



Williamson County Emergency Service District No. 4 Liberty Hill Fire Department www.libertyhillfire.org

October 10, 2024

Bill Gravel, Jr., Williamson County Judge
Cynthia Long, Williamson County Precinct 2 Commissioner

Williamson County ESD No. 4's standard procedure has been to engage different auditors every 5-7 years. We feel that this ensures the accuracy and performance of the auditors. This year we chose to utilize the services of Maxwell Locke & Ritter.

During the course of the District's FY 2023 audit several deficiencies were identified in the previous (FY 2022) audit to include a mismatched Trial Balance and Asset Records which had not been correctly updated.

It is uncertain if the trial balance discrepancy was a result of an accounting error committed by the previous auditor or if it was a result of different methodologies used to complete the audit. Asset records shown in the FY 2022 audit were incomplete resulting in a discrepancy in the District's assets as well as the depreciation schedule.

Unfortunately, the deficiencies in the FY 2022 audit caused a delay in the submission of the FY 2023 audit. We apologize for the delay, but the District's Board of Commissioners feel that the FY 2023 audit is a much more thorough and accurate representation of the District's financial position.

Our priority is to provide the District's Taxpayers and Government Officials with an accurate and thorough audit to ensure their confidence in the trust given to us.

Thank you,

Dan Clark, Board President
Williamson County Emergency Services District No. 4



Williamson County
Emergency Services District No. 4
Liberty Hill Fire Department
www.libertyhillfire.org

May 20, 2024

Williamson County Commissioners Court
710 Main Street
Georgetown, Texas 78626

To: Judge Bill Gravell, Jr.

Re: Annual Financial Report for Year End of September 30, 2023

Williamson County Emergency Services District No. 4 would like to request a 30-day extension for filing of the annual audit report due on June 1, 2024.

According to Texas Health and Safety Code 775.082(d)- "The commissioners court, on application made to the commissioners court by the district, may extend up to an additional 30 days the deadline for filing the audit report."

As of May 31, 2024, the Districts' contracted auditor is in the process of completing the audit, however it has not been finalized. The District would like to apologize for any inconvenience this may cause.

Thank you,

Dan Clark, President
Williamson County ESD No. 4



Williamson County Emergency Services District No. 4

**Financial Statements as of and for the
Year Ended September 30, 2023 and
Independent Auditors' Report**

MAXWELL LOCKE & RITTER LLP | Accounting & Advisory

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Williamson County Emergency Services District No. 4

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Independent Auditors' Report

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

Opinions

We have audited the financial statements of the governmental activities and the General Fund of Williamson County Emergency Services District No. 4 (the "District"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the District as of September 30, 2023, the respective changes in financial position, and the respective budgetary comparison for the General Fund 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, 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 District'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.

Auditors' 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 auditors' 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 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, 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 District'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 District'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, the schedule of changes in net pension liability (asset) and related ratios, the schedule of District contributions, and the notes to required supplementary information 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.

Maxwell Locke & Ritter LLP

Austin, Texas
October 9, 2024

Williamson County Emergency Services District No. 4

Management's Discussion and Analysis

September 30, 2023

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, the management of Williamson County Emergency Services District No. 4 (the "District") offers the following narrative on the financial performance of the District as of and for the year ended September 30, 2023. Please read it in connection with the District's financial statements that follow.

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "General Fund" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

Overview of the Basic Financial Statements

The District's reporting is comprised of two parts:

- *Management's Discussion and Analysis* (this section)
- *Basic Financial Statements*
 - *Statement of Net Position and Governmental Fund Balance Sheet*
 - *Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance*
 - *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund*
 - *Notes to Basic Financial Statements*

Other required supplementary information is also included.

The *Statement of Net Position and Governmental Fund Balance Sheet* includes a column (titled "General Fund") that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net position will indicate financial health.

The *Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance* includes a column (titled "General Fund") that derives the change in fund balance resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund* presents a comparison statement between the District's adopted budget to its actual results.

The *Notes to Basic Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Fund Balance Sheet* and the *Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance*.

Required supplementary information related to the District's participation in the Texas County and District Retirement System pension plan and is presented immediately following the *Notes to Basic Financial Statements*.

The District as a Whole

The District's combined net position for the years ending September 30, 2023 and 2022 are shown in the table below. Our analysis below focuses on the net position and changes in the net position of the District's governmental activities as reported in the accrual basis of accounting.

