

**PARKER COUNTY EMERGENCY
SERVICES DISTRICT No. 1**

ANNUAL FINANCIAL REPORT

September 30, 2017



GMS

ACCOUNTANTS
AND CPAs

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PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 1
September 30, 2017

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PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 1

BOARD OF COMMISSIONERS

SEPTEMBER 30, 2017

PRESIDENT – RENA PEDEN

VICE-PRESIDENT – MARK JACK

SECRETARY – STEPHANIE SCHNAIBLE

TREASURER – JUSTIN MCKINLEY

COMMISSIONER – BRANDON TATAREVICH



INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Parker County Emergency Services District No. 1
Springtown, TX

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. 1 (the "District") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively 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 misstatement.

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 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. 1 as of September 30, 2017, and the respective changes in financial position, thereof for the year then ended in conformity 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, budgetary information and pension information on pages 4 – 8 and pages 28-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it 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 21, 2018, 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 agreement and other matters. The purpose of that report is 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 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 21, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Parker County Emergency Services District No. 1, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the year ended September 30, 2017. We encourage readers to consider the information presented here.

FINANCIAL HIGHLIGHTS

- The assets of the Parker County Emergency Services District No. 1 exceeded its liabilities by \$8,287,831 (net position) for the fiscal year reported as compared to \$7,831,367 (net position) in the previous year.
- The District's total net position increased by \$456,464 for the fiscal year reported. This compares to an increase of \$1,477,108 in the previous year. \$740,511 of the prior year increase was from the annexation of the Poolville VFD.
- As of the close of the current fiscal year, the District's governmental fund reported ending fund balance of \$1,048,179 or 20% of total governmental fund expenditures.

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 and liabilities, with the difference between the two 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. Reasonable tax rates serve to ensure cash reserves are adequately funded within the District.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal 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 fiscal 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 Parker County Emergency Services District No. 1, assets and deferred outflows of resources exceeded liabilities by \$8,287,831 as of September 30, 2017.

The largest portion of the District's net position (87%) 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 investments in its capital assets is reported net of related debt, it should be noted that the resources cannot be used to liquidate these liabilities. \$1,118,815 represents unrestricted net position that may be used to meet the District's ongoing obligations to citizens and creditors.

Governmental activities increased the District's net position by \$456,464 compared with a \$1,477,108 increase in the prior year. The District's total revenues decreased \$419,910 to \$4,239,128. Charges for service increased \$170,673 because Parker County paid the District \$153,355 to take over dispatch services beginning January 1, 2017. Property taxes increased \$62,102 primarily due to a \$30 million increase in the taxable value of property in the district. Operating grants and contributions increased \$49,978 because the District accrued a \$55,065 grant in the current year for deploying fire fighters to Beaumont after hurricane Harvey. Capital grants and contributions decreased \$745,669 because the District recognized revenue in the prior year for the assets it acquired when it annexed Poolville VFD. The District's total expenses increased \$600,734 to \$3,782,664. Personnel expenses increased \$495,064 due to additional time for the deployment of fire fighters to Beaumont, additional volunteer shifts, the increase in the volunteer pay scale, addition of a 2nd EVT position, pay raises and adding employees for dispatch services.

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

Condensed Statement of Net Position

	2017	2016
Assets:		
Current assets	\$ 1,400,729	\$ 2,328,842
Noncurrent assets	8,630,379	7,278,136
Total Assets	<u>10,031,108</u>	<u>9,606,978</u>
Deferred outflows of resources:		
Total deferred outflows of resources	<u>74,857</u>	<u>60,749</u>
Liabilities:		
Current liabilities	262,951	63,439
Long-term liabilities	1,555,183	1,772,921
Total liabilities	<u>1,818,134</u>	<u>1,836,360</u>
Net Position:		
Invested in capital assets	7,169,016	5,595,599
Unrestricted	1,118,815	2,235,768
Total Net Position	<u>\$ 8,287,831</u>	<u>\$ 7,831,367</u>

Changes in Net Position

	2017	2016
Revenues:		
Charges for services	\$ 204,423	\$ 33,750
Property taxes	3,928,871	3,866,769
Operating grants and contributions	82,145	32,167
Capital grants and contribtutions	-	745,669
Sale of assets	11,325	(27,256)
Other income	10,452	6,145
Investment earnings	1,912	1,794
Total Revenues	<u>4,239,128</u>	<u>4,659,038</u>
Expenses:		
Emergency services operations	3,782,664	3,181,930
Total expenses	<u>3,782,664</u>	<u>3,181,930</u>
Change in net position	456,464	1,477,108
Net position October 1	<u>7,831,367</u>	<u>6,354,259</u>
Net position September 30	<u>\$ 8,287,831</u>	<u>\$ 7,831,367</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 \$1,048,179. 100% represents unassigned fund balance that is available for spending at the District’s discretion.

Budgetary Fund Highlights

The District did not amend its budget during the year. Actual revenues were \$356,337 more than budgeted primarily because of property taxes and charges for dispatch services. Actual expenditures were \$143,358 less than budgeted. Capital Purchases were \$177,384 less than budgeted primarily because construction of the new fire stations was not completed before year-end.

Capital Assets

The District’s investment in capital assets for its governmental activities as of September 30, 2017, amounts to \$8,627,043 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and vehicles.

Major capital asset events during the current fiscal year included the following:

- Purchased SCBA airpaks and cylinders for \$502,138.
- Construction on the Aledo and Annetta Fire Stations. Construction in progress added during September 30, 2017 was \$850,538 and \$703,773 respectively.

	2017	2016
Nondepreciable assets:		
Land	\$ 1,340,724	\$ 1,340,724
Construction in progress	1,647,791	45,316
Depreciable Assets:		
Buildings & improvements	2,133,176	2,194,108
Office equipment	20,940	25,443
Emergency equipment	763,398	285,117
Vehicles	2,721,014	3,387,428
 Total capital assets net of depreciation	 \$ 8,627,043	 \$ 7,278,136

Long-Term Debt

The District’s long-term debt is as follows:

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Notes Payable	\$ 509,787	545,772
Capital Leases Payable	948,240	1,136,765
Total	<u>\$ 1,458,027</u>	<u>\$ 1,682,537</u>

Economic Factors and the Next Year’s Budgets and Rates

Parker County ESD No. 1 2017 certified taxable values were \$4,399,999,517. Emergency Services District’s tax rates are capped by law at \$.10 per 100 valuation. It is anticipated that the ESD will retain this rate to ensure sufficient funds will be available to upgrade service to the area. Property tax revenue is budgeted to increase to \$4.2 million. The 2018 budget includes \$170,000 sales tax for the ½ cent sales tax voters approved to begin October 1, 2017. Total revenues are budgeted to be \$4,997,183 and expenses are budgeted at \$5,413,488.

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. 1, Attn: President, P.O. Box 282, Springtown, Texas 76082.

Parker County Emergency Services District No. 1
Governmental Fund Balance Sheet and Statement of Net Position
September 30, 2017

	Governmental Fund General Fund	Adjustments (Note 5)	Governmental Activities Statement of Net Position
Assets:			
Cash	\$ 1,292,557	\$ -	\$ 1,292,557
Receivable (Net of allowance for uncollectibles)			
Property taxes	53,107		53,107
Intergovernmental	55,065		55,065
Net Pension Asset	-	3,