

ANNUAL FINANCIAL REPORT

of the

**WILLIAMSON COUNTY
EMERGENCY SERVICES
DISTRICT No.4**

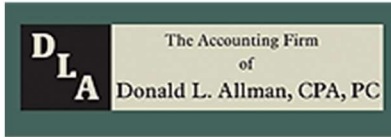
**For the Year Ended
September 30, 2022**

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WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
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CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Williamson County Emergency Services District No.4:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Williamson County ESD # 4 as of and for the year ended September 30, 2022 and the related notes to the financial statements, which collectively comprise the Williamson County ESD # 4's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Williamson County ESD # 4, as of September 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Williamson County ESD # 4 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Williamson County ESD # 4's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Williamson County ESD # 4's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Williamson County ESD # 4's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 4-11 and 38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, on our consideration of the Williamson County ESD # 4's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Williamson County ESD # 4's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Williamson County ESD # 4's internal control over financial reporting and compliance.

Donald L. Allman, CPA

Georgetown, Texas

June 30, 2023

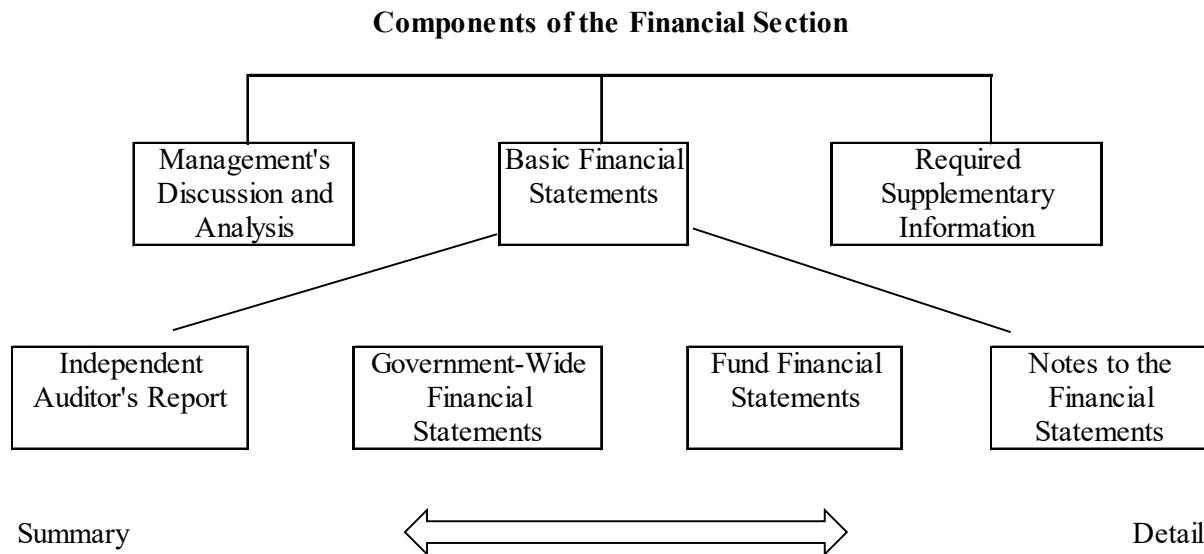
MANAGEMENT'S DISCUSSION AND ANALYSIS

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WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the Williamson County Emergency Services District No.4 (the "District") for the year ending September 30, 2022. The analysis is based on currently known facts, decisions, and economic conditions. It presents short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



The District's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide statements report information for the District as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about the cost of services, operating results, and the financial position of the District as an economic entity. The Statement of Net Position and the Statement of Activities report information on the District's activities that enable the reader to understand the financial condition of the District. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred outflows/inflows 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 is improving or deteriorating. Other nonfinancial factors, such as the District's property tax base and the condition of the District's infrastructure, need to be considered to assess the overall health of the District.

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

The Statement of Activities presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual is used in the fund level statements.