Statement of Net Position

	9/30/2023	9/30/2022
Assets:		
Current assets	\$ 17,829,926	\$ 8,609,156
Capital assets, net	12,342,102	8,934,884
Total Assets	30,172,028	17,544,040
Deferred Outflows of Resources	1,046,493	812,460
Liabilities:		
Current liabilities	1,418,736	560,797
Non-current liabilities	12,009,338	6,008,358
Total Liabilities	13,428,074	6,569,155
Deferred Inflows of Resources	1,099	1,127,290
Net Position:		
Net investment in capital assets	5,053,928	2,928,951
Restricted	4,900,000	767,507
Unrestricted	7,835,420	6,963,597
Total Net Position	\$ 17,789,348	\$ 10,660,055

The District's total assets were \$30,172,028 as of September 30, 2023. Of this amount, \$12,342,102 is accounted for by capital assets. The District had outstanding liabilities of \$13,428,074 as of September 30, 2023 which represents current and non-current liabilities.

The changes in net position for the respective periods are also shown in the table below.

Statement of Activities

	<u>9/30/2023</u>	<u>9/30/2022</u>
Expenses:		
Service operations	\$ 5,946,171	\$ 5,291,525
Depreciation	559,682	486,472
Debt service	<u>480,972</u>	<u>267,323</u>
Total Expenses	<u>6,986,825</u>	<u>6,045,320</u>
Revenues-		
General revenues	<u>14,116,118</u>	<u>9,873,728</u>
Change in Net Position	<u>\$ 7,129,293</u>	<u>\$ 3,828,408</u>

General revenues increased by \$4,242,390 for the fiscal year ended September 30, 2023 primarily due to an increase in property tax revenue and sales tax revenue. Property taxes, including penalties and interest, generated \$6,052,182 and sales taxes generated \$6,943,774 in revenues. Total expenses increased by \$941,505 for the fiscal year ended September 30, 2023 due to an increase in service operations and debt service expenses. Net position increased \$7,129,293 for the fiscal year ended September 30, 2023 compared to an increase of \$3,828,408 for the fiscal year ended September 30, 2022.

The District's Governmental Fund

At September 30, 2023, the District's governmental fund reported a fund balance of \$17,341,368, which is an increase of \$8,896,984 from the prior year.

General Fund Budgetary Highlights

The actual expenditures in the General Fund were \$3,868,510 more than the budgeted amounts primarily due to unbudgeted capital outlay expenditures. Resources available for appropriation were \$4,609,725 more than the budgeted amounts primarily due to higher sales tax revenue as compared to the budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2023 and 2022, the District had the following capital assets in operation:

Capital Assets at Year End

	<u>9/30/2023</u>	<u>9/30/2022</u>
Land	\$ 3,077,689	\$ 387,834
Construction in progress	1,094,034	-
Fire trucks and vehicles	4,183,059	4,921,161
Furniture and equipment	1,125,593	1,066,615
Buildings and improvements	<u>5,678,081</u>	<u>5,484,663</u>
Total Capital Assets	15,158,456	11,860,273
Accumulated depreciation	<u>(2,816,354)</u>	<u>(2,925,389)</u>
Total Net Capital Assets	<u>\$ 12,342,102</u>	<u>\$ 8,934,884</u>

More detailed information about the District's capital assets is presented in the *Notes to Basic Financial Statements*.

Debt Administration

At September 30, 2023 and 2022, the District had debt comprised of the following:

Debt at Year End

	<u>9/30/2023</u>	<u>9/30/2022</u>
Notes payable	<u>\$ 12,188,174</u>	<u>\$ 5,949,476</u>

More detailed information about the District's debt is presented in the *Notes to Basic Financial Statements*.

Economic Factors, Next Year's Budgets and Rates

The District's Board of Commissioners considered various factors when setting the fiscal year budget, tax rates, and necessary expenditures to be incurred in the next fiscal year's activities. The District's budgetary growth has mirrored its residential growth and economy. The fiscal year 2024 tax rate is \$0.067969 per \$100 of assessed valuation. The adopted budget for fiscal year 2024 for the District's governmental fund projects a fund balance increase of \$1,120,382.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District at Williamson County Emergency Services District No. 4, 301 Main Street, Liberty Hill, Texas 78642, or by calling 512-515-5165.

