

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

**Financial Statements and Independent Auditor's
Report**

For the Year Ended SEPTEMBER 30, 2021



GMS

CERTIFIED PUBLIC
ACCOUNTANTS

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PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 7
September 30, 2021

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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

COMMISSIONER - CHARLES PECK

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, 2021, 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, 2021, 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 28 – 32 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 an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2022, 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.

George Morgan Sneed, P.C.

Weatherford, Texas
March 15, 2022

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, 2021. 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 \$1,611,188 (net position) compared to \$1,479,383 for the previous year. Of this amount, \$766,990 (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 \$131,805 for the year reported. This compares to an increase of \$556,400 for the prior year.
- As of the close of the current fiscal year, the District's governmental fund reported ending fund balance of \$741,667. The governmental fund reported ending balance in the prior year was \$526,568.

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 - 27 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 \$1,611,188 as of September 30, 2021.

The portion of the District's net position (52%) 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 (\$766,990) may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities increased the District's net position by \$131,805 compared with \$556,400 increase in the prior year. The District's total revenues were \$997,897 compared to \$1,440,461 in prior year. Total revenues decreased \$442,564 (31%) primarily due to capital contributions from the VFDs in the prior year. Property tax revenue increased \$39,285 due to \$30.7 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 \$866,092 compared with \$884,061 in the prior year. Total expenses decreased \$17,969 (2%) from the prior year. Several expense line items changed significantly from the prior year because the District started paying expenses that the volunteer fire departments paid.

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

Condensed Statement of Net Position

Assets	2021	2020
Current assets	\$ 766,040	\$ 555,671
Capital assets	1,861,886	2,068,045
Total assets	<u>2,627,926</u>	<u>2,623,716</u>
Deferred outflows of resources	<u>56,299</u>	<u>60,713</u>
Liabilities		
Current liabilities	15,918	19,414
Long-term liabilities	1,044,159	1,165,759
Total liabilities	<u>1,060,077</u>	<u>1,185,173</u>
Deferred inflows of resources	<u>12,960</u>	<u>19,873</u>
Net position		
Net investment in capital assets	844,198	928,931
Unrestricted	766,990	550,452
Total Net Position	<u>\$ 1,611,188</u>	<u>\$ 1,479,383</u>
Changes in Net Position		
Revenues	2021	2020
General		
Property taxes	\$ 984,920	\$ 945,639
Capital grants and contributions	-	481,346
Other income	12,842	12,349
Investment earnings	135	1,127
Total revenues	<u>997,897</u>	<u>1,440,461</u>
Expenses		
Emergency services operations	831,356	845,785
Interest and fiscal charges	34,736	38,276
Total expenses	<u>866,092</u>	<u>884,061</u>
Change in net position	131,805	556,400
Net position - beginning	1,479,383	922,983
Net position - ending	<u>\$ 1,611,188</u>	<u>\$ 1,479,383</u>

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 \$741,667. \$741,667 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 2021 and 2020:

	2021	2020	Increase (Decrease)
REVENUES			
Property taxes	\$ 986,975	\$ 945,264	\$ 41,711
Capital grants and contributions	-	481,346	(481,346)
Other income	12,842	12,349	493
Investment earnings	135	1,127	(992)
Total revenues	999,952	1,440,086	(440,134)
EXPENDITURES			
Emergency services operations			
Administration	290,505	128,565	161,940
Greenwood Rural Volunteer Fire Department	258,658	601,647	(342,989)
Millsap Volunteer Fire Department	38,479	110,291	(71,812)
Cool-Garner Volunteer Fire Department	44,342	543,174	(498,832)
Debt Service			
Principal	121,426	117,908	3,518
Interest	31,443	34,960	(3,517)
Total expenditures	784,853	1,536,545	(751,692)
Excess (deficiency) of revenue over expenditures	\$ 215,099	\$ (96,459)	\$ 311,558

Budgetary Highlights

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

	Budgeted Amounts		Increase (Decrease)
Expenditures:	Original	Final	
Emergency services operations	\$ 810,803	\$ 814,478	\$ 3,675
Debt service	152,939	152,939	-
	\$ 963,742	\$ 967,417	\$ 3,675

Overall, the total actual expenditures were under budget by \$134,186. The final budget increase was due to VFD allocations.

Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2021, amounts to \$1,861,886 (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	
	2021	2020
Land	\$ 1,667	\$ 1,667
Building and improvements	920,017	951,879
Equipment	91,016	131,124
Vehicles	849,186	983,375
Total capital assets	<u>\$ 1,861,886</u>	<u>\$ 2,068,045</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 \$1,017,688. Of this amount, \$727,648 comprises of notes payable for the station building and brush truck secured by ad valorem taxes. Capital leases amounting to \$290,040 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 \$136,834 (12%). Property tax revenue is budgeted to increase \$137,330. The District adopted property tax rate of \$.10 per \$100 valuation.

Total expenditure appropriations are budgeted to increase \$44,079 (5%). The largest increases is, \$43,989 in in contract with Greenwood Volunteer Fire Department decreased. Administrative and operating expenses are budgeted to decrease \$14,664.

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, 2021

	Governmental Fund General Fund	Adjustments (Note 5)	Governmental Activities Statement of Net Position
ASSETS			
Cash	\$ 753,263	\$ -	\$ 753,263
Property tax receivable (Net of allowance for uncollectibles)	12,777	-	12,777
Capital assets (net of accumulated depreciation):			
Nondepreciable	-	1,667	1,667
Depreciable assets	-	1,860,219	1,860,219
Total Assets	<u>766,040</u>	<u>1,861,886</u>	<u>2,627,926</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge from refinancing		42,165	42,165
Deferred outflow related to TESRS pension		14,134	14,134
Total Deferred Outflows of Resources	<u>-</u>	<u>56,299</u>	<u>56,299</u>
LIABILITIES			
Payroll tax payable	699	-	699
Accrued payroll	7,333		7,333
Accrued interest	-	4,322	4,322
Accrued payables	-		-
Accounts payable	3,564		3,564
Long-term liabilities			
Due within one year	-	125,052	125,052
Due after one year	-	892,636	892,636
Net pension liability (District's share)	-	26,471	26,471
Total Liabilities	<u>11,596</u>	<u>1,048,481</u>	<u>1,060,077</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	12,777	(12,777)	-
Deferred inflow related to TESRS pension	-	12,960	12,960
Total deferred inflows of resources	<u>12,777</u>	<u>183</u>	<u>12,960</u>
FUND BALANCE/NET POSITION			
Fund Balance:			
Unassigned	741,667	(741,667)	-
Total fund balance	<u>741,667</u>		
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 766,040</u>		
Net position:			
Net investment in capital assets		844,198	844,198
Unrestricted net position		766,990	766,990
		<u>\$ 1,611,188</u>	<u>\$ 1,611,188</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, 2021

	Governmental Fund <u>General Fund</u>	Adjustments (Note 5)	Governmental Activities <u>Statement of Activities</u>
REVENUES			
General revenues			
Property taxes	\$ 986,975	\$ (2,055)	\$ 984,920
Capital grants and contributions	-		-
Other income	12,842	-	12,842
Investment earnings	135	-	135
Total revenues	<u>999,952</u>	<u>(2,055)</u>	<u>997,897</u>
EXPENDITURES/EXPENSES			
Emergency services operations			
Administration			
Audit and legal fees	11,920	-	11,920
Administrative support	9,317	-	9,317
Membership dues	3,225	-	3,225
Insurance - Directors' and Officers	1,492	-	1,492
Office supplies	1,806	-	1,806
Appraisal and collection fees	16,222	-	16,222
Recognition and awards	4,007	-	4,007
District chief payroll and operating expenses	5,238	-	5,238
Fire alarm	37,160	-	37,160
Software licenses	2,507	-	2,507
Other Professional Services	32,772	-	32,772
Information Technology	6,199	(3,049)	3,150
Communications	5,133	-	5,133
Equipment Repair, Replace and Acquisition	150,246	(2,207)	148,039
EMS	3,261	-	3,261
Depreciation	-	211,415	211,415
Greenwood Rural Volunteer Fire Department	258,658	(6,787)	251,871
Millsap Volunteer Fire Department	38,479		38,479
Cool-Garner Volunteer Fire Department	44,342		44,342
Debt Service			
Principal	121,426	(121,426)	-
Interest	31,443	3,293	34,736
Total expenditures/expenses	<u>784,853</u>	<u>81,239</u>	<u>866,092</u>
Excess (deficiency) of revenue over expenditures	215,099	(83,294)	131,805
FUND BALANCE/NET POSITION			
Beginning of the year	526,568	952,815	1,479,383
End of the year	<u>\$ 741,667</u>	<u>\$ 869,521</u>	<u>\$ 1,611,188</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, 2021

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, 2021

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, 2021

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, 2021

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, 2021 was \$9,774.

