

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT No. 1

AUDITED FINANCIAL STATEMENTS

AND SUPPLEMENTAL SCHEDULES

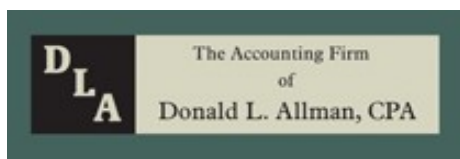
AND INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT No. 1

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Independent Auditor's Report

To the Board of Directors
Williamson County Emergency Services District No. 1

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 Emergency Services District No. 1, Texas as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Williamson County Emergency Services District No. 1, Texas' 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 Emergency Services District No. 1, Texas, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof 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 Emergency Services District No. 1, Texas 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 Emergency Services District No. 1, Texas' 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 Emergency Services District No. 1, Texas' 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 Emergency Services District No. 1, Texas' 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 26-27 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2024 on our consideration of the Williamson County Emergency Services District No. 1, Texas' 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 Emergency Services District No. 1, Texas' 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 Emergency Services District No. 1, Texas' internal control over financial reporting and compliance.

Donald L. Allman, CPA

Georgetown, Texas
May 9, 2024

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Our discussion and analysis of the Williamson County Emergency Services District No. 1's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2023. Please review it in conjunction with the transmittal letter and the District's basic financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

Total net position increased \$862,742 from 2022.

The District had \$3,325,358 in expenses related to governmental activities with \$4,188,100 in program revenues to cover the cost of these programs. Excess funds increase the reserve balance.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 12-13) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 14. These statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most financially significant funds.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the District as a whole begins on page 12. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer that question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in that. You can think of the District's net position, the difference between assets, what the District owns, and liabilities, what the District owes, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's jurisdiction, the availability of capital projects, and continuing local governmental support to assess the overall health of the District.

Reporting the District's Most Significant Funds Major Funds

Fund Financial Statements

-General

Our analysis of the District's major funds begins on page 14. The Fund financial statements begin on page 14 and provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. The District only has governmental funds.

Governmental Funds: The District's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation beside the fund financial statements, if applicable.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes to the financial statements can be found on pages 17-24 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents budget to actual statements and schedules which can be found on pages 25-26 of this report.

THE DISTRICT AS A WHOLE

The District's total net position changed from a year ago, increasing from \$11,764,262 to \$12,627,004. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental activities.

Net position of the District's activities increased 7.3% or \$862,742. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased from \$8,559,851 to \$9,956,194. Restricted Fund Balance remained \$1,000,000.

Table 1
Summary of Net Position

	2023	2022	\$ Change	% Change
Cash and Current Assets	9,599,321	\$ 8,245,534	\$ 1,353,787	16.4%
Property & Sales Taxes Rec.	1,434,465	1,391,909	\$ 42,556	100.0%
Capital Assets	1,670,810	2,204,411	(533,601)	-24.2%
Total Assets	\$ 12,704,596	\$ 11,841,854	\$ 862,742	7.3%
Current Liabilities	\$ -	\$ 2,082	\$ (2,082)	-100.0%
Long-Term Obligations	77,592	75,510	2,082	0.0%
Total Liabilities	\$ 77,592	\$ 77,592	\$ -	-100.0%
Net Position:				
Net Investment in Capital				
Assets	\$ 1,670,810	\$ 2,204,411	(533,601)	-24.2%
Restricted	1,000,000	1,000,000	-	0.0%
Unrestricted	9,956,194	8,559,851	1,396,343	16.3%
Total Net Assets	\$ 12,627,004	\$ 11,764,262	\$ 862,742	7.3%

