipment	3,284,442			3,284,442
Total Capital Assets Subject to Depreciation	\$ 10,419,468	\$ 61,110	\$ - 0 -	\$ 10,480,578
Less Accumulated Depreciation				
Buildings and Improvements	\$ 1,135,482	\$ 180,330	\$	\$ 1,315,812
Firefighting Vehicles and Equipment	2,340,132	83,429		2,423,561
Total Accumulated Depreciation	\$ 3,475,614	\$ 263,759	\$ - 0 -	\$ 3,739,373
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 6,943,854	\$ (202,649)	\$ - 0 -	\$ 6,741,205
Total Capital Assets, Net of Accumulated Depreciation	\$ 7,153,548	\$ (202,649)	\$ - 0 -	\$ 6,950,899

NOTE 7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and errors and omissions for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 8. LEASES

Capital Lease

On October 13, 2017, the District executed a capital lease agreement with Frost Bank, in the amount of \$731,806, for the purchase of a Pierce Pumper Truck. Lease payments and related interest of \$82,089 are due annually each October 25 beginning October 25, 2017 and ending October 25, 2026. The District's incremental borrowing rate is 2.65%. Assets under this lease total \$731,806 at December 31, 2020. Accumulated depreciation through December 31, 2020 was \$90,223.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8. LEASES (Continued)

The following is a summary of transactions regarding the capital lease for the year ended December 31, 2020:

Capital Lease Payable, January 1, 2020	\$ 518,254
Less: Capital Lease Principal Paid	<u>68,356</u>
Capital Lease Payable, December 31, 2020	<u><u>\$ 449,898</u></u>
Capital Lease Payable:	
Due Within One Year	\$ 70,167
Due After One Year	<u>379,731</u>
Capital Lease Payable, December 31, 2020	<u><u>\$ 449,898</u></u>

As of December 31, 2020, the future minimum lease payments under the capital lease are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	70,167	\$ 11,922	\$ 82,089
2022	72,026	10,063	82,089
2023	73,935	8,154	82,089
2024	75,894	6,195	82,089
2025	77,906	4,184	82,090
2026	<u>79,970</u>	<u>2,119</u>	<u>82,089</u>
	<u><u>\$ 449,898</u></u>	<u><u>\$ 42,637</u></u>	<u><u>\$ 492,535</u></u>

Operating Leases

The land located at 16248 Great Oaks Drive, which is owned by Sam Bass Volunteer Fire Department, Inc., is leased to the District for 30 years expiring February 28, 2032. Rent is \$1.00 per year. The leased premises shall be specifically used for emergency services and related activities only.

The land located at 17503/17505 Great Oaks Drive, also known as 1001 Great Oaks Drive, which is owned by Sam Bass Volunteer Fire Department, Inc., is leased to the District for 99 years expiring November 20, 2112. Lease payments of \$1.00 are payable in advance.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9. NOTE PAYABLE

On September 20, 2017, the District executed a note with Government Capital Corporation, in the amount of \$4,500,000. Proceeds were used to construct Station No. 3. The interest rate is 3.99%. Note payments and interest of \$330,825 are due annually on September 25, beginning September 25, 2019 and ending September 25, 2037.

The following is a summary of transactions regarding the note payable for the year ended December 31, 2020:

Note Payable, January 1, 2020	\$ 4,191,414
Less: Note Principal Paid	<u>163,587</u>
Note Payable, December 31, 2020	<u><u>\$ 4,027,827</u></u>
Note Payable:	
Due Within One Year	\$ 170,114
Due After One Year	<u>3,857,713</u>
Note Payable, December 31, 2020	<u><u>\$ 4,027,827</u></u>

As of December 31, 2020, debt service requirements on the note are as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 170,114	\$ 160,710	\$ 330,824
2022	176,902	153,923	330,825
2023	183,960	146,864	330,824
2024	191,300	139,524	330,824
2025	198,933	131,891	330,824
2026-2030	1,120,255	533,869	1,654,124
2031-2035	1,362,307	291,818	1,654,125
2036-2037	<u>624,056</u>	<u>37,594</u>	<u>661,650</u>
	<u><u>\$ 4,027,827</u></u>	<u><u>\$ 1,596,193</u></u>	<u><u>\$ 5,624,020</u></u>

