

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

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

**For the Year Ended September 30, 2024**

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 7  
September 30, 2024

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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 – GARLAND “GENE” PAYNE**

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Audit of the Financial Statements**

#### **Opinion**

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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of Parker County Emergency Services District No. 7 as of September 30, 2024, and the respective changes in the financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible to the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

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

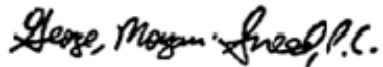
### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 – 9, budgetary information on pages 29-33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 May 9, 2025 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



Weatherford, Texas  
May 9, 2025

## 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, 2024. 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 \$2,804,114(net position) compared to \$2,186,180 for the previous year. Of this amount, \$1,869,769(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 \$617,934 for the year reported. This compares to an increase of \$267,777 for the prior year.
- As of the close of the current fiscal year, the District's governmental fund reported ending fund balance of \$1,869,302. The governmental fund reported ending balance in the prior year was \$1,216,887.

### 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 12 - 28 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 \$2,804,114 as of September 30, 2024.

The portion of the District's net position (33%) 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 (\$1,869,769) may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities increased the District's net position by \$617,934 compared with \$267,777 increase in the prior year. The District's total revenues were \$1,689,804 compared to \$1,393,926 in prior year. Total revenues increased \$295,878 (21%) primarily due to sales tax revenue and property tax revenue. Property tax revenue increased \$291,089 due to \$344.7 million increase in assessed valuation. Property tax rate per \$100 valuation was 0.00098 compared to .1 in the prior year.

The total cost of providing emergency services was \$1,071,868 compared with \$1,126,149 in the prior year. Total expenses decreased \$54,281 (-5%) from the prior year. This decrease was mainly due to a decrease in preventative maintenance of \$42,056 for vehicles and a decrease in repairs expenses of \$76,356 for storm damage.



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

### Condensed Statement of Net Position

	2024	2023
Assets		
Current assets	\$ 1,911,667	\$ 1,253,062
Capital assets	1,584,745	1,696,846
Total assets	<u>3,496,412</u>	<u>2,949,908</u>
Deferred outflows of resources	<u>62,553</u>	<u>72,466</u>
Liabilities		
Current liabilities	15,016	9,294
Long-term liabilities	731,734	814,435
Total liabilities	<u>746,750</u>	<u>823,729</u>
Deferred inflows of resources	<u>8,101</u>	<u>12,465</u>
Net position		
Net investment in capital assets	934,345	960,250
Unrestricted	1,869,769	1,225,930
Total Net Position	<u>\$ 2,804,114</u>	<u>\$ 2,186,180</u>

### Changes in Net Position

	2024	2023
Revenues		
General		
Property taxes	\$ 1,496,903	\$ 1,205,816
Sales tax	49,923	33,179
Other income	135,791	149,637
Investment earnings	7,185	5,294
Program		
Capital grants and contributions	-	-
Total revenues	<u>1,689,802</u>	<u>1,393,926</u>
Expenses		
Emergency services operations	1,047,331	1,101,555
Interest and fiscal charges	24,537	24,594
Total expenses	<u>1,071,868</u>	<u>1,126,149</u>
Change in net position	617,934	267,777
Net position - beginning	<u>2,186,180</u>	<u>1,918,403</u>
Net position - ending	<u>\$ 2,804,114</u>	<u>\$ 2,186,180</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 \$1,869,302. \$1,869,302 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 2024 and 2023:

	2024	2023	Increase (Decrease)
<b>REVENUES</b>			
Property taxes	\$ 1,496,728	\$ 1,199,307	\$ 297,421
Sales tax	49,923	\$ 33,179	16,744
Capital grants and contributions	-	-	-
Other income	27,795	47,033	(19,238)
Investment earnings	7,185	5,294	1,891
Total revenues	1,581,631	1,284,813	296,818
<b>EXPENDITURES</b>			
Emergency services operations			
Administration	838,706	881,566	(42,860)
Capital Outlay	87,480		87,480
Debt Service			
Principal	90,311	119,292	(28,981)
Interest	20,715	24,157	(3,442)
Total expenditures	1,037,212	1,025,015	12,197
Excess (deficiency) of revenue over expenditures	544,419	259,798	284,621
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of assets	76,000	-	76,000
Insurance proceeds	31,996	102,604	(70,608)
Change in Fund Balance/Net Position	\$ 652,415	\$ 362,402	\$ 290,013

## Budgetary Highlights

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

Expenditures:	Budgeted Amounts		Increase (Decrease)
	Original	Final	
Emergency services operations	\$ 988,150	\$ 988,155	\$ 5
Capital Outlay	110,000	110,000	-
Debt service	103,750	111,704	7,954
	\$ 1,201,900	\$ 1,209,859	\$ 7,959

Overall, the total actual expenditures were under budget by \$172,647.

## Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2024, amounts to \$1,584,745 (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	
	2024	2023
Land	\$ 1,667	\$ 1,667
Building and improvements	828,924	858,458
Equipment	8,367	16,728
Furniture	5,200	
Vehicles	740,587	819,993
Total capital assets	<u>\$ 1,584,745</u>	<u>\$ 1,696,846</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 financed purchases payable of \$680,223. Of this amount, \$520,849 comprises of notes payable for the station building secured by ad valorem taxes. Financed purchases amounting to \$159,374 pertains to pumper/tanker.

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 2025 general fund budget, the District's total revenues are budgeted to increase by \$268,471 (15%). Property tax revenue is budgeted to increase \$266,471. The District adopted property tax rate of \$.00099 per \$100 valuation. Sales tax is expected to be \$48,000, and fire service agreements and other income are projected to be \$20,000.

Total expenditure appropriations are budgeted to increase \$838,481 (41%). The largest increases are, \$613,500 in capital outlay, \$479,710 in personnel costs, \$72,969 in equipment repair and replace, \$14,477 in debt service interest, \$18,940 in software licenses, and \$18,104 in insurance. The largest decreases are, \$18,750 to information technology, \$11,000 decrease in onboarding line personnel, \$369,980 decrease in expenses allocated to Greenwood Rural VFD as the District is assuming the expense of the VFDs.

## 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.

## **BASIC FINANCIAL STATEMENTS**

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**Parker County Emergency Services District No. 7**  
**Statement of Governmental Fund Balance Sheet/Statement of Net Position**  
**September 30, 2024**

	Governmental Fund <u>General Fund</u>	Adjustments (Note 5)	Governmental Activities Statement of Net Position
<b>ASSETS</b>			
Cash	\$ 1,873,100	\$ -	\$ 1,873,100
Property tax receivable (Net of allowance for uncollectibles)	29,663	-	29,663
Sales tax receivable	8,904		8,904
Capital assets (net of accumulated depreciation):			
Nondepreciable	-	1,667	1,667
Depreciable assets	-	1,583,078	1,583,078
Total Assets	<u>1,911,667</u>	<u>1,584,745</u>	<u>3,496,412</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge from refinancing		29,823	29,823
Deferred outflow related to TESRS pension		32,730	32,730
Total Deferred Outflows of Resources	<u>-</u>	<u>62,553</u>	<u>62,553</u>
<b>LIABILITIES</b>			
Accounts payable	2,090		2,090
Credit card payable	413		413
Payroll tax payable	826	-	826
Accrued payroll	9,373		9,373
Accrued interest	-	2,314	2,314
Long-term liabilities			
Due within one year	-	92,927	92,927
Due after one year	-	587,296	587,296
Net pension liability (District's share)	-	51,511	51,511
Total Liabilities	<u>12,702</u>	<u>734,048</u>	<u>746,750</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	29,663	(29,663)	-
Deferred inflow related to TESRS pension	-	8,101	8,101
Total deferred inflows of resources	<u>29,663</u>	<u>(21,562)</u>	<u>8,101</u>
<b>FUND BALANCE/NET POSITION</b>			
Fund Balance:			
Unassigned	1,869,302	(1,869,302)	-
Total fund balance	<u>1,869,302</u>		
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,911,667</u>		
Net position:			
Net investment in capital assets		934,345	934,345
Unrestricted net position		1,869,769	1,869,769
		<u>\$ 2,804,114</u>	<u>\$ 2,804,114</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, 2024**