Williamson County Emergency Services District No. 4

Statement of Net Position and Governmental Fund Balance Sheet September 30, 2023

	General Fund	Adjustments (Note 2)	Statement of Net Position
Assets:			
Cash and cash equivalents	\$ 9,422,462	-	9,422,462
Investments	2,030,000	-	2,030,000
Restricted investments	4,900,000		4,900,000
Receivables:			
Property taxes	58,811	-	58,811
Sales taxes	1,418,653	-	1,418,653
Capital assets (net of accumulated depreciation):			
Land	-	3,077,689	3,077,689
Construction in progress	-	1,094,034	1,094,034
Buildings and improvements	-	4,803,509	4,803,509
Furniture and equipment	-	499,921	499,921
Fire trucks and vehicles	-	2,866,949	2,866,949
Total assets	<u>17,829,926</u>	<u>12,342,102</u>	<u>30,172,028</u>
Deferred Outflows of Resources:			
Pension contributions after measurement date	-	382,625	382,625
Deferred outflows related to pension liability	-	663,868	663,868
Total deferred outflows of resources	<u>-</u>	<u>1,046,493</u>	<u>1,046,493</u>
Liabilities:			
Accounts payable	\$ 260,634	-	260,634
Payroll liabilities payable	169,113	-	169,113
Accrued interest payable	-	210,213	210,213
Long-term liabilities:			
Due within one year	-	778,776	778,776
Due after one year	-	12,009,338	12,009,338
Total liabilities	<u>429,747</u>	<u>12,998,327</u>	<u>13,428,074</u>
Deferred Inflows of Resources:			
Deferred revenue - property taxes	58,811	(58,811)	-
Deferred inflows related to pension liability	-	1,099	1,099
Total deferred inflows of resources	<u>58,811</u>	<u>(57,712)</u>	<u>1,099</u>
Fund Balance/Net Position:			
Fund balance:			
Restricted for capital projects	4,900,000	(4,900,000)	-
Unassigned	12,441,368	(12,441,368)	-
Total fund balance	<u>17,341,368</u>	<u>(17,341,368)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 17,829,926</u>		
Net position:			
Net investment in capital assets		5,053,928	5,053,928
Restricted		4,900,000	4,900,000
Unrestricted		7,835,420	7,835,420
Total net position		<u>\$ 17,789,348</u>	<u>17,789,348</u>

The notes to financial statements are an integral part of this statement.

Williamson County Emergency Services District No. 4

Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance Year Ended September 30, 2023

	General Fund	Adjustments (Note 2)	Statement of Activities
Expenditures/expenses:			
Operating:			
Personnel	\$ 5,179,309	(1,349,802)	3,829,507
Professional fees	646,744	-	646,744
Insurance	193,936	-	193,936
Appraisal district/tax collector fees	148,427	-	148,427
Office expenses	133,353	-	133,353
Fleet maintenance	105,284	-	105,284
Bunker gear	94,877	-	94,877
Travel and training	82,933	-	82,933
Building expenses	79,531	-	79,531
Utilities	51,945	-	51,945
Fire fighting equipment	31,544	-	31,544
Communications	30,510	-	30,510
Emergency medical services	24,993	-	24,993
Fire prevention	14,128	-	14,128
Miscellaneous	364,660	113,799	478,459
Capital outlay	4,080,699	(4,080,699)	-
Depreciation	-	559,682	559,682
Debt service:			
Principal payments	744,558	(744,558)	-
Interest payments	270,759	210,213	480,972
Total expenditures/expenses	12,278,190	(5,291,365)	6,986,825
General revenues:			
Property taxes, including penalties and interest	6,127,982	(75,800)	6,052,182
Sales taxes	6,943,774	-	6,943,774
Grants	165,838	-	165,838
Fire code permit fees	307,403	-	307,403
Interest income	289,813	-	289,813
Miscellaneous	357,108	-	357,108
Total general revenues	14,191,918	(75,800)	14,116,118
Total revenues	14,191,918	(75,800)	14,116,118
Other financing sources-			
Proceeds from notes payable	6,983,256	(6,983,256)	-
Total other financing sources	6,983,256	(6,983,256)	-
Excess of revenues and other financing sources over expenditures	8,896,984	(8,896,984)	-
Change in net position	-	7,129,293	7,129,293
Fund balance/net position:			
Beginning of year	8,444,384	2,215,671	10,660,055
End of year	\$ 17,341,368	447,980	17,789,348

The notes to financial statements are an integral part of this statement.

