

**Williamson County
Emergency Services District No. Eight
Financial Statements
September 30, 2021**

Williamson County Emergency Services District No. 8
For the Year Ending September 30, 2021

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 |



MEDACK & OLTMANN, LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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

PROFESSIONAL STAFF

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, 2021, 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, 2021, 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
January 15, 2022

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT
GOVERNMENTAL FUNDS BALANCE SHEET AND
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

| | General Fund | Adjustments (Note 8) | Statement of Net Position |
|---|---------------------|-------------------------|---------------------------------|
| ASSETS | | | |
| Cash | \$ 3,192,137 | \$ - | \$ 3,192,137 |
| Property Taxes Receivable | 50,203 | - | 50,203 |
| Due from Other Governments | - | - | - |
| Prepaid Expenses | 10,043 | - | 10,043 |
| Capital Assets (net) | - | 641,306 | 641,306 |
| TOTAL ASSETS | <u>\$ 3,252,383</u> | <u>\$ 641,306</u> | <u>\$ 3,893,689</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| LIABILITIES | | | |
| Accounts Payable | \$ 4,957 | \$ - | \$ 4,957 |
| 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>\$ 4,957</u> | <u>\$ -</u> | <u>\$ 4,957</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property Taxes | <u>\$ 50,203</u> | <u>\$ (50,203)</u> | <u>\$ -</u> |
| FUND BALANCES/NET POSITION | | | |
| Fund balances: | | | |
| Non-Spendable | \$ 10,043 | \$ (10,043) | \$ - |
| Spendable | | | |
| Assigned | 1,329,300 | (1,329,300) | |
| Unassigned | <u>1,857,880</u> | <u>(1,857,880)</u> | |
| Total fund balances | <u>3,197,223</u> | <u>(3,197,223)</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 3,252,383</u> | <u>\$ -</u> | <u>\$</u> |
| Net Position: | | | |
| Net Investment in Capital Assets | | \$ 641,306 | \$ 641,306 |
| Unrestricted | | 3,247,426 | 3,247,426 |
| Restricted | | - | - |
| Total Net Position | | <u>\$ 3,888,732</u> | <u>\$ 3,888,732</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, 2021

| | <u>General Fund</u> | <u>Adjustments (Note 8)</u> | <u>Statement of Activities</u> |
|---|----------------------------|---------------------------------|------------------------------------|
| EXPENDITURES/EXPENSES | | | |
| Legal Notices | \$ 410 | \$ - | \$ 410 |
| Tax Collector/Appraisal District Fees | 24,044 | - | 24,044 |
| Insurance & Bonds | 4,210 | - | 4,210 |
| Professional Services | 28,960 | - | 28,960 |
| Contracted Services | 4,735,091 | - | 4,735,091 |
| Miscellaneous | 1,099 | - | 1,099 |
| Training | 3,405 | - | 3,405 |
| Website/Internet | 1,102 | - | 1,102 |
| Office Supplies | 493 | - | 493 |
| Amortization Expense | - | 13,220 | 13,220 |
| Total expenditures/expenses | \$ <u>4,798,814</u> | \$ <u>13,220</u> | \$ <u>4,812,034</u> |
| GENERAL REVENUES | | | |
| Ad valorem taxes | 3,629,821 | 7,635 | 3,637,456 |
| Penalties and Interest | 11,469 | - | 11,469 |
| Interest income | 38,371 | - | 38,371 |
| Miscellaneous | - | - | - |
| Total general revenues | \$ <u>3,679,661</u> | \$ <u>7,635</u> | \$ <u>3,687,296</u> |
| Excess (Deficiency) of revenues over expenditures | (1,119,153) | 1,119,153 | - |
| Change in net position | - | (1,124,738) | (1,124,738) |
| Fund Balance/Net Position | | | |
| Beginning of the year | <u>4,316,376</u> | <u>697,094</u> | <u>5,013,470</u> |
| End of the year | \$ <u><u>3,197,223</u></u> | \$ <u><u>691,509</u></u> | \$ <u><u>3,888,732</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, 2021

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 70th 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, 2021

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, 2021

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 have expenditures in excess of appropriations this deficit was offset with prior year fund balance.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2021

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, 2021

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.”

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

Fund 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, 2021, 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, 2021

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 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 September 30, 2022.

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 and Local State Securities, having a market value of \$6,962,737 (Category 2). At September 30, 2021, the carrying amount of the District's deposits was \$3,192,137, and the bank balance was \$3,191,428.

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, 2021

NOTE 2: CASH (continued)

| | <u>Carrying Value</u> | <u>Bank Balance</u> |
|------------|---------------------------|-------------------------|
| Category 1 | \$ 250,000 | \$ 250,000 |
| Category 2 | 2,942,137 | 2,941,428 |
| Category 3 | <u>-0-</u> | <u>-0-</u> |
| | <u>\$3,192,137</u> | <u>\$ 3,191,428</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, 2020, upon which the 2020 levy was based, was \$3,605,107,861 as certified by the Williamson County Central Appraisal District.