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10. MUTUAL AID AGREEMENT

The District entered into an agreement with Williamson County, Texas, and the following Williamson County Emergency Services Organizations (“ESO”): Williamson County Emergency Service Districts Nos. 1, 3, 4, 5, 6, 7, 8, 9 and 10, the City of Cedar Park, Texas, the City of Georgetown, Texas, the City of Leander, Texas, the City of Round Rock, Texas, the City of Taylor, Texas, the Bartlett Volunteer Fire Department, the Coupland Volunteer Fire Department, the Florence Volunteer Fire Department, the Granger Volunteer Fire Department, the Jarrell Volunteer Fire Department, the Jollyville Volunteer Fire Department, the Sam Bass Volunteer Fire Department, the Taylor Volunteer Fire Department, the Thrall Volunteer Fire Department and the Weir Volunteer Fire Department. To ensure that the ESOs are treated equally while providing emergency services that are needed by individuals in the county, Williamson County and the ESOs agree to establish minimum services that must be provided by each agency. The initial term of this agreement is deemed to be effective as of October 1, 2010 through September 20, 2011 and shall automatically renew each year unless notice not to renew is sent to all other parties at least 90 days prior to last day of the then current term.

Each ESO agrees and acknowledges that Williamson County Emergency Medical Services will be the 911 emergency medical services provider within each ESOs jurisdiction. The ESOs will operate a first responder program under the Williamson County Medical Director and participate in jointly developed quality assurance and quality improvement programs, credentialing programs and training programs. As part of this agreement, emergency medical service supplies will be exchanged between Williamson County and the ESOs on a one-for-one basis used on a medical call. In consideration of this agreement, Williamson County agrees to reimburse each ESO an amount of money based on the following reimbursement formula: 1) \$200 for each square mile of an ESOs district, plus 2) \$0.70 for each person that resides in the district covered by the ESO; paid annually in two installments. The amount of the reimbursement will be adjusted annually taking into account population changes. During the current year, the District received \$28,031 from Williamson County related to this agreement.

NOTE 11. UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 3,220,086	\$ 3,289,237	\$ 69,151
Mutual Aid Revenues	25,000	28,031	3,031
Penalty and Interest	4,000	6,748	2,748
Investment Revenues	50,005	44,366	(5,639)
Miscellaneous Revenues	<u> </u>	<u>123</u>	<u>123</u>
TOTAL REVENUES	<u>\$ 3,299,091</u>	<u>\$ 3,368,505</u>	<u>\$ 69,414</u>
EXPENDITURES			
Services Operations:			
District Services - Sam Bass Fire			
Department	\$ 3,000,000	\$ 3,000,000	\$
Accounting and Auditing Fees	42,600	35,994	6,606
Appraisal District Fees	20,000	19,614	386
Commissioner Fees	7,000	9,500	(2,500)
Legal Fees-General	5,000	1,581	3,419
Legal Fees-Delinquent Tax Collections		1,496	(1,496)
Tax Assessor/Collector Fees	2,400	2,390	10
Other	47,205	48,908	(1,703)
Capital Outlay	160,000	61,110	98,890
Debt Service:			
Capital Lease Principal	68,356	68,356	
Note Principal	163,587	163,587	
Capital Lease Interest	13,734	13,734	
Note Interest	<u>167,237</u>	<u>167,237</u>	
TOTAL EXPENDITURES	<u>\$ 3,697,119</u>	<u>\$ 3,593,507</u>	<u>\$ 103,612</u>
NET CHANGE IN FUND BALANCE	<u>\$ (398,028)</u>	<u>\$ (225,002)</u>	<u>\$ 173,026</u>
FUND BALANCE - JANUARY 1, 2020	<u>3,030,911</u>	<u>3,030,911</u>	
FUND BALANCE - DECEMBER 31, 2020	<u><u>\$ 2,632,883</u></u>	<u><u>\$ 2,805,909</u></u>	<u><u>\$ 173,026</u></u>

See accompanying independent auditor's report.