Williamson County Emergency Services District No. 4

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund Year Ended September 30, 2023

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes, including penalties and interest	\$ 5,833,393	6,127,982	294,589
Sales taxes	3,600,000	6,943,774	3,343,774
Grants	-	165,838	165,838
Fire code permit fees	118,100	307,403	189,303
Interest income	10,000	289,813	279,813
Miscellaneous	20,700	357,108	336,408
Total revenues	9,582,193	14,191,918	4,609,725
Expenditures:			
Operating:			
Personnel	4,957,397	5,179,309	(221,912)
Professional fees	228,150	646,744	(418,594)
Insurance	208,200	193,936	14,264
Appraisal district/tax collector fees	16,000	148,427	(132,427)
Office expenses	4,450	133,353	(128,903)
Fleet maintenance	57,450	105,284	(47,834)
Bunker gear	97,400	94,877	2,523
Travel and training	86,750	82,933	3,817
Building expenses	56,500	79,531	(23,031)
Utilities	71,700	51,945	19,755
Fire fighting equipment	28,050	31,544	(3,494)
Communications	45,720	30,510	15,210
Emergency medical services	27,950	24,993	2,957
Fire prevention	14,000	14,128	(128)
Miscellaneous	111,750	364,660	(252,910)
Capital outlay	1,582,893	4,080,699	(2,497,806)
Debt service:			
Principal payments	553,082	744,558	(191,476)
Interest payments	262,238	270,759	(8,521)
Total expenditures	8,409,680	12,278,190	(3,868,510)
Other financing sources-			
Proceeds from notes payable	-	6,983,256	6,983,256
Total other financing sources	-	6,983,256	6,983,256
Excess of revenues and other financing sources over expenditures	1,172,513	8,896,984	7,724,471
Fund balance:			
Beginning of year	8,444,384	8,444,384	-
End of year	\$ 9,616,897	17,341,368	7,724,471

The notes to financial statements are an integral part of this statement.

Williamson County Emergency Services District No. 4

Notes to Basic Financial Statements Year Ended September 30, 2023

1. Summary of Significant Accounting Policies

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.

The reporting entity of the District encompasses those activities and functions over which the District’s appointed officials exercise significant oversight or control. The District is governed by a five member Board of Commissioners (the “Board”) which has been appointed by the Williamson County Commissioners’ Court, in accordance with state law. The District is not included in any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board (“GASB”) since Board members have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units which are included in the District’s reporting entity.

Government-Wide and Fund Financial Statements

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the “General Fund” column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the statement of net position and the statement of activities.

The government-wide financial statements report information on all of the activities of the District.

The statement of activities demonstrates the degree to which the expenses are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are 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. Sales taxes are recognized as revenues in the year in which the underlying exchange occurred. Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Major revenue sources considered susceptible to accrual include interest income and sales taxes. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources.

The District reports the following major governmental fund-

The General Fund includes financial resources used for general operations. It is a budgeted fund, and any unassigned fund balance is considered resources available for current operations.

Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device for the General Fund. 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 adopted on the modified accrual basis, which is consistent with generally accepted accounting principles.

Public meetings are conducted at which all interested persons' comments concerning the budget are heard. After such meetings, the Board formally adopts the budget through passage of an ordinance. The District may amend the budget throughout the year, approving such additional expenditures as may be required. All annual appropriations for the General Fund lapse at the fiscal year-end. For the year ended September 30, 2023, expenditures in the General Fund exceeded appropriations by \$3,868,510. The excess expenditures were funded by greater than anticipated revenues and proceeds from notes payable in the General Fund.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Cash and Cash Equivalents - The District considers all highly liquid instruments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments - Temporary investments throughout the year consisted of investments in certificates of deposit. The District is entitled to invest any and all of its funds in obligations of, or guaranteed by, the United States of America or its agencies, certificates of deposit, and certain public fund investment pools. The District is authorized to invest in obligations of, or guaranteed by, government entities other than the United States of America or one of its agencies or instrumentalities, repurchase agreements, bankers' acceptances, commercial paper, and mutual funds to the extent authorized by Section 2256 of the Government Code ("Public Funds Investment Act") and only upon the Board's adoption of a separate resolution authorizing such investment. The District's investment policies and types of investments are governed by the Health and Safety Code, Chapter 775 Emergency Services Districts, Section 775.043, and the Public Funds Investment Act. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments.

Restricted Investments - Restricted investments as of September 30, 2023 consisted of an investment in certificates of deposit purchased using funds from a note payable agreement that is restricted for future capital outlay expenditures of the District.

