

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT No. 3**

**AUDITED FINANCIAL STATEMENTS**

**AND SUPPLEMENTAL SCHEDULES**

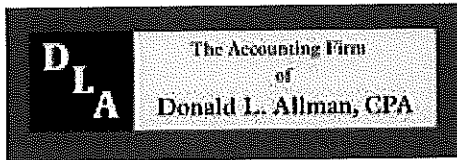
**AND INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT No. 3**

**TABLE OF CONTENTS**

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-11
Statement of Net Position	12
Statement of Activities	13
Balance Sheet – Governmental Funds	14
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Notes to Financial Statements	18- 37
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) General Fund	39
Notes to Required Supplementary Information	40
Schedule of Changes in Net Pension Liability and Related Ratios	41
Schedule of Contributions and Related Notes	42
Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	43-44



Donald L. Allman, CPA, PC  
4749 Williams Dr., Ste. 322  
Georgetown, Texas 78633  
Phone: 512-422-3700  
Fax: 512-240-5460  
Email: dallman@donallmancpa.com

## **Independent Auditor's Report**

To the Board of Directors

Williamson County Emergency Services District No. 3

### **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 # 3 (WCESD # 3) as of and for the year ended September 30, 2023 and the related notes to the financial statements, which collectively comprise the WCESD # 3's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the WCESD # 3 as of September 30, 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 WCESD # 3 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 WCESD # 3's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the WCESD # 3'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 WCESD # 3's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-11 and 39 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 WCESD # 3's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 information 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2023, on our consideration of the WCESD # 3's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the WCESD # 3's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WCESD # 3's internal control over financial reporting and compliance.

Donald L. Allman, CPA



Georgetown, Texas  
December 8, 2023

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Our discussion and analysis of the Williamson County Emergency Services District No. 3's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 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 \$1,940,934 which represents a substantial increase from 2022.

The District expended \$208,371 on apparatus and fire fighting equipment, \$2,314,480 in construction in progress building improvements, and \$19,863 in furniture, appliances and other assets during fiscal year ending September 30, 2023.

The District had \$11,801,676 in expenses related to governmental activities with \$13,742,610 in program revenues to cover the cost of these programs. The excess revenues were kept to increase the cash balance and unrestricted net position.

**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 11-12) 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 13. 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 11. 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 them. 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 13. The Fund financial statements begin on page 13 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 17-36 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 38-39 of this report.

## THE DISTRICT AS A WHOLE

The District's total net position changed from a year ago, increasing from \$15,800,949 to \$17,741,883. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental activities.

**Table 1**  
**Summary of Net Position**

	2023	2022	\$ Change	% Change
Cash and Cash Equivalents	\$ 7,199,226	\$ 12,023,164	\$ (4,823,938)	-40.1%
Property & Sales Taxes Rec.	676,557	636,162	\$ 40,395	6.3%
Restricted Cash	13,871,561	10,038,575	\$ 3,832,986	38.2%
Capital Assets	<u>20,231,106</u>	<u>18,474,033</u>	<u>1,757,073</u>	<u>9.5%</u>
Total Assets	\$ 41,978,450	\$ 41,171,934	\$ 806,516	2.0%
Deferred Outflows of Resources	487,554	267,395	\$ 220,159	82.3%
Current Liabilities	\$ 3,100,117	\$ 2,878,058	\$ 222,059	7.7%
Net Pension Liability	1,354,699	144,192	\$ 1,210,507	839.5%
Long-Term Obligations	<u>18,858,840</u>	<u>21,258,548</u>	<u>(2,399,708)</u>	<u>-11.3%</u>
Total Liabilities	\$ 23,313,656	\$ 24,280,798	\$ (967,142)	-4.0%
Deferred Inflows of Resources	1,410,465	1,357,582	\$ 52,883	3.9%
Net Position:				
Net Investment in Capital Assets	\$ 4,454,184	\$ 7,414,655	\$ (2,960,471)	-39.9%
Restricted	2,086,935	2,998,831	(911,896)	-30.4%
Unrestricted	<u>11,200,764</u>	<u>5,387,463</u>	<u>5,813,301</u>	<u>107.9%</u>
Total Net Position	<u>\$ 17,741,883</u>	<u>\$ 15,800,949</u>	<u>\$ 1,940,934</u>	<u>12.3%</u>

Net position of the District's activities increased 12.3% or \$1,940,934. 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 by \$5,813,301 going from \$5,387,463 up to \$11,200,764 by the end of fiscal year 2023.



Table 2 compares the 2023 change in net position to the 2022 change in net position.

**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	\$ 7,093,168	\$ 5,027,602	\$ 2,065,566	41.1%
Sales Taxes	6,082,338	6,784,668	\$ (702,330)	-10.4%
Other Revenues	361,522	370,698	(9,176)	-2.5%
Grant Revenues	79,266	42,450	36,816	86.7%
Interest Income	126,316	90,959	35,357	38.9%
Total Revenues	<u>\$ 13,742,610</u>	<u>\$ 12,316,377</u>	<u>\$ 1,426,233</u>	<u>11.6%</u>
Program Expenses:				
Total Pension Expense	\$ 1,043,231	\$ 268,165	\$ 775,066	289.0%
General Government	\$ 10,278,122	\$ 8,455,684	\$ 1,822,438	21.6%
Interest on L/T Debt	480,323	315,826	164,497	52.1%
Total Expenses	<u>\$ 11,801,676</u>	<u>\$ 9,039,675</u>	<u>\$ 2,762,001</u>	<u>30.6%</u>
Net Position				
Increase / (Decrease)	<u>\$ 1,940,934</u>	<u>\$ 3,276,702</u>	<u>\$ (1,335,768)</u>	<u>-40.8%</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**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
General Government	\$ 10,278,122	\$ 8,455,684	\$ 10,278,122	\$ 8,455,684
Int of L/T Debt	480,323	315,826	480,323	315,826
Total Expenses	<u>\$ 10,758,445</u>	<u>\$ 8,771,510</u>	<u>\$ 10,758,445</u>	<u>\$ 8,771,510</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 Assets	\$ 4,454,184	\$ 7,414,655	\$ (2,960,471)	-39.9%
Restricted	2,086,935	2,998,831	(911,896)	-30.4%
Unrestricted	11,200,764	5,387,463	5,813,301	107.9%
Total Governmental Balances	<u>\$ 17,741,883</u>	<u>\$ 15,800,949</u>	<u>\$ 1,940,934</u>	<u>12.3%</u>

The 39.9% decrease in Net Investment in Capital Assets balance is due to capital asset and land additions being paid with cash and depreciation. Restricted net position decreased \$911,896 due to principal payments reducing debt.