Parker County Emergency Services District No. 7
Notes to the Financial Statements
September 30, 2021

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, 2021, 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, 2021, 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, 2021

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

	Balance	Increases	Decreases	Balance
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	368,392	5,256		373,648
Furniture	29,754	-		29,754
Vehicles	1,341,891			1,341,891
Total capital assets being depreciated	<u>2,941,369</u>	<u>5,256</u>	<u>-</u>	<u>2,946,625</u>
Accumulated depreciation				
Building and improvements	(249,453)	(31,862)		(281,315)
Equipment	(237,268)	(45,364)		(282,632)
Furniture	(29,754)			(29,754)
Vehicles	(358,516)	(134,189)		(492,705)
Total accumulated depreciation	<u>(874,991)</u>	<u>(211,415)</u>	<u>-</u>	<u>(1,086,406)</u>
Governmental activities capital assets, net	<u>\$ 2,068,045</u>	<u>\$ (206,159)</u>	<u>\$ -</u>	<u>\$ 1,861,886</u>

Depreciation expense charged to emergency services was \$211,415.

Parker County Emergency Services District No. 7
Notes to the Financial Statements
September 30, 2021

NOTE 5 – RECONCILIATION

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

Total fund balance - Governmental Fund	\$ 741,667
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 \$2,948,292 and the accumulated depreciation was \$1,086,406.	1,861,886
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	(4,322)
Long-term notes and capital leases payable	(1,017,688)
Deferred charges related to refinancing are not financial resources and, therefore, are not reported in the governmental funds.	42,165
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 \$26,471, a deferred resource inflow related to TESRS pension of \$12,960 and a deferred resource outflow related to TESRS pension in the amount of \$14,134. This amounted to a decrease in net position.	(25,297)
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.	12,777
Net Position of Governmental Activities	<u>\$ 1,611,188</u>

Parker County Emergency Services District No. 7
Notes to the Financial Statements
September 30, 2021

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	\$ 215,099
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 \$5,256 of capital outlays and \$121,426 of debt principal payments is to increase net position.	126,682
Property tax revenues in the government-wide statement of activities that do not provide current financial resources are not reported in the funds.	(2,055)
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.	(211,415)
GASB required the District to recognize 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.	6,787
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 \$821 decrease in interest payable and \$4,114 amortization of deferred charges decrease net position.	<u>(3,293)</u>
Change in Net Position of Governmental Activities	<u>\$ 131,805</u>

Parker County Emergency Services District No. 7
Notes to the Financial Statements
September 30, 2021

NOTE 6 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

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

	Balance 10/1/2020	Additions	Retirements	Balance 9/30/2021	Due within one year
Notes Payable					
\$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.	\$ 769,896	\$ -	\$ (59,922)	\$ 709,974	\$ 61,455
 \$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.	 29,242	 -	 (11,568)	 17,674	 11,972
Total Notes Payable	<u>\$ 799,138</u>	<u>\$ -</u>	<u>\$ (71,490)</u>	<u>\$ 727,648</u>	<u>\$ 73,427</u>
Capital Leases Payable					
\$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.	\$ 256,625	-	(22,988)	233,637	23,850
 \$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.	 83,351	 -	 (26,948)	 56,403	 27,775
Total Capital Leases	<u>\$ 339,976</u>	<u>\$ -</u>	<u>\$ (49,936)</u>	<u>\$ 290,040</u>	<u>\$ 51,625</u>
Net Pension Liability	<u>\$ 26,645</u>		<u>\$ (174)</u>	<u>\$ 26,471</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 1,165,759</u>	<u>\$ -</u>	<u>\$ (121,600)</u>	<u>\$ 1,044,159</u>	<u>\$ 125,052</u>

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, 2021

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
2022	73,427	17,781	\$ 91,208
2023	68,729	15,870	84,599
2024	64,641	14,231	84,599
2025	66,295	12,577	78,872
2026	67,992	10,880	78,872
2027 - 2031	366,968	27,391	394,359
2032	19,596	124	19,720
	<u>\$ 727,648</u>	<u>\$ 98,854</u>	<u>\$ 832,229</u>

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
2022	\$ 61,661
2023	61,661
2024	32,155
2025	32,155
2026	32,155
2027 - 2031	112,539
Total debt service requirements	<u>\$ 332,326</u>
Less: Interest Portion	42,286
Debt Principal	<u>\$ 290,040</u>

Parker County Emergency Services District No. 7
Notes to the Financial Statements
September 30, 2021

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	<u>(350,307)</u>
Net	<u>\$ 213,463</u>

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, 2021, 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 2021 was \$258,658.