Ad Valorem Property Taxes - Allowances for uncollectibles within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of September 30, 2023, the District had no allowance for uncollectible accounts.

Capital Assets - Capital assets, which include land, construction in progress, buildings and improvements, furniture and equipment, and fire trucks and vehicles are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000. Such assets are recorded at historical cost if purchased or estimated acquisition value at the date of donation if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

Capital assets (other than land and construction in progress) are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings and improvements	15-35
Furniture and equipment	5-10
Fire trucks and vehicles	15

Compensated Absences - Accrued paid time off is earned by each full-time employee at an established rate depending on length of employment. The District's policy allows for a maximum carry-over from the previous fiscal year. The full amount of accrued paid time off, subject to the maximum accrual limits, is paid upon discontinuance of employment at the discretion of the District. This liability is generally liquidated through the General Fund.

Long-Term Debt - 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. Issuance costs are reported as an expense in the year the costs are incurred.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Pensions - The fiduciary net position of the Texas County and District Retirement System (“TCDRS”) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCDRS’s fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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. See Note 7 for additional information on those fund balance classifications.

Deferred Outflows and Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District’s net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District’s acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See Note 8 for additional information on deferred outflows and inflows of resources.

Fair Value Measurements - The District complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 inputs are unobservable inputs that reflect the entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

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

2. Reconciliation of Government-Wide and Fund Financial Statements

Amounts reported for governmental activities in the statement of net position are different because:

Governmental fund total fund balance	\$ 17,341,368
Capital assets used in governmental activities are not current financial resources and are therefore not reported in the governmental fund balance sheet-	
Capital assets, net of accumulated depreciation	12,342,102
Deferred tax revenue is not available to pay for current-period expenditures and, therefore, is deferred in the funds.	58,811
The following liabilities and deferred outflows and inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:	
Notes payable	(12,188,174)
Compensated absences	(66,879)
Accrued interest payable	(210,213)
Net pension liability	(533,061)
Pension contributions after measurement date	382,625
Deferred outflows related to pension liability	663,868
Deferred inflows related to pension liability	(1,099)
Total net position	<u>\$ 17,789,348</u>

Amounts reported for governmental activities in the statement of activities are different because:

Excess of revenues and other financing sources over expenditures	\$ 8,896,984
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:	
Capital outlay	4,080,699
Loss on disposal	(113,799)
Depreciation expense	(559,682)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds-	
Change in deferred tax revenue	(75,800)
Note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position:	
Proceeds from notes payable	(6,983,256)
Repayment of note principal	744,558
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in interest payable	(210,213)
Change in compensated absences	(10,422)
Pension contributions made before measurement date	(148,592)
Pension contributions made after measurement date	382,625
Adjustments for ending deferred inflows and outflows related to net pension liability	1,126,191
Change in net position	<u>\$ 7,129,293</u>

3. Cash, Cash Equivalents and Investments

The District's deposits are required to be secured in the manner provided by law for the security of the funds. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of September 30, 2023, the District had deposits of \$6,083,791 that were not properly covered by Federal Deposit Insurance Corporation insurance nor secured by collateral pledged by the depository and thus were subject to custodial credit risk.

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy. The District's deposits and investments are invested pursuant to the investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy, in order of priority, are safety, liquidity, and yield.

Investments held at September 30, 2023 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Certificates of Deposit	\$ 6,930,000	490	N/A

Certificates of deposit are valued using level 2 inputs that are based on market data obtained from independent sources. The investments are reported by the District at fair value in accordance with GASB Statement No. 72.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At September 30, 2023, the District's investments were in certificates of deposit which are subject to custodial credit risk considerations as noted above.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. At September 30, 2023, all of the District's investments were with one depository institution.

4. Capital Assets

Capital assets activity for the fiscal year ended September 30, 2023 was as follows:

	Balance September 30, 2022	Additions	Retirements and Transfers	Balance September 30, 2023
Capital assets not being depreciated:				
Land	\$ 387,834	2,765,689	(75,834)	3,077,689
Construction in progress	-	1,094,034	-	1,094,034
Total capital assets not being depreciated	387,834	3,859,723	(75,834)	4,171,723
Capital assets being depreciated:				
Buildings and improvements	5,484,663	36,661	156,757	5,678,081
Furniture and equipment	1,066,615	124,040	(65,062)	1,125,593
Fire trucks and vehicles	4,921,161	60,725	(798,377)	4,183,059
Total capital assets being depreciated	11,472,439	220,976	(706,682)	10,986,733
Less accumulated depreciation for:				
Buildings and improvements	(499,467)	(162,231)	(212,874)	(874,572)
Furniture and equipment	(693,981)	(76,357)	144,666	(625,672)
Fire trucks and vehicles	(1,731,941)	(321,094)	736,925	(1,316,110)
Total accumulated depreciation	(2,925,389)	(559,682)	668,717	(2,816,354)
Total capital assets being depreciated, net	8,547,050	(338,706)	(37,965)	8,170,379
Capital assets, net	<u>\$ 8,934,884</u>	<u>3,521,017</u>	<u>(113,799)</u>	<u>12,342,102</u>

