

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2

WILLIAMSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Williamson County Emergency Services District No. 2 (the "District") as of and for the year ended December 31, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 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.

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 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.

- 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 and the Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund 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.

Supplementary Information

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



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

April 18, 2024

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Management’s discussion and analysis of Williamson County Emergency Services District No. 2’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund type. The General Fund accounts for resources not accounted for in another fund, property tax revenues, costs of assessing and collecting taxes, and general expenditures.

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$7,146,124 as of December 31, 2023.

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

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

| | Summary of Changes in the Statement of Net Position | | |
|---|---|----------------------|----------------------------------|
| | 2023 | 2022 | Change Positive (Negative) |
| Current and Other Assets | \$ 9,626,718 | \$ 8,960,596 | \$ 666,122 |
| Capital Assets (Net of Accumulated Depreciation) | 6,247,994 | 6,482,624 | (234,630) |
| Total Assets | <u>\$ 15,874,712</u> | <u>\$ 15,443,220</u> | <u>\$ 431,492</u> |
| Long -Term Liabilities | \$ 3,759,075 | \$ 4,092,914 | \$ 333,839 |
| Other Liabilities | 441,426 | 379,221 | (62,205) |
| Total Liabilities | <u>\$ 4,200,501</u> | <u>\$ 4,472,135</u> | <u>\$ 271,634</u> |
| Deferred Inflows of Resources | <u>\$ 4,528,087</u> | <u>\$ 4,418,443</u> | <u>\$ (109,644)</u> |
| Net Position: | | | |
| Net Investment in Capital Assets | \$ 2,155,080 | \$ 2,067,322 | \$ 87,758 |
| Unrestricted | 4,991,044 | 4,485,320 | 505,724 |
| Total Net Position | <u>\$ 7,146,124</u> | <u>\$ 6,552,642</u> | <u>\$ 593,482</u> |

The following table provides a summary of the District's operations for the years ended December 31, 2023, and December 31, 2022.

| | Summary of Changes in the Statement of Activities | | |
|---------------------------------|---|---------------------|----------------------------------|
| | 2023 | 2022 | Change Positive (Negative) |
| Revenues: | | | |
| Property Taxes | \$ 4,378,165 | \$ 3,789,478 | \$ 588,687 |
| Mutual Aid Revenues | 23,870 | 29,782 | (5,912) |
| Other Revenues | 342,746 | 80,262 | 262,484 |
| Total Revenues | <u>\$ 4,744,781</u> | <u>\$ 3,899,522</u> | <u>\$ 845,259</u> |
| Expenses for Services | <u>4,151,299</u> | <u>3,491,595</u> | <u>(659,704)</u> |
| Change in Net Position | \$ 593,482 | \$ 407,927 | \$ 185,555 |
| Net Position, Beginning of Year | <u>6,552,642</u> | <u>6,144,715</u> | <u>407,927</u> |
| Net Position, End of Year | <u>\$ 7,146,124</u> | <u>\$ 6,552,642</u> | <u>\$ 593,482</u> |

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's General Fund fund balance as of December 31, 2023, was \$5,002,130, an increase of \$507,352 from the prior year. This increase was primarily due to property tax revenues and operating revenues exceeding operating expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners annually adopts an unappropriated budget for the General Fund and amended the budget during the current fiscal year. Actual revenues were \$362,212 more than amended budgeted revenues. Actual expenditures were \$120,991 less than amended budgeted expenditures.

CAPITAL ASSETS

Capital assets as of December 31, 2023, total \$6,247,994 (net of accumulated depreciation) and include buildings, vehicles and equipment.

| Capital Assets At Year-End, Net of Accumulated Depreciation | | | |
|---|--------------|--------------|----------------------------------|
| | 2023 | 2022 | Change Positive (Negative) |
| Capital Assets Not Being Depreciated: | | | |
| Land and Land Improvements | \$ 209,694 | \$ 209,694 | \$ |
| Capital Assets, Net of Accumulated Depreciation: | | | |
| Buildings and Improvements | 5,385,464 | 5,518,684 | (133,220) |
| Firefighting Vehicles and Equipment | 652,836 | 754,246 | (101,410) |
| Total Net Capital Assets | \$ 6,247,994 | \$ 6,482,624 | \$ (234,630) |

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

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term debt payable of \$4,092,914. The changes in the debt position of the District during the fiscal year ended December 31, 2023, are summarized as follows:

| | |
|----------------------------------|--------------|
| Notes Payable, January 1, 2023 | \$ 4,415,302 |
| Less: Note Principal Paid | 322,388 |
| Notes Payable, December 31, 2023 | \$ 4,092,914 |