The 107.9% increase in the Unrestricted fund balance can be attributed to increased revenues.

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**

Revenue Source	<u>2023</u>	<u>% of Total</u>	<u>Increase or (Decrease) Over 2022</u>	<u>% Increase / (Decrease)</u>
Property taxes	7,093,168	51.6%	2,065,566	41.1%
Sales taxes	6,082,338	44.3%	(702,330)	-10.4%
Other Income	361,522	2.6%	(9,176)	-2.5%
Grant Income	79,266	0.6%	36,816	0.0%
Investment Income	126,316	0.9%	35,357	38.9%
Total	<u>\$ 13,742,610</u>	<u>100.0%</u>	<u>\$ 1,426,233</u>	<u>11.6%</u>

The 41.1% increase in Property Tax revenues is primarily due to increases in the property tax base, the tax rate did not change. Sales Tax revenues decreased 10.4%. Other income decreased 2.5% and Grant income increased 36,816.

The 38.9% increase in interest income is due to more cash maintained in interest bearing cash accounts.

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.

### Original versus Final Budget

There were no material differences between original and final budgeted amounts for 2023.

**Table 6**  
**Original and Final Budget**  
**Budgeted Amounts**

	<u>Original</u>	<u>Final</u>	<u>Variance</u>
<b>Revenues:</b>			
Property Taxes	\$ 6,994,488	\$ 6,994,488	\$ -
Sales Taxes	4,234,377	4,234,377	\$ -
Interlocal agreement	43,000	43,000	-
Interest Income	35,000	35,000	-
Billing	80,000	80,000	-
Other Income	-	-	-
<b>Total Revenues</b>	<b><u>\$ 11,386,865</u></b>	<b><u>\$ 11,386,865</u></b>	<b><u>\$ -</u></b>
<b>Expenditures:</b>			
Current:			
General Government	\$ 8,327,965	\$ 8,327,965	\$ -
Capital Outlay	60,000	60,000	-
Debt Service	2,998,900	2,998,900	-
<b>Total Expenditures</b>	<b><u>\$ 11,386,865</u></b>	<b><u>\$ 11,386,865</u></b>	<b><u>\$ -</u></b>
 <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	 <b><u>\$ -</u></b>	 <b><u>\$ -</u></b>	 <b><u>\$ -</u></b>

**Table 7**  
**Final Budget Versus Actual Results**  
**General Fund**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Property Taxes	\$ 6,994,488	\$ 7,093,168	\$ 98,680
Sales Taxes	4,234,377	6,082,338	\$ 1,847,961
Grant Income	43,000	79,266	36,266
Interest Income	35,000	126,316	91,316
Billing	80,000	-	(80,000)
Other Income	-	361,522	361,522
<b>Total Revenues</b>	<b><u>\$ 11,386,865</u></b>	<b><u>\$ 13,742,610</u></b>	<b><u>\$ 2,355,745</u></b>
<b>Final Budget Versus Actual Results</b>			
<b>Expenditures:</b>			
Current:			
General Government	\$ 8,327,965	\$ 10,278,122	\$ (1,950,157)
Pension Expense	-	1,043,231	\$ (1,043,231)
Capital Outlay	60,000	2,542,714	(2,482,714)
Debt Service	2,998,900	2,998,831	69
<b>Total Expenditures</b>	<b><u>\$ 11,386,865</u></b>	<b><u>\$ 16,862,898</u></b>	<b><u>\$ (5,476,033)</u></b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b><u>\$ -</u></b>	<b><u>\$ (3,120,288)</u></b>	<b><u>\$ (3,120,288)</u></b>

## **Final Budget versus Actual Results**

The variance in **Property Tax** revenues is due to the District increasing its overall property value due to growth and new construction. Property tax revenues increased dramatically due to rapid growth in the area.

The variance in **General Government** expenditures is due to the increase in population in the WCESD # 3 service area and the expansion into 4 buildings.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At year-end, the District had \$20,231,806 invested in land, equipment, trucks and building. This amount represents a \$1,757,0733 net increase over the last year, which is due to asset additions minus depreciation. Building improvements and construction, and equipment, appliances and furniture were purchased.

### **Debt Administration**

At fiscal year-end, the District had \$20,664,548 in notes & leases payable for the building, fire trucks and fire equipment. This amount represents a net decrease of \$3,487,869 due to principal payments. The interest rates and maturity dates vary with each separate agreement. For a breakdown of the interest rates, the principal and interest payment schedules, and the maturity dates, see Note 4 of the basic financial statements.

## **ECONOMIC FACTORS**

The District operates solely in Williamson County and has since its inception. 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.

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 building 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, 501 Exchange Blvd., Hutto, TX 78634.

Bill Brown, President  
Williamson County Emergency Services District # 3

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT No. 3**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

**Assets:**

Current Assets:

Cash and Cash Equivalents	\$ 7,199,226
Property & Sales Taxes Receivable	676,557
Total Current Assets	\$ 7,875,783

Non-Current Assets:

Restricted Cash	13,871,561
Capital Assets:	
Building, Equipment & Trucks, Net of Accumulated Depreciation	\$ 20,231,106
Total Non-Current Assets	\$ 34,102,667
<b>Total Assets</b>	<b>\$ 41,978,450</b>

Deferred Outflows of Resources-Pension	487,554
--	---------

**Liabilities:**

Current Liabilities:

Accounts Payable	\$ 124,959
Unearned Revenue	167,268
Payroll Taxes, Insurance, & Retirement Payable	289,382
Current Portion of Long-Term Debt	2,518,508
<b>Total Current Liabilities</b>	<b>\$ 3,100,117</b>

Non-Current Liabilities:

Net Pension Liability	1,354,699
Notes, Leases and Bonds Payable	\$ 18,146,040
Sick & Vacation Leave payable	712,800
<b>Total Long-Term Liabilities</b>	20,213,539
<b>Total Liabilities</b>	<b>\$ 23,313,656</b>

Deferred Inflows of Resources - Pension	1,410,465
---	-----------

**Net Position:**

Net Investment in Capital Assets	\$ 4,454,184
Restricted for Debt Service	2,086,935
Unrestricted	11,200,764
<b>Total Net Position</b>	<b>\$ 17,741,883</b>

See accompanying notes to the financial statements.