5. Long-Term Liabilities

Long-term liabilities transactions for the year ended September 30, 2023, are summarized as follows:

	Balance September 30, 2022	Additions	Retirements	Balance September 30, 2023	Due Within One Year
Notes payable	\$ 5,949,476	6,983,256	(744,558)	12,188,174	778,776
Compensated absences	56,457	393,475	(383,053)	66,879	-
Net pension liability	141,586	391,475	-	533,061	-
Total	<u>\$ 6,147,519</u>	<u>7,768,206</u>	<u>(1,127,611)</u>	<u>12,788,114</u>	<u>778,776</u>

Notes payable consisted of the following at September 30, 2023:

Date of Issue	Amounts of Original Issue	Maturity Date	Interest Rate	Outstanding at September 30, 2023	Due Within One Year
November 22, 2016	\$ 477,995	2027	3.41%	\$ 217,351	\$ 50,535
November 22, 2016	172,092	2027	3.53%	78,597	18,062
February 19, 2018	4,500,000	2038	4.35%	3,695,376	179,803
June 21, 2019	300,000	2029	3.70%	193,082	29,331
February 19, 2020	258,757	2025	3.28%	108,469	53,404
July 24, 2020	1,175,018	2031	3.20%	650,056	71,837
September 30, 2021	792,777	2031	2.84%	492,805	55,016
December 21, 2021	234,357	2027	2.92%	190,148	45,502
September 28, 2022	883,765	2033	4.65%	697,156	55,368
August 7, 2023	965,134	2033	4.89%	965,134	77,127
August 7, 2023	4,900,000	2043	5.35%	4,900,000	142,791
	<u>\$ 14,659,895</u>			<u>\$ 12,188,174</u>	<u>\$ 778,776</u>

The notes payable agreements were entered into by the District to finance the acquisition of land, improvements, and vehicles and are secured by ad valorem taxes, sales taxes, and the underlying capital assets acquired.

Debt service requirements to maturity for the District's notes payable are summarized as follows:

Fiscal Year	Principal	Interest	Total Requirement
2024	\$ 778,776	563,719	1,342,495
2025	811,035	531,365	1,342,400
2026	787,913	497,613	1,285,526
2027	827,879	464,268	1,292,147
2028	726,152	419,460	1,145,612
2029-2033	3,680,760	1,649,595	5,330,355
2034-2038	2,839,310	888,154	3,727,464
2039-2043	1,736,349	288,356	2,024,705
Total	<u>\$ 12,188,174</u>	<u>5,302,530</u>	<u>17,490,704</u>

6. Property Taxes

The District is authorized to levy a tax each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within its boundaries. Assessed values are established annually by the Williamson Central Appraisal District. District property tax revenues are recognized when levied to the extent that they are collected in the current year. The uncollected balance is reported as deferred revenue. Taxes receivable are due January 1 and are delinquent if received after January 31 and are subject to penalty and interest charges.

In August 2022, the District levied a tax rate of \$0.0671 per \$100 of assessed valuation to finance operating expenditures and debt service payments. The total 2022 tax levy was \$6,022,646 based on a taxable valuation of \$8,699,545,120.

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.

Nonspendable - 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 purposes 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 nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The detail of the fund balance is included in the Governmental Fund Balance Sheet on page 9.

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 maintains the authority to assign fund balance for a specific purpose.

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.

