

**PARKER COUNTY EMERGENCY  
SERVICES DISTRICT No. 7**

Financial Statements and Independent Auditor's  
Report

For the Year Ended SEPTEMBER 30, 2020



**GMS**

CERTIFIED PUBLIC  
ACCOUNTANTS

GEORGE | MORGAN | SNEED

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 7  
September 30, 2020

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**PARKER COUNTY EMERGENCY SERVICES DISTRICT NO. 7**

**BOARD OF COMMISSIONERS**

**PRESIDENT - EDWARD BELDING**

**VICE-PRESIDENT - GARY HALL**

**SECRETARY - TERRY HOLLIS**

**TREASURER - ELIZABETH BOZZELL**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Parker County Emergency Services District No. 7  
Weatherford, TX 76086

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities and major fund of Parker County Emergency Services District No. 7 (the "District") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Parker County Emergency Services District No. 7, as of September 30, 2020, 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.

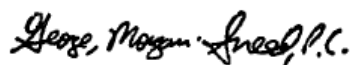
### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 – 8, budgetary comparison information and pension plan information on pages 27 – 31 be presented to supplement the basic financial statements. Such information, 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 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 and opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2021, on our consideration of the District'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 to solely 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 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 the District's internal control over financial reporting and compliance.



Weatherford, Texas

May 10, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Parker County Emergency Services District No. 7, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the year ended September 30, 2020. We encourage readers to consider the information presented here.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Parker County Emergency Services District No. 7 exceeded its liabilities and deferred inflows of resources by \$1,479,383 (net position) compared to \$922,983 for the previous year. Of this amount, \$550,452 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$556,400 for the year reported. This compares to an increase of \$71,325 for the prior year.
- As of the close of the current fiscal year, the District's governmental fund reported ending fund balance of \$526,568. The governmental fund reported ending balance in the prior year was \$623,027.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, liabilities, and deferred inflows of resources with the difference between the three reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent year. 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 only result in cash flows in future period.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by property taxes. The governmental activity of the District is to provide protection of life and property from fire, hazardous material incidents, accident, disaster, and other emergencies, and for the conservation of natural resources.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one governmental fund.

**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 financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11 - 26 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,479,383 as of September 30, 2020.

The portion of the District's net position (63%) reflects its investment in capital assets (e.g. land, buildings, equipment and vehicles), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position (\$550,452) may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities increased the District's net position by \$556,400 compared with \$71,325 increase in the prior year. The District's total revenues were \$1,440,461 compared to \$794,175 in prior year. Total revenues increased \$646,828 (81%) primarily due to capital contributions from the VFDs. Property tax revenue increased \$154,285 due to \$165.4 million increase in assessed valuation. Property tax rate per \$100 valuation remained the same at 0.1.

The total cost of providing emergency services was \$884,061 compared with \$722,850 in the prior year. Total expenses increased \$161,211 (22%) from the prior year. The increase was primarily due to \$40,286 increase in administration operating expense, \$70,542 increase in Greenwood Volunteer Fire Department operating budget, \$16,507 increase in Cool-Garner Volunteer Fire Department operating budget and \$11,191 increase in Millsap Volunteer Fire Department operating budget.

Below are summaries of the District's Statement of Net Position and Statement of Activities.

## Condensed Statement of Net Position

	2020	2019
<b>Assets</b>		
Current assets	\$ 555,671	\$ 638,046
Capital assets	2,068,045	1,535,466
Total assets	2,623,716	2,173,512
Deferred outflows of resources	60,713	70,921
<b>Liabilities</b>		
Current liabilities	19,414	6,503
Long-term liabilities	1,165,759	1,279,538
Total liabilities	1,185,173	1,286,041
Deferred inflows of resources	19,873	35,409
<b>Net position</b>		
Net investment in capital assets	928,931	278,444
Unrestricted	550,452	644,539
Total Net Position	\$ 1,479,383	\$ 922,983
	<b>Changes in Net Position</b>	
<b>Revenues</b>	2020	2019
General		
Property taxes	\$ 945,639	\$ 791,354
Capital grants and contributions	481,346	-
Other income	12,349	206
Investment earnings	1,127	2,615
Total revenues	1,440,461	794,175
<b>Expenses</b>		
Emergency services operations	845,785	680,791
Interest and fiscal charges	38,276	42,059
Total expenses	884,061	722,850
Change in net position	556,400	71,325
Net position - beginning	922,983	851,658
Net position - ending	\$ 1,479,383	\$ 922,983