	Governmental Fund <u>General Fund</u>	Adjustments (Note 5)	Governmental Activities Statement of Activities
<b>REVENUES</b>			
General revenues			
Property taxes	\$ 1,496,728	\$ 175	\$ 1,496,903
Sales tax	49,923	-	49,923
Other income	27,795	107,996	135,791
Investment earnings	7,185	-	7,185
Program revenues			
Capital grants and contributions	-		-
Total revenues	<u>1,581,631</u>	<u>108,171</u>	<u>1,689,802</u>
<b>EXPENDITURES/EXPENSES</b>			
Emergency services operations			
Current:			
Audit and legal fees	\$ 16,010	-	16,010
Administrative support	13,080	-	13,080
Training and travel	5,065	-	5,065
Membership dues	3,159	-	3,159
Insurance - Worker's Comp, Property, and Liability	113,446	-	113,446
Office supplies	2,710	-	2,710
Appraisal and collection fees	23,390	-	23,390
Recognition and awards	6,924	-	6,924
Personnel expenses	293,316	9,044	302,360
Fire alarm	68,863	-	68,863
Software licenses	12,670	-	12,670
Other Professional Services	1,475	-	1,475
Information Technology	3,857	-	3,857
Communications	6,682	-	6,682
Equipment Repair, Replace and Acquisition	224,455	-	224,455
EMS	21,839	-	21,839
Utilities	21,765		21,765
Depreciation	-	190,191	190,191
Capital Outlay	87,480	(78,090)	9,390
Debt Service			
Principal	90,311	(90,311)	-
Interest	20,715	3,822	24,537
Total expenditures/expenses	<u>1,037,212</u>	<u>34,656</u>	<u>1,071,868</u>
Excess (deficiency) of revenue over expenditures	544,419	73,515	617,934
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of assets	76,000	(76,000)	-
Insurance proceeds	31,996	(31,996)	-
Change in Fund Balance/Net Position	652,415	(34,481)	617,934
<b>FUND BALANCE/NET POSITION</b>			
Beginning of the year	1,216,887	969,293	2,186,180
End of the year	<u>\$ 1,869,302</u>	<u>\$ 934,812</u>	<u>\$ 2,804,114</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, 2024

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, 2024

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, 2024

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, 2024

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, 2024 was \$15,086.

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2024

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, 2024, 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, 2024, 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, 2024

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024 was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending 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	376,792	-		376,792
Furniture	29,754	6,000		35,754
Vehicles	1,610,656	72,090	(95,706)	1,587,040
Total capital assets being depreciated	<u>3,218,534</u>	<u>78,090</u>	<u>(95,706)</u>	<u>3,200,918</u>
Accumulated depreciation				
Building and improvements	(342,873)	(29,535)		(372,408)
Equipment	(360,064)	(8,361)		(368,425)
Furniture	(29,754)	(800)		(30,554)
Vehicles	(790,664)	(151,495)	95,706	(846,453)
Total accumulated depreciation	<u>(1,523,355)</u>	<u>(190,191)</u>	<u>95,706</u>	<u>(1,617,840)</u>
Governmental activities capital assets, net	<u>\$ 1,696,846</u>	<u>\$ (112,101)</u>	<u>\$ -</u>	<u>\$ 1,584,745</u>

Depreciation expense charged to emergency services was \$190,191.

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2024

NOTE 5 – RECONCILIATION

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

Total fund balance - Governmental Fund	\$ 1,869,302
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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 \$3,202,585 and the accumulated depreciation was \$1,617,840.	1,584,745
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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	(2,314)
Long-term notes and financed purchases payable	(680,223)

Deferred charges related to refinancing are not financial resources and, therefore, are not reported in the governmental funds.	29,823
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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 \$51,512, a deferred resource inflow related to TESRS pension of \$8,101 and a deferred resource outflow related to TESRS pension in the amount of \$32,729. This amounted to a decrease in net position.	(26,882)
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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.	29,663
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Net Position of Governmental Activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">\$ 2,804,114</div>
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Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2024

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	\$ 652,415
Current year capital outlays \$78,090 and long-term debt principal payments \$90,311 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 capital outlay and debt principal payments is to increase net position.	168,401
Property tax revenues in the government-wide statement of activities that do not provide current financial resources are not reported in the funds.	175
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.	(190,191)
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.	(9,044)
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 \$293 decrease in interest payable and \$4,114 amortization of deferred charges decrease net position.	(3,822)
Change in Net Position of Governmental Activities	<u><u>\$ 617,934</u></u>

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2024

NOTE 6 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

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

	Balance 10/1/2023	Additions	Retirements	Balance 9/30/2024	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.	\$ 585,490	\$ -	\$ (64,641)	\$ 520,849	\$ 66,295
Total Notes Payable	<u>\$ 585,490</u>	<u>\$ -</u>	<u>\$ (64,641)</u>	<u>\$ 520,849</u>	<u>\$ 66,295</u>
<b>Financed Purchases Payable</b>					
\$345,418 Financed purchase 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.	\$ 185,044	-	(25,670)	159,374	26,632
Total Financed Purchases	<u>\$ 185,044</u>	<u>\$ -</u>	<u>\$ (25,670)</u>	<u>\$ 159,374</u>	<u>\$ 26,632</u>
Net Pension Liability	\$ 43,902	\$ 7,609		\$ 51,511	\$ -
Total Governmental Activities	<u>\$ 814,436</u>	<u>\$ 7,609</u>	<u>\$ (90,311)</u>	<u>\$ 731,734</u>	<u>\$ 92,927</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, 2024