8. Defined Benefit Pension Plan

Plan Description

The District provides retirement, disability, and death benefits for all of its non-temporary full-time employees through a nontraditional defined benefit pension plan administered by TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of nearly 850 active participating counties and districts throughout Texas. TCDRS in the aggregate issues an annual comprehensive financial report (“ACFR”) on a calendar year basis. The ACFR is available upon written request from the TCDRS, Finance Division, at Barton Oaks Plaza IV, Suite 500, 901 S. Mopac Expressway, Austin, Texas 78746.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas State statutes governing TCDRS (“TCDRS Act”). Members can retire either at age 60 and above with 5 or more years of service, after 20 years of service, or when service time plus age equals 75 but must leave their accumulated contributions in the plan to receive any employer-finance benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefits Provided

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and the employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act, so that the resulting benefits can be expected to be adequately financed by the employer’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 employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employee membership data related to the Plan, as of the valuation date of December 31, 2022, was as follows:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to but not yet receiving benefits	8
Active plan members	44
Total	52

Contributions

The District has elected the annually determined contribution rate (“ADCR”) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The District contributed using the actuarially determined rate of 13.01% for 2023 as adopted by the governing body of the District. The employee contribution rate was 7.00%. The employee contribution rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act. The required contribution and actual contributions for the year ended September 30, 2023 equaled \$504,846.

Net Pension Liability

Actuarial Assumptions

The District's net pension liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar basis 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 (level of percentage of pay)
Amortization method	Level percentage of payroll, closed
Amortization period	18.6 years
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation
Investment Rate of Return	7.50%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the District are not considered to be automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB 68 calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Between ages 40 and 74 with various rates of service retirement by gender: low of 5.3% for age 40-49 to high of 27.5% for age 65-66 for males and females
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality:	
Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The actuarial assumptions that determined the total pension liability as of December 31, 2022 were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020, except where required to be different by GASB 68.

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is reassessed in detail at a minimum of every four years and is set based on a long-term horizon; the most recent analysis was performed in March 2021.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected minus Inflation) (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA U.S. Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	4.00%	7.60%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (5)	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

- (1) Target asset allocation adopted at the March 2023 TCDRS Board meeting.
- (2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.30%, per Cliffwater's 2023 capital market assumptions.
- (3) Includes vintage years 2006-present of Quarter Pooled Horizon internal rates of return.
- (4) Includes vintage years 2005-present of Quarter Pooled Horizon internal rates of return.
- (5) Includes vintage years 2007-present of Quarter Pooled Horizon internal rates of return.

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

Changes in Net Pension Liability

Changes in the District's net pension liability for the valuation year ended December 31, 2022 are as follows:

	Total Pension Liability	Increase (Decrease) Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance as of December 31, 2021	\$ 2,417,812	\$ 2,276,226	\$ 141,586
Changes for the year:			
Service cost	494,452	-	494,452
Interest on total pension liability (1)	221,332	-	221,332
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	216,812	-	216,812
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	(1,652)	1,652
Member contributions	-	223,260	(223,260)
Net investment income	-	(187,915)	187,915
Employer contributions	-	415,582	(415,582)
Other (3)	-	91,846	(91,846)
Balance as of December 31, 2022	<u>\$ 3,350,408</u>	<u>\$ 2,817,347</u>	<u>\$ 533,061</u>

- (1) Reflects the change in the liability due to the time value of money.
TCDRS does not charge fees or interest.
- (2) No plan changes valued.
- (3) Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability (asset) of the District, calculated using the discount rate of 7.60%, as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total pension liability	\$ 4,135,064	\$ 3,350,408	\$ 2,730,747
Fiduciary net position	2,817,347	2,817,347	2,817,347
Net pension liability / (asset)	<u>\$ 1,317,717</u>	<u>\$ 533,061</u>	<u>\$ (86,600)</u>

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended September 30, 2023, the District recognized pension expense of \$289,283. As of September 30, 2023, the deferred outflows and inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 365,211	\$ -
Changes of assumptions	138,997	1,099
Net difference between projected and actual earnings	159,660	-
Contributions made subsequent to measurement date	382,625	-
Total	<u>\$ 1,046,493</u>	<u>\$ 1,099</u>

The \$382,625 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. The remaining amounts currently reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Expense Amount
Year ended September 30:	
2024	\$ 81,224
2025	86,313
2026	87,158
2027	135,173
2028	57,552
Thereafter	215,349
	<u>\$ 662,769</u>

9. Risk Management

The District is exposed to various risks of losses including property, casualty, automobile, comprehensive liability and workers' compensation. The District purchases its insurance from regular commercial companies. As of September 30, 2023, no claims or losses have been incurred that were not covered by insurance. There is no liability due to any claim or suit having been filed within the last three years.