The Statement of Net Position and the Statement of Activities present the District's financials using one class of activity:

1. *Governmental Activities* – The District's activities related to emergency services are reported here. Interest payments on the District's debt are also reported here. Property tax, sales tax, and charges for services finance most of these activities.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the District. They are usually segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The single category of the District's fund is governmental.

Governmental Funds

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

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

The District maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund.

The District adopts an annual budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

Other Information

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund, and schedule of changes in net pension liability and related ratios and schedule of contributions for the Texas County and District Retirement System. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. For the District, assets and deferred outflows exceed liabilities and deferred inflows by \$10,660,055 as of fiscal year-end.

A portion of the District's net position, \$2,928,951 or 27 percent, reflects its investments in capital assets (e.g., land, building, vehicles, and equipment), less any debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities. Restricted net position is to make debt service payments during the next fiscal year.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities	
	2022	2021
Current and other assets	\$ 8,609,156	\$ 5,297,922
Capital assets, net	8,934,884	8,841,493
Total Assets	17,544,040	14,139,415
Deferred outflows - pensions	812,460	148,592
Long-term liabilities	6,008,358	6,110,178
Other liabilities	560,797	780,569
Total Liabilities	6,569,155	6,890,747
Deferred inflows pensions	1,127,290	565,613
Net Position:		
Net investment in capital assets	2,928,951	2,765,356
Restricted	767,507	778,363
Unrestricted	6,963,597	3,287,928
	\$ 10,660,055	\$ 6,831,647

The balance of unrestricted net position, \$6,963,597 may be used to meet the District's ongoing obligations to citizens and creditors. The District's net position increased during the year by \$3,828,408.

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

Statement of Activities

The following table provides a summary of the Districts changes in net position:

		Governmental Activities	
		2022	2021
Revenues			
Property taxes	\$	5,048,525	\$ 4,267,148
General sales tax		3,884,949	1,925,209
Grants		234,462	226,223
Charges for inspections & permits		17,296	8,979
Plan reviews		235,354	60,901
Interest income		21,281	10,920
Other income		431,861	548,648
Total Revenues		9,873,728	7,048,028
Expenses for services			
Operating			
Fleet maintenance		56,043	24,504
Fire prevention		10,211	12,287
Emergency medical services		19,950	10,919
Professional fees		48,672	36,371
Office expenses		59,742	28,667
Insurance		131,638	148,246
Appraisal district / tax collector fees		100,053	22,219
Bunker gear		28,161	41,361
Communications		46,229	38,020
Fire fighting equipment & expenses		73,802	112,929
Building expenses		39,035	59,450
Travel and training		80,812	65,009
Utilities		38,846	55,552
Personnel		3,969,585	4,083,387
Depreciation expense		486,472	429,939
Miscellaneous expense		588,746	406,537
Debt Service			
Interest and fiscal charges		267,323	226,436
Total Expenses		6,045,320	5,801,833
Change in Net Position		3,828,408	1,246,195
Beginning net position		6,831,647	5,585,452
Ending Net Position		\$ 10,660,055	\$ 6,831,647

For the year, revenues from governmental activities totaled \$9,873,728. During the year, the District reported an increase in property and sales tax revenues. Property taxes increased primarily due to an increase in property valuations and growth in the area. Sales taxes increased significantly due to much more economic growth in the area.

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT'S FUND

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Fund – The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the district's net resources available for spending at the end of the year. The ending fund balance for the general fund as of year-end was \$8,444,384.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund revenue was higher than original and final budgeted revenues by \$2,568,471 primarily due to the District experiencing phenomenal growth resulting in huge increase in property tax and sales tax revenues. General fund expenditures were over the final budget by \$315,358 mainly due to growth in the District.

CAPITAL ASSETS

At the end of fiscal year 2022, the District's governmental activities fund had invested \$8,934,884 in a variety of capital assets and infrastructure, net of accumulated depreciation. This represents a net increase of \$93,391 due to added Fire equipment and vehicles to the District's capital assets.

More detailed information about the District's capital assets is presented in note 5 to the financial statements.

LONG-TERM DEBT

At the end of the current year, the District had outstanding capital lease and bond obligations in the amount of \$6,005,933.

