

**Williamson County
Emergency Services District No. One
Financial Statements
December 31, 2025**

Williamson County Emergency Services District No. 1
For the Year Ending December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Williamson County Emergency Services District No. 1 as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Williamson County Emergency Services District No. 1, as of December 31, 2025, and the respective changes in financial position 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. 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 Williamson County Emergency Services District No. 1, 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 Williamson County Emergency Services District No. 1's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Williamson County Emergency Services District No. 1's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of proportionate share of net pension liability and related footnotes on pages 3-9 and 30-31 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.

Medack + Oltmann, LLP

Medack & Oltmann, LLP
Giddings, Texas
June 10, 2026

Williamson County Emergency Services District #1

Management's Discussion and Analysis December 31, 2025

As management of the Williamson County Emergency Services District No. 1 (the District), we are pleased to offer readers of the District's financial statements this narrative overview and analysis of the District's financial activities for the year ended December 31, 2025. Citizens and taxpayers want a clear picture of the financial health of their governments, which includes Emergency Services Districts. They also want to know how their tax dollars were spent and how much it costs to provide major services such as firefighting, fire prevention and rescue services. The concept of financial accountability of elected or appointed officials is reflected in the standards adopted by the Governmental Accounting Standards Board (GASB) for annual financial reporting.

This Management Discussion and Analysis (MD&A) is composed with the GASB concepts in mind. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The net position of the District increased by \$287,493. Net position at year end consisted of net investment in capital assets of \$2,936,071 and unrestricted net position of \$9,747,674, for a total of \$12,683,745.
- Total revenues from all sources were \$4,303,945 which represents an increase of \$350,302 from the prior year.
- Total expenditures from operations were \$4,016,452 which was an increase of \$478,037 from the prior year.
- As of December 31, 2025, the District's governmental fund reported an ending fund balance of \$11,674,117, an increase of \$1,804,640 from the prior fiscal year.

Using this Annual Report

This annual report presents the following three components of the financial statements:

1. Government-wide financial statements provide information for the District as a whole.
2. Fund financial statements provide detailed information for the District's significant funds.
3. Notes to the financial statements provide additional information that is essential to understanding the government-wide and fund financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves. This information includes management's discussion and analysis as well as a budgetary comparison schedule.

Williamson County Emergency Services District #1

Management's Discussion and Analysis December 31, 2025

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities present information about the District as a whole. These statements (as reported in the last column of each of the statements) include all of the District's assets and liabilities, utilizing the accrual basis of accounting which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two columns report the District's net position and changes in them. The difference between assets and liabilities, net assets, are one way to measure the District's financial health. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, other non-financial factors such as changes in the District's property tax base must also be considered in an assessment of the overall financial health of the District.

The Statement of Activities, also included on page 12, presents information showing how the District's net position changed during the most recent twelve-month period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Reporting the District's Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District may establish other funds to help in control and manage money for particular purposes or to show that it is meeting its legal responsibilities for using certain taxes, grants and other money. 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.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on near-term inflows and outflows of spend-able resources, as well as on balances of spend-able resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare that information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The District only reports using one fund that being the General Fund.

Notes to the Financial Statements

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

Williamson County Emergency Services District #1

Management's Discussion and Analysis December 31, 2025

The District as a Whole

Governmental activities increased the District's net position by \$287,493, approximately 2.32%. Our analysis below focuses on the net position (Table 1) and the changes in net position (Table 2) of the District's governmental activities:

Table 1
Government Activities
Net Position

Assets	12/31/2025	12/31/2024
Current Assets	\$ 14,176,117	\$ 12,450,212
Other Assets	8,431	28,072
Capital Assets	2,936,071	3,191,040
Total Assets	\$ 17,120,619	\$ 15,669,324
Deferred Outflows of Resources	\$ 459,139	\$ 745,583
Liabilities		
Current Liabilities	\$ 17,740	\$ 107,223
Long-Term Liabilities	1,393,989	1,681,490
Total Liabilities	\$ 1,411,729	\$ 1,788,713
Deferred Inflows of Resources	\$ 3,484,284	\$ 160,811
Net Position		
Investment in capital assets	\$ 2,936,071	\$ 3,191,040
Restricted	-	-
Unrestricted	9,747,674	11,274,343
Total Net Position	\$ 12,683,745	\$ 14,465,383