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 2021 was \$38,479.

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 2021 was \$44,342.

Parker County Emergency Services District No. 7
Notes to the Financial Statements
September 30, 2021

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 *tesrs.org*.

Of the nine-member state board of trustees, at least five trustees must be active members of the pension system, one of whom must represent emergency medical services personnel. One trustee may be a retiree of the pension system, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. At August 31, 2020, there were 238 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

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 or continuing monthly payments to a member's surviving spouse and dependent children.

Covered Membership

On August 31, 2020, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,837
Terminated members entitled to but not yet receiving benefits	1,787
Active participants	3,634

Parker County Emergency Services District No. 7
Notes to the Financial Statements
September 30, 2021

NOTE 10 – DEFINED BENEFIT PENSION PLAN(Continued)

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 impacts 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. 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 August 31, 2020 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 15 years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by the System.

Parker County Emergency Services District No. 7
Notes to the Financial Statements
September 30, 2021

NOTE 10 – DEFINED BENEFIT PENSION PLAN(Continued)

Contributions Required and Contributions Made

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, 2020, total contributions of \$3,755,240 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, 2020. The District's contributions for the year ended August 31, 2021 and 2010 were \$6,156 and \$4,896, 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, 2020 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 \$675,000 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2020.

	System 100%	District 0.1050%
Total pension liability	\$ 150,440,543	\$ 157,963
Plan fiduciary net position	125,229,661	131,492
Net pension liability	<u>\$ 25,210,882</u>	<u>\$ 26,471</u>
Plan fiduciary net position as a percentage of the total pension liability	83.2%	83.2%

Parker County Emergency Services District No. 7
Notes to the Financial Statements
September 30, 2021

NOTE 10 – DEFINED BENEFIT PENSION PLAN(Continued)

Actuarial Assumptions

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and retirees, projected for mortality improvement generationally using projection scale MP-2019.

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 4.60%) and by adding expected inflation (3.00%). In addition, the final 7.50% assumption was selected by rounding down. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

	Long-Term	
	Target Allocation	Expected Net Real Rate of Return
Equities		
Large cap domestic	20%	5.83%
Small cap domestic	10%	5.94%
Developed internation	15%	6.15%
Emerging markets	5%	7.25%
Global infastructure	5%	6.41%
Real estate	10%	4.48%
Multi asset income	5%	3.84%
Fixed income	30%	1.99%
cash	0%	0.00%
Total	100%	
Weighted average		4.60%

Parker County Emergency Services District No. 7
Notes to the Financial Statements
September 30, 2021

NOTE 10 – DEFINED BENEFIT PENSION PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. No projection of cash flows was used to determine the discount rate because the August 31, 2020 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 the 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 City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 51,002	\$ 26,471	\$ 9,428

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

At September 30, 2021, the District reported a liability of \$26,471 for its proportionate share of the TESRS's net pension liability. The net pension liability was measured as of August 31, 2020. 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 (0.1050%) 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, 2019 through August 31, 2020.

For the year ended September 30, 2021, the District recognized pension expense of \$7,004.