More detailed information about the District's long-term liabilities is presented in note 6 to the financial statements.

ECONOMIC FACTORS

The District is located in Williamson County, Texas. The District remains financially viable allowing the District to continue providing quality services to its residents.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning this report or requests for additional financial information should be directed to the District's Chief, Anthony Lincoln at (512) 515-5165.

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BASIC FINANCIAL STATEMENTS

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WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
September 30, 2022

	<u>General</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets			
Cash and cash equivalents	\$ 7,417,483	\$ -	\$ 7,417,483
Receivables:			
Property taxes	98,239	-	98,239
Sales taxes	325,927	-	325,927
Customer service accounts	-	-	-
Prepaid expenses	-	-	-
Net pension asset	-	-	-
Restricted Cash	767,507	-	767,507
Capital assets (net of accumulated depreciation):			
Nondepreciable	-	387,834	387,834
Depreciable	-	8,547,050	8,547,050
Total Assets	<u><u>\$ 8,609,156</u></u>	<u><u>\$ 8,934,884</u></u>	<u><u>\$ 17,544,040</u></u>
Deferred Outflows of Resources			
Deferred outflows - pensions	-	812,460	812,460
Liabilities			
Accounts payable and accrued liabilities	\$ 30,161	\$ -	\$ 30,161
Wages payable	-	-	-
Accrued interest	-	-	-
Long-term liabilities:			
Net Pension Liability		533,061	533,061
Due within one year	-	530,636	\$ 530,636
Due in more than one year	-	5,475,297	\$ 5,475,297
Total Liabilities	<u><u>30,161</u></u>	<u><u>6,538,994</u></u>	<u><u>6,569,155</u></u>
Deferred Inflows of Resources			
Deferred Inflows of Resources Pensions		1,127,290	1,127,290
Unavailable revenue - property taxes	134,611	(134,611)	-
Total Deferred Inflows of Resources	<u>134,611</u>	<u>992,679</u>	<u>1,127,290</u>
Fund Balance / Net Position			
Fund Balance:			
Unassigned	8,444,384	(8,444,384)	-
Total Fund Balance	<u><u>8,444,384</u></u>	<u><u>(8,444,384)</u></u>	<u><u>-</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 8,609,156</u></u>		
Net Position:			
Net investment in capital assets		2,928,951	2,928,951
Restricted		767,507	767,507
Unrestricted		6,963,597	6,963,597
Total Net Position		<u><u>\$ 10,660,055</u></u>	<u><u>\$ 10,660,055</u></u>

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WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended September 30, 2022

	<u>General</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Property taxes	\$ 5,048,525	\$ -	\$ 5,048,525
General sales tax	3,884,949	-	3,884,949
Grants	234,462	-	234,462
Charges for inspections	17,296	-	17,296
Plan reviews	235,354	-	235,354
Interest income	21,281	-	21,281
Other income	431,861	-	431,861
Total Revenues	<u>9,873,728</u>	<u>-</u>	<u>9,873,728</u>
Expenditures/Expenses			
Operating			
Fleet maintenance	56,043	-	56,043
Fire prevention	10,211		10,211
Emergency medical services	19,950		19,950
Professional fees	48,672	-	48,672
Office expenses	59,742		59,742
Insurance	131,638		131,638
Appraisal district / tax collector fees	100,053		100,053
Bunker gear	28,161		28,161
Communications	46,229		46,229
Fire fighting equipment	73,802	-	73,802
Building expenses	39,035		39,035
Travel and training	80,812		80,812
Utilities	38,846		38,846
Personnel	3,969,585	-	3,969,585
Depreciation expense	-	486,472	486,472
Miscellaneous expense	299,463	-	299,463
Pension expense	289,283		289,283
Capital Outlay	579,863	(579,863)	
Debt Service			
Principal	511,043	(511,043)	-
Interest and fiscal charges	267,323	-	267,323
Total Expenditures / Expenses	<u>6,649,754</u>	<u>(604,434)</u>	<u>6,045,320</u>
Change in Fund Balance / Net Position	3,223,974	604,434	3,828,408
Loan Proceeds	-	-	-
Beginning fund balance / net position	<u>(1,394,825)</u>	<u>8,226,472</u>	<u>6,831,647</u>
Ending Fund Balance / Net Position	<u>\$ 1,829,149</u>	<u>\$ 8,830,906</u>	<u>\$ 10,660,055</u>

See Notes to Financial Statements.