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

CONTACTING THE DISTRICT'S MANAGEMENT

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

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2023

| | <u>General Fund</u> | <u>Adjustments</u> | <u>Statement of Net Position</u> |
|--|---------------------|-----------------------|--------------------------------------|
| ASSETS | | | |
| Cash | \$ 3,886 | \$ | \$ 3,886 |
| Investments | 6,711,254 | | 6,711,254 |
| Receivables: | | | |
| Property Taxes | 1,914,627 | | 1,914,627 |
| Penalty and Interest on Delinquent Taxes | | 15,876 | 15,876 |
| Accrued Interest | 35,810 | | 35,810 |
| Prepaid Costs | 945,265 | | 945,265 |
| Land | | 209,694 | 209,694 |
| Capital Assets (Net of Accumulated Depreciation) | | <u>6,038,300</u> | <u>6,038,300</u> |
| TOTAL ASSETS | <u>\$ 9,610,842</u> | <u>\$ 6,263,870</u> | <u>\$ 15,874,712</u> |
| LIABILITIES | | | |
| Accounts Payable | \$ 60,403 | \$ | \$ 60,403 |
| Accrued Interest Payable | | 47,184 | 47,184 |
| Long-Term Liabilities: | | | |
| Note Payable Within One Year | | 333,839 | 333,839 |
| Note Payable After One Year | | <u>3,759,075</u> | <u>3,759,075</u> |
| TOTAL LIABILITIES | <u>\$ 60,403</u> | <u>\$ 4,140,098</u> | <u>\$ 4,200,501</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property Taxes | <u>\$ 4,548,309</u> | <u>\$ (20,222)</u> | <u>\$ 4,528,087</u> |
| FUND BALANCE | | | |
| Nonspendable - | | | |
| Prepaid Costs | \$ 945,265 | \$ (945,265) | \$ |
| Unassigned | <u>4,056,865</u> | <u>(4,056,865)</u> | <u></u> |
| TOTAL FUND BALANCE | <u>\$ 5,002,130</u> | <u>\$ (5,002,130)</u> | <u>\$ - 0 -</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | <u>\$ 9,610,842</u> | | |
| NET POSITION | | | |
| Net Investment in Capital Assets | | \$ 2,155,080 | \$ 2,155,080 |
| Unrestricted | | <u>4,991,044</u> | <u>4,991,044</u> |
| TOTAL NET POSITION | | <u>\$ 7,146,124</u> | <u>\$ 7,146,124</u> |

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

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023

| | | |
|---|----|-----------|
| Total Fund Balance - Governmental Funds | \$ | 5,002,130 |
|---|----|-----------|

Amounts reported for governmental activities in the Statement of Net Position are different because:

| | | |
|--|--|-----------|
| Land, construction in progress and capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental fund. | | 6,247,994 |
|--|--|-----------|

| | | |
|---|--|--------|
| Deferred inflows of resources related to property tax revenues and uncollected penalty and interest revenues on delinquent taxes for the 2022 and prior tax levies became part of recognized revenues in the governmental activities of the District. | | 36,098 |
|---|--|--------|

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental fund. These liabilities at year-end consist of:

| | | |
|-------------------------------|--------------------|--------------------|
| Accrued Interest Payable | \$ (47,184) | |
| Notes Payable Within One Year | (333,839) | |
| Notes Payable After One Year | <u>(3,759,075)</u> | <u>(4,140,098)</u> |

| | | |
|--|----|------------------|
| Total Net Position - Governmental Activities | \$ | <u>7,146,124</u> |
|--|----|------------------|