10. Commitments and Contingencies

In April 2023, the District entered into a 10-year interlocal agreement with Williamson County for establishing housing of Williamson County Emergency Medical Services personnel in the Liberty Hill Fire Station. The County paid the District \$300,000 toward construction costs of an ambulance bay and will provide any necessary improvements to the space to prepare as move-in ready. Based on the terms of the agreement, if Williamson County elects to terminate the agreement for convenience no reimbursement of the \$300,000 payment will be made to Williamson County. If after five years from the date of occupancy of the station by Williamson County the District elects to terminate the agreement for convenience before the end of the initial 10-year term, the District would be required to return a pro-rata portion of the initial payment received based on the terms of the agreement. After the end of the initial 10-year term, the agreement will renew automatically for successive terms of one year.

11. Subsequent Event

The District entered into a \$5,000,000 note payable on May 10, 2024. Principal and interest payments are due annually beginning on May 10, 2025 through May 10, 2044 with one additional payment on July 1, 2037. The effective interest rate of 5.301%. Per the terms of the note agreement, the District shall levy a sufficient tax on each \$100 of taxable property within the District that is adequate to pay the debt service requirements of the note each year. The proceeds of this tax levy will be maintained in a Debt Service Fund created by the District.

Required Supplementary Information

Williamson County Emergency Services District No. 4

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios September 30, 2023

	Year Ended December 31, 2022*	Year Ended December 31, 2021*	Year Ended December 31, 2020*	Year Ended December 31, 2019*
Total Pension Liability				
Service cost	\$ 494,452	\$ 474,757	\$ 339,888	\$ 263,526
Interest on total pension liability	221,332	165,345	99,097	61,311
Effect of plan changes	-	-	169,069	-
Effect of assumption changes or inputs	-	26,812	161,629	-
Effect on economic/demographic (gains) or losses	216,812	55,517	52,874	65,303
Benefit payments/refunds of contributions	-	(10,710)	-	-
Net change in total pension liability	932,596	711,721	822,557	390,140
Total pension liability, beginning	2,417,812	1,706,091	883,534	493,394
Total pension liability, ending (a)	\$ 3,350,408	\$ 2,417,812	\$ 1,706,091	\$ 883,534
Fiduciary Net Position				
Employer contributions	\$ 415,582	\$ 298,520	\$ 223,092	\$ 183,311
Member contributions	223,260	196,764	185,564	152,170
Investment income net of investment expenses	(187,915)	366,010	93,731	77,685
Benefit payments/refunds of contributions	-	(10,710)	-	-
Administrative expenses	(1,652)	(1,231)	(1,034)	(685)
Other	91,846	14,117	12,182	11,611
Net change in fiduciary net position	541,121	863,470	513,535	424,092
Fiduciary net position, beginning	2,276,226	1,412,756	899,221	475,129
Fiduciary net position, ending (b)	\$ 2,817,347	\$ 2,276,226	\$ 1,412,756	\$ 899,221
Net pension liability / (asset), ending = (a) - (b)	\$ 533,061	\$ 141,586	\$ 293,335	\$ (15,687)
Fiduciary net position as a % of total pension liability	84.09%	94.14%	82.81%	101.78%
Pensionable covered payroll	\$ 3,189,428	\$ 2,810,921	\$ 2,650,918	\$ 2,173,862
Net pension liability as a % of covered payroll	16.71%	5.04%	11.07%	-0.72%

* Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

Williamson County Emergency Services District No. 4

Schedule of District Contributions

September 30, 2023

Year Ending September 30 **	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Pensionable Covered Payroll *	Contribution as a % of Covered Payroll
2020	384,591	384,591	-	3,621,384	10.6%
2021	294,313	294,313	-	2,258,734	13.0%
2022	368,633	368,633	-	2,833,459	13.0%
2023	504,846	504,846	-	3,880,446	13.0%

* Payroll is calculated based on contributions as reported to TCDRS.

** Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

Williamson County Emergency Services District No. 4

Notes to Required Supplementary Information Year Ended September 30, 2023

1. Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The following methods and assumptions were used to determine the contributions rates:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar basis 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 (level of percentage of pay)
Amortization method	Level percentage of payroll, closed
Amortization period	18.6 years
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation
Investment Rate of Return	7.50%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the District are not considered to be automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB 68 calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Between ages 40 and 74 with various rates of service retirement by gender: low of 5.3% for age 40-49 to high of 27.5% for age 65-66 for males and females
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality:	
Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

2. Change in Assumptions

The following was a change to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period-

- Amortization period decreased from 19.2 years to 18.6 years