### **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.

**Governmental funds.** The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At year end, the District's governmental fund reported ending fund balance of \$526,568. \$526,568 represents unassigned fund balance that is available for spending at the District's discretion. Below is a comparison of the general fund's net change in fund balance for 2020 and 2019:

	2020	2019	Increase (Decrease)
<b>REVENUES</b>			
Property taxes	\$ 945,264	\$ 787,226	\$ 158,038
Capital grants and contributions	481,346	-	481,346
Other income	12,349	206	12,143
Investment earnings	1,127	2,615	(1,488)
<b>Total revenues</b>	<b>1,440,086</b>	<b>790,047</b>	<b>650,039</b>
<b>EXPENDITURES</b>			
Emergency services operations			
Administration	128,565	79,849	48,716
Greenwood Rural Volunteer Fire Department	601,647	278,005	323,642
Millsap Volunteer Fire Department	110,291	99,100	11,191
Cool-Garner Volunteer Fire Department	543,174	80,612	462,562
Debt Service			
Principal	117,908	114,495	3,413
Interest	34,960	38,375	(3,415)
<b>Total expenditures</b>	<b>1,536,545</b>	<b>690,436</b>	<b>846,109</b>
Excess (deficiency) of revenue over expenditures	<b>\$ (96,459)</b>	<b>\$ 99,611</b>	<b>\$ (196,070)</b>

### Budgetary Highlights

The original and final budget can be briefly summarized by the following:

	Budgeted Amounts		Increase (Decrease)
	Original	Final	
Expenditures:			
Emergency services operations	\$ 674,928	\$ 1,114,332	\$ 439,404
Debt service	152,870	152,870	-
	<b>\$ 827,798</b>	<b>\$ 1,267,202</b>	<b>\$ 439,404</b>

Overall, the total actual expenditures were over budget by \$269,344. The final budget increase was due to purchase of new fire trucks.

## Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2020, amounts to \$2,068,045 (net of accumulated depreciation). This investment in capital assets includes building and improvements, equipment, furniture and vehicles.

### District's Capital Assets (Net of Depreciation)

	Governmental Activities	
	2020	2019
Land	\$ 1,667	\$ 1,667
Building and improvements	951,879	983,741
Equipment	131,124	167,684
Vehicles	983,375	382,374
Total capital assets	<u>\$ 2,068,045</u>	<u>\$ 1,535,466</u>

More detailed information about the capital assets is presented in Note 1G and Note 4 to the Financial Statements.

## Long-term Debt

At year end, the District had a total notes and capital leases payable of \$1,139,114. Of this amount, \$799,138 comprises of notes payable for the station building and brush truck secured by ad valorem taxes. Capital leases amounting to \$339,976 pertains to pumper/tanker and SCBA equipment.

Additional information on the District's debt is presented in Note 6 to the Financial Statements.

## Economic Factors and the Next Year's Budgets and Rates

In the year 2021 general fund budget, the District's total revenues are budgeted to increase by \$18,301 (2%). Property tax revenue is budgeted to increase \$20,305. The District adopted property tax rate of \$.10 per \$100 valuation.

Total expenditure appropriations are budgeted to decrease \$303,529 (37%). The largest decreases are, \$220,503 in contract with Cool-Garner Volunteer Fire Department, \$61,190 in contract with Millsap Volunteer Fire Department, \$252,658 decrease in contract with Greenwood Volunteer Fire Department decreased. Administrative and operating expenses are budgeted to increase \$230,822.

## Request for Information

The 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 financial information should be addressed to Parker County Emergency Services District No. 7, Attn: President, 1418 Greenwood Cut-Off Rd, Weatherford, TX, 76088.