Taxes are due by January 31 following the October 1 levy date. The total 2020 levy was \$3,605,108 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 \$4,735,091 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, 2021

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021, was as follows:

| | Balance 10/1/2020 | Additions/ Completions | Retirements/ Adjustments | Balance 9/30/2021 |
|--|----------------------|---------------------------|-----------------------------|----------------------|
| Governmental Activities: | | | | |
| 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 | (342,528) | - | - | (342,528) |
| Equipment | (392) | - | - | (392) |
| Total accumulated depreciation | (342,920) | - | - | (342,920) |
| Total capital assets, being depreciated, net | - | - | - | - |
| 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 | - | (13,220) | - | (13,220) |
| Total accumulated amortization | - | (13,220) | - | (13,220) |
| Total capital assets, being amortized, net | 654,526 | (13,220) | - | 641,306 |
| Governmental activities capital assets, net | 654,526 | (13,220) | - | 641,306 |

Current year depreciation expense was \$-0- and amortization expense is \$13,220.

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. The District began its occupation October 1, 2020.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2021

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, 2021, 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, 2021

NOTE 7: FUND BALANCE (continued)

The Board has allocated funds to a contingency reserve to be used for future operational budgetary shortfalls in the event a budgetary deficit arises. As of September 30, 2021, \$1,329,300 has been set aside and is reflected as part of Assigned Fund balance to meet the budgeted operating deficit for fiscal year 2022.

As of September 30, 2021, the District has not adopted a minimum fund balance policy.

| | |
|----------------------------|---------------------|
| Fund Balance: | |
| <u>Nonspendable</u> | |
| Prepaid Expenses | \$ 10,043 |
| <u>Assigned</u> | |
| Contingency Reserve | 1,329,300 |
| Total Assigned | \$ 1,329,300 |
| Unassigned | \$ 1,857,880 |
| <i>Total Fund Balance:</i> | <u>\$ 3,197,223</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>(356,140)</u> |
| | <u>\$ 641,306</u> |

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

| | |
|------------------|---------------|
| Deferred revenue | \$ (\$50,203) |
|------------------|---------------|

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. EIGHT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2021

**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-) |
| Amortization Expense | 13,220 |

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 | \$ 7,635 |
|--|----------|

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.

NOTE 10: SUBSEQUENT EVENTS

The Coronavirus (COVID-19) pandemic impacted the nation, leading to consumer uncertainties and financial setbacks for many businesses and individuals. COVID-19 may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. Management continues to monitor and evaluate the continually evolving environment associated with the virus. While it is not possible at this time to estimate the impact that COVID-19 will have on the District's operations, the pandemic could adversely affect the District's financial position and activities.

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, 2021

| | Budget | | Actual Amounts Budgetary Basis | Favorable/ (Unfavorable) |
|---|----------------|----------------|-----------------------------------|-----------------------------|
| | Original | Final | | |
| GENERAL REVENUES | | | | |
| Ad Valorem Taxes | \$ 3,544,296 | \$ 3,544,296 | \$ 3,629,821 | \$ 85,525 |
| Penalties and Interest | 13,500 | 13,500 | 11,469 | (2,031) |
| Interest Income | 38,000 | 38,000 | 38,371 | 371 |
| Miscellaneous | | | - | - |
| Total Revenues | \$ 3,595,796 | \$ 3,595,796 | \$ 3,679,661 | \$ 83,865 |
| EXPENDITURES/EXPENSES | | | | |
| Legal Notices | \$ 1,500 | \$ 1,500 | \$ 410 | 1,090 |
| Tax Collector/Appraisal District Fees | 26,600 | 26,600 | 24,044 | 2,556 |
| District Voter Info/Ed | - | - | - | - |
| Insurance & Bonds | 4,250 | 4,250 | 4,210 | 40 |
| Membership Dues | 1,100 | 1,100 | 1,102 | (2) |
| Fire Hydrant Grant Program | 25,000 | 25,000 | - | 25,000 |
| Professional Services | 33,000 | 33,000 | 28,960 | 4,040 |
| Contracted Services | 4,735,091 | 4,735,091 | 4,735,091 | - |
| Miscellaneous | 408 | 408 | 1,099 | (691) |
| Office Supplies | 150 | 150 | 493 | (343) |
| Election Expense | - | - | - | - |
| Training & Travel | 4,500 | 4,500 | 3,405 | 1,095 |
| Capital Outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures/expenses | \$ 4,831,599 | \$ 4,831,599 | \$ 4,798,814 | \$ 32,785 |
| Excess (Deficiency) of revenues over expenditures | \$ (1,235,803) | \$ (1,235,803) | \$ (1,119,153) | \$ 116,650 |
| Fund Balance Beginning of the year | | | \$ 4,316,376 | |
| End of the year | | | \$ 3,197,223 | |

See Accompanying Notes to the Financial Statements