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WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 1 – CREATION OF DISTRICT

Williamson County Emergency Services District No.4 (the “District”) was created by Article III, Section 48-e of the Constitution of Texas as proposed by Senate Joint Resolution, No. 27 Acts of the 70th Legislature, Regular Session 1987, and adopted by the voters at an election held in May 2000, to protect life and property from fire and to conserve natural and human resources.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and equipment necessary to service the citizens of its jurisdiction in all matters related to emergency and nonemergency services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements and accounting policies of the District are prepared in conformity with generally accepted accounting principles for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s significant accounting policies are described below.

A. Reporting Entity

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statement No. 14 and No. 34*, modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. GASB Statement No. 61 has been applied as required in the preparation of these basic financial statements. There are no component units that are legally separate for which the District is considered financially accountable.

The District is governed by a Board of Directors (the “Board”) consisting of five individuals who are residents or owners of property within the District and are appointed by the Williamson County’s Commissioner from Precinct 2. As required by generally accepted accounting principles, these basic financial statements present the activities of the District, which is considered to be the primary government, as well as the reporting entity. There are no other organizations that meet the criteria for inclusion herein as part of the financial reporting entity.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the primary government. Governmental activities are normally supported by taxes and intergovernmental revenues.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund. Separate financial statements are provided for the governmental fund.

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's fund. Separate statements for each fund category, governmental, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following governmental fund:

The *general fund* is used to account for the operations of the District's emergency response services and all other financial transactions not properly includable in other funds. The principal sources of revenue are related to property tax and sales tax collections. Expenditures include all costs associated with the daily operations of the District. The general fund is always considered a major fund for reporting purposes.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Temporary investments consist of certificates of deposit and time deposits and are stated at cost.

3. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years:

Asset Description	Estimated Useful Life
Building and structures	15-35 years
Vehicles	15 years
Furniture and fixtures	7 years
Other equipment	5-10 years

4. 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. The District has three items that qualify for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience and for the changes in actuarial assumptions related to the District's defined benefit pension plan. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. A deferred charge has

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the District's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

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. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental fund balance sheet. The governmental fund reports unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

5. Compensated Employee Absences

The District's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. As of the year end, the liability for accrued vacation reflects that time earned by the employees in the current year. Administrative employees may roll over 40 hours of vacation accrual and Operations employees may roll over 60 hours of vacation accrual.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, if material. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Assets acquired under the terms of a capital lease are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

7. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

8. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

10. Estimates

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

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

11. Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's fiduciary net position have been determined on same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

G. Revenues and Expenditures / Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied during October of each year and are due upon receipt of the District's tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The original budget is adopted by the District's Council prior to the beginning of the year. The legal level of control in the approved budget, as defined by the charter, is at the department level for the general operating fund. All annual appropriations lapse at the end of the year.

NOTE 4 – CASH AND TEMPORARY INVESTMENTS

As of September 30, 2022, the District had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of deposit	\$ 1,513,258	0.11

Applicable state laws and regulations allow the District to invest its funds in direct or indirect obligations of the United States, the State, or any county, district, school district, or other political subdivision of the State. Funds may also be placed in certificates of deposit of state or national banks or savings and loan associations (depository institutions) domiciled within the State. Related state statutes and provisions included in the District's bond

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

resolutions require that all funds invested in depository institutions be guaranteed by federal depository insurance and/or be secured in the manner provided by law for the security of public funds.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2022, the District was fully collateralized.

NOTE 5 – PROPERTY TAXES

Property taxes, that are levied for debt payments are based on rates adopted for the year of the levy. For the current year, the District levied property taxes of \$0.083155 per \$100 of assessed valuation. The resulting tax levy was \$5,091,731 for the 2022 tax year.