Table 2
Summary of Changes in Net Position for 2023
Compared With 2022 Activity

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Program Revenues:				
Property Taxes	\$ 2,449,738	\$ 2,416,434	\$ 33,304	1.4%
Sales Taxes	1,379,575	2,404,672	(1,025,097)	-42.6%
Wilco Revenues	32,376	14,255	18,121	127.1%
Other income	5,364	43,724	(38,360)	-87.7%
Gain on Sale of Assets	-	455,435	(455,435)	100.0%
Interest & Investment Income	321,047	71,525	249,522	348.9%
Total Revenues	<u>\$ 4,188,100</u>	<u>\$ 5,406,045</u>	<u>\$ (1,217,945)</u>	<u>-22.5%</u>
Program Expenses:				
General Government	\$ 3,325,358	\$ 3,390,665	\$ 65,307	-1.9%
Other (Income)/Expense	-	-	-	
Total Expenses	<u>\$ 3,325,358</u>	<u>\$ 3,390,665</u>	<u>\$ 65,307</u>	<u>-1.9%</u>
Net Position				
Increase / (Decrease)	<u>\$ 862,742</u>	<u>\$ 2,015,380</u>	<u>\$ (1,152,638)</u>	<u>-57.2%</u>

Table 3 presents the cost of each of the District's programs as well as each program's net cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the District by each of these functions.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
General Government	\$ 3,325,358	\$ 3,390,665	\$ 3,325,358	\$ 3,390,665
Other Expense	-	-	-	-
Total Expenses	<u>\$ 3,325,358</u>	<u>\$ 3,390,665</u>	<u>\$ 3,325,358</u>	<u>\$ 3,390,665</u>

THE DISTRICT'S FUND'S

Table 4
Change In Year End Fund Balance

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Net Investment in Capital Asset: \$	1,670,810	\$ 2,204,411	\$ (533,601)	-24.2%
Restricted	1,000,000	1,000,000	-	0.0%
Unrestricted	9,956,194	8,559,851	1,396,343	16.3%
Total Governmental Balances	<u>\$ 12,627,004</u>	<u>\$ 11,764,262</u>	<u>\$ 862,742</u>	<u>7.3%</u>

The 24.2% decrease in Capital Assets is due to depreciation. Restricted net assets remain \$1,000,000 due to the Board of Directors not incorporating any changes.

The 16.3 increase in the Unrestricted fund balance can be attributed to net income.

Table 5 presents a summary of governmental fund revenues for the 2023 fiscal year and the amounts and percentages of increases and decreases in relation to the prior year.

Table 5
Total Governmental Fund Revenues

	<u>2023</u>	<u>% of Total</u>	<u>Increase or (Decrease) Over 2022</u>	<u>% Increase / (Decrease)</u>
Revenue Source				
Property taxes	2,449,738	58.5%	33,304	1.4%
Sales taxes	1,379,575	32.9%	(1,025,097)	-42.6%
Other income	5,364	0.13%	(38,360)	-269.1%
Wilco Income	32,376	0.8%	18,121	127.1%
Investment Income	321,047	7.7%	249,522	348.9%
Total	<u>\$ 4,188,100</u>	<u>100.0%</u>	<u>\$ (762,510)</u>	<u>-14.1%</u>

The 1.4% increase in Property Tax revenues is primarily due to increases in the property tax base, the tax rate did not change.

The 42.6% decrease in sales taxes is primarily due to a reallocation of sales tax collections.

Table 6 presents the General Fund budget and the difference between the original budget and final budget for fiscal year 2023. Table 7 discusses the variance between the final budget and the actual results for the year.

Table 6
Original and Final Budget
Budgeted Amounts

	<u>Original</u>	<u>Final</u>	<u>Variance</u>
Revenues:			
Property Taxes	\$ 2,401,415	\$ 2,401,415	\$ -
Sales Taxes	700,000	700,000	-
Wilco Income	14,000	14,000	-
Interest Income	-	-	-
Other Income	-	-	-
Total Revenues	<u>\$ 3,115,415</u>	<u>\$ 3,115,415</u>	<u>\$ -</u>
Expenditures:			
Current:			
Capital Improvements	2,587,323	2,587,323	-
Contracts for EMS & Firefighting	\$ 1,976,110	\$ 1,976,110	\$ -
Insurance	57,845	57,845	-
Utilities	17,500	17,500	
Diesel, Gasoline & Oil	45,800	45,800	
Vehicle maintenance & repair	100,000	100,000	
County Appraisal District cost	11,000	11,000	
County Tax Assessor-Collector	3,000	3,000	
Audit cost & Legal fees&Administ	71,000	66,000	5000
Building repair, maintenance, equip	54,100	54,100	
Investment Advisory Agreement	6,000	6,000	
Training & other expenses	67,000	67,000	
Total Expenditures	<u>\$ 4,996,678</u>	<u>\$ 4,991,678</u>	<u>\$ 5,000</u>
Excess (Deficiency) of			
Revenues Over (Under)			
Expenditures	<u>\$ (1,881,263)</u>	<u>\$ (1,876,263)</u>	<u>\$ 5,000</u>
Original versus Final Budget			