**Parker County Emergency Services District No. 7**  
**Statement of Governmental Fund Balance Sheet/Statement of Net Position**  
**September 30, 2020**

	Governmental Fund <u>General Fund</u>	Adjustments (Note 5)	Governmental Activities <u>Statement of Net Position</u>
<b>ASSETS</b>			
Cash	\$ 540,839	\$ -	\$ 540,839
Property tax receivable (Net of allowance for uncollectibles)	14,832	-	14,832
Capital assets (net of accumulated depreciation):			
Land		-	-
Nondepreciable	-	1,667	1,667
Depreciable assets	-	2,066,378	2,066,378
Total Assets	<u>555,671</u>	<u>2,068,045</u>	<u>2,623,716</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge from refinancing		46,279	46,279
Deferred outflow related to TESRS pension		14,434	14,434
Total Deferred Outflows of Resources	<u>-</u>	<u>60,713</u>	<u>60,713</u>
<b>LIABILITIES</b>			
Payroll tax payable	2,193	-	2,193
Accrued payroll	12,078		12,078
Accrued interest	-	5,143	5,143
Long-term liabilities			
Due within one year	-	121,421	121,421
Due after one year	-	1,017,693	1,017,693
Net pension liability (District's share)	-	26,645	26,645
Total Liabilities	<u>14,271</u>	<u>1,170,902</u>	<u>1,185,173</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	14,832	(14,832)	-
Deferred inflow related to TESRS pension	-	19,873	19,873
Total deferred inflows of resources	<u>14,832</u>	<u>5,041</u>	<u>19,873</u>
<b>FUND BALANCE/NET POSITION</b>			
Fund Balance:			
Unassigned	526,568	(526,568)	-
Total fund balance	<u>526,568</u>		
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 555,671</u>		
Net position:			
Net investment in capital assets		928,931	928,931
Unrestricted net position		550,452	550,452
		<u>\$ 1,479,383</u>	<u>\$ 1,479,383</u>

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

**Parker County Emergency Services District No. 7**  
**Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities**  
**For the Year Ended September 30, 2020**

	Governmental Fund <u>General Fund</u>	Adjustments (Note 5)	Governmental Activities Statement of Activities
<b>REVENUES</b>			
General revenues			
Property taxes	\$ 945,264	\$ 375	\$ 945,639
Capital grants and contributions	481,346		481,346
Other income	12,349	-	12,349
Investment earnings	1,127	-	1,127
Total revenues	<u>1,440,086</u>	<u>375</u>	<u>1,440,461</u>
<b>EXPENDITURES/EXPENSES</b>			
Emergency services operations			
Administration			
Audit and legal fees	10,540	-	10,540
Administrative support	10,368	-	10,368
Training and travel	2,237	-	2,237
Membership dues	1,268	-	1,268
Insurance - Directors' and Officers	325	-	325
Equipment	-	-	-
Repairs and maintenance	-	-	-
Office supplies	1,353	-	1,353
Appraisal and collection fees	14,478	-	14,478
Recognition and awards	3,254	-	3,254
District chief payroll and operating expenses	23,929	-	23,929
Fire alarm	30,205	-	30,205
Software licenses	2,710	-	2,710
Other Professional Services	7,735	-	7,735
Other Expenditures	20,163	(8,429)	11,734
Depreciation	-	170,005	170,005
Greenwood Rural Volunteer Fire Department	601,647	(258,413)	343,234
Millsap Volunteer Fire Department	110,291	-	110,291
Cool-Garner Volunteer Fire Department	543,174	(441,055)	102,119
Debt Service			
Principal	117,908	(117,908)	-
Interest	34,960	3,316	38,276
Total expenditures/expenses	<u>1,536,545</u>	<u>(652,484)</u>	<u>884,061</u>
Excess (deficiency) of revenue over expenditures	(96,459)	652,859	556,400
<b>FUND BALANCE/NET POSITION</b>			
Beginning of the year	623,027	299,956	922,983
End of the year	<u>\$ 526,568</u>	<u>\$ 952,815</u>	<u>\$ 1,479,383</u>

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

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Creation of Emergency Services District

The Parker County Emergency Services District No. 7 (the “District”) was created on November 12, 2009, under Article III, Section 48-e, Texas Constitution, and Chapter 775, Texas Health & Safety Code.

The basic financial statements of the District have been prepared in conformity with the generally accepted account principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The District’s primary source of revenue is ad valorem taxes. The District has a contract with the Greenwood Rural Volunteer Fire Department (“GRVFD”), the Millsap Volunteer Fire Department (“MVFD”) and the Cool-Garner Rural Volunteer Fire Department (“CGRVFD”) in which the GRVFD, MVFD, and CGRVFD provide firefighting and emergency rescue services to citizens of the District. The District reimburses the GRVFD, MVFD and CGRVFD for expenses incurred by the volunteer fire departments.