Williamson County Emergency Services District #1

Management's Discussion and Analysis December 31, 2025

Table 2
Government Activities
Changes in Net Position

	<u>12/31/2025</u>	<u>12/31/2024</u>
General Revenues		
Ad Valorem Taxes	\$ 2,409,813	\$ 2,428,064
Sales Tax	953,320	1,015,147
Investment Income	482,646	499,130
Other	458,166	11,302
Total General Revenues	<u>\$ 4,303,945</u>	<u>\$ 3,953,643</u>
Expenditures/Expenses		
Contracted Services	\$ 3,146,144	\$ 2,588,925
Personnel Costs	107,902	-
Tax Collector/Appraisal District Fees	16,587	19,934
Insurance	30,655	72,279
Utilities	60,517	57,892
Communications	20,104	29,220
Professional Services	42,764	32,389
Repair and Maintenance	136,340	186,229
Apparatus/Operational Supplies	101,248	140,223
Training and Travel	13,849	14,276
Miscellaneous	4,394	1,320
Depreciation Expense	335,948	395,728
Total Expenditures/Expenses	<u>\$ 4,016,452</u>	<u>\$ 3,538,415</u>
Change in Net Position	\$ 287,493	\$ 415,228
Net Position - Beginning of Year, restated	\$ 12,396,252	\$ 14,050,155
Net Position - End of Year	\$ 12,683,745	\$ 14,465,383

Williamson County Emergency Services District #1

Management's Discussion and Analysis December 31, 2025

Capital Assets:

At the end of the fiscal year December 31, 2025, capital assets are as follows:

	2025	2024
Land	10	10
Construction in progress	-	47,088
Buildings	1,982,601	1,855,706
Vehicles and equipment	4,595,543	5,426,669
Furniture and fixtures	54,375	54,375
Total capital assets	6,632,529	7,383,848
Accumulated depreciation	(3,696,458)	(4,192,808)
Governmental activities capital assets, net	2,936,071	3,191,040

Depreciation expense charged to the general fund was \$335,948. More detailed information about the District's Capital Assets is presented in Note 6 of the financial statements.

Financial Analysis of the Government's Funds

As noted earlier the District uses Fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For the year ending December 31, 2025, the District's total fund balance was \$11,674,117 which reflects a net combined increase of \$1,804,640.

Approximately 62.10% of the District's FY 2025 income is derived from Ad Valorem property taxes, while 24.60% is derived from sales tax, and the remainder is primarily investment income.

Revenues	January 2025 to December 2025	
Property Taxes	\$ 2,406,705	62.10%
Sales Tax	953,320	24.60%
Interest Income	502,287	12.96%
Miscellaneous	12,977	0.33%
Total	\$ 3,875,289	100.00%

Budgetary Highlights

The District's annual budget includes estimated revenues and expenditures for fiscal year that begins each January 1. The annual budget is a "line-item" document that helps guide the Board of Commissioners through the year with a high degree of financial control over District expenditures.

Estimates of taxable value for the year are provided by the Williamson County Tax Appraisal Office. That estimate, combined with an estimate of historical tax collection rates for the District is used to estimate Ad Valorem Revenues and Establish a Tax Rate for the District.

Williamson County Emergency Services District #1

Management's Discussion and Analysis December 31, 2025

In the fiscal year ending December 31, 2025, the Net Taxable (Assessed) Valuation of the District was \$2,461,182,940 resulting in a total tax levy of \$2,461,183 based on a tax rate of \$0.10 per \$100 valuation.

The District's 2025 Budget resulted in actual expenditures of \$2,940,649 vs the budget of \$3,252,498, or \$311,849 less than budgeted amount.

Total revenues were 3,875,289 or \$619,356 more than the final budgeted amount. Sales tax revenue was \$953,320 or \$153,320, greater than the budgeted amounts.

Currently Known Facts, Decisions and Economic Conditions

Williamson County Emergency Services District No. 1 (the District) considered various factors when setting the fiscal year budget, tax rates, and necessary expenditures to be incurred in the next fiscal year's activities. The District's budgetary growth has mirrored its residential growth and economy.

The District's office is located at the Jollyville Fire Department, 9218 Anderson Mill Road, Austin, Texas 78729. This physical space provides security for our documents, contracts, and financial records. The District hold meetings at the fire station and the meeting room is available to our community and has been used by several groups and organizations over the past year, which is beneficial for both the District and the community we serve.

The District, through its contract with the Jollyville Fire Department, continues to maintain impressive response times within our service area and in mutual aid support to other departments.

The District has financial guidelines and solid practices related to operating expenses, reserve balances, cash management, and investing of public funds in compliance with Government Accounting Standards Boards accounting principles.