Final Budget versus Actual Results

Table 7
Final Budget Versus Actual Results
General Fund

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Property Taxes	\$ 2,401,415	\$ 2,449,738	\$ 48,323
Sales Taxes	700,000	1,379,575	679,575
Wilco Income	14,000	32,376	18,376
Investment Income	-	321,047	321,047
Gain on Sale of Assets		-	-
Other Income	-	5,364	5,364
Total Revenues	<u>\$ 3,115,415</u>	<u>\$ 4,188,100</u>	<u>\$ 1,072,685</u>
Final Budget Versus Actual Results			
Expenditures:			
Capital Improvements	2,587,323	0	2,587,323
Contracts for EMS & Firefighting	\$ 1,976,110	\$ 2,191,785	\$ (215,675)
Miscellaneous	59,400	317,669	\$ (258,269)
Insurance	57,845	62,754	(4,909)
Utilities & communications	17,500	15,689	1,811
Diesel, Gasoline & Oil	45,800	18,624	27,176
Vehicle maintenance & repair	100,000	36,731	63,269
Training	\$ 7,600	3,248	4,352
County Appraisal District cost	\$ 11,000	9,372	1,628
County Tax Assessor-Collector	3,000	-	3,000
Audit, Legal, Sales Tax, Admin	66,000	75,587	(9,587)
Building repair, maintenance, equip	54,100	48,298	5,802
Depreciation	-	533,601	(533,601)
Investment Advisor, Sales Tax	6,000	12,000	(6,000)
Total Expenditures	<u>\$ 4,991,678</u>	<u>\$ 3,325,358</u>	<u>\$ 1,666,320</u>
Excess (Deficiency) of			
Revenues Over (Under)			
Expenditures	<u>\$ (1,876,263)</u>	<u>\$ 862,742</u>	<u>\$ 2,739,005</u>

The variance in **General Government** expenditures is due to the increase in the contract services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end, the District had \$1,670,810 invested in equipment, trucks and building. This amount represents a \$533,601 net decrease over the last year, which is due to depreciation.

Debt Administration

At fiscal year-end, the District had \$0 in loans payable or long-term debt outstanding.

ECONOMIC FACTORS

The District operates solely in Williamson County and has since its inception. About 69% of the District's revenue comes from property taxes. The District's budgeting process must continue to work as closely as possible with the Williamson County Tax Assessor's office in order to meet the financial obligations of the District. The City of Austin is annexing parts of the WCESD # 1 service area which could decrease property tax revenues.

It is important that the District is able to succeed in carrying out its day-to-day operations and continue to be able to meet its financial obligations as well. The additional apparatus and equipment are vital to providing the best fire protection and EMT services to the citizens of the District.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Treasurer, 9218 Anderson Mill Road, Austin, TX 78729.

Treasurer
Williamson County Emergency Services District # 1

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT No. 1

STATEMENT OF NET POSITION

DECEMBER 31, 2023

Assets:

Current Assets:

Cash and Cash Equivalents	\$ 9,599,321
Property Taxes & Sales Tax Receivable	<u>1,434,465</u>
Total Current Assets	\$ 11,033,786

Non-Current Assets:

Capital Assets:

Building, Equipment & Trucks, Net of Accumulated Depreciation	<u>\$ 1,670,810</u>
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Total Non-Current Assets	<u>\$ 1,670,810</u>
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Total Assets	<u><u>\$ 12,704,596</u></u>
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Liabilities:

Current Liabilities:

Accounts Payable	\$ -
Unearned Revenue-Property Taxes	77,592
Payroll Taxes, Insurance & Retirement Payable	-
Current Portion of Long-Term Debt	<u>-</u>
Total Current Liabilities	<u><u>\$ 77,592</u></u>

Non-Current Liabilities:

Notes & Leases Payable	<u>\$ -</u>
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Total Liabilities	<u><u>\$ 77,592</u></u>
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Net Position:

Net Investment in Capital Assets	\$ 1,670,810
Restricted for Debt Service, Fire Station, Apparatus & Regular Reserve	1,000,000
Unrestricted	<u>9,956,194</u>
Total Net Position	<u><u>\$ 12,627,004</u></u>

See accompanying notes to the financial statements.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT No. 1

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Revenue and Change in Net Position Primary Government Governmental Activities</u>
Governmental Activities:			
General Government	3,325,358	\$ 3,829,313	\$ 503,955
Other Income/Expense	-	5,364	5,364
Total Governmental Activities	<u>\$ 3,325,358</u>	<u>\$ 3,834,677</u>	<u>\$ 509,319</u>
General Revenues:			
Unrestricted Interest Earnings			\$ 321,047
Wilco Revenues			<u>32,376</u>
Total General Revenues			<u>\$ 353,423</u>
Change in Net Position			\$ 862,742
Net Position - Beginning			<u>11,764,262</u>
Prior Period Adjustment			<u>-</u>
Net Position - Ending			<u>\$ 12,627,004</u>

See accompanying notes to the financial statements.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT No. 1

BALANCE SHEET – GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	General	Total Governmental Funds
<u>Assets:</u>		
Cash and Cash Equivalents	\$ 9,599,321	\$ 9,599,321
Property & Sales Taxes Receivable	1,434,465	\$ 1,434,465
Total Assets	<u>\$ 11,033,786</u>	<u>\$ 11,033,786</u>
 Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ -	\$ -
Unearned Revenue Property Tax	1,318,183	1,318,183
Payroll Taxes, Insurance & Retirement Payable	-	-
Total Liabilities	<u>\$ 1,318,183</u>	<u>\$ 1,318,183</u>
 Fund Balances		
Nonspendable	\$ -	\$ -
Restricted		
Unassigned	9,715,603	9,715,603
Total Fund Balances	<u>\$ 9,715,603</u>	<u>\$ 9,715,603</u>
 Total Liabilities and Fund Balances	<u>\$ 11,033,786</u>	<u>\$ 11,033,786</u>

See accompanying notes to financial statements.

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET
ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2023**

Total fund balance – total governmental funds	\$ 9,715,603
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	\$ 1,670,810
The current portion of property taxes receivable is not included in governmental activities due to receivables not being included in governmental activities.	\$ -
Unearned Revenues are not reported in governmental funds	\$ 1,240,591
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	\$ -
Net position of governmental activities	<u>\$ 12,627,004</u>

See accompanying notes to financial statements.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT No. 1

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS**

DECEMBER 31, 2023

	<u>General</u>	<u>Total Governmental Funds</u>
<u>Revenues:</u>		
Property Taxes	\$ 2,393,453	\$ 2,393,453
Sales Taxes	1,379,575	1,379,575
Wilco Revenues	32,376	32,376
Miscellaneous	5,364	5,364
Gain on Sale of Assets	-	-
Interest Earnings	321,047	321,047
Total Revenues	<u>\$ 4,131,815</u>	<u>\$ 4,131,815</u>
<u>Expenditures:</u>		
Current:		
General Government	\$ 2,791,757	\$ 2,791,757
Capital Outlay	-	-
Debt Service:		
Principal	-	-
Interest	-	-
Total Expenditures	<u>\$ 2,791,757</u>	<u>\$ 2,791,757</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 \$ 1,340,058	 \$ 1,340,058
 Other Expenses	 \$ -	 \$ -
 Net Changes in Fund Balances	 \$ 1,340,058	 \$ 1,340,058
Fund Balances - Beginning	<u>\$ 8,375,545</u>	<u>\$ 8,375,545</u>
Fund Balances - Ending	<u>\$ 9,715,603</u>	<u>\$ 9,715,603</u>