B. Reporting Entity

The District is a political subdivision of the state created to perform the functions of the District. The District is not included in any other governmental “reporting entity” as defined in GASB pronouncements, since board members have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The board members are appointed by the Commissioner’s Court of Parker County.

C. Government-wide and Fund Financial Statements

The District is engaged in one governmental program and therefore considered a special purpose government under GASB No. 34. This allows the District to present a combined columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. Governmental fund financial statements are prepared on the modified accrual basis of accounting. An adjustment column includes those adjustments needed to convert fund financial statements to full accrual basis government-wide financial statements. The statement of net position and statement of activities are government-wide financial statements. Governmental activities are normally supported by taxes.

D. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are 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. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures generally are recorded when the related fund liability is incurred.

Property taxes are considered to be susceptible to accrual and so have been recognized as revenues of the current period.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The District reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

E. Cash and Cash Equivalents

The District considers all highly liquid investments available to be cash on hand, demand deposits and short-term investments that are highly liquid with maturity within three months or less when purchased.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimated and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

G. Capital Assets

Capital assets are reported in the governmental activities column in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The District defines capital assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of two years. Depreciation is calculated using the straight-line method over estimated useful lives between 5 – 10 years for equipment and furniture, 5 years for vehicles, and 40 years for buildings.

The cost of normal maintenance and repairs that do not add to the value of the asset or material extend assets lives are not capitalized.

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Fund Balance – Governmental Funds

In accordance with GASB No. 54, the District classified fund balances in the governmental funds as follows:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance.

Unassigned – all amounts not included in other spendable classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to be spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been first spent out of committed funds, then assigned, and finally unassigned as needed.

I. Net Position

Net position represents the difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

J. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy is to apply restricted net position and then unrestricted net position.

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and or balance sheet 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 two items that qualifies for reporting in this category, deferred charge on refinancing and deferred outflows related to Texas Emergency Services Retirement System (TESRS) reported in the government-wide statement of net position. A deferred charge on refinancing results from the difference in the carrying value of the refinanced debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refinanced (old) or refinancing (new) debt. See Note 10 for additional information regarding deferred outflow related to TESRS pension.

In addition to liabilities, the statement of financial position and governmental fund balance sheet 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 or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualifies for reporting in this category, unavailable revenues for governmental funds and deferred inflows related to TESRS in the government-wide statement of net position. See Note 10 for additional information regarding deferred inflow related to TESRS pension.

L. Pension

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

M. Bad Debt Allowance

The bad debt allowance is adjusted when the delinquent taxes for any year is less than the remaining reserve for that year. The bad debt allowance as of September 30, 2020 was \$9,467.

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2020

NOTE 2 – CASH AND INVESTMENTS

The State Public Funds Investment Act authorize the government to invest in obligations of the U.S. Treasury, obligations of states, agencies, counties, cities and other political subdivisions, secured certificates of deposit, repurchase agreements, banker's acceptance, commercial paper, mutual funds, guaranteed investment contracts and investment pools. Investments are stated at fair value except for short-term highly liquid investments which are stated at cost or amortized cost. During the year ended September 30, 2020, the District did not own any types of securities other than permitted by statute.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's funds are required to be deposited and invested under the terms of a depository contract. At September 30, 2020, the District's deposits were covered by FDIC Insurance and pledged securities.

NOTE 3 – PROPERTY TAX

The government's property tax is levied (assessed) each October 1, on the value listed as of the prior January 1, for all real property and personal property located included in the District. Appraised values are established by the Parker County Appraisal District.

Taxes are billed and due on October 1 of each year. The last date for payment without penalty is the following January 31. Delinquent penalties are added on February 1 with additional attorney fees being added on July 1. Lien attaches to properties on the January 1 following levy date.

In the governmental funds the District's property tax revenues are recognized when levied to the extent that they result in current receivables available for financing current operations. The remaining receivables are reflected as deferred inflows of resources.