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT No. 3**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

<b><u>Functions/Programs</u></b>	<b><u>Expenses</u></b>	<b><u>Program Revenues</u></b>	<b><u>Net Revenue and Change in Net Position Primary Governmental Activities</u></b>
Governmental Activities:			
General Government	\$ 11,321,353	\$ 13,537,028	\$ 2,215,675
Interest on Long-Term Debt	480,323	-	(480,323)
Total Governmental Activities	<u>\$ 11,801,676</u>	<u>\$ 13,537,028</u>	<u>\$ 1,735,352</u>
	General Revenues:		
	Unrestricted Interest Earnings		\$ 126,316
	Grant Revenues		<u>79,266</u>
	Total General Revenues		\$ 205,582
	Change in Net Position		\$ 1,940,934
	Net Position - Beginning		<u>15,800,949</u>
	Net Position - Ending		<u>\$ 17,741,883</u>

See accompanying notes to the financial statements.

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT No. 3**

**BALANCE SHEET – GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2023**

	<b>General</b>	<b>Reserved for Fire Station, Apparatus, &amp; Debt Service</b>	<b>Total Governmental Funds</b>
<b><u>Assets:</u></b>			
Cash and Cash Equivalents	\$ 7,199,226	\$ -	\$ 7,199,226
Property Taxes & Sales Tax Receivable	676,557	-	676,557
Restricted Cash	-	13,871,561	13,871,561
<b>Total Assets</b>	<b><u>\$ 7,875,783</u></b>	<b><u>\$ 13,871,561</u></b>	<b><u>\$ 21,747,344</u></b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 124,959	\$ -	\$ 124,959
Unearned revenue	223,380	-	223,380
Payroll Taxes, Insurance & Retirement Payable	289,382	-	289,382
<b>Total Liabilities</b>	<b><u>\$ 637,721</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 637,721</u></b>
<b>Fund Balances</b>			
Restricted for Debt Service,	\$ -	\$ 2,086,935	\$ 2,086,935
Reserved for Apparatus		884,594	884,594
Reserved for Fire Station		9,145,795	9,145,795
Reserved for Regular		1,754,237	1,754,237
Unassigned	7,238,062	-	7,238,062
<b>Total Fund Balances</b>	<b><u>\$ 7,238,062</u></b>	<b><u>\$ 13,871,561</u></b>	<b><u>\$ 21,109,623</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 7,875,783</u></b>	<b><u>\$ 13,871,561</u></b>	<b><u>\$ 21,747,344</u></b>

See accompanying notes to financial statements.



**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET  
POSITION OF GOVERNMENTAL ACTIVITIES  
SEPTEMBER 30, 2023**

Total fund balance – total governmental funds	\$ 21,109,623
Amounts reported for governmental activities in the statement of net assets are different because:	
Deferred Outflows of Resources for Pensions are not recognized in Gov. Funds	\$ 487,554
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	\$ 20,231,106
Deferred Inflows of Resources for Pensions are not recognized in Gov. Funds	\$ (1,410,465)
The current portion of leases payable for capital assets is not included in governmental activities due to capital assets not being included in governmental activities.	\$ (2,518,508)
Unearned property tax revenues	\$ 56,112
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	\$ (18,146,040)
Net Pension Liability is not recognized for governmental funds	\$ (1,354,699)
Accrued vacation and sick leave payable not included in govt. funds	\$ (712,800)
Net assets of governmental activities	<u>\$ 17,741,883</u>

See accompanying notes to financial statements.

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT No. 3**

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

**SEPTEMBER 30, 2023**

	<b><u>General</u></b>	<b><u>Fire Station, Apparatus Debt Service</u></b>	<b><u>Total Governmental Funds</u></b>
<b><u>Revenues:</u></b>			
Property Taxes	\$ 4,106,297	\$ 2,999,013	\$ 7,105,310
Sales Taxes	6,082,338		6,082,338
Plan reviews	226,977	-	226,977
Williamson County	33,514	-	33,514
Revenue Rescue	-	-	-
Inspections	2,325	-	2,325
Miscellaneous	121,596	-	121,596
Grant revenue	79,266	-	79,266
Interest Earnings	126,316	-	126,316
<b>Total Revenues</b>	<b><u>\$ 10,778,629</u></b>	<b><u>\$ 2,999,013</u></b>	<b><u>\$ 13,777,642</u></b>
<b><u>Expenditures:</u></b>			
General Government	\$ 9,492,481	\$ -	\$ 9,492,481
Capital Outlay	-	2,542,714	2,542,714
Debt Service:		-	-
Principal	-	2,518,508	2,518,508
Interest	-	480,323	480,323
<b>Total Expenditures</b>	<b><u>\$ 9,492,481</u></b>	<b><u>\$ 5,541,545</u></b>	<b><u>\$ 15,034,026</u></b>
<b>Net Income or (Loss)</b>	<b>\$ 1,286,148</b>	<b>\$ (2,542,532)</b>	<b>\$ (1,256,384)</b>
<b>Prior Period Adjustment</b>	<b>\$ (4,726,899)</b>	<b>\$ (3,208,550)</b>	<b>\$ (7,935,449)</b>
<b>Loan proceeds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Transfers</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Changes in Fund Balances</b>	<b>\$ (3,440,751)</b>	<b>\$ (5,751,082)</b>	<b>\$ (9,191,833)</b>
<b>Fund Balances - Beginning</b>	<b><u>\$ 10,678,813</u></b>	<b><u>\$ 19,622,643</u></b>	<b><u>\$ 30,301,456</u></b>
<b>Fund Balances - Ending</b>	<b><u>\$ 7,238,062</u></b>	<b><u>\$ 13,871,561</u></b>	<b><u>\$ 21,109,623</u></b>

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 SEPTEMBER 30, 2023**

\$ (1,256,384)

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 capital outlay (2,542,714) exceeded depreciation (785,641) in the current period.	\$ 1,757,073
Loan principal paid off in refinancing and debt principal payments	\$ 2,518,508
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	\$ 56,102
Less: Prior year	(68,244)
	\$ (12,142)
Miscellaneous adjustments of differences between Govt. wide & Gov. FD funds, but the repayment reduces long-term liabilities in the statement of net assets. Loan proceeds are subtracted with the net difference reported	\$ (22,890)
Total Pension Expense is not recognized in Governmental Funds	\$ -
Changes in net position of governmental activities	\$ (1,043,231)
	\$ 1,940,934

See accompanying notes to the financial statements.