See accompanying notes to the financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

Net change in fund balance - total governmental funds	\$ 1,340,058
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Amounts reported for governmental activities in the statement of net assets are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation (533,601) was less than capital outlays (0) in the current period.	\$ (533,601)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes not collected	\$ 1,318,183
Less: Prior year	1,261,898
Balance	\$ 56,285

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	\$ -
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Various differences in government wide and governmental funds	\$ -
Changes in net position of governmental activities	\$ 862,742

See accompanying notes to the financial statements.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Williamson County Emergency Services District No. 1 (the District) is a governmental unit of the State of Texas that was formed in September of 1995. The entity is responsible for providing fire and emergency services in Williamson County, Texas. The District provides fire and emergency medical services to a certain geographic portion of Williamson County including Jollyville, Texas, an unincorporated area located in Williamson County. The District was created and operates under Article III, Section 48-3, of the Texas Constitution for the protection of human life and health as provided by that Act. The District's operations are governed by the Texas Health and Safety Code, Chapter 775 Emergency Services Districts.

The accompanying statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues primarily consist of Ad Valorem taxes received from the County's appraisal district.

C. 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 the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 government 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.

Grants and entitlements and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the District receives cash.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Texas and the bylaws of the District.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within thirty-one days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year-end. Non-exchange transactions, in which the District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

C. Cash and Cash Equivalents

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Cash and equivalents include all highly-liquid investments with a maturity of three months or less at the date of purchase. During 2023, cash and cash equivalents accounts were limited to Frost Bank, and Certificates of Deposit with East West Bank. The District also has investments with TexPool, Federal Agency Coupon Securities, and Commercial Paper.

D. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements. The District's Board of Directors voted to establish reserve and restricted accounts in 2012-2013 for Equipment and Contingencies in the amounts of \$500,000 each. Another \$500,000 is reserved for Debt Service and the Fire Station Reserve, and WCESD # 1 currently does not have any outstanding debt.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported on the government-wide statement of net position and in the General Fund. All capital assets are recorded at cost and updated for additions and retirements during the year. The District does possess building infrastructure. Other capital assets consist of fire-fighting & EMT equipment and fire trucks. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

F. Reservations of Fund Balance

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditures in the governmental fund balance sheet. Unreserved fund balance indicates that portion of fund equity, which is available for appropriations, in future periods. Fund equity reserves have been established for Equipment and Contingencies. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

G. Net Position

Net Position presents the difference between assets and liabilities in the statement of net assets. Net position invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net position is reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

I. Accrued Liabilities

The District reports accrued liabilities on the statement of net assets. The District reports accounts payable of \$0 during 2023.

NOTE 2 – TAX REVENUES

The District's tax revenue is collected by County of Williamson, Texas, (the County) under the provisions of a tax collection agreement signed September, 1995. Under the agreement, the County is responsible for making the calculations necessary for the District to comply with the statutory requirements for setting tax rates as specified in Chapter 26 of the Texas Property Tax Code and collecting the appropriate tax. The County periodically remits the collected taxes to the District. The agreement may be terminated by either party on written notice, but neither party has expressed an interest in terminating the agreement. The County provides the District with written reports necessary to keep the District advised of all financial information affecting the District. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent February 1 of the following year. The District pays the County for its tax collection activity in four quarterly payments, which totaled \$9,372 USD for 2023. The amount is determined by the County based on an amount per each parcel of taxable property, or account taxable by the District. The tax rate for WCESD # 1 for 2023 is \$.10 per \$100 valuation of property. The total adjusted original tax roll was \$2,430,716 on \$243,071,569 valuation. Property taxes receivable at 12/31/23 total \$1,318,183 with \$1,301,311 being current and \$16,873 being delinquent.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds. Statutes require the classification of funds held by the District into three categories.