Property taxes receivable at year end consisted of the following levy balances:

<u>Tax Year</u>	<u>Amounts</u>
2021	18,762
2020	9,141
2019	5,754
2018	3,867
2017	2,862
2016	1,490
2015	1,205
2014	1,358
2013	925
2012	865
2011	767
2010 and prior	923
	<u>\$ 47,919</u>

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

NOTE 6 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended is as follows:

	Beginning Balance*	Increases	(Decreases)	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 387,834	\$ -	\$ -	\$ 387,834
Construction in progress	-	-	-	-
Total Capital Assets not Being Depreciated	<u>387,834</u>	<u>-</u>	<u>-</u>	<u>387,834</u>
Other capital assets				
Vehicles	4,362,593	558,568	-	4,921,161
Furniture and fixtures	45,839	-	-	45,839
Equipment	999,481	21,295	-	1,020,776
Building and structures	5,484,663	-	-	5,484,663
Total Capital Assets	<u>10,892,576</u>	<u>579,863</u>	<u>-</u>	<u>11,472,439</u>
Less accumulated depreciation for:				
Vehicles	(1,447,914)	(284,027)	-	(1,731,941)
Furniture and fixtures	(36,117)	(6,505)	-	(42,622)
Equipment	(622,179)	(29,180)	-	(651,359)
Building and structures	(332,707)	(166,760)	-	(499,467)
Total Accumulated Depreciation	<u>(2,438,917)</u>	<u>(486,472)</u>	<u>-</u>	<u>(2,925,389)</u>
Other capital assets, net	<u>8,453,659</u>	<u>93,391</u>	<u>-</u>	<u>8,547,050</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 8,841,493</u>	<u>\$ 93,391</u>	<u>\$ -</u>	<u>\$ 8,934,884</u>

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

NOTE 7 – LONG-TERM DEBT

Long-term debt consists of capital lease obligations, net pension liability, and compensated absences payable. Payments of principal and interest on the leases are to be provided from tax levies on properties within the District. The following is a summary of changes in long-term liabilities for the year ended September 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Capital lease obligations	\$ 2,179,071	\$ -	\$ (318,644)	\$ 1,860,427	\$ 330,045
Bonds payable	4,281,448	-	(192,399)	4,089,049	200,591
Other liabilities:					
Compensated absences	19,112	37,345	-	56,457	-
Total Governmental Activities	<u>\$ 6,479,631</u>	<u>\$ 37,345</u>	<u>\$ (511,043)</u>	<u>\$ 6,005,933</u>	<u>\$ 530,636</u>
Long-term debt due in more than one year					<u>\$ 5,475,297</u>

Capital lease obligations as of year end are comprised of the following lease agreements:

Description	Rates	Balance
Capital Leases		
Government Capital Corporation	4.475%	1,860,427
Total Governmental Activities Long-Term Debt		<u>\$ 1,860,427</u>

As of year-end, the debt service requirements on leases outstanding are as follows:

Year Ending Sept 30	Governmental Activities Simmons Bank 2020 Squad	
	Principal	Interest
2023	51,706	5,263
2024	53,404	3,565
2025	55,158	1,811
	<u>\$ 160,268</u>	<u>\$ 10,639</u>

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

NOTE 7 – LONG-TERM DEBT

Year Ending Sept 30	Governmental Activities	
	Government Cap Corp Loan	
	Principal	Interest
2023	172,307	168,244
2024	179,803	160,749
2025	187,624	152,927
2026	195,786	144,766
2027	204,302	136,249
2028-2031	910,030	452,174
2032-2036	1,378,726	324,034
2037-2038	639,105	41,998
	<u>\$ 3,867,683</u>	<u>\$ 1,581,141</u>

Year Ending Sept 30	Governmental Activities	
	GCCC Land Purchase	
	Principal	Interest
2023	28,284	8,188
2024	29,330	7,142
2025	30,415	6,057
2026	31,540	4,932
2027	32,707	3,765
2028-2029	69,089	3,857
	<u>\$ 188,658</u>	<u>\$ 33,942</u>