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

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2023**

| | <u>General Fund</u> | <u>Adjustments</u> | <u>Statement of Activities</u> |
|--|---------------------|---------------------|------------------------------------|
| REVENUES | | | |
| Property Taxes | \$ 4,386,493 | \$ (8,328) | \$ 4,378,165 |
| Mutual Aid Revenues | 23,870 | | 23,870 |
| Penalty and Interest | 8,975 | 2,244 | 11,219 |
| Investment Revenues | 292,624 | | 292,624 |
| Miscellaneous Revenues | <u>1,148</u> | <u>37,755</u> | <u>38,903</u> |
| TOTAL REVENUES | <u>\$ 4,713,110</u> | <u>\$ 31,671</u> | <u>\$ 4,744,781</u> |
| EXPENDITURES/EXPENSES | | | |
| Service Operations: | | | |
| District Services - Sam Bass Fire | | | |
| Department | \$ 3,468,337 | \$ | \$ 3,468,337 |
| Accounting and Auditing Fees | 59,206 | | 59,206 |
| Appraisal District Fees | 22,858 | | 22,858 |
| Commissioner Fees | 13,700 | | 13,700 |
| Legal Fees-General | 10,874 | | 10,874 |
| Legal Fees-Delinquent Tax Collections | 2,179 | | 2,179 |
| Tax Assessor/Collector Fees | 3,691 | | 3,691 |
| Depreciation | | 283,039 | 283,039 |
| Election Costs | 10,588 | | 10,588 |
| Other | 112,604 | | 112,604 |
| Capital Outlay | 48,409 | (48,409) | |
| Debt Service: | | | |
| Note Principal | 322,388 | (322,388) | |
| Note Interest | <u>168,679</u> | <u>(4,456)</u> | <u>164,223</u> |
| TOTAL EXPENDITURES/EXPENSES | <u>\$ 4,243,513</u> | <u>\$ (92,214)</u> | <u>\$ 4,151,299</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>\$ 469,597</u> | <u>\$ 123,885</u> | <u>\$ 593,482</u> |
| OTHER FINANCING SOURCES | | | |
| Proceeds from Sale of Assets | <u>\$ 37,755</u> | <u>\$ (37,755)</u> | <u>\$ - 0 -</u> |
| NET CHANGE IN FUND BALANCE | \$ 507,352 | \$ (507,352) | \$ |
| CHANGE IN NET POSITION | | 593,482 | 593,482 |
| FUND BALANCE/NET POSITION - JANUARY 1, 2023 | <u>4,494,778</u> | <u>2,057,864</u> | <u>6,552,642</u> |
| FUND BALANCE/NET POSITION - DECEMBER 31, 2023 | <u>\$ 5,002,130</u> | <u>\$ 2,143,994</u> | <u>\$ 7,146,124</u> |

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

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

| | | |
|--|----|----------------|
| Net Change in Fund Balance - Governmental Fund | \$ | 507,352 |
| <p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> | | |
| Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied. | | (8,328) |
| Governmental funds report penalty and interest revenues on delinquent property taxes when collected. However, in the government-wide financial statements, revenues are recorded when penalty and interest are assessed. | | 2,244 |
| Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. | | (283,039) |
| Governmental funds report capital asset purchases as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities. | | 48,409 |
| Governmental funds report principal payments on long-term liabilities as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected. | | 322,388 |
| Governmental funds report interest payments on capital leases and notes as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on leases and notes through fiscal year-end. | | <u>4,456</u> |
| Change in Net Position - Governmental Activities | \$ | <u>593,482</u> |

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

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WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. CREATION OF DISTRICT

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

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

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

Basis of Accounting

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

Property taxes considered available by the District and recorded as revenues include the 2022 tax levy collections during the period October 1, 2022, to December 31, 2023, and taxes collected from January 1, 2023, to December 31, 2023, for all prior tax levies. The 2023 tax levy has been fully deferred to meet the District’s planned expenditures in the 2024 fiscal year.

Capital Assets

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

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

| | Years |
|----------------------------------|-------|
| Buildings and Improvements | 40 |
| Firefighting Vehicles | 5-15 |
| Equipment | 4-15 |
| Office Equipment and Furnishings | 2-10 |

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Measurement Focus

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

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

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. TAX LEVY

During the year ended December 31, 2023, the District levied an ad valorem tax at the rate of \$0.094296 per \$100 of assessed valuation, which resulted in a tax levy of \$4,528,087 on the adjusted taxable valuation of \$4,800,635,053 for the 2023 tax year.

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

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District’s deposits was \$1,178,886 and the bank balance was \$1,212,164.

The bank balance was fully covered by federal depository insurance.