The District meets on a consistent date and time each month which facilitates attendance by Commissioners, Fire Department personnel, and visitors. The District meets on the third Wednesday of each month at 9:00am and holds special meetings and workshops, as needed, to meet needs that cannot be achieved during monthly sessions.

To help taxpayers stay informed about the ESD's activities, we maintain our website with current and relevant information as well as pursue other actions to increase public awareness.

The Fire department attend multiple community events and neighborhood meetings.

In 2026, the District will take delivery of a new Squad vehicle. This is possible through the conservative and strategic cash management practices of the board which has allowed the District to maintain the tax rate of \$0.10 per \$100 of assessed property valuation year-over-year.

Williamson County Emergency Services District #1

Management's Discussion and Analysis December 31, 2025

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Comments and/or questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Williamson County ESD #1
9218 Anderson Mill Road
Austin, Texas 78729

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
GOVERNMENTAL FUNDS BALANCE SHEET AND
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	General Fund	Adjustments (Note 9)	Statement of Net Position
ASSETS			
Cash	\$ 534,107	\$ -	\$ 534,107
Investments	11,302,911	-	11,302,911
Property Taxes Receivable	1,992,247	-	1,992,247
Due from County	84,790	-	84,790
Sales Tax Receivable	202,044	-	202,044
Prepaid Expenses	60,018	-	60,018
Accrued Interest Receivable	-	8,431	8,431
Capital Assets, net	-	2,936,071	2,936,071
TOTAL ASSETS	<u>\$ 14,176,117</u>	<u>\$ 2,944,502</u>	<u>\$ 17,120,619</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Amounts	<u>\$ -</u>	<u>\$ 459,139</u>	<u>\$ 459,139</u>
LIABILITIES			
Accounts Payable	\$ 17,740	\$ -	\$ 17,740
Other Liabilities	-	-	-
Long-term liabilities - due within one year	-	-	-
Long-term liabilities - due after one year	-	1,393,989	1,393,989
TOTAL LIABILITIES	<u>\$ 17,740</u>	<u>\$ 1,393,989</u>	<u>\$ 1,411,729</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Period	\$ 2,461,183	\$ -	\$ 2,461,183
Delinquent property taxes	23,077	(23,077)	-
Deferred Pension Amounts	-	1,023,101	1,023,101
	<u>\$ 2,484,260</u>	<u>\$ 1,000,024</u>	<u>\$ 3,484,284</u>
FUND BALANCES/NET POSITION			
Fund balances:			
Non-Spendable	\$ 60,018	\$ (60,018)	\$ -
Spendable			
Committed	1,000,000	(1,000,000)	-
Assigned	-	-	-
Unassigned	10,614,099	(10,614,099)	-
Total fund balances	<u>11,674,117</u>	<u>(11,674,117)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 14,176,117</u>	<u>\$ -</u>	
Net Position:			
Net Investment in Capital Assets		\$ 2,936,071	\$ 2,936,071
Unrestricted		9,747,674	9,747,674
Restricted		-	-
Total Net Position		<u>\$ 12,683,745</u>	<u>\$ 12,683,745</u>

See Accompanying Notes to the Financial Statements

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING DECEMBER 31, 2025

	General Fund	Adjustments (Note 9)	Statement of Activities
EXPENDITURES/EXPENSES			
Contracted Services	\$ 2,124,100	\$ 1,022,044	\$ 3,146,144
Personnel Costs	107,902		107,902
Tax Collector/Appraisal District Fees	16,587	-	16,587
Insurance	30,655	-	30,655
Utilities	60,517	-	60,517
Communications	20,104	-	20,104
Professional Services	42,764	-	42,764
Repair and Maintenance	136,340	-	136,340
Apparatus/Operational Supplies	101,248	-	101,248
Training and Travel	13,849	-	13,849
Miscellaneous	4,394	-	4,394
Capital Outlay	282,189	(282,189)	-
Depreciation Expense		335,948	335,948
Total expenditures/expenses	<u>\$ 2,940,649</u>	<u>\$ 1,075,803</u>	<u>\$ 4,016,452</u>
GENERAL REVENUES			
Ad valorem taxes	\$ 2,406,705	\$ 3,108	2,409,813
Sales Tax	953,320	-	953,320
Investment Income	502,287	(19,641)	482,646
Unrealized Gain / (Loss)	-	10,543	10,543
Grants and Contributions	12,977	-	12,977
Gain/(loss) from disposal of assets	-	434,646	434,646
Total general revenues	<u>\$ 3,875,289</u>	<u>\$ 428,656</u>	<u>\$ 4,303,945</u>
Excess (Deficiency) of revenues over expenditures	934,640	(934,640)	-
OTHER FINANCING SOURCES			
Proceeds from sale of asset	870,000	(870,000)	-
Total Other Financing Sources	<u>870,000</u>	<u>(870,000)</u>	<u>-</u>
Excess (Deficiency) of revenues and other financing sources over expenditures	1,804,640	(1,804,640)	-
Change in net position	-	287,493	287,493
Fund Balance/Net Position			
Beginning of the year, Restated	<u>9,869,477</u>	<u>2,526,775</u>	<u>12,396,252</u>
End of the year	<u><u>\$ 11,674,117</u></u>	<u><u>\$ 1,009,628</u></u>	<u><u>\$ 12,683,745</u></u>