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WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2

OTHER SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
COMPUTATION OF NET LONG-TERM DEBT PER CAPITA
DECEMBER 31, 2020
(UNAUDITED)

Long-Term Debt at December 31, 2020	\$ 4,477,725
Less: Amount in Debt Service Fund	<u> </u>
Net Long-Term Debt at December 31, 2020	\$ 4,477,725
Estimated District Population*	<u>28,351</u>
Net Long-Term Debt Per Capita at December 31, 2020	<u><u>\$ 157.94</u></u>

* Williamson County Office of Emergency Management - 2014

See accompanying independent auditor's report.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
LISTING OF THE NUMBER OF EMERGENCY
RESPONSES MADE WITHIN AND OUTSIDE THE DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Number of emergency responses made within the District	1,258
Number of emergency responses made outside of the District	<u>146</u>
Total emergency responses	<u><u>1,404</u></u>

See accompanying independent auditor's report.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
SCHEDULE OF INSURANCE AND BONDING COVERAGE
DECEMBER 31, 2020

Type of Coverage	From To	Amount of Coverage	Insurer/Name
TAX COLLECTOR BOND Tim Hunsberger	04/17/20 04/17/21	\$ 2,000,000	The Cincinnati Insurance Company
PUBLIC EMPLOYEE DISHONESTY BLANKET BOND Per Employee	10/28/20 10/28/21	\$ 250,000	National Union Fire Insurance Company of Pittsburgh, Pa.
GENERAL LIABILITY General Aggregate Per Occurrence	10/28/20 10/28/21	\$ 3,000,000 1,000,000	National Union Fire Insurance Company of Pittsburgh, Pa.
MANAGEMENT LIABILITY General Aggregate Per Occurrence	10/28/20 10/28/21	\$ 3,000,000 1,000,000	National Union Fire Insurance Company of Pittsburgh, Pa.
EXCESS LIABILITY General Aggregate Per Occurrence	10/28/20 10/28/21	\$ 2,000,000 1,000,000	National Union Fire Insurance Company of Pittsburgh, Pa.
HIRED AND NON-OWNED AUTOMOBILE LIABILITY Combined Single Limit	10/28/20 10/28/21	\$ 1,000,000	National Union Fire Insurance Company of Pittsburgh, Pa.
PROPERTY COVERAGE Buildings	10/28/20 10/28/21	\$ 8,673,568	National Union Fire Insurance Company of Pittsburgh, Pa.

See accompanying independent auditor's report.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
STATEMENT OF ACTIVITIES
SAM BASS FIRE DEPARTMENT
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

REVENUES		
Williamson County Emergency Services District No. 2	\$	3,000,000
Williamson County Emergency Services District No. 9		217,679
Inspection Fees		1,296
Rent		8,400
Interest Revenues		284
Miscellaneous Revenues		30,128
TOTAL REVENUES	\$	<u>3,257,787</u>
EXPENSES		
Administration	\$	354,095
Apparatus		90,543
Building & Grounds		131,833
Communications		62,218
OPS Supply & Equipment		155,311
Payroll Expenses		2,004,219
Training		7,446
Other		115,271
TOTAL EXPENSES	\$	<u>2,920,936</u>
CHANGE IN NET ASSETS	\$	336,851
NET ASSETS - January 1, 2020		<u>1,507,626</u>
NET ASSETS - December 31, 2020	\$	<u><u>1,844,477</u></u>