The carrying values of the deposits are included in the Governmental Funds and the Statement of Net Position at December 31, 2023, as listed below:

| | Cash | Certificates of Deposit | Total |
|--------------|----------|----------------------------|--------------|
| GENERAL FUND | \$ 3,886 | \$ 1,175,000 | \$ 1,178,886 |

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

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

As of December 31, 2023, the District had the following investments and maturities:

| Fund and Investment Type | Fair Value | Maturities in Years | | | |
|-----------------------------|---------------------|---------------------|-----------------|-----------------|-----------------|
| | | Less Than 1 | 1-5 | 6-10 | More Than 10 |
| <u>GENERAL FUND</u> | | | | | |
| TexPool | \$ 5,536,254 | \$ 5,536,254 | \$ | \$ | \$ |
| Certificates of Deposit | <u>1,175,000</u> | <u>1,175,000</u> | | | |
| TOTAL INVESTMENTS | <u>\$ 6,711,254</u> | <u>\$ 6,711,254</u> | <u>\$ - 0 -</u> | <u>\$ - 0 -</u> | <u>\$ - 0 -</u> |

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2023, the District's investment in TexPool was rated AAAM by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit covered by FDIC coverage.

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

NOTE 5. FIRE PROTECTION SERVICES

The District has contracted with Sam Bass Fire Department (the "Department") to provide fire protection and suppression services to the residents of the District. The term of the agreement that was effective during fiscal year 2023 was from December 25, 2013 through December 31, 2014 and continued on a year-to-year basis. On January 18, 2024, the District entered into a new agreement with the Department to extend services to cover the period from January 18, 2024 through December 31, 2027 unless terminated by either party upon 90 days written notice to the other party. Under the terms of the agreement, the Department agrees to provide fire prevention, protection and fighting services as well as an emergency medical first responder program to all the residents and commercial interests within the geographic area of the District and those requesting mutual aid.

The District agrees to reimburse the Department for the actual allowable costs incurred in performance of this contract. The contract amount is annually established and budgeted by the District after consultation with the Department concerning its needs. The District agrees to pay the Department on a monthly basis. The District will not reimburse the Department for costs in excess of the amount that is established and budgeted annually. During the current fiscal year, the District paid \$3,468,337 to the Department.

Title to all property owned or acquired by the Department remained with the Department as of fiscal year 2023. As part of the new agreement executed on January 18, 2024, title to all real and personal property owned by the Department which is utilized in performance of the agreement shall be transferred to the District, within ninety days of execution of the agreement.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2023:

| | January 1, 2023 | Increases | Decreases | December 31, 2023 |
|--|----------------------|---------------------|-----------------|----------------------|
| Capital Assets Not Being Depreciated | | | | |
| Land and Land Improvements | \$ 209,694 | \$ - 0 - | \$ - 0 - | \$ 209,694 |
| Capital Assets Subject to Depreciation | | | | |
| Buildings and Improvements | \$ 7,196,136 | \$ 48,409 | \$ | \$ 7,244,545 |
| Firefighting Vehicles and Equipment | 3,375,489 | | | 3,375,489 |
| Total Capital Assets Subject to Depreciation | <u>\$ 10,571,625</u> | <u>\$ 48,409</u> | <u>\$ - 0 -</u> | <u>\$ 10,620,034</u> |
| Less Accumulated Depreciation | | | | |
| Buildings and Improvements | \$ 1,677,452 | \$ 181,629 | \$ | \$ 1,859,081 |
| Firefighting Vehicles and Equipment | 2,621,243 | 101,410 | | 2,722,653 |
| Total Accumulated Depreciation | <u>\$ 4,298,695</u> | <u>\$ 283,039</u> | <u>\$ - 0 -</u> | <u>\$ 4,581,734</u> |
| Total Depreciable Capital Assets, Net of Accumulated Depreciation | <u>\$ 6,272,930</u> | <u>\$ (234,630)</u> | <u>\$ - 0 -</u> | <u>\$ 6,038,300</u> |
| Total Capital Assets, Net of Accumulated Depreciation | <u>\$ 6,482,624</u> | <u>\$ (234,630)</u> | <u>\$ - 0 -</u> | <u>\$ 6,247,994</u> |

NOTE 7. RISK MANAGEMENT

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

NOTE 8. LEASES

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

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

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9. NOTES PAYABLE

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

On May 26, 2022, the District executed a note with Government Capital Corporation, in the amount of \$734,492. Proceeds were used to finance the purchase of a new fire truck. The interest rate is 2.97%. Note payments and interest of \$160,242 are due annually on June 3, beginning June 3, 2023 and ending June 3, 2027.