Year Ending Sept 30	Governmental Activities	
	Capital Lease Equip Chassis	
	Principal	Interest
2023	44,451	1,356
	<u>\$ 44,451</u>	<u>\$ 1,356</u>

Year Ending Sept 30	Governmental Activities	
	Capital Lease 2013 Pumper	
	Principal	Interest
2023	42,205	1,300
	<u>\$ 42,205</u>	<u>\$ 1,300</u>

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

NOTE 7 – LONG-TERM DEBT

Year Ending Sept 30	Governmental Activities	
	Capital Lease 2018 Pumper	
	Principal	Interest
2023	48,821	12,446
2024	50,535	10,847
2025	52,309	9,191
2026	54,145	7,477
2027	56,045	11,539
	<u>\$ 261,855</u>	<u>\$ 39,054</u>

Year Ending Sept 30	Governmental Activities	
	Capital Lease Patrol	
	Principal	Interest
2023	17,428	3,411
2024	18,062	2,777
2025	18,719	2,119
2026	19,401	1,438
2027	20,107	732
	<u>\$ 93,717</u>	<u>\$ 10,477</u>

Year Ending Sept 30	Governmental Activities	
	Capital Lease 2022 Pumper	
	Principal	Interest
2023	55,858	13,456
2024	55,016	14,299
2025	56,628	12,687
2026	58,287	11,027
2027-2031	318,073	28,497
	<u>\$ 543,862</u>	<u>\$ 79,966</u>

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

Year Ending Sept 30	Governmental Activities	
	2020 Pierce Enforcer 107	
	Principal	Interest
2023	69,576	23,207
2024	71,837	20,946
2025	74,172	18,611
2026	76,582	16,201
2027-2031	421,902	42,012
	<u>\$ 714,069</u>	<u>\$ 120,977</u>

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three fiscal years.

Various governmental entities within the District have the right to annex property within the District, which could result in a future 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, 2022, the District has not been made aware of any annexation.

NOTE 9 – PENSION PLAN

Texas County and District Retirement System

Plan Description

The Texas County and District Retirement System (TCDRS) is a statewide, agent multiple-employer, public employee retirement system. TCDRS serves 700 actively participating counties and districts throughout Texas. Each employer maintains its own customized plan of benefits. Plan provisions are adopted by the Board of each employer, within the options available in the TCDRS Act. Because of that, the District has the flexibility and local control to select benefits and pay for those benefits based on its needs and budgets.

Each employer has a defined benefit plan that functions similarly to a cash balance plan. The assets of the plans are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TCDRS issues a publicly available Comprehensive Annual Financial Report that can be obtained at www.tcdrs.org.

All eligible employees (except temporary staff) of the District must be enrolled in TCDRS.

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

Benefits Provided

TCDRS provides retirement, disability, and death benefits. The benefits provisions are adopted by the Board within the options available in Texas state statutes governing TCDRS. Members can retire at age 60 and above with five or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after five years of service, but must leave their accumulated contributions in TCDRS to receive any District-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the district.

Benefit amounts are determined by the sum of the employee's contribution to TCDRS, with interest, and District-financed monetary credits. The level of these monetary credits is adopted by the Board within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the District's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the District-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

The Board adopted the rate of seven percent as the contributed rate payable by the employee members for calendar year 2018. The Board may change the employee contribution rate and the District contribution rate within the options available in the TCDRS Act.

Employees Covered by Benefit Terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to, but not yet receiving, benefits	8
Active employees	44
Total	<u>52</u>

Contributions

A combination of three elements funds each employer's plan: employee deposits, employer contributions, and investment income.

- The deposit rate for employees is four percent, five percent, six percent, or seven percent of compensation, as adopted by the employer's governing body.
- Participating employers are required, by law, to contribute at actuarially determined rates, which are determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method.
- Investment income funds a large part of the benefits employees earn.