See Accompanying Notes to the Financial Statements

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. More significant of these accounting policies are described below.

REPORTING ENTITY

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

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit with the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, no potential component units appear to exist.

BASIS OF PRESENTATION

Basic Financial Statements

Basic Financial Statements and Management Discussion and Analysis for State and Local Governments set forth minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues, or expenditures/expenses or either fund category or governmental and enterprise combined. Due to the fund structure of the District, all funds have been classified as major funds. As a part of this Statement, there is a reporting requirement regarding the local government's infrastructure (road, bridges, etc.). The District does not own any infrastructure assets and therefore is unaffected by this requirement.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The reporting model focus is on either the District as a whole or major individual funds (within the fund financial statements). In the government-wide Statement of Net Position both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The District does not have any business-type or fiduciary activities.

The Government-wide Statement of Activities reflects both the gross and net cost per functional category which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function.

The District does not currently employ indirect cost allocation systems.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The governmental fund statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the District's actual experience conforms to the budget or fiscal plan.

GASB provides that for governments engaged in a single governmental program, the fund financial statements and the government-wide statements may be combined. The District presents the fund's statement (General) in the first column. The next column is an adjustments column. It reconciles the amounts reported in the governmental funds to show how each would change when reported on the full-accrual basis of accounting. The last column of these combination statements shows the amounts that normally would appear in the government-wide statements.

Fund Accounting

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The focus of Governmental Fund measurement (in the Fund Financial Statements) is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The District reports the following major governmental funds:

General Fund

The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are presented on an accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement #33, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

BUDGETS

The District follows these procedures in establishing the budget reflected in the financial statements:

1. Prior to the beginning of each fiscal year, the District prepares a budget. The operating budget includes proposed expenditures and the means of financing those expenditures and is prepared in accordance with the basis of accounting utilized by that fund.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Public meetings are conducted at which all interested persons' comments concerning the budget are heard. After such meetings, the Board of Commissioners formally adopts the budget through passage of a motion in a public meeting.
3. The District amends the budget throughout the year approving such additional expenses. The amended budget is used in presenting the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.
4. All annual appropriations lapse at fiscal year-end.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

The District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents are considered to be cash on hand and demand deposits with a maturity of three months or less at the date of purchase.

AD VALOREM PROPERTY TAXES

Delinquent taxes are prorated based on rated adopted for the year of the levy. Allowances for uncollectibles within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. There were no allowance for uncollectible property taxes as of December 31, 2025.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CAPITAL ASSETS

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at the fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Leased assets are recorded at the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The cost of all leased assets is amortized over the shorter of the lease term or the useful life of the underlying asset.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation and amortization of all assets is provided on the straight-line basis over the estimated useful lives with no salvage value. The range of estimated useful lives by type of asset is as follows:

Buildings and Structures	40 years
Vehicles	7-20 years
Other Equipment	5-20 years

The District does not own any infrastructure assets, or have any leases required to be reported under GASB 87.

Fund Financial Statements

In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

EQUITY CLASSIFICATIONS

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net Investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other government; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable or spendable with spendable being further classified into restricted, committed, assigned or unassigned.

COMPENSATED ABSENCES

There are no related costs or liabilities for these items for the year ending December 31, 2025.

RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases its insurance from regular commercial companies. As of December 31, 2025, no claims or losses have been incurred that were not covered by insurance. There is no liability due to any claim or suit having ever been filed.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the period. Operating results in the future could vary from the amounts derived from management’s estimates.