Parker County Emergency Services District No. 7
Notes to the Financial Statements
September 30, 2021

NOTE 10 – DEFINED BENEFIT PENSION PLAN (continued)

At September 30, 2021, 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	\$ 5,474	\$ 497
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,494	11,146
Changes in actuarial assumptions	9	43
Differences between expected and actual economic experience	-	1,273
Contributions subsequent to the measurement date	6,156	-
Total	<u>\$ 14,133</u>	<u>\$ 12,959</u>

The \$6,156 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, 2022. 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
2021	\$ (6,439)
2022	(1,468)
2023	1,590
2024	1,335
2025	-
Thereafter	-
	<u>\$ (4,982)</u>

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events were evaluated through March 15, 2022 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, 2021

	Budgeted	Amounts		VARIANCE WITH BUDGET
	Original	Final	ACTUAL	POSITIVE (NEGATIVE)
Revenues				
Property taxes	\$ 977,000	\$ 977,000	\$ 986,975	9,975
Capital grants and contributions	-	-	-	-
Other income	-	-	12,842	12,842
Investment earnings	496	496	135	(361)
Total revenues	<u>977,496</u>	<u>977,496</u>	<u>999,952</u>	<u>22,456</u>
Expenditures				
Emergency services operations				
Administration				
Audit and legal fees	15,000	15,000	11,920	3,080
Administrative support	16,000	16,000	9,317	6,683
Training and Travel	3,000	3,000	-	3,000
Membership dues	5,600	5,600	3,225	2,375
Insurance - Directors' and Officers	1,575	1,575	1,492	83
Office supplies	6,000	6,000	1,806	4,194
Appraisal and collection fees	15,537	15,537	16,222	(685)
Recognition and awards	5,000	5,000	4,007	993
District chief payroll and operating expenses	50,950	50,950	5,238	45,712
Fire alarm	37,160	37,160	37,160	-
Software licenses	9,150	9,150	2,507	6,643
Other Professional Services	22,000	22,000	32,772	(10,772)
Information Technology	12,100	12,100	6,199	5,901
Communications	8,318	12,318	5,133	7,185
Equipment Repair, Replace and Acquisition	207,781	199,281	150,246	49,035
EMS	9,450	13,950	3,261	10,689
Greenwood Rural Volunteer Fire Department	287,621	289,166	258,658	
Millsap Volunteer Fire Department	55,903	57,173	38,479	
Cool-Garner Volunteer Fire Department	42,658	43,518	44,342	
Debt Service			-	
Principal	119,378	119,378	121,426	(2,048)
Interest	33,561	33,561	31,443	2,118
Total expenditures	<u>963,742</u>	<u>967,417</u>	<u>784,853</u>	<u>134,186</u>
Excess (deficiency) of revenue over expenditures	13,754	10,079	215,099	156,642
Fund balance - beginning	<u>526,568</u>	<u>526,568</u>	<u>526,568</u>	<u>-</u>
Fund balance - ending	<u>\$ 540,322</u>	<u>\$ 536,647</u>	<u>\$ 741,667</u>	<u>\$ 156,642</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>	<u>2020</u>
Proportion of the Net Pension Liability	0.523%	0.261%	0.234%	0.126%	0.104%	0.094%	0.105%
Proportionate Share of Net Pension Liability	\$ 95,038	\$ 69,668	\$ 68,160	\$ 30,242	\$ 22,516	\$ 26,645	\$ 26,471
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>48,536</u>	<u>36,576</u>	<u>35,945</u>	<u>14,687</u>	<u>8,673</u>	<u>11,263</u>	<u>10,555</u>
	<u>\$ 143,574</u>	<u>\$ 106,244</u>	<u>\$ 104,105</u>	<u>\$ 44,929</u>	<u>\$ 31,189</u>	<u>\$ 37,908</u>	<u>\$ 37,026</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%	83.2%

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>	<u>2020</u>	<u>2021</u>
Contractually Required Contributions	\$ 23,700	\$ 12,200	\$ 10,700	\$ 6,078	\$ 4,944	\$ 4,222	\$ 4,896	\$ 6,156
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>	<u>4,896</u>	<u>6,156</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<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, 2021

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:

Other Professional Services exceed appropriations by \$10,772. The reason that the expenses exceed appropriations was due to consulting expenses related to a sales tax election.

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, 2020

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age
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	N/A
Investment Rate of Return	7.50%, net of pension plan investment expense, including inflation
Mortality	PubS-2010 (public safety) below-median income mortality tables for employees and retirees, projected for mortality improvement generationally using projection scale MP-2019.

Other Information

Parker County Emergency Services District No. 7
Notes to the Required Supplementary Information
September 30, 2021

Changes in the Methods and Assumptions Since the August 31, 2020 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, 2021, which collectively comprise the District's basic financial statements and issued our report thereon, dated March 15, 2022.

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.

George Morgan Freed, P.C.

Weatherford, Texas
March 15, 2022