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Williamson County Emergency Services District No. 3 (the District) is a governmental unit of the state of Texas that was formed in November 1999. 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 Hutto, Texas, an incorporated city located in Williamson County. The District was created and operates under Article III, Section 48-e, of the Texas Constitution, as proposed by S.J.R. No. 37, Acts of the 70<sup>th</sup> Legislature, Regular Session, 1987, and adopted by the voters at an election held November 1999.

The District is governed by a Board of Commissioners that acts as the authoritative and legislative body of the entity. The Board of Commissioners elects officers for the following positions; President, Vice-President, Treasurer, Secretary and Vice-Treasurer. No board member receives compensation for serving on the Board.

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 position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government.

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 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 31 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. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 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. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 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**

Cash and equivalents include all highly-liquid investments with a maturity of three months or less at the date of purchase. During 2022-2023, cash and cash equivalents accounts were limited to Vera Bank General, and Payroll Funds and Vera Bank Regular reserve, Apparatus reserve, Fire Station reserve, Construction and Debt Service reserve. The District at times has an amount in its depository account that exceeds the maximum amount secured by the Federal Deposit Insurance Corporation. Vera Bank collateralizes deposits by pledging securities in the District's name.

**D. Restricted Assets**

Restricted assets are cash and cash equivalents whose use is limited by legal requirements. Restricted cash with fiscal agent represents amounts required by debt covenant to be segregated for final year debt payment and accrued interest on the bonds. The District's Board of Directors voted to establish reserve and restricted accounts in 2010-2011 for debt service, fire station, apparatus, and regular reserve.

**E. Interfund Transactions**

During the course of normal operations, the District has numerous transactions between funds. Interfund transactions are generally classified as follows:

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating transfers are reported as “Other Financing Sources and Uses” in the governmental funds, as “Transfers In” by the recipient fund, and “Transfers Out” by the disbursing fund.

On the governmental funds balance sheet, receivables and payables resulting from short-term interfund loans are classified as “interfund loan receivables/payables.” These amounts are eliminated on the statement of net assets.

**F. Capital Assets**

General capital assets generally result from expenditures in the governmental funds. These assets are reported on the government-wide statement of net assets 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.

**G. 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 the fire station, apparatus, and regular reserve and for future debt service in the debt service fund. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

**H. Net Position**

Net position present 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. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 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.

**I. 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.

**J. Accrued Liabilities**

The District reports accrued liabilities on the statement of net position. The District reports accounts payable of \$124,959, payroll taxes, insurance and retirement payable of \$289,382 and \$167,268 in unearned revenue during 2022-2023.

**PRIOR PERIOD ADJUSTMENT** – The prior year audit for September 30, 2022 had total cash overstated on page 14 in the amount of \$6,585,237, total cash should have been reported as \$23,523,662, and was mistakenly reported as \$30,108,899 on page 14. Total cash is correctly reported as \$23,523,662 on all other pages of the audit for the year ended September 30, 2022. The prior period adjustment is made on page 16 of the September 30, 2023 audit, with a total prior period adjustment of \$7,935,449, which also includes an adjustment of \$1,350,212 for reserved equity amounts. The only page of the September 30, 2023 Audit affected by the prior period adjustments are on page 16. The September 30, 2022 audit will be revised and restated to correct the prior period mistakes. The September 30, 2023 audit has included the effects of the prior period adjustment on this report.

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 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 November, 1999. 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. The District pays the County for its tax collection activity in four equal quarterly payments, which totaled \$36,591 USD for 2022-2023. 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 # 3 for 2023 is \$.10 per \$100 valuation of property. The M&O rate for WCESD # 3 was 0.057381 and the I&S rate was 0.042619 the total adjusted original tax roll was \$7,039,917 on \$7,039,917,000 valuation. Property taxes receivable at 9/30/23 total \$56,102 with \$20,718 being current and \$35,384 being delinquent. Property taxes receivable are the uncollected balance as of September 30, 2023 from the 2022-2023 property tax levy.

**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:

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

- 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

**A. Deposits**

At year-end the carrying amount of the District's deposits was \$21,070,787 and the bank balance was \$21,070,787. 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. 3 at September 30, 2023 totaled \$25,966,918 for excess collateralization in the amount of \$4,896,131.

**NOTE 4 - GENERAL FIXED ASSETS**

A summary of changes in general fixed assets for the year ended September 30, 2023:

	Fire Station 1,2,3 & 4	CWICS Trunking System	Apparatus & Trucks	Radio Equipment	Computers & Furniture	Totals
10/1/2022	15,960,163	159,504	3,323,115	684,495	171,308	20,298,585
Additions	2,314,480	-	208,371	7,613	12,250	2,542,714
Deletions	-	-	-	-	-	-
9/30/2023	<u>18,274,643</u>	<u>159,504</u>	<u>3,531,486</u>	<u>692,108</u>	<u>183,558</u>	<u>22,841,299</u>
Land	\$ -					\$ 2,357,904
Depreciation	458,110		295,134	22,586	9,811	785,641
Less:						
Acc. Depr.	\$ 2,322,463	\$ -	\$ 2,140,011	\$ 410,512	\$ 95,111	\$ 4,968,097
Total, Net	<u>\$ 15,952,180</u>	<u>\$ 159,504</u>	<u>\$ 1,391,475</u>	<u>\$ 281,596</u>	<u>\$ 88,447</u>	<u>\$ 20,231,106</u>

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 5 – GENERAL LONG-TERM DEBT**

The District has acquired buildings, vehicles and fire equipment under master governmental lease-purchase agreements dated as follows:

Note Payable to PNC Bank, dated July 21, 2020, in the amount of \$1,007,756, annual payments from \$117,408 to \$236,920, due 1/21, including interest at 2.25%. Secured by Equipment.	\$ 740,015
Note payable to PNC Bank dated July 20, 2017 in the amount of \$804,681, annual payments of \$91,836, matures August 20, 2025 secured by Pierce Pumper fire truck.	\$ 372,142
Note payable to PNC Bank, dated April 1, 2019 in the amount of \$1,556,469.50, annual payments of \$182,711 and \$400,900, due 4/1, matures May 1, 2027, including interest of 3.54%, secured by equipment.	\$ 1,181,068
Note Payable to Zions Bank Corporation in the amount of \$4,439,430, annual payments from \$365,499.73 to \$598,904.05 due on 2/15, interest rate of 2.2%, matures 2/15/2033.	\$ 3,245,690
Note Payable to Zions Bank Corporation in the amount of \$6,090,000, annual payments from \$236,366.99 to \$918,799.75 due on 5/15, interest rate of 2.2%, matures 2/15/2033.	\$ 5,235,408
Lease payable to PNC Bank, dated October 26, 2021, in the amount of \$1,229,270, annual payments from \$143,102 to \$260,356, interest rate of 2.85%, matures 12/26/2029	\$ 1,121,225
Note Payable to Trust Bank in the amount of \$1,386,000 annual payments from \$264,000 to \$314,000 due on 9/30, interest rate of 1.73%, matures 9/30/2026.	\$ 847,000
Note Payable to ZMFU II, Inc. (Amegy Bank) in the amount of \$9,118,000 annual payments from \$182,000 to \$1,443,000 due on 2/15, interest rate variable, matures 2/15/2037.	<u>\$ 7,922,000</u>
 Total	 <u>20,664,548</u>

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023**

**NOTE 5 – GENERAL LONG-TERM DEBT (Continued)**

The debt service requirements on the above lease-purchase agreements are as follows:

<u>Due Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	146,664	36,047	182,711
2025	151,856	30,855	182,711
2026	157,232	25,479	182,711
2027	162,798	19,913	182,711
Thereafter	562,518	21,092	583,610
Total	\$ 1,181,068	\$ 133,386	\$ 1,314,454

<u>Due Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	80,189	11,647	91,836
2025	82,699	9,137	91,836
2026	209,254	566	209,820
Thereafter	-	-	-
Total	\$ 372,142	\$ 21,350	\$ 393,492

<u>Due Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	293,450	72,054	365,504
2025	299,960	65,540	365,500
2026	306,620	58,881	365,501
2027	313,430	52,074	365,504
2028	320,390	45,116	365,506
Thereafter	1,711,840	115,677	1,827,517
Total	\$ 3,245,690	\$ 409,342	\$ 3,655,032

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023**

**NOTE 5 – GENERAL LONG-TERM DEBT (Continued)**

The debt service requirements on the above lease-purchase agreements are as follows:

<u>Due Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	354,662	115,179	469,841
2025	362,464	107,376	469,840
2026	370,438	99,402	469,840
2027	378,588	91,253	469,841
2028	452,730	82,924	535,654
Thereafter	3,316,526	280,539	3,597,065
Total	\$ 5,235,408	\$ 776,673	\$ 6,012,081

<u>Due Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	94,764	22,644	117,408
2025	97,663	19,745	117,408
2026	100,652	16,756	117,408
2027	103,732	13,676	117,408
2028	106,906	10,502	117,408
Thereafter	236,298	623	236,921
Total	\$ 740,015	\$ 83,946	\$ 823,961

<u>Due Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	113,722	29,379	143,101
2025	116,702	26,399	143,101
2026	119,760	23,341	143,101
2027	122,898	20,203	143,101
2028	126,118	16,983	143,101
Thereafter	522,025	24,532	546,557
Total	\$ 1,121,225	\$ 140,837	\$ 1,262,062

<u>Due Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	264,000	14,653	278,653
2025	269,000	10,086	279,086
2026	314,000	5,432	319,432
2027	-	-	-
Thereafter	-	-	-
Total	<u>\$ 847,000</u>	<u>\$ 30,171</u>	<u>\$ 877,171</u>

<u>Due Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	182,000	255,881	437,881
2025	188,000	250,002	438,002
2026	154,000	243,930	397,930
2027	416,000	238,955	654,955
2028	422,000	225,519	647,519
Thereafter	6,560,000	1,366,903	7,926,903
Total	<u>\$ 7,922,000</u>	<u>\$ 2,581,190</u>	<u>\$ 10,503,190</u>

**NOTE 6 – CONTINGENCIES AND SUBSEQUENT EVENTS**

As of September 30, 2023, the District did not have any material pending litigation or non-disclosed liabilities.

**Pensions**

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, District specific information about its Fiduciary Net Position in the Texas County and District Retirement System (TCDRS) and additions to/deductions from the District's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the District's Total Pension Liability is obtained from TCERS through a report prepared for the District by TCERS consulting actuary, Milliman, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following items that qualify for reporting in this category.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- Pension contributions after measurement date – these contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows or resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: Property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pension Plan - The Williamson County ESD # 3 participates as one of the plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas County and District Retirement System (TCDRS). The funding policy governs how the Texas County & District Retirement System (TCDRS) determines the employer contributions required to ensure that benefits provided to TCDRS members are funded in a reasonable and equitable manner. The goals of TCDRS' funding policy are to fully fund benefits over the course of employees' careers to ensure intergenerational equity, and to balance rate and benefit stability with the need for the plan funding to be reflective of current plan conditions. This policy documents the current funding policies in effect for the Dec. 31, 2018 actuarial valuation as established by state law, administrative rule and action by the TCDRS Board of Trustees (the board). The policy serves as a comprehensive funding overview and complies with the GASB reporting requirements for an agent multiple-employer plan. TCDRS funding overview TCDRS is a model for responsible, disciplined funding. TCDRS does not receive any state funding. As an agent, multiple-employer plan, each participating employer in the system funds its plan independently. A combination of three elements funds each employer's plan: employee deposits, employer contributions and investment income. • The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as



**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

adopted by the employer's governing body. • Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees. • Investment income funds a large part of the benefits employees earn. Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis. Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience. GASB 68 Disclosure for Measurement Date December 31, 2017. Williamson County Emergency Services District #3 Texas County & District Retirement System. This work product was prepared solely for the TCDRS for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product. In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs. Methodology for determining employer contribution rates The board hires independent outside consulting actuaries to conduct an annual valuation to measure the funding status and to determine the required employer contribution rate for each employer plan. In order to calculate the employer contribution rate, the actuary does the following: • Studies each employer's adopted plan of benefits and the profile of its plan participants, and uses assumptions established by the board to estimate future benefit payments. • Discounts the estimate of future benefit payments to the present based on the long-term rate of investment return to determine the present value of future benefits. • Compares the present value of future benefits with the plan's assets to determine the difference that needs to be funded based on the funding policy. The valuation of each employer plan is based on the system funding policy and the assets, benefits and participant profile of each participating employer plan. The four key components in the determination of employer contribution rates are: the actuarial cost method, amortization policy, the asset valuation method and the actuarial assumptions. Actuarial cost method TCDRS has adopted the replacement life entry age cost method, a conservative cost method and an industry standard. The goal of this cost method is to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin. Under this approach, benefits are funded in advance as a level percentage of pay. This portion of the contribution rate is called the normal cost rate and generally remains stable from year to year. Amortization policy The portion of the contribution