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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FAIR VALUE MEASUREMENTS

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

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

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

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements, effective for fiscal years beginning after June 15, 2025. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement includes updated requirements for Management Discussion and Analysis, unusual or infrequent items, and budgetary comparison information. Management is evaluating the effects that the full implementation of GASB Statement No. 103 will have on its financial statements for the year ended December 31, 2026.

NOTE 2: CASH

Deposits were with a contracted depository bank, Frost Bank. As of year-end, deposits exceeded FDIC coverage. Therefore, in accordance with the depository contract, Frost Bank has pledged additional collateral. This collateral consisted of U.S. Government and Local State Securities, having a market value of \$549,690 (Category 2). At December 31, 2025, the carrying amount of the District's deposits was \$534,107, and the bank balance was \$534,923.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 2: CASH – continued

The collateral pledged is represented by specific identifiable investment securities and classified as to credit risk by the three categories described below:

- Category 1: Insured by FDIC or collateralized with securities held by the District or by its agent in its name.
- Category 2: Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- Category 3: Uncollateralized.

	Carrying Value	Bank Balance
Category 1	\$250,000	\$250,000
Category 2	284,107	284,923
Category 3	-0-	-0-
	\$534,107	\$534,923

NOTE 3: INVESTMENTS

The District is authorized to purchase, sell, and invest its funds as well as funds under its control in accordance with the Texas Public Investment Act, Government Code Chapter 2256 and its subsequent amendments. During the fiscal year, the District's investments consisted of U.S. government agency securities and participation in local government investment pools (TexPool). The carrying amount of investments as of December 31, 2025 is displayed on the balance sheet as "Investments". The District's deposits and investments are invested pursuant to the investment policy, which is approved annually by the Board.

U.S. government agency securities, totaling \$1,432,252, were classified in Level 2 of the Fair Value Hierarchy based on quoted prices for similar assets in active markets.

Local Government Investment Pools, totaling \$9,870,659, were not classified in the Fair Value Hierarchy as they are recorded at Net Asset Value.

GASB Statement No. 79, Certain External Investment Pools (GASB 79), establishes how certain state and local government external investment pools may measure and report their investments. An external investment pool may elect to measure, for reporting purposes, all of its investments at amortized cost if it meets certain criteria. In addition, this statement establishes additional note disclosures for external investment pools and their participants.

TexPool operates in a manner consistent with the criteria set forth in GASB 79 and therefore uses amortized cost to report net assets to compute share prices. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 3: INVESTMENTS – continued

TexPool maintains a Net Asset Value of approximately \$1 per share and, as allowed by GASB 79, uses amortized cost to report net assets. TexPool does not have restrictions or limitations on withdrawals.

TexPool is rated AAAM by Standard & Poor's. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's for review. TexPool is also required to send portfolio information to the office of the State Comptroller of Public Accounts.

<u>Investment at December 31, 2025</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Net Asset Value</u>
Government Agencies	\$ 1,432,252	\$ -	\$ 1,432,252	\$ -
Local Government Investment Pools	9,870,659	-	-	9,870,659
Fair Value	<u>\$ 11,302,911</u>	<u>\$ -</u>	<u>\$ 1,432,252</u>	<u>\$ 9,870,659</u>

<u>Investment at December 31, 2025</u>	<u>Weighted Average Maturity (Days)</u>
Government Agencies	439
Local Government Investment Pools	1

Interest Rate Risk- The District considers the holdings in the local governmental investment pool to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change.

Credit Risk- Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. The District's investment in government agencies carry the implicit guarantee of the U.S. government.

As of December 31, 2025, the ratings of the District's investments were as follows:

<u>Investment at December 31, 2025</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Rating</u>
Federal Home Loan Bank	AA+	Aa1
Federal Farm Credit Bureau	AA+	Aa1
Local Government Investment Pools	AAAM	NR

Concentration of Credit Risk- Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. At December 31, 2025, all of the District's investments were as follows:

<u>Investment at December 31, 2025</u>	<u>% of Portfolio</u>
Government Agencies	13%
Local Government Investment Pools	87%

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 3: INVESTMENTS – continued

Information regarding investments in any one issues that represents five percent or more of the District's total investment must be disclosed under GASB Statement No. 40, Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3, excluding investments issues or explicitly guaranteed by the U.S. government, investments in mutual funds, and investments in external investment pools. At December 31, 2025, the District's investments which require disclosure are as follows:

Issuer	Fair Value	% of Portfolio
Federal Home Loan Bank	\$ 676,675	6%
Federal Farm Credit Bureau	755,577	7%

NOTE 4: PROPERTY TAXES

The District uses the Williamson County Tax Assessor Collector to bill and collect its property tax. The District's property tax is levied each October 1 and are due and payable on or before January 31 of the following year. Property taxes attached an enforceable lien on property as of January 1. All unpaid taxes become delinquent February 1 of the following year. The District pays the County for its tax collection activity in four quarterly payments. The amount is determined by the County based on an amount per each parcel of taxable property, or account taxable by the District. The assessed value of the roll as of January 1, 2025, upon which the 2025 levy was based, was \$2,461,182,940 as certified by the Williamson County Central Appraisal District.