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2020

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Non-depreciable assets				
Land	\$ 1,667	\$ -	\$ -	\$ 1,667
Total non-depreciable assets	<u>1,667</u>	<u>-</u>	<u>-</u>	<u>1,667</u>
Depreciable assets				
Building and improvements	1,201,332	-		1,201,332
Equipment	359,963	8,429		368,392
Furniture	29,754	-		29,754
Vehicles	<u>647,736</u>	<u>694,155</u>		<u>1,341,891</u>
Total capital assets being depreciated	<u>2,238,785</u>	<u>702,584</u>	<u>-</u>	<u>2,941,369</u>
Accumulated depreciation				
Building and improvements	(217,591)	(31,862)		(249,453)
Equipment	(192,279)	(44,989)		(237,268)
Furniture	(29,754)			(29,754)
Vehicles	<u>(265,362)</u>	<u>(93,154)</u>		<u>(358,516)</u>
Total accumulated depreciation	<u>(704,986)</u>	<u>(170,005)</u>	<u>-</u>	<u>(874,991)</u>
Governmental activities capital assets, net	<u>\$ 1,535,466</u>	<u>\$ 532,579</u>	<u>\$ -</u>	<u>\$ 2,068,045</u>

Depreciation expense charged to emergency services was \$170,005.

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2020

NOTE 5 – RECONCILIATION

Reconciliation of the Governmental Fund Balance to the Statement of Net Position:

Total fund balance - Governmental Fund	\$ 526,568
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund. The cost of these assets was \$2,943,036 and the accumulated depreciation was \$874,991.	2,068,045
Some liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position. The details of these differences are as follows:	
Interest payable	(5,143)
Long-term notes and capital leases payable	(1,139,114)
Deferred charges related to refinancing are not financial resources and, therefore, are not reported in the governmental funds.	46,279
Included in the items related to noncurrent liabilities is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$26,645, a deferred resource inflow related to TESRS pension of \$19,873 and a deferred resource outflow related to TESRS pension in the amount of \$14,434. This amounted to a decrease in net position.	(32,084)
Property taxes receivable are not available soon enough to pay for the current period's expenditures and therefore are deferred inflows of resources in the fund financial statements.	14,832
Net Position of Governmental Activities	\$ 1,479,383

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2020

NOTE 5 – RECONCILIATION (continued)

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities:

Total Net Change in Fund Balance - Governmental Fund	\$ (96,459)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including \$702,584 of capital outlays and \$117,908 of debt principal payments is to increase net position.	820,492
Property tax revenues in the government-wide statement of activities that do not provide current financial resources are not reported in the funds.	375
Depreciation is not recognized as an expense in governmental fund since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(170,005)
GASB required the District to recognized their proportionate share of net pension liability, deferred resource inflow related to TESRS pension and deferred resource outflow related to TESRS pension. The changes in these balances increase net position.	5,313
Current year interest payable of the governmental funds is not due and payable in the current period, therefore is not reported as a liability or asset in the funds. The \$798 decrease in interest payable and \$4,114 amortization of deferred charges decrease net position.	<u>(3,316)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 556,400</u></u>

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2020

NOTE 6 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

As of September 30 the District had the following governmental activities long-term debt outstanding:

	Balance 10/1/2019	Additions	Retirements	Balance 9/30/2020	Due within one year
<b>Notes Payable</b>					
\$1,062,960 Promissory Note dated June 1, 2015 to Government Capital Corp payable in quarterly installments of \$19,718 at 2.535% per annum and matures November 1, 2031. The note agreement contains early redemption values beginning February 1, 2018. The note is secured by a pledge of ad valorem taxes.	828,322	-	(58,426)	769,896	59,922
\$95,706 Promissory Note dated April 2, 2013 to Government Capital Corp payable in quarterly installments of \$3,084 at 3.445% per annum and matures January 1, 2023. Proceeds was used to acquire a new brush truck. The note agreement contains early redemption values beginning January 1, 2018. The note is secured by a pledge of ad valorem taxes.	40,420	-	(11,178)	29,242	11,569
<b>Total Notes Payable</b>	<b>\$ 868,742</b>	<b>\$ -</b>	<b>\$ (69,604)</b>	<b>\$ 799,138</b>	<b>\$ 71,491</b>
<b>Capital Leases Payable</b>					
\$345,418 Lease payable to Government Capital Corp in 56 quarterly payments of \$8,039, including interest at 3.695% until March 2030. Secured by new pumper/trailer.	\$ 278,783	\$ -	\$ (22,158)	\$ 256,625	\$ 22,988
\$183,352 Lease payable to Community First National Bank in 7annual payments of \$29,507, including interest at 3.07% until February 2023. Secured by SCBA equipment.	109,497	-	(26,146)	83,351	26,942
<b>Total Capital Leases</b>	<b>\$ 388,280</b>	<b>\$ -</b>	<b>\$ (48,304)</b>	<b>\$ 339,976</b>	<b>\$ 49,930</b>
<b>Net Pension Liability</b>	<b>\$ 22,516</b>	<b>\$ 4,129</b>		<b>\$ 26,645</b>	<b>\$ -</b>
<b>Total Governmental Activities</b>	<b>\$ 1,279,538</b>	<b>\$ 4,129</b>	<b>\$ (117,908)</b>	<b>\$ 1,165,759</b>	<b>\$ 121,421</b>

Repayment of principal and interest maturities is principally made from property tax revenues. Also, for governmental activities, pension liability is liquidated by the general fund.