The following is a summary of transactions regarding the notes payable for the year ended December 31, 2023:

| | |
|----------------------------------|----------------------------|
| Notes Payable, January 1, 2023 | \$ 4,415,302 |
| Less: Note Principal Paid | <u>322,388</u> |
| Notes Payable, December 31, 2023 | <u><u>\$ 4,092,914</u></u> |
| | |
| Note Payable: | |
| Due Within One Year | \$ 333,839 |
| Due After One Year | <u>3,759,075</u> |
| Note Payable, December 31, 2023 | <u><u>\$ 4,092,914</u></u> |

As of December 31, 2023, debt service requirements on the notes are as follows:

| Fiscal Year | Principal | Interest | Total |
|-------------|----------------------------|----------------------------|----------------------------|
| 2024 | 333,839 | 157,227 | 491,066 |
| 2025 | 345,706 | 145,360 | 491,066 |
| 2026 | 358,003 | 133,064 | 491,067 |
| 2027 | 370,745 | 120,322 | 491,067 |
| 2028 | 223,708 | 107,116 | 330,824 |
| 2029-2033 | 1,259,771 | 394,353 | 1,654,124 |
| 2034-2037 | <u>1,201,142</u> | <u>122,157</u> | <u>1,323,299</u> |
| | <u><u>\$ 4,092,914</u></u> | <u><u>\$ 1,179,599</u></u> | <u><u>\$ 5,272,513</u></u> |

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10. MUTUAL AID AGREEMENT

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

Each ESO agrees and acknowledges that Williamson County Emergency Medical Services will be the 911 emergency medical services provider within each ESOs jurisdiction. The ESOs will operate a first responder program under the Williamson County Medical Director and participate in jointly developed quality assurance and quality improvement programs, credentialing programs and training programs. As part of this agreement, emergency medical service supplies will be exchanged between Williamson County and the ESOs on a one-for-one basis used on a medical call. In consideration of this agreement, Williamson County agrees to reimburse each ESO an amount of money based on the following reimbursement formula: 1) \$200 for each square mile of an ESOs district, plus 2) \$0.70 for each person that resides in the district covered by the ESO; paid annually in two installments. The amount of the reimbursement will be adjusted annually taking into account population changes. During the current year, the District received \$23,870 from Williamson County related to this agreement.

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WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|---------------------|---------------------|---------------------|------------------------------------|
| REVENUES | | | | |
| Property Taxes | \$ 4,306,133 | \$ 4,306,133 | \$ 4,386,493 | \$ 80,360 |
| Mutual Aid Revenues | 15,000 | 15,000 | 23,870 | 8,870 |
| Penalty and Interest | 4,750 | 4,750 | 8,975 | 4,225 |
| Investment Revenues | 25,015 | 25,015 | 292,624 | 267,609 |
| Miscellaneous Revenues | | | 1,148 | 1,148 |
| TOTAL REVENUES | \$ 4,350,898 | \$ 4,350,898 | \$ 4,713,110 | \$ 362,212 |
| EXPENDITURES | | | | |
| Services Operations: | | | | |
| District Services - Sam Bass Fire | | | | |
| Department | \$ 3,336,674 | \$ 3,468,337 | \$ 3,468,337 | \$ |
| Accounting and Auditing Fees | 58,750 | 58,750 | 59,206 | (456) |
| Appraisal District Fees | 24,000 | 24,000 | 22,858 | 1,142 |
| Commissioner Fees | 10,000 | 10,000 | 13,700 | (3,700) |
| Legal Fees-General | 2,500 | 2,500 | 10,874 | (8,374) |
| Legal Fees-Delinquent Tax Collections | 250 | 250 | 2,179 | (1,929) |
| Tax Assessor/Collector Fees | 2,500 | 2,500 | 3,691 | (1,191) |
| Election Costs | 3,500 | 3,500 | 10,588 | (7,088) |
| Other | 53,600 | 53,600 | 112,604 | (59,004) |
| Capital Outlay | 250,000 | 250,000 | 48,409 | 201,591 |
| Debt Service: | | | | |
| Note Principal | 322,388 | 322,388 | 322,388 | |
| Note Interest | 168,679 | 168,679 | 168,679 | |
| TOTAL EXPENDITURES | \$ 4,232,841 | \$ 4,364,504 | \$ 4,243,513 | \$ 120,991 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ 118,057 | \$ (13,606) | \$ 469,597 | \$ 483,203 |
| OTHER FINANCING SOURCES | | | | |
| Proceeds from Sale of Assets | \$ -0- | \$ -0- | \$ 37,755 | \$ 37,755 |
| NET CHANGE IN FUND BALANCE | \$ 118,057 | \$ (13,606) | \$ 507,352 | \$ 520,958 |
| FUND BALANCE - JANUARY 1, 2023 | 4,494,778 | 4,494,778 | 4,494,778 | |
| FUND BALANCE - DECEMBER 31, 2023 | \$ 4,612,835 | \$ 4,481,172 | \$ 5,002,130 | \$ 520,958 |

See accompanying independent auditor's report.