See accompanying independent auditor's report.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Property Taxes</u>	
TAXES RECEIVABLE - JANUARY 1, 2020	\$ 1,127,545	
Adjustments to Beginning Balance	<u>(15,115)</u>	\$ 1,112,430
Original 2020 Tax Levy	\$ 3,402,903	
Adjustment to 2020 Tax Levy	<u>(909)</u>	<u>3,401,994</u>
TOTAL TO BE ACCOUNTED FOR		\$ 4,514,424
TAX COLLECTIONS:		
Prior Years	\$ 1,091,833	
Current Year	<u>2,227,355</u>	<u>3,319,188</u>
TAXES RECEIVABLE - DECEMBER 31, 2020		<u>\$ 1,195,236</u>
TAXES RECEIVABLE BY YEAR:		
2020		\$ 1,174,639
2019		4,739
2018		2,955
2017		2,457
2016		2,108
2015		1,692
2014		1,545
2013		1,491
2012		741
2011		630
2010		669
2009		738
2008		479
2007		335
2006		8
2005		4
2004		<u>6</u>
TOTAL TAXES RECEIVABLE BY YEAR		<u>\$ 1,195,236</u>

See accompanying independent's auditor report.

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WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL PROPERTY VALUATIONS, NET	<u>\$ 3,401,836,820</u>	<u>\$ 3,306,994,660</u>	<u>\$ 3,172,234,750</u>	<u>\$ 3,008,387,260</u>
TAX RATE PER \$100 VALUATION	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>
ADJUSTED TAX LEVY*	<u>\$ 3,401,994</u>	<u>\$ 3,307,218</u>	<u>\$ 3,172,410</u>	<u>\$ 3,008,558</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>65.47 %</u>	<u>99.86 %</u>	<u>99.91 %</u>	<u>99.92 %</u>

* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

See accompanying independent's auditor report.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 3,289,237	\$ 3,164,068	\$ 3,010,989
Mutual Aid Revenues	28,031	27,057	26,083
Penalty and Interest	6,748	5,653	4,958
Investment Revenues	44,366	106,571	101,354
Miscellaneous Revenues	123	110	37
TOTAL REVENUES	<u>\$ 3,368,505</u>	<u>\$ 3,303,459</u>	<u>\$ 3,143,421</u>
EXPENDITURES			
Services Operations:			
District Services - Sam Bass Fire			
Department	\$ 3,000,000	\$ 2,450,000	\$ 2,044,167
Accounting and Auditing Fees	35,994	38,000	37,675
Appraisal District Fees	19,614	18,836	18,838
Commissioner Fees	9,500	9,800	5,050
Legal Fees-General	1,581	999	954
Legal Fees-Delinquent Tax Collections	1,496	1,149	911
Tax Assessor/Collector Fees	2,390	2,387	2,387
Other	48,908	54,612	32,244
Capital Outlay	61,110	127,461	4,364,973
Debt Service:			
Capital Lease Principal	68,356	66,591	64,872
Note Principal	163,587	157,311	151,275
Capital Lease Interest	13,734	15,498	17,217
Note Interest	167,237	173,514	179,550
Debt Issuance Costs			
TOTAL EXPENDITURES	<u>\$ 3,593,507</u>	<u>\$ 3,116,158</u>	<u>\$ 6,920,113</u>
EXCESS (DEFICIENCY) OF REVENUES			
 OVER (UNDER) EXPENDITURES	<u>\$ (225,002)</u>	<u>\$ 187,301</u>	<u>\$ (3,776,692)</u>
OTHER FINANCING SOURCES			
Capital Lease Proceeds	\$	\$	\$
Note Proceeds			
Proceeds from Sale of Assets			
TOTAL OTHER FINANCING SOURCES	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ (225,002)	\$ 187,301	\$ (3,776,692)
BEGINNING FUND BALANCE	<u>3,030,911</u>	<u>2,843,610</u>	<u>6,620,302</u>
ENDING FUND BALANCE	<u>\$ 2,805,909</u>	<u>\$ 3,030,911</u>	<u>\$ 2,843,610</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
\$ 2,775,600	\$ 2,510,326	97.7 %	95.8 %	95.8 %	97.9 %	98.5 %
25,138	24,293	0.8	0.8	0.8	0.9	1.0
6,463	5,986	0.2	0.2	0.2	0.2	0.2
27,413	8,417	1.3	3.2	3.2	1.0	0.3
19						
<u>\$ 2,834,633</u>	<u>\$ 2,549,022</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 1,890,592	\$ 1,517,383	89.0 %	74.2 %	65.0 %	66.7 %	59.5 %
39,135	32,042	1.1	1.1	1.2	1.4	1.3
18,534	18,114	0.6	0.6	0.6	0.6	0.7
4,450	4,100	0.3	0.3	0.2	0.1	0.2
2,004	6,259				0.1	0.2
807	984					
2,388	2,295	0.1	0.1	0.1	0.1	
30,980	34,731	1.5	1.6	1.0	1.1	1.4
1,080,731	251,582	1.8	3.9	138.9	38.1	9.9
82,089		2.0	2.0	2.1	2.9	
61,659	358,313	4.9	4.8	4.8	2.2	14.1
		0.4	0.5	0.5		
240	6,818	5.0	5.2	5.7		0.3
7,750					0.3	
<u>\$ 3,221,359</u>	<u>\$ 2,232,621</u>	<u>106.7 %</u>	<u>94.3 %</u>	<u>220.1 %</u>	<u>113.6 %</u>	<u>87.6 %</u>
<u>\$ (386,726)</u>	<u>\$ 316,401</u>	<u>(6.7) %</u>	<u>5.7 %</u>	<u>(120.1) %</u>	<u>(13.6) %</u>	<u>12.4 %</u>
\$ 731,806	\$					
4,500,000						
35,000						
<u>\$ 5,266,806</u>	<u>\$ - 0 -</u>					
\$ 4,880,080	\$ 316,401					
1,740,222	1,423,821					
<u>\$ 6,620,302</u>	<u>\$ 1,740,222</u>					