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2020

NOTE 6 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT (continued)

The District’s notes from direct borrowings include a provision that if the District fails to make any payment on the note when due or within ten (10) days thereafter will entitle the lender to collect outstanding obligations with or without resorting to judicial process.

Note payable debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest	Total
2021	71,491	19,718	\$ 91,209
2022	73,427	17,781	91,208
2023	68,729	15,870	84,599
2024	64,641	14,231	78,872
2025	66,295	12,577	78,872
2026 - 2030	357,812	36,458	394,270
2031	96,743	5,495	102,238
	\$ 799,138	\$ 122,130	\$ 921,268

NOTE 7 – CAPITAL LEASES PAYABLE

The District has committed under various noncancelable lease/purchase agreements, primarily for equipment and pumper/trailer. Future minimum lease/purchase commitments are as follows:

Year Ending September 30	Governmental Activities
2021	\$ 61,661
2022	61,661
2023	61,661
2024	32,155
2025	32,155
2026 - 2030	144,694
Total debt service requirements	\$ 393,987
Less: Interest Portion	54,011
Debt Principal	\$ 339,976

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2020

NOTE 7 – CAPITAL LEASES PAYABLE (CONTINUED)

Assets under capital lease and related accumulated depreciation are as follows:

	Governmental Activities
Vehicle	\$ 345,418
Equipment	218,352
Less: Accumulated Depreciation	(284,573)
Net	\$ 279,197

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, errors and omissions and injuries to volunteer firefighters. Commercial insurance for liability was purchased through third party carriers. The District does not expect claims to exceed insurance coverage. At September 30, 2020, there was no significant reduction in coverage in the past fiscal year.

NOTE 9 – COMMITMENTS

The District entered into an agreement with the Greenwood Rural Volunteer Fire Department (GRVFD) whereas the GRVFD will provide fire services and emergency medical services. The District will pay the GRVFD on a reimbursement basis for contract services, operating and capital expenses. The total amount paid to the GRVFD in 2020 was \$601,647.

The District entered into an agreement with the Millsap Volunteer Fire Department (MVFD) whereas the MVFD will provide fire services and emergency medical services. The District will pay the MVFD on a reimbursement basis for contract services, operating and capital expenses. The total amount paid to MVFD in 2020 was \$110,291.

The District entered into an agreement with the Cool-Garner Rural Volunteer Fire Department (CGRVFD) whereas the CGRVFD will provide fire services and emergency medical services. The District will pay the CGRVFD on a reimbursement basis for contract services, operating and capital expenses. The total amount paid to CGRVFD in 2020 was \$543,174.

NOTE 10 – DEFINED BENEFIT PENSION PLAN

Plan Description

The Texas Emergency Services Retirement System (TESRS) administers a cost sharing multiple employer pension system (the “System”) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. Direct financial activity for the System is classified in the financial statements as pension trust funds. The System issues a stand-alone financial report that is available to the public at [www.tesrs.org](http://www.tesrs.org). At August 31, 2019, there were 237 fire and/or emergency services member department participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2020

NOTE 10 – DEFINED BENEFIT PENSION PLAN (continued)

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's 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 the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

Covered Membership

On August 31, 2019, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,649
Terminated members entitled to but not yet receiving benefits	1,842
Active participants	3,702

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the system, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impact future retiree annuities. According to the state law governing the System, the state is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The board rule defining contributions was amended in 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation.

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2020

NOTE 10 – DEFINED BENEFIT PENSION PLAN (continued)

This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2016, the Part Two contributions were established by the board to be 2% of the Part One contributions beginning September 1, 2017. Based on the August 31, 2018 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2019, total contributions of \$3,480,509 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,329,224 for the fiscal year ending August 31, 2019. The District's contributions for the year ended August 31, 2019 and 2018 were \$4,222 and \$4,994, respectively.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed in Section I(B)(1). The most recent completed biennial actuarial valuation as of August 31, 2018 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body or each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$725,000 each year to pay for part of the System's administrative expenses.