Employers have the option of paying more than the required contribution rate each year. Extra contributions can help employers "prefund" benefit increases, such as a cost-of-living adjustment to retirees, and they can be used to help offset or mitigate future increases in the required rate due to negative plan experience. There are two approaches for making extra contributions:

- (a) paying an elected contribution rate higher than the required rate and
- (b) making an extra lump-sum contribution to the employer account.

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

Net Pension Liability (Asset)

Employees for the District were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the District were 8.92 percent in calendar year 2021 and 2022. The District's contributions to TCDRS for the fiscal year ended September 30, 2022 were \$415,582 and were equal to the required contributions.

The District's Net Pension Liability Asset (NPL(A)) was measured as of December 31, 2021 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The actuarial assumptions that determined the TPL as of December 31, 2021 were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012, except where required to be different by GASB 68.

Key assumptions used in the December 31, 2021 actuarial valuation are as follows:

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry age normal
Amortization Method	Level of percentage of payroll, closed
Smoothing Period	5 years
Recognition Method	Non-asymptotic
Corridor	None
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career, including inflation.
Investment Rate of Return	8.00%
Cost-of-Living Adjustments	Cost-of-living adjustments for the District are not considered to be substantively automatic under GASB 68. Therefore, an assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.

The long-term expected rate of return of TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation.

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

The target allocation and best estimate of geometric real rate of return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
International Equities - Developed	MSCI World EX USA (net)	10.00%	5.40%
International Equities - Emerging	MSCI World EX USA (net)	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Inde	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associated Distressed Securities	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index +33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.15%
Master Limited Partnerships (MLP)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	6.30%
Hedge Funds	Hedge Fund Research Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

Discount Rate

The discount rate used to measure the TPL was 8.1 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, TCDRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

Changes in the NP(A)

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	494,452	-	494,452
Interest	221,332	-	221,332
Effect of economic/demographic gains or losses	216,812	-	216,812
Effect of assumptions changes or inputs	-	-	-
Refund of contribution	-	-	-
Contributions - employer	-	415,582	(415,582)
Contributions - employee	-	223,260	(223,260)
Net investment income	-	(187,915)	187,915
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	(1,651)	1,651
Other changes	-	91,846	(91,846)
Net changes	932,596	541,122	391,474
Balance at December 31, 2021	2,417,812	2,276,225	141,587
Balance at December 31, 2021	\$ 3,350,408	\$ 2,817,347	\$ 533,061

Sensitivity of the NP(A) to Changes in the Discount Rate

The following presents the NP(A) of the District, calculated using the discount rate of 7.6 percent, as well as what the District's NP(A) would be if it were calculated using a discount rate that is one percentage point lower (6.6%) or one percentage point higher (8.6%) than the current rate.

	1% Decrease in Discount Rate (6.6%)	Discount Rate (7.6%)	1% Increase in Discount Rate (8.6%)
District's Net Pension Liability (Asset)	\$ 1,317,717	\$ 533,061	\$ (86,600)

Pension Plan Fiduciary Net Position

Detailed information about TCDRS' fiduciary net position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at www.tcdrs.org.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2022, the District recognized pension expense of \$289,283.

WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

At September 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 365,211	\$ -
Changes in actuarial assumptions	138,997	1,099
Differences between projected and actual investments earnings	159,660	-
Contributions subsequent to the measurement date		-
Total	\$ 663,868	\$ 1,099

No amount is reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	
2023	81,224
2024	86,313
2025	87,158
2026	135,173
2027	57,552
Thereafter	215,349
Total	\$ 662,769

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REQUIRED SUPPLEMENTARY INFORMATION