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WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2

OTHER SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
LISTING OF THE NUMBER OF EMERGENCY
RESPONSES MADE WITHIN AND OUTSIDE THE DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

| | |
|--|---------------------|
| Number of emergency responses made within the District | 2,088 |
| Number of emergency responses made outside of the District | <u>54</u> |
| Total emergency responses | <u><u>2,142</u></u> |

See accompanying independent auditor's report.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
SCHEDULE OF INSURANCE AND BONDING COVERAGE
DECEMBER 31, 2023

| Type of Coverage | From To | Amount of Coverage | Insurer/Name |
|--|----------------------|---------------------------|--|
| TAX COLLECTOR BOND Tim Hunsberger | 04/17/23 04/17/24 | \$ 2,000,000 | The Cincinnati Insurance Company |
| PUBLIC EMPLOYEE DISHONESTY BLANKET BOND Per Employee | 10/28/23 10/28/24 | \$ 250,000 | National Union Fire Insurance Company of Pittsburgh, Pa. |
| GENERAL LIABILITY General Aggregate Per Occurrence | 10/28/23 10/28/24 | \$ 3,000,000 1,000,000 | National Union Fire Insurance Company of Pittsburgh, Pa. |
| MANAGEMENT LIABILITY General Aggregate Per Occurrence | 10/28/23 10/28/24 | \$ 3,000,000 1,000,000 | National Union Fire Insurance Company of Pittsburgh, Pa. |
| EXCESS LIABILITY General Aggregate Per Occurrence | 10/28/23 10/28/24 | \$ 2,000,000 1,000,000 | National Union Fire Insurance Company of Pittsburgh, Pa. |
| HIRED AND NON-OWNED AUTOMOBILE LIABILITY Combined Single Limit | 10/28/23 10/28/24 | \$ 1,000,000 | National Union Fire Insurance Company of Pittsburgh, Pa. |
| PROPERTY COVERAGE Buildings Contents | 10/28/23 10/28/24 | \$ 9,157,673 5,849 | National Union Fire Insurance Company of Pittsburgh, Pa. |

See accompanying independent auditor's report.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
STATEMENT OF ACTIVITIES
SAM BASS FIRE DEPARTMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

| | |
|---|---------------------------------|
| REVENUES | |
| Williamson County Emergency Services District No. 2 | \$ 3,468,337 |
| Williamson County Emergency Services District No. 9 | 321,227 |
| Inspection Fees | 9,922 |
| Interest Revenues | 49,799 |
| Miscellaneous Revenues | 43,925 |
| TOTAL REVENUES | <u>\$ 3,893,210</u> |
| EXPENSES | |
| Administration | \$ 523,311 |
| Apparatus | 121,276 |
| Billing Services | 4,636 |
| Building & Grounds | 149,650 |
| Communications | 6,630 |
| OPS Supply & Equipment | 84,396 |
| Payroll Expenses | 2,842,118 |
| Training | 24,040 |
| Other | 95,401 |
| TOTAL EXPENSES | <u>\$ 3,851,458</u> |
| CHANGE IN NET ASSETS | \$ 41,752 |
| NET ASSETS - January 1, 2023 | <u>828,351</u> |
| NET ASSETS - December 31, 2023 | <u><u>\$ 870,103</u></u> |

See accompanying independent auditor's report.

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2023**

| | Property Taxes | |
|--|----------------|-------------------------|
| TAXES RECEIVABLE - JANUARY 1, 2023 | \$ 1,713,296 | |
| Adjustments to Beginning Balance | (40,278) | \$ 1,673,018 |
| Original 2023 Tax Levy | \$ 4,527,076 | |
| Adjustment to 2023 Tax Levy | 1,011 | 4,528,087 |
| TOTAL TO BE ACCOUNTED FOR | | \$ 6,201,105 |
| TAX COLLECTIONS: | | |
| Prior Years | \$ 1,652,796 | |
| Current Year | 2,633,682 | 4,286,478 |
| TAXES RECEIVABLE - DECEMBER 31, 2023 | | \$ <u>1,914,627</u> |
| TAXES RECEIVABLE BY YEAR: | | |
| 2023 | | \$ 1,894,405 |
| 2022 | | 5,240 |
| 2021 | | 1,881 |
| 2020 | | 1,569 |
| 2019 | | 1,296 |
| 2018 | | 1,291 |
| 2017 | | 1,063 |
| 2016 | | 1,059 |
| 2015 | | 1,362 |
| 2014 | | 1,232 |
| 2013 and prior | | 4,229 |
| TOTAL TAXES RECEIVABLE BY YEAR | | \$ <u>1,914,627</u> |

See accompanying independent's auditor report.