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
2025	\$ 66,295	\$ 12,577	\$ 78,872
2026	67,992	10,880	78,872
2027	69,732	9,140	78,872
2028	71,517	7,355	78,872
2029	73,347	5,525	78,872
2030-2033	171,966	5,495	177,461
	<u>\$ 520,849</u>	<u>\$ 50,972</u>	<u>\$ 571,821</u>

NOTE 7 – FINANCED PURCHASES PAYABLE

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

Year Ending September 30	Governmental Activities
2025	\$ 32,154
2026	32,154
2027	32,154
2028	32,155
2029	32,155
2030-2033	16,077
Total Minimum Finance Payments	\$ 176,849
Less: Interest Portion	17,475
Present Valued of Net Minimum Finance Payments	<u>\$ 159,374</u>

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2024

NOTE 7 – FINANCED PURCHASES PAYABLE (CONTINUED)

Assets under financed purchase agreements and related accumulated depreciation are as follows:

	Governmental Activities
Vehicle	\$ 345,418
Less: Accumulated Depreciation	(284,970)
Net	<u>\$ 60,448</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, 2024, 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 all the expenses of the GRVFD.

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 all the expenses of the MVFD.

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 all the expenses of the CGRVFD.

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2024

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, 2022, there were 239 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, 2023, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,929
Terminated members entitled to but not yet receiving benefits	1,689
Active participants	3,343

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2024

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, 2022 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, 2024

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, 2023, total contributions of \$3,501,705 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,262,763 for the fiscal year ending August 31, 2023. The District's contributions for the year ended August 31, 2023 and 2022 were \$4,176 and \$5,652, respectively.

The most recent completed biennial actuarial valuation as of August 31, 2022 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2023.

	System 100%	District 0.1190%
Total pension liability	\$ 170,671,239	\$ 203,099
Plan fiduciary net position	127,384,132	151,587
Net pension liability	<u>\$ 43,287,107</u>	<u>\$ 51,512</u>
Plan fiduciary net position as a percentage of the total pension liability	74.6%	74.6%

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2024

NOTE 10 – DEFINED BENEFIT PENSION PLAN(Continued)

Actuarial Assumptions

The total pension liability in the August 31, 2022 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 4.61%) 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:

	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	20%	5.83%
Small/mid cap domestic	10%	5.94%
Developed international	15%	6.17%
Emerging markets	5%	7.36%
Global infrastructure	5%	6.61%
Real estate	10%	4.48%
Multi asset income	5%	3.86%
Fixed income	30%	1.95%
Cash	0%	0.00%
Total	100%	
Weighted average		4.61%

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2024

NOTE 10 – DEFINED BENEFIT PENSION PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2022 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the 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.

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	\$ 79,762	\$ 51,512	\$ 28,598

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

At September 30, 2024, the District reported a liability of \$51,512 for its proportionate share of the TESRS's net pension liability. The net pension liability was measured as of August 31, 2023. 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 (0.119%) 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, 2021 through August 31, 2022.

For the year ended September 30, 2024, the District recognized pension expense of \$12,189.

Parker County Emergency Services District No. 7  
Notes to the Financial Statements  
September 30, 2024

NOTE 10 – DEFINED BENEFIT PENSION PLAN (continued)

At September 30, 2024, 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	\$ 21,137	\$ 6,680
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	6,881	1,350
Changes in actuarial assumptions	-	71
Differences between expected and actual economic experience	535	-
Contributions subsequent to the measurement date	4,176	-
Total	<u>\$ 32,729</u>	<u>\$ 8,101</u>

The \$4,176 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Expense Amount
Year Ended September 30:	
2024	\$ 6,788
2025	4,988
2026	7,168
2027	1,508
Thereafter	-
	<u>\$ 20,452</u>

NOTE 11: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District has entered into subscription-based information technology arrangements involving:

- Various desktop and server software subscriptions
- Accounting and payroll services software

The District has outflows of resources during the fiscal year totaling \$6,423 that are not included in the measurement of a subscription liability. The District's software subscriptions are not commitments longer than twelve months; therefore, a subscription liability is not calculated.