Category 1 consists of “active” funds – those funds required to be kept in “cash” or “near cash” status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds – those funds not required for use within the current two-year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds – those funds not needed for immediate use, but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States Treasury notes, bills, bonds or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States.
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

A. Deposits

At year-end the carrying amount of the District's deposits was \$9,599,321 and the bank balance was \$9,630,518. Federal depository insurance coverage totals \$250,000. The deposits were classified as category 1, collateralized, as defined by GASB Statement 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements. Securities pledged as collateral for Williamson County Emergency Services District No. 1 at December 31, 2023 totaled \$9,572,443

NOTE 4 - GENERAL FIXED ASSETS

A summary of changes in general fixed assets for the year ended December 31, 2023:

Property & Equipment	At 12/31/23
Anderson Mill Renovations	1,474,612.00
Anderson Mill Station	333,076.00
Portable Building	7,508.00
Trucks & Equipment	5,392,017.00
Furniture & Fixtures	54,375.00
Land, Anderson Mill Road	10.00
Accumulated Depreciation	<u>(5,590,788.00)</u>
Net Property & Equipment	<u>1,670,810.00</u>

Depreciation expense for the year ended 12/31/23 was \$533,601.

NOTE 5 – CONTINGENCIES

As of December 31, 2023, the District did not have any material pending litigation or potential non-disclosed liabilities.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT No. 1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 2,401,415	\$ 2,401,415	\$ 2,393,453	\$ (7,962)
Sales Taxes	700,000	700,000	1,379,575	679,575
Other Income	-	-	5,364	5,364
Wilco Income	14,000	14,000	32,376	18,376
Gain on Sale of Asset			-	-
Investment Earnings	-	-	321,047	321,047
Total Revenues	\$ 3,115,415	\$ 3,115,415	\$ 4,131,815	\$ 1,016,400
Expenditures:				
Current:				
General Government	\$ 2,409,355	\$ 2,404,355	\$ 2,791,757	\$ (387,402)
Capital Outlay	2,587,323	2,587,323	-	2,587,323
Debt Service	-	-	-	-
Total Expenditures	\$ 4,996,678	\$ 4,991,678	\$ 2,791,757	\$ 2,199,921
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,881,263)	\$ (1,876,263)	\$ 1,340,058	\$ 3,216,321
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	\$ (1,881,263)	\$ (1,876,263)	\$ 1,340,058	
Fund Balances - Beginning	\$ 8,375,545	\$ 8,375,545	\$ 8,375,545	
Fund Balances - Ending	\$ 6,494,282	\$ 6,499,282	\$ 9,715,603	

See accompanying notes to the financial statements.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT No. 1

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Process

The budgetary process is prescribed by the provisions of the Texas Constitution and entails the preparation of budgetary documents within an established timeline. Legally, the Texas Constitution does not strictly impose a requirement on the District to follow the budgetary process but the District chose to follow the budgetary process. The major documents prepared are an estimated budget with revenues and expenditures. The level of budgetary control is at the object level for the District. The budget is not amended for modifications or changes during the year. All expenditures are approved by the Board beforehand.

1. Estimated Resources

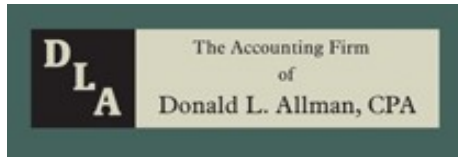
As part of the District's budgetary process, the Board approves the official estimated resources. The official estimated resources state the projected revenue for the District. The estimated revenue is calculated from information from the Williamson County Appraisal District. The budget is not revised or amended for increases or decreases in estimated revenues.

2. Appropriations

Estimated appropriations are prepared for the annual budget. All appropriations, no matter how small or how large, still must be approved by the Board before remittance, whether or not they were included in the budget.

3. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than GAAP. The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary process, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures are recorded when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting on the governmental fund statements and on the full accrual basis on the government-wide statements. See page 14 for a reconciliation between governmental funds and GAAP basis net equity fund balance.



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 # 1

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 Williamson County ESD # 1 as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Williamson County ESD # 1's basic financial statements, and have issued our report thereon dated May 9, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Williamson County ESD # 1's 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 Williamson County ESD # 1's internal control. Accordingly, we do not express an opinion on the effectiveness of Williamson County ESD # 1's 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 Williamson County ESD #1's 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

Georgetown, TX
May 9, 2024