See accompanying independent auditor's report.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2020

District Mailing Address - Williamson County Emergency Services District No. 2
16248 Great Oaks Drive
Round Rock, TX 78681

District Telephone Number - (512) 255-0100

<u>Commissioners</u>	<u>Term of Office Appointed Expires</u>	<u>Fees of Office for the year ended December 31, 2020</u>	<u>Expense Reimbursement for the year ended December 31, 2020</u>	<u>Title</u>
Thomas E. Nanninga	01/01/21 12/31/22	\$ 3,200	\$ 297	President
Russell Strahan	01/01/20 12/31/21	\$ 1,500	\$ -0-	Vice President
Darryl Pool	01/01/20 12/31/21	\$ 1,900	\$ 589	Secretary
Tim Hunsberger	01/01/20 12/31/21	\$ 1,000	\$ 587	Treasurer
Jordan Baltazor	01/01/21 12/31/22	\$ 1,900	\$ 504	Assistant Secretary/ Treasurer

The limit on fees of office that a Commissioner may receive is set by the Health and Safety Code-Chapter 775. Effective September 1, 2017, a Commissioner is entitled to receive compensation in the same manner and amount as are provided by Section 49.060 of the Texas Water Code, currently \$7,200 per fiscal year. The above fees of office and expense reimbursements are the amounts paid to a Commissioner during the District's current fiscal year.

See accompanying independent auditor's report.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2020

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2020*</u>	<u>Title</u>
Dietz & Jarrard, P.C.	02/26/14	\$ 1,597	Attorney
McCall Gibson Swedlund Barfoot PLLC	01/16/14	\$ 13,750	Auditor
Municipal Accounts & Consulting, L.P.	03/22/12	\$ 23,239	Bookkeeper
McCreary, Veselka, Bragg & Allen	1989	\$ 1,496	Delinquent Tax Attorney
Mark M. Burton	03/22/12	\$ -0-	Investment
Autumn Phillips		\$ -0-	Officers
Williamson County Tax Assessor/Collector	Legislative Action	\$ 2,390	Tax Assessor/ Collector

* Accrual basis

See accompanying independent auditor's report.