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WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2023

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| TOTAL PROPERTY VALUATIONS, NET | <u>\$ 4,800,635,053</u> | <u>\$ 4,617,222,230</u> | <u>\$ 3,781,978,170</u> | <u>\$ 3,401,836,820</u> |
| TAX RATE PER \$100 VALUATION | <u>\$ 0.094296</u> | <u>\$ 0.095689</u> | <u>\$ 0.10</u> | <u>\$ 0.10</u> |
| ADJUSTED TAX LEVY* | <u>\$ 4,528,087</u> | <u>\$ 4,418,443</u> | <u>\$ 3,781,978</u> | <u>\$ 3,401,994</u> |
| PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED | <u>58.16 %</u> | <u>99.88 %</u> | <u>99.95 %</u> | <u>99.95 %</u> |

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

See accompanying independent's auditor report.

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

| | Amounts | | |
|--|---------------------|---------------------|---------------------|
| | 2023 | 2022 | 2021 |
| REVENUES | | | |
| Property Taxes | \$ 4,386,493 | \$ 3,777,372 | \$ 3,404,397 |
| Mutual Aid Revenues | 23,870 | 29,782 | 28,905 |
| Penalty and Interest | 8,975 | 6,716 | 7,766 |
| Investment Revenues | 292,624 | 68,262 | 14,033 |
| Miscellaneous Revenues | 1,148 | 4,092 | 54 |
| TOTAL REVENUES | \$ 4,713,110 | \$ 3,886,224 | \$ 3,455,155 |
| EXPENDITURES | | | |
| Services Operations: | | | |
| District Services - Sam Bass Fire | | | |
| Department | \$ 3,468,337 | \$ 2,900,000 | \$ 2,000,000 |
| Accounting and Auditing Fees | 59,206 | 56,901 | 37,659 |
| Appraisal District Fees | 22,858 | 20,195 | 19,166 |
| Commissioner Fees | 13,700 | 10,800 | 8,000 |
| Legal Fees-General | 10,874 | 1,443 | 3,360 |
| Legal Fees-Delinquent Tax Collections | 2,179 | 909 | 1,260 |
| Tax Assessor/Collector Fees | 3,691 | 2,678 | 2,487 |
| Election Costs | 10,588 | | |
| Other | 112,604 | 51,782 | 54,978 |
| Capital Outlay | 48,409 | | 91,047 |
| Debt Service: | | | |
| Capital Lease Principal | | | 449,898 |
| Note Principal | 322,388 | 176,902 | 170,115 |
| Capital Lease Interest | | | 12,789 |
| Note Interest | 168,679 | 153,923 | 160,710 |
| TOTAL EXPENDITURES | \$ 4,243,513 | \$ 3,375,533 | \$ 3,011,469 |
| EXCESS (DEFICIENCY) OF REVENUES | | | |
| OVER (UNDER) EXPENDITURES | \$ 469,597 | \$ 510,691 | \$ 443,686 |
| OTHER FINANCING SOURCES | | | |
| Note Proceeds | \$ | \$ 734,492 | \$ |
| Proceeds from Sale of Assets | 37,755 | | |
| TOTAL OTHER FINANCING SOURCES | \$ 37,755 | \$ 734,492 | \$ - 0 - |
| NET CHANGE IN FUND BALANCE | \$ 507,352 | \$ 1,245,183 | \$ 443,686 |
| BEGINNING FUND BALANCE | 4,494,778 | 3,249,595 | 2,805,909 |
| ENDING FUND BALANCE | \$ 5,002,130 | \$ 4,494,778 | \$ 3,249,595 |

See accompanying independent auditor's report.