The total 2025 levy was \$2,461,183 and the tax rate was \$0.10 per \$100 assessed valuation. Property taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

NOTE 5: COMMITMENTS

The District has entered into an agreement with the Jollyville Volunteer Fire Department to provide fire protection and/or emergency medical first responder services as necessary. Payments are made quarterly and total \$2,004,900 for the year ending December 31, 2025. In addition, the District is responsible for contributing to Texas Emergency Services Retirement Systems (TESRS) on behalf of the Jollyville Volunteer Fire Department employees. For the year ending December 31, 2025, the District contributed \$119,200 to TESRS. This contract renews annually and terminates upon written consent of either party.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, was as follows:

	Balance 12/31/2024	Additions/ Completions	Retirements/ Adjustments	Balance 12/31/2025
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 10	\$ -	\$ -	\$ 10
Construction in Progress	47,088	-	(47,088)	-
Total capital assets not being depreciated	47,098	-	(47,088)	10
Depreciable capital assets				
Buildings	1,855,706	130,848	(3,953)	1,982,601
Vehicles & Equipment	5,426,669	198,429	(1,029,555)	4,595,543
Furniture & Fixtures	54,375	-	-	54,375
Total depreciable capital assets	7,336,750	329,277	(1,033,508)	6,632,519
Less accumulated depreciation, restated	(3,958,664)	(335,948)	598,154	(3,696,458)
Total depreciable capital assets, net, restated	3,378,086	(6,671)	(435,354)	2,936,061
Governmental activities capital assets, net, restated	\$3,425,184	\$ (6,671)	\$ (482,442)	\$2,936,071

Current year depreciation expense was \$335,948.

NOTE 7: PENSION PLAN

Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension plan that is administered by the Texas Emergency Services Retirement System (TESRS). TESRS was created by the Texas Legislature and administers contributions made to it from various statewide emergency and fire-fighting organizations.

Pension Plan Fiduciary Net Position

Detailed information about TESRS's fiduciary net position is available in a separately issued Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on TESRS's website, www.tesrs.org.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 7: PENSION PLAN – continued

Benefits Provided

TESRS provides retirement benefits as well as death and disability benefits. Member vesting occurs at 50% after 10 years of credited service and an additional 10% for each of the following five years of credited service. Upon reaching age 55, each vested member may retire and receive a monthly pension equal to their vested percent multiplied by six times the average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at a rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases. Death and disability benefits are dependent on whether the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

Contributions

The minimum contribution requirements are set by board rule and there is no maximum contribution rate. The District makes 100% of all contributions currently at \$490 per employee per month. All obligations are fully funded semi-annually. No contributions are required by the members nor are they allowed. During the year, the District decided to make an addition lump sum contribution in the amount of \$11,400. The actual contributions for the year ended December 31, 2025 equaled \$119,200.

Net Pension Liability

Actuarial Assumptions

The total pension liability in the August 31, 2026 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2025
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	5.38%
Long-term expected Investment Rate of Return*	7.00%
Mortality	PubS-2016 (public-safety) below median income mortality table for employees, projected for mortality improvement generationally using projection scale MP-2021

*Includes Inflation of 2.50%

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 7: PENSION PLAN – continued

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage (4.58%) and by adding expected inflation (2.5%). In addition, the final 7% assumption was selected by “rounding down”.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities – Large cap domestic	20%	5.73%
Equities – Small cap domestic	10%	6.32%
Equities – Developed International	15%	6.77%
Equities – Emerging markets	5%	6.85%
Global Infrastructure	5%	6.63%
Real Estate	10%	4.00%
Multi asset income	5%	3.50%
Fixed income	30%	1.80%
Weighted average		4.58%

Discount Rate

The discount rate used to measure the total pension liability was 7%. The TESRS plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

Changes Since the Prior Actuarial Valuation

There were no changes in assumptions since the prior measurement date.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Sensitivity Analysis

The following presents the net pension liability of the District, calculated using the discount rate of 7%, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate.