Net Pension Liability

The System's net pension liability was measured as of August 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2019.

	System 100%	District 0.0940%
Total pension liability	\$ 143,501,039	\$ 134,891
Plan fiduciary net position	115,155,476	108,246
Net pension liability	<u>\$ 28,345,563</u>	<u>\$ 26,645</u>
Plan fiduciary net position as a percentage of the total pension liability	80.2%	80.2%

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2020

NOTE 10 – DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2019 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	N/A
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 5.01%) and by adding expected inflation (3.00%). In addition, the final 7.75% assumption was selected by “rounding down” and thereby reflects a reduction of 0.26% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table.

	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	32%	5.81%
Small cap domestic	15%	5.92%
Developed internation	15%	6.21%
Emerging markets	5%	7.18%
Master limited partnership	5%	7.61%
Real Estate	5%	4.46%
Fixed income	23%	1.61%
Cash	0%	0.00%
Total	100%	
Weighted average		5.01%

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2020

NOTE 10 – DEFINED BENEFIT PENSION PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with conservative amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District, calculated using the discount rate of 7.75%, 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 (6.75%) or 1 percentage point higher (8.75%) that the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 47,357	\$ 26,645	\$ 12,780

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

At September 30, 2018, the District reported a liability of \$26,645 for its proportionate share of the TESRS's net pension liability. The net pension liability was measured as of August 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability (0.094%) was based on the District's contributions to the pension plan relative to the contribution of all employers to the plan for the period September 1, 2018 through August 31, 2019.

For the year ended September 30, 2019, the District recognized pension expense of \$6,314.

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2020

NOTE 10 – DEFINED BENEFIT PENSION PLAN (continued)

At September 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	\$ 6,455	\$ 746
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,005	19,079
Changes in actuarial assumptions	74	-
Differences between expected and actual economic experience	4	48
Contributions subsequent to the measurement date	4,896	-
Total	<u>\$ 14,434</u>	<u>\$ 19,873</u>

The \$4,896 of deferred outflows of resources resulting from contributions paid to TESRS subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	Pension Expense Amount
2020	\$ (1,305)
2021	(6,939)
2022	(2,345)
2023	254
2024	-
Thereafter	-
	<u>\$ (10,335)</u>

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events were evaluated through May 10, 2021, which is the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Parker County Emergency Services District No. 7  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Year Ended September 30, 2020

	Budgeted		ACTUAL	VARIANCE
	Original	Final		WITH BUDGET
				POSITIVE (NEGATIVE)
Revenues				
Property taxes	\$ 956,695	\$ 956,695	\$ 945,264	(11,431)
Capital grants and contributions	-	-	481,346	481,346
Other income	-	-	12,349	12,349
Investment earnings	2,500	2,500	1,127	(1,373)
Total revenues	<u>959,195</u>	<u>959,195</u>	<u>1,440,086</u>	<u>480,891</u>
Expenditures				
Emergency services operations				
Administration				
Audit and legal fees	15,000	15,000	10,540	4,460
Administrative support	15,000	15,000	10,368	4,632
Other professional services			-	-
Training and travel	3,000	3,000	2,237	763
Membership dues	1,100	1,100	1,268	(168)
Insurance-Directors' and Officers	1,575	1,575	325	1,250
Office supplies	2,210	2,210	1,353	857
Appraisal and collection fees	13,848	13,848	14,478	(630)
Recognition and awards	5,000	5,000	3,254	1,746
Depreciation	-	-	-	-
District chief payroll and operating expenses	50,950	50,950	23,929	27,021
Fire alarm	30,205	30,205	30,205	-
Software licenses	1,030	1,030	2,710	(1,680)
Other professional services	20,000	20,000	7,735	12,265
Other Expenditures	34,672	42,921	20,163	22,758
Greenwood Rural Volunteer Fire Department	287,179	540,279	601,647	(61,368)
Millsap Volunteer Fire Department	109,053	109,053	110,291	(1,238)
Cool-Garner Volunteer Fire Department	85,106	263,161	543,174	(280,013)
Debt service				
Principal	117,813	117,813	117,908	(95)
Interest	35,057	35,057	34,960	97
Total expenditures	<u>827,798</u>	<u>1,267,202</u>	<u>1,536,545</u>	<u>(269,343)</u>
Excess (deficiency) of revenue over expenditures	131,397	(308,007)	(96,459)	211,548
Fund balance - beginning	<u>623,027</u>	<u>623,027</u>	<u>623,027</u>	-
Fund balance - ending	<u>\$ 754,424</u>	<u>\$ 315,020</u>	<u>\$ 526,568</u>	<u>\$ 211,548</u>