NOTE 12 – SUBSEQUENT EVENTS

February 11, 2025, the District approved the purchase of a fire truck for \$864,043 financed for 10 years at 5.149%. Subsequent events were evaluated through May 9, 2025, 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, 2024**

	Budgeted	Amounts		VARIANCE WITH BUDGET POSITIVE (NEGATIVE)
	Original	Final	ACTUAL	
<b>Revenues</b>				
Property taxes	\$ 1,435,029	\$ 1,435,029	\$ 1,496,728	61,699
Sales taxes	48,000	48,000	\$ 49,923	1,923
Other income	20,000	20,000	27,795	7,795
Investment earnings	4,000	4,000	7,185	3,185
Total revenues	1,507,029	1,507,029	1,581,631	74,602
<b>Expenditures</b>				
Emergency services operations				
Administration				
Audit and legal fees	15,800	15,800	16,010	(210)
Administrative support	16,000	16,000	13,080	2,920
Training and Travel	10,500	10,500	5,065	5,435
Membership dues	2,175	2,175	3,159	(984)
Insurance - Worker's Comp, Property, and Liability	88,281	88,281	113,446	(25,165)
Office supplies	2,900	2,900	2,710	190
Appraisal and collection fees	16,000	16,000	23,390	(7,390)
Recognition and awards	10,800	10,800	6,924	3,876
Personnel expenses	409,680	409,680	293,316	116,364
Fire alarm	68,863	68,863	68,863	-
Software licenses	7,000	7,000	12,670	(5,670)
Other Professional Services	360	360	1,475	(1,115)
Information Technology	6,100	6,100	3,857	2,243
Communications	15,300	15,300	6,682	8,618
Equipment Repair, Replace and Acquisition	268,291	268,296	224,455	43,841
EMS	23,200	23,200	21,839	1,361
Utilities	26,900	26,900	21,765	5,135
Capital Outlay	110,000	110,000	87,480	22,520
Debt Service				
Principal	82,100	89,387	90,311	(924)
Interest	21,650	22,317	20,715	1,602
Total expenditures	1,201,900	1,209,859	1,037,212	172,647
Excess (deficiency) of revenue over expenditures	305,129	297,170	544,419	247,249
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	-	-	76,000	76,000
Insurance proceeds	-	-	31,996	31,996
Change in Fund Balance/Net Position	305,129	297,170	652,415	355,245
Fund balance - beginning	1,216,887	1,216,887	1,216,887	-
Fund balance - ending	\$ 1,522,016	\$ 1,514,057	\$ 1,869,302	\$ 355,245

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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Proportion of the Net Pension Liability	0.523%	0.261%	0.234%	0.126%	0.104%	0.094%	0.105%	0.128%	0.107%	0.119%
Proportionate Share of Net Pension Liability	\$ 95,038	\$ 69,668	\$ 68,160	\$ 30,242	\$ 22,516	\$ 26,645	\$ 26,471	\$ 13,714	\$ 43,902	\$ 51,512
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	10,555	5,259	15,435	18,518
	<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>	<u>\$ 18,973</u>	<u>\$ 59,337</u>	<u>\$ 70,030</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%	93.1%	75.2%	74.6%

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>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually Required Contributions	\$ 23,700	\$ 12,200	\$ 10,700	\$ 6,078	\$ 4,944	\$ 4,222	\$ 4,896	\$ 6,156	\$ 5,220	\$ 5,652	\$ 4,176
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>	<u>5,220</u>	<u>5,652</u>	<u>4,176</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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, 2024

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 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:

Appraisal fees exceeded budget by \$7,390 as the District budgeted for less fees and cost actually increased by \$4,772. Insurance exceeded budget by \$25,165 due to the District taking over the expense from the VFD's for property and liability insurance. Software licenses exceeded budget by \$5,670 due to the District taking over the expense from the VFDs. Budget was net of grant funds received by VFD and given to ESD 7.

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, 2022

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

Parker County Emergency Services District No. 7  
Notes to the Required Supplementary Information  
September 30, 2024

for employees and retirees, projected for mortality improvement  
generationally using projection scale MP-2019.

Other Information

Changes in the Methods and Assumptions Since the August 31, 2020 Valuation

- a. There was one change in the entry age actuarial cost method resulting from the actuarial audit in 2021. We agreed to adjust the span over which each of the normal cost components is spread to go from entry age to the last assumed age at retirement. Previously, the span was to the last assumed age for each benefit. This change is more consistent with GASB guidance. This change only affected the termination and disability benefit allocations, and while the normal cost increased somewhat, the actuarial accrued liability decreased by a small amount. Overall, this change decreased the number of years of required state contributions by 0.2 of a year.
- b. There were no changes in assumptions.

## **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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and issued our report thereon, dated May 9, 2025.

**Report on 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 that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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 was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

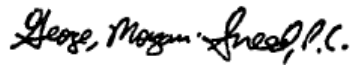


## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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



Weatherford, Texas  
May 9, 2025