	1% Decrease 6%	Current Discount Rate 7%	1% Increase 8%
Total pension liability/(asset)	\$2,212,043	\$1,393,989	\$732,191

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 7: PENSION PLAN – continued

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At December 31, 2025, the District reported a liability of \$1,393,989 for its proportionate share of the TERS's net pension liability.

The net pension liability was measured as of August 31, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2025. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1 through August 31.

At August 31, 2025 the employer's proportion of the collective net pension liability was 2.867% which was an increase of 1.566% from its proportion measured as of August 31, 2024.

For the year ended December 31, 2025, the District recognized pension expense of \$119,200.

As of December 31, 2025, the deferred outflows and inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	\$ -	\$ 91,184
Difference due to changes in actuarial assumptions	419,688	848,972
Difference in expected and actual experience	39,451	82,946
Total	<u>\$ 459,139</u>	<u>\$ 1,023,101</u>

The deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2026	\$ (25,119)
2027	(414,501)
2028	(77,717)
2029	(46,625)
2030	-
Thereafter	-
Total	<u>\$ (563,963)</u>

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 7: PENSION PLAN – continued

Net Pension Liability reflects 100% of the District's long-term liabilities and are reflected as such within the Statement of Net Assets. Changes in Net Pension Liability are reflected as follows:

	Balance 12/31/2024	Additions	Retirements	Balance 12/31/2025	Due Within One Year
Net Pension Liability	\$ 1,681,490	\$ -	\$ (287,501)	\$ 1,393,989	\$ -
Total Long-term Obligations	\$ 1,681,490	\$ -	\$ (287,501)	\$ 1,393,989	\$ -

NOTE 8: FUND BALANCE

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Non-spendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - Amounts that can only be used for specific purpose pursuant to approval by formal action by the Board. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned - For the General Fund, amounts that are appropriated by the Board or Board designee that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as non-spendable, restricted, or committed.

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

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

As of December 31, 2025, the District has not adopted a minimum fund balance policy.

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 8: FUND BALANCE – continued

Government Fund Balances are as follows:

Non-spendable:	\$ 60,018
Restricted:	-
Committed:	
Equipment & Contingencies	500,000
Fire Station Reserve	500,000
Assigned	-
Unassigned	10,614,099
Total Fund Balance:	<u>\$ 11,674,117</u>

NOTE 9: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND
AND GOVERNMENT-WIDE STATEMENTS

Differences between the Governmental Fund Balance Sheet and the Statement of Net Position:

The differences (as reflected in the adjustments column) primarily result from the long-term economic resources focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet.

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the District as a whole.

Cost of capital assets	\$6,632,529
Accumulated Depreciation	<u>(3,696,458)</u>
	<u>\$2,936,071</u>

Accrued interest receivable is not receivable in the current period, and, therefore, is not reported in the funds.

Accrued interest	\$8,431
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The statement of net position includes as Deferred Outflows of Resources amounts that are permitted to be recognized as part of pension expense over a period of years in the governmental funds.

Deferred outflows related to pensions	\$459,139
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Long-term liabilities applicable to the district's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities – both current and long-term—are reported in the statement of net position.

Due within one year	\$-0-
Due after one year	<u>\$1,393,989</u>
	<u>\$1,393,989</u>

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 9: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND
AND GOVERNMENT-WIDE STATEMENTS – continued

Taxes receivable are offset by deferred revenues in the governmental funds and thus are not included in fund balance.

Delinquent property taxes	(\$23,077)
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The statement of net position includes as Deferred Inflows of Resources amounts that are permitted to be recognized as part of pension expense over a period of years in the governmental funds.

Deferred inflows related to pensions	\$1,023,101
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Differences between the Governmental Fund Operating Statement and the Statement of Net Activities:

The differences (as reflected in the adjustments column) arise primarily from the long-term economic resources focus of the statement of activities versus the current financial resources focus of the governmental funds.

Some expenses reporting in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Adjustment for Pension Liability	(\$287,501)
Change in Deferred Inflows/Outflows	<u>1,309,545</u>
Total adjustment	\$1,022,044

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$(282,189)
Depreciation Expense	335,948

Because some property taxes will not be collected for several months after the district's fiscal year ends, they are not considered as "available" revenues in the governmental funds.

Adjustment for property taxes collected	\$3,108
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Interest income is recognized as revenue in the governmental funds. The statement of activities includes only the interest income for the current period.