Parker County Emergency Services District No. 7  
Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios  
Texas Emergency Services Retirement System  
Last 10 Fiscal Years (will ultimately be displayed)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Proportion of the Net Pension Liability	0.523%	0.261%	0.234%	0.126%	0.104%	0.094%
Proportionate Share of Net Pension Liability	\$ 95,038	\$ 69,668	\$ 68,160	\$ 30,242	\$ 22,516	\$ 26,645
State's Proportionate Share of the Net Pension Liability Associated with the District	48,536	36,576	35,945	14,687	8,673	11,263
	<u>\$ 143,574</u>	<u>\$ 106,244</u>	<u>\$ 104,105</u>	<u>\$ 44,929</u>	<u>\$ 31,189</u>	<u>\$ 37,908</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.5%	76.9%	76.3%	81.4%	84.3%	80.2%

Parker County Emergency Services District No. 7  
Schedule of Contributions  
Texas Emergency Services Retirement System  
Last 10 Fiscal Years (will ultimately be displayed)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually Required Contributions	\$ 23,700	\$ 12,200	\$ 10,700	\$ 6,078	\$ 4,944	\$ 4,222
Contributions in relation to the contractually required contribution	<u>23,700</u>	<u>12,200</u>	<u>10,700</u>	<u>6,078</u>	<u>4,944</u>	<u>4,222</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Parker County Emergency Services District No. 7  
Notes to the Required Supplementary Information  
September 30, 2020

Budget

Annual operating budget is adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

The Board of Commissioners follow these procedures in establishing budgetary data reflected in the financial statements.

- a. Prior to the beginning of the fiscal year, proposed operating budget is submitted by the Budget Officer to the Board of Commissioners for the fiscal year commencing the following October 1. The operating budget includes proposed expenses and the means of financing them for the general fund.
- b. The budget may be amended with the approval of the Board of Commissioners. The budget was amended once during the year.
- c. Budgetary control is maintained at the line item level, subject to adjustments permitted as described above.

Excess of Expenditures over Appropriations of \$5,000 or more:

Greenwood Volunteer Fire Department expenditures budgetary basis exceeded appropriations by \$61,368. Cool-Garner Volunteer Fire Department expenditures budgetary basis exceeded appropriations by \$280,013. Overall, total actual expenditures were over budget by \$269,344. The reason that the expenses exceed appropriations was due to firetrucks and equipment that was purchased with grants.

Information Affecting Comparability of Pension Plan Schedules

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Actuarial assumptions and methods as of the latest actuarial valuation are as follows:

Valuation Date

August 31, 2018

Actuarial Methods and Assumptions

Actuarial Cost Method	Entry Age Cost Method
Amortization Method	Level Dollar, Open
Amortization Period	30 years
Asset Valuation Method	Market value smoother by a 5-year deferred recognition method with a 80%/120% corridor on market value
Inflation	3.00%
Salary Increases	Not applicable
Investment Rate of Return	7.75%, net of pension plan investment expense, including inflation
Mortality Rates	RP-2000 Combined Healthy Mortality Tables for males and for females projected to 2024 by scale AA

Parker County Emergency Services District No. 7  
Notes to the Required Supplementary Information  
September 30, 2020

Other Information

Changes in the Methods and Assumptions Since the August 31, 2018 Valuation

None

**OVERALL COMPLIANCE AND INTERNAL  
CONTROL SECTION**

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

To the Board of Commissioners  
Parker County Emergency Services District No. 7  
Weatherford, Texas

We have audited, 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, the financial statements of the governmental activities and major fund of the Parker County Emergency Services District No. 7 (the "District") as of and for the year ended September 30, 2020, which collectively comprise the District's basic financial statements and issued our report thereon, dated May 10, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

*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 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.

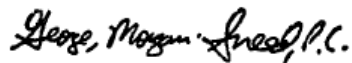
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting we consider to be material weaknesses, as defined above.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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



Weatherford, Texas  
May 10, 2021