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WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended September 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 4,840,969	\$ 4,840,969	\$ 5,048,525	\$ 207,556
General sales tax	2,000,000	2,000,000	3,884,949	1,884,949
Grants	124,680	124,680	234,462	109,782
Charges for inspections	18,500	18,500	17,296	(1,204)
Plan reviews	45,000	45,000	235,354	190,354
Interest income	4,000	4,000	21,281	17,281
Other income	272,108	272,108	431,861	159,753
Total Revenues	<u>7,305,257</u>	<u>7,305,257</u>	<u>9,873,728</u>	<u>2,568,471</u>
Expenditures				
Operating				
Fleet maintenance	30,000	30,000	56,043	(26,043)
Fire prevention	11,000	11,000	10,211	789
Emergency medical services	18,450	18,450	19,950	(1,500)
Professional fees	118,200	118,200	48,672	69,528
Office expenses	4,450	4,450	59,742	(55,292)
Insurance	181,450	181,450	131,638	49,812
Appraisal district / tax collector fees	34,550	34,550	100,053	(65,503)
Bunker gear	68,000	68,000	28,161	39,839
Communications	39,000	39,000	46,229	(7,229)
Fire fighting equipment	109,900	109,900	73,802	36,098
Building expenses	48,200	48,200	39,035	9,165
Travel and training	79,500	79,500	80,812	(1,312)
Utilities	64,700	64,700	38,846	25,854
Personnel	4,133,164	4,133,164	3,969,585	163,579
Miscellaneous expense	23,900	23,900	588,746	(564,846)
Capital Outlay	664,020	664,020	579,863	84,157
Debt Service				
Principal	705,912	705,912	511,043	194,869
Interest and fiscal charges	-	-	267,323	(267,323)
Total Expenditures	<u>6,334,396</u>	<u>6,334,396</u>	<u>6,649,754</u>	<u>(315,358)</u>
Change in Fund Balance	<u>\$ 970,861</u>	<u>970,861</u>	<u>3,223,974</u>	<u>\$ 2,253,113</u>
Loan Proceeds			-	
Beginning fund balance		(1,394,825)	(1,394,825)	
Ending Fund Balance		<u>\$ (423,964)</u>	<u>\$ 1,829,149</u>	

Notes to Required Supplementary Information

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
September 30, 2022

	Measurement Year*
Total Pension Liability	
Service costs	494,452
Interest (on the total pension liability)	221,332
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions	216,812
Benefit payments, including refunds of employee contributions	-
Net change in Total Pension Liability	<u>932,596</u>
Beginning total pension liability	<u>2,417,812</u>
Ending Total Pension Liability	<u><u>\$ 3,350,408</u></u>
Plan Fiduciary Net Position	
Contributions - employer	415,582
Contributions - employee	223,260
Net investment income	(187,915)
Benefit payments, including refunds of employee contributions	-
Administrative expense	(1,651)
Other	91,846
Net Change in Plan Fiduciary Net Position	<u>541,122</u>
Beginning plan fiduciary net position	<u>2,276,226</u>
Ending Plan Fiduciary Net Position	<u><u>\$ 2,817,348</u></u>
Net Pension Liability	<u><u>\$ 533,060</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.09%
Covered Employee Payroll	\$ 3,189,428
Net Pension Liability as a Percentage of Covered Employee Payroll	16.71%

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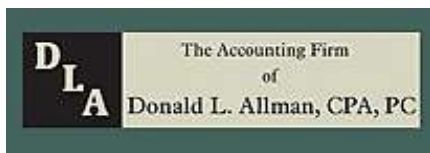
WILLIAMSON COUNTY
EMERGENCY SERVICES DISTRICT No.4
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
September 30, 2022

	<u>Fiscal Year*</u>
	<u>2022</u>
Actuarially determined contribution	\$ 415,582
Contributions in relation to the actuarially determined contribution	<u>415,582</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
 Covered employee payroll	 \$ 3,189,428
 Contributions as a percentage of covered employee payroll	 13.0%

Notes to Schedule:

There were not benefit changes during the year.

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CERTIFIED PUBLIC ACCOUNTANT

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

To the Board of Directors
Williamson County ESD No. 4

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Williamson County ESD No. 4, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Williamson County ESD No. 4, Texas' basic financial statements, and have issued our report thereon dated June 30, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Williamson County ESD No. 4, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Williamson County ESD No. 4, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the Williamson County ESD No. 4, Texas' internal control. A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Williamson County ESD No. 4, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Donald L. Allman, CPA, PC
Georgetown, TX
June 30, 2023