Change in accrued interest	\$(19,641)
Unrealized gain on investments	10,543

In the statement of activities, only the gain on the sale of equipment is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the equipment less any accumulated depreciation.

Gain from disposal of assets	\$434,646
Proceeds from sale of assets	(870,000)

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 10: PRIOR PERIOD ADJUSTMENT

The beginning net position balance on the Statement of Activities and the beginning fund balance on the Governmental Fund Balance Sheet of the District has been restated to record a prior period adjustment to correct an overstatement accumulated depreciation and to correct an understatement of deferred property tax revenue. A reconciliation of the prior period ending fund balance/net position balance to the current year beginning fund balance/net position balance is as follows:

	Governmental Activities
Beginning Net Position	\$14,465,384
Adjustments to correct:	
Overstatement of Accumulated Depreciation	234,144
Understatement of Deferred Property Tax Revenue	(2,303,275)
Beginning Net Position, as restated	<u>\$12,396,252</u>
Beginning Fund Balance	11,128,851
Adjustment to correct:	
Understatement of Deferred Property Tax Revenue	(1,259,374)
Beginning Fund Balance, as restated	<u>\$9,869,477</u>

NOTE 11: DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through the date of the auditor's report, the date the financial statements were available to be issued.

Required Supplemental Information

WILLIAMSON COUNTY EMERGENCY SERVICES DISTRICT NO. ONE
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
BUDGET TO ACTUAL COMPARISON - GENERAL FUND
FOR THE YEAR ENDING DECEMBER 31, 2025

	Budget		Actual Amounts Budgetary Basis	Favorable/ (Unfavorable)
	Original	Final		
GENERAL REVENUES				
Ad Valorem Taxes	\$ 2,443,933	\$ 2,443,933	\$ 2,406,705	\$ (37,228)
Sales Tax	800,000	800,000	953,320	153,320
Interest Income	-	-	502,287	502,287
Grants	12,000	12,000	12,977	977
Miscellaneous	-	-	-	-
Total Revenues	<u>\$ 3,255,933</u>	<u>\$ 3,255,933</u>	<u>\$ 3,875,289</u>	<u>\$ 619,356</u>
EXPENDITURES/EXPENSES				
Contracted Services	\$ 2,692,700	\$ 2,557,850	\$ 2,124,100	\$ 433,750
Tax Collector/Appraisal District Fees	16,000	10,872	16,587	(5,715)
Insurance	61,198	99,899	30,655	69,244
Utilities	-	51,409	60,517	(9,108)
Communications	-	10,514	20,104	(9,590)
Professional Services	75,000	33,473	42,764	(9,291)
Repair and Maintenance	-	143,466	136,340	7,126
Apparatus/Operational Supplies	-	84,098	101,248	(17,150)
Training and Travel	7,600	10,976	13,849	(2,873)
Payroll	-	64,182	107,902	(43,720)
Miscellaneous	-	2,341	4,394	(2,053)
Capital Outlay	400,000	183,418	282,189	(98,771)
Total expenditures/expenses	<u>\$ 3,252,498</u>	<u>\$ 3,252,498</u>	<u>\$ 2,940,649</u>	<u>\$ 311,849</u>
Excess (Deficiency) of revenues over expenditures	\$ 3,435	\$ 3,435	\$ 934,640	\$ 931,205
OTHER FINANCING SOURCES				
Proceeds from sale of asset	-	-	870,000	(870,000)
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>870,000</u>	<u>(870,000)</u>
Excess (Deficiency) of revenues and other financing sources over expenditures	3,435	3,435	1,804,640	61,205
Fund Balance Beginning of the year, restated			<u>\$ 9,869,477</u>	
End of the year			<u><u>\$ 11,674,117</u></u>	

See Accompanying Notes to the Financial Statements

Williamson County Emergency Services District No. 1
Schedule of District's Proportionate Share of the Net Pension Liability and Related Footnotes
December 31, 2025*

	2025	2024	2023	2022	2021
District's proportion of the net pension liability	2.867%	1.566%	1.244%	1.148%	0.510%
District's proportionate share of the net pension liability	1,393,989	1,681,490	538,492	471,025	54,642
Number of active members	19	18	**	**	**
District's proportionate share of the net pension liability per active member	73,368	93,416	**	**	**
Plan fiduciary net pension as a percentage of the total pension liability	75.8%	56.3%	74.6%	75.2%	93.1%

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

** Information not available

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

- (1) A reduction of the investment return assumption from 7.25% to 7.00%.
- (2) A reduction of the inflation assumption from 2.75% to 2.50%.