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

rate that funds any remaining unfunded amounts for benefits that are not covered by the normal cost is called the unfunded actuarial accrued liability (UAAL) rate. UAAL amounts occur when benefit enhancements are adopted that have not been funded in advance, or when actual investment or demographic experience varies from the actuarial assumptions (actuarial gains and losses). UAAL amounts are amortized on a level-percentage-of-covered-payroll basis over a closed period with a layered approach. The closed periods ensure all unfunded liabilities are financed over no more than 20 years from the time they occur. Each year new layers are established to amortize changes in the UAAL due to actuarial gains or losses, as well as any plan benefit changes elected by an employer for that year. Benefit enhancements are amortized over a 15-year closed period. All other changes in the UAAL are amortized over 20-year closed periods. These amortization periods are generally more conservative than those of most other public retirement plans and are stricter than the minimum amortization period required under state law. GASB 68 Disclosure for Measurement Date December 31, 2014. Williamson County Emergency Services District #3 Texas County & District Retirement System. This work product was prepared solely for the TCDRS for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product. For newly participating districts that have five or fewer employees who are all within five years of retirement eligibility, any initial UAAL and any subsequent adoption of prior service credits are amortized over a five-year closed amortization period. This ensures that benefits are appropriately funded over the current generation of employees. Notwithstanding the layered approach, the total UAAL payment may not be less than the required payment obtained by amortizing the entire UAAL over a 20-year period. If a plan is overfunded, the overfunded actuarial accrued liability (OAAL) is calculated annually using a 30-year open amortization period. Asset valuation method When determining the actuarial value of assets used for measuring a plan's funded status, TCDRS smooths each year's actuarial investment gains and losses and recognizes them over a five-year period to better reflect the system's long-term investment horizons and to keep employer contribution rates more stable. As actuarial asset investment gains and losses are recognized, they become part of the actuarial gains and losses for the year and are funded according to the amortization policy. The five-year period helps stabilize employer rates while still ensuring that rates are reflective of current market conditions. In addition, the board has the ability to set aside reserves from investment earnings that are used to help offset future negative economic cycles. These reserves are held separately and are not counted as part of a participating employer's plan assets until they are passed through to employers when determined necessary by the board. Reserves help maintain rate stability for employers. In addition, reserves ensure that employers do not adopt benefit increases based on a

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

temporarily lower plan cost at a high point in a market cycle and, conversely, are not as pressured to immediately reduce benefit levels during a low point in a market cycle. Actuarial assumptions Demographic and economic assumptions are used to estimate employer liabilities and to determine the amount of funding required from employer contributions as opposed to investment earnings. These assumptions reflect a long-term perspective of 30 years or more. Examples of key economic assumptions include long-term investment return, long-term inflation and annual payroll increase. Demographic assumptions are the actuary's best estimate of what will happen to TCDRS members and retirees. Examples of demographic assumptions are employment termination rates, retirement rates and retiree mortality rates. A complete listing of all actuarial assumptions can be found in the annual system-wide valuation report. Oversight The board has established review policies to ensure that actuarial assumptions are appropriate and that the methodology for determining employer contribution rates is being correctly applied. Review of actuarial assumptions TCDRS' actuarial assumptions are periodically reviewed and revised as deemed necessary to reflect best estimates of future experience. Every four years, the TCDRS consulting actuary conducts an investigation of experience.

TCDRS assumptions are compared to plan experience and future expectations, and changes to GASB 68 Disclosure for Measurement Date December 31, 2022. Williamson County Emergency Services District #3 Texas County & District Retirement System This work product was prepared solely for the TCDRS for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product. the assumptions are recommended as needed. The board adopts actuarial assumptions to be used in the valuation based on the results of this study. An actuarial audit of every investigation of experience is required and must be performed by an independent auditing actuary to review the consulting actuary's analysis, conclusions and recommendations for accuracy, appropriateness and reasonableness. These audits alternate between a peer review and a full replication audit of the investigation of experience. In a peer review audit of the investigation, the reviewing actuary uses the raw results of the investigation for demographic assumptions as calculated by the consulting actuary to test the conclusions and recommendations. In addition, the reviewing actuary independently analyzes economic assumptions to test the results and recommendations of the consulting actuary. The reviewing actuary also examines the consulting actuary's methods and assumptions for reasonableness and internal consistency. In a full replication audit of the investigation, in addition to performing all of the steps of a peer review, the auditing actuary fully replicates the calculation of the investigation's raw results. Review of employer contribution rates In order to test accuracy and ensure that the actuarial methods and assumptions are being

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

correctly applied, an audit of the valuation is required every four years. These audits are conducted by an independent reviewing actuary and alternate between a peer review and a full replication audit of the valuation. In the peer review audit of the valuation, the actuary uses a sample of participant data and TCDRS plans to test the results of the valuation. The reviewing actuary also examines the consulting actuary's methods and assumptions for reasonableness and internal consistency. In a full replication audit of the valuation, the auditing actuary performs all the steps of a peer review audit but instead of analyzing sample data and plans, the auditing actuary fully replicates the original actuarial valuation. Review and modification of funding policy The board will review this policy on a regular basis and may modify this policy at its discretion. Modifications to the policy may be submitted for consideration to the board by staff and/or outside consulting actuaries as circumstances warrant.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2015 information for a 7-10 year time horizon. Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2009 – December 31, 2013 for more details. (1) Target asset allocation adopted at the April 2015 TCDRS Board meeting. (2) Geometric real rates of return in addition to assumed inflation of 1.7%, per Cliffwater's 2015 capital market assumptions. (3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs. (4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs. Geometric Real Rate of Return Target (Expected minus Asset Class Benchmark Allocation)(1) Inflation)(2) US Equities Dow Jones U.S. Total Stock Market Index 16.50% 5.35% Private Equity Cambridge Associates Global Private Equity & Venture Capital Index(3) 12.00% 8.35% Global Equities MSCI World (net) Index 1.50% 5.65% International Equities - Developed 50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index 11.00% 5.35% International Equities - Emerging 50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index 9.00% 6.35% Investment-Grade Bonds Barclays Capital Aggregate Bond Index 3.00% 0.55% High-Yield Bonds Citigroup High-Yield Cash-Pay Capped Index 3.00% 3.75% Opportunistic Credit Citigroup High-Yield Cash-Pay Capped Index 5.00% 5.54% Direct Lending Citigroup High-Yield Cash-Pay Capped Index 2.00% 5.80% Distressed Debt Citigroup High-Yield Cash-Pay Capped Index 3.00% 6.75% REIT Equities 67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index 2.00%