| | | Percentage of Total Revenues | | | | |
|---------------------|---------------------|------------------------------|----------------|----------------|----------------|----------------|
| 2020 | 2019 | 2023 | 2022 | 2021 | 2020 | 2019 |
| \$ 3,289,237 | \$ 3,164,068 | 93.1 % | 97.1 % | 98.6 % | 97.7 % | 95.8 % |
| 28,031 | 27,057 | 0.5 | 0.8 | 0.8 | 0.8 | 0.8 |
| 6,748 | 5,653 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| 44,366 | 106,571 | 6.2 | 1.8 | 0.4 | 1.3 | 3.2 |
| 123 | 110 | | 0.1 | | | |
| <u>\$ 3,368,505</u> | <u>\$ 3,303,459</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> |
| | | | | | | |
| \$ 3,000,000 | \$ 2,450,000 | 73.6 % | 74.6 % | 57.9 % | 89.0 % | 74.2 % |
| 35,994 | 38,000 | 1.3 | 1.5 | 1.1 | 1.1 | 1.1 |
| 19,614 | 18,836 | 0.5 | 0.5 | 0.6 | 0.6 | 0.6 |
| 9,500 | 9,800 | 0.3 | 0.3 | 0.2 | 0.3 | 0.3 |
| 1,581 | 999 | 0.2 | | 0.1 | | |
| 1,496 | 1,149 | | | | | |
| 2,390 | 2,387 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| | | 0.2 | | | | |
| 48,908 | 54,612 | 2.4 | 1.3 | 1.6 | 1.5 | 1.6 |
| 61,110 | 127,461 | 1.0 | | 2.6 | 1.8 | 3.9 |
| | | | | | | |
| 68,356 | 66,591 | | | 13.0 | 2.0 | 2.0 |
| 163,587 | 157,311 | 6.8 | 4.6 | 4.9 | 4.9 | 4.8 |
| 13,734 | 15,498 | | | 0.4 | 0.4 | 0.5 |
| 167,237 | 173,514 | 3.6 | 4.0 | 4.7 | 5.0 | 5.2 |
| <u>\$ 3,593,507</u> | <u>\$ 3,116,158</u> | <u>90.0 %</u> | <u>86.9 %</u> | <u>87.2 %</u> | <u>106.7 %</u> | <u>94.3 %</u> |
| | | | | | | |
| \$ (225,002) | \$ 187,301 | 10.0 % | 13.1 % | 12.8 % | (6.7) % | 5.7 % |
| | | | | | | |
| \$ | \$ | | | | | |
| | | | | | | |
| <u>\$ - 0 -</u> | <u>\$ - 0 -</u> | | | | | |
| | | | | | | |
| \$ (225,002) | \$ 187,301 | | | | | |
| | | | | | | |
| 3,030,911 | 2,843,610 | | | | | |
| <u>\$ 2,805,909</u> | <u>\$ 3,030,911</u> | | | | | |

See accompanying independent auditor's report.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2023

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

District Telephone Number - (512) 255-0100

| <u>Commissioners</u> | <u>Term of Office Appointed Expires</u> | <u>Fees of Office for the year ended December 31, 2023</u> | <u>Expense Reimbursement for the year ended December 31, 2023</u> | <u>Title</u> |
|----------------------|---|--|---|--------------------------------------|
| Jordan Baltazor | 01/01/23 12/31/24 | \$ 4,600 | \$ 391 | President |
| Russell Strahan | 01/01/24 12/31/25 | \$ 2,600 | \$ 295 | Vice President |
| Tim Hunsberger | 01/01/24 12/31/25 | \$ 1,700 | \$ 43 | Treasurer |
| Darryl Pool | 01/01/24 12/31/25 | \$ 2,100 | \$ -0- | Secretary |
| Thomas E. Nanninga | 01/01/23 12/31/24 | \$ 2,700 | \$ 517 | Assistant Treasurer/ Secretary |

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

See accompanying independent auditor's report.

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 2
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2023**

| Consultants: | <u>Date Hired</u> | <u>Fees for the year ended December 31, 2023*</u> | <u>Title</u> |
|--|-----------------------|---|----------------------------|
| Dietz & Jarrard, P.C. | 02/26/14 | \$ 10,874 | Attorney |
| McCall Gibson Swedlund Barfoot PLLC | 01/16/14 | \$ 14,000 | Auditor |
| Municipal Accounts & Consulting, L.P. | 03/22/12 | \$ 46,012 | Bookkeeper |
| McCreary, Veselka, Bragg & Allen | 1989 | \$ 2,179 | Delinquent Tax Attorney |
| Mark M. Burton | 03/22/12 | \$ -0- | Investment |
| Ghia Lewis | | \$ -0- | Officers |
| Williamson County Tax Assessor/Collector | Legislative Action | \$ 3,691 | Tax Assessor/ Collector |

* Accrual basis

See accompanying independent auditor's report.