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

4.00% Commodities Bloomberg Commodities Index 2.00% -0.20% Master Limited  
Partnerships (MLPs) Alerian MLP Index 2.00% 5.30% Private Real Estate Partnerships  
Cambridge Associates Real Estate Index(4) 3.00% 7.20% Hedge Funds Hedge Fund  
Research, Inc. (HFRI) Fund of Funds Composite Index 25.00% 5.15%

**Williamson County ESD # 3**  
**Schedule of Changes in Net Pension Liability and Related Ratios Current Period**  
**September 30, 2023**

<b>A. Total pension liability</b>	
1. Service Cost	\$ 556,667
2. Interest (on the Total Pension Liability)	340,379
3. Effect of Plan Changes	798,685
4. Effect of assumption changes or inputs	-
5. Effect of economic/demographic (gains) or losses	207,124
6. Benefit payments, including refunds of employee contributions	<u>(14,997)</u>
7. Net change in total pension liability	\$ 1,887,858
8. Total pension liability - beginning	<u>3,929,359</u>
9. Total pension liability - ending	<u><u>\$ 5,817,217</u></u>
<b>B. Plan fiduciary net position</b>	
1. Contributions - employer	\$ 549,882
2. Contributions - member	316,544
3. Net investment income	(294,501)
4. Benefit payments, including refunds of employee contributions	(14,997)
5. Administrative Expense	(2,615)
6. Other	<u>123,038</u>
7. Net change in plan fiduciary net position	\$ 677,351
8. Plan fiduciary net position - beginning	<u>3,785,167</u>
9. Plan fiduciary net position - ending	<u><u>\$ 4,462,518</u></u>
<b>C. Net pension liability [A.9-B.9]</b>	<u><u>\$ 1,354,699</u></u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]</b>	76.71%
<b>E. Covered-employee payroll</b>	\$ 4,522,061
<b>F. Net pension liability as a percentage of covered employee payroll [C / E]</b>	29.96%

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**WILLIAMSON COUNTY ESD # 3**  
**SCHEDULE OF PENSION EXPENSE**  
**SEPTEMBER 30, 2023**

1.	Total Service Cost	\$ 556,667
2.	Interest on the Total Pension Liability	340,379
3.	Current Period Benefit Changes	798,685
4.	Employee Contributions (Reduction of Expense)	(316,544)
5.	Projected Earnings on Plan Investments (Reduction of Expense)	(323,927)
6.	Administrative Expense	2,615
7.	Other Changes in Fiduciary Net Position	(123,037)
8.	Recognition of Investment gains or losses	39,786
9.	Recognition of economic/demographic gains or losses	42,869
10.	Recognition of assumption changes or inputs	25,738
		-
12.	Total Pension Expense	<u>\$ 1,043,231</u>

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**WILLIAMSON COUNTY ESD # 3**  
**SCHEDULE OF DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**  
**SEPTEMBER 30, 2023**

	Recognition Period (or amortization yrs)	2022 Recognized in current pension expense	Deferred Inflow in future expense	Deferred Outflow in future expense
<u>Due to Liabilities:</u>				
Difference in expected and actual experience [actuarial (gains) or losses]	10.0000	\$ 46,604	\$ -	\$ 504,270
Difference in assumption changes [actuarial (gains) or losses]	10.0000	\$ 6,279	\$ -	\$ 294,957
		<u>\$ 52,883</u>	<u>\$ -</u>	<u>\$ 799,227</u>
<u>Due to Assets:</u>				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	5.0000	\$ -	\$ -	\$ 223,534
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,534</u>
<u>Total:</u>			<u>\$ -</u>	<u>\$ 575,693</u>

Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future pension expense as follows:

	Net deferred outflows (inflows) of resources
2023	\$ 89,345
2024	106,191
2025	110,138
2026	192,292
2027	68,608
Thereafter	<u>403,304</u>
Total	\$ 969,878



Required Supplementary Information

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT No. 3**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Property Taxes	\$ 6,994,488	\$ 6,994,488	\$ 7,105,310	\$ 110,822
Sales Taxes	4,234,377	4,234,377	6,082,338	\$ 1,847,961
Other Income	123,000	123,000	382,087	259,087
Inspections		-	2,325	2,325
Grant income			79,266	79,266
Interest Earnings	35,000	35,000	126,316	91,316
<b>Total Revenues</b>	<b><u>\$ 11,386,865</u></b>	<b><u>\$ 11,386,865</u></b>	<b><u>\$ 13,777,642</u></b>	<b><u>\$ 2,390,777</u></b>
<b>Expenditures:</b>				
Current:				
General Government	\$ 8,327,965	\$ 8,327,965	\$ 9,492,481	\$ (1,164,516)
Capital Outlay	60,000	60,000	2,542,714	(2,482,714)
Debt Service	2,998,900	2,998,900	2,998,831	69
<b>Total Expenditures</b>	<b><u>\$ 11,386,865</u></b>	<b><u>\$ 11,386,865</u></b>	<b><u>\$ 15,034,026</u></b>	<b><u>\$ (3,647,161)</u></b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (1,256,384)</u></b>	<b><u>\$ (1,256,384)</u></b>
<b>Net income or (Loss)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,256,384)</b>	
Prior Period Adjustment		\$ -	\$ (7,935,449)	
<b>Fund Balances - Beginning</b>	<b><u>\$ 12,913,316</u></b>	<b><u>\$ 12,913,316</u></b>	<b><u>\$ 30,301,456</u></b>	
<b>Fund Balances - Ending</b>	<b><u>\$ 12,913,316</u></b>	<b><u>\$ 12,913,316</u></b>	<b><u>\$ 21,109,623</u></b>	
Capital Assets			\$ 20,231,106	
Unearned Revenue			\$ 56,112	
Long Term Debt not recognized in governmental funds			(20,664,548)	
Accrued vacation & sick leave is not recognized in govt. funds			(712,800)	
Net Pension Liability not recognized in governmental funds			\$ (1,354,699)	
Deferred Inflows of Resources not recognized in govt. funds			\$ (1,410,465)	
Deferred Outflows of Resources not recognized in govt. funds			\$ 487,554	
GAAP Basis Fund Balance			<b><u>\$ 17,741,883</u></b>	

See accompanying notes to the financial statements.

**WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT No. 3**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 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.

Williamson County ESD # 3

Schedule of Changes in Net Pension Liability and Related Ratios

Last ten years (will ultimately be displayed)

Total pension liability	2015	2016	2017	2018	2019	2020	2021	2022
1. Service Cost	79,227	85,432	132,527	273,409	290,130	332,946	556,667	556,667
2. Interest (on the Total Pension Liability)	29,642	36,009	61,053	126,095	155,881	195,578	340,379	340,379
3. Effect of plan changes	(15,298)	15,180	321,803	-	-	-	-	798,685
4. Effect of assumption changes or inputs	1,774	-	(9,417)	(42,657)	-	240,761	-	207,124
5. Effect of economic/demographic	(33,847)	89,353	156,147	-	7,332	125,506	207,124	
6. Benefit payments, including refunds	1	-	-	-	(11,912)	-	(14,997)	(14,997)
7. Net change in total pension liability	61,499	225,974	662,113	356,847	441,431	894,791	1,089,173	1,887,858
8. Total pension liability - beginning	333,734	395,233	621,207	1,283,320	1,640,167	2,081,598	2,976,389	4,065,562
9. Total pension liability - ending	395,233	621,207	1,283,320	1,640,167	2,081,598	2,976,389	4,065,562	5,953,420
<b>Plan fiduciary net position</b>								
1. Contributions - employer	49,109	58,947	106,889	230,778	243,483	322,242	549,882	549,882
2. Contributions - members	44,645	56,247	97,172	129,755	155,509	207,325	316,544	316,544
3. Net investment income	(4,464)	30,415	84,710	(11,786)	197,886	187,498	(294,501)	(294,501)
4. Benefit payments, including refunds	1	(1)	-	-	(11,912)	-	(14,997)	(14,997)
5. Administrative Expense	(263)	(331)	(564)	(970)	(1,375)	(1,855)	(2,615)	(2,615)
6. Other	(32)	9,045	2,729	10,826	13,504	15,849	123,038	123,037
Net change in plan fiduciary net position	88,996	154,322	290,936	358,603	597,095	731,059	677,351	677,350
8. Plan fiduciary net position - beginning	314,541	403,537	557,859	848,795	1,207,398	1,804,493	2,535,552	3,212,903
9. Plan fiduciary net position - ending	403,537	557,859	848,795	1,207,398	1,804,493	2,535,552	3,212,903	3,890,253
<b>Net pension liability [A.9-B.9]</b>	<b>(8,304)</b>	<b>63,348</b>	<b>434,525</b>	<b>432,769</b>	<b>277,105</b>	<b>440,837</b>	<b>852,659</b>	<b>2,063,167</b>
<b>Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]</b>								
	102.10%	89.80%	66.14%	73.61%	86.69%	85.19%	79.03%	65.34%
<b>Covered-employee payroll</b>	<b>892,897</b>	<b>1,120,079</b>	<b>1,619,531</b>	<b>1,853,636</b>	<b>2,221,561</b>	<b>2,961,785</b>	<b>3,629,300</b>	<b>4,522,061</b>
<b>Net pension liability as a percentage of covered employee payroll [C / E]</b>								
	-0.93%	5.66%	26.83%	23.35%	12.47%	14.88%	23.49%	45.62%



Williamson County ESD # 3

Schedule of Contributions

Last 10 Fiscal Years (will ultimately be displayed)

September 30, 2023

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actually Determined Contribution	549,882	377,447	322,242	243,483	230,778	106,889	58,692	\$ 49,109	\$ 45,835
Contributions in relation to the actuarially determined contribution	549,882	377,447	322,242	243,483	230,778	106,889	58,947	49,109	45,835
Contribution deficiency (excess)									
Covered employee payroll	4,522,061	3,629,300	2,961,785	2,221,561	1,853,636	1,619,531	1,120,079	892,897	818,490
Contributions as a percentage of covered employee payroll	45.62%	23.49%	14.88%	12.47%	23.35%	6.60%	5.30%	5.50%	5.60%

Notes to Schedule of Contributions

Valuation Date determined 12/31/2022

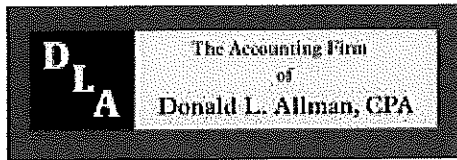
Notes

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed.
Remaining Amortization Period	19.2 years
Asset Valuation Method	5 Year Smoothed Market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation
Investment Rate of Return	7.5%, net of administrative & investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the RP-2014 Healthy Annuitant Mortality Table for males, and 110% of the RP-2014 Healthy Annuitant Mortality table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Other Information:	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions	2015 & 2016 - No changes in plan provisions are reflected in the Schedule of Employer Contributions.
Reflected in the schedule	2017: Employer contributions reflect that the member contribution rate was increased to 6% and the current service matching rate was increased to 175% for future benefits. Also, new annuity purchase rates were reflected for benefits earned after 2017.



---

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

To the Board of Directors  
Williamson County ESD # 3

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 # 3, as of and for the year ended September 30, 2023 and the related notes to the financial statements, which collectively comprise Williamson County ESD # 3's basic financial statements, and have issued our report thereon dated December 8, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Williamson County ESD # 3's internal control over financial reporting (internal control) as a basis for designing 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 # 3's internal control. Accordingly, we do not express an opinion on the effectiveness of Williamson County ESD # 3'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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Williamson County ESD # 3'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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



Donald L. Allman, CPA, PC

Georgetown, TX  
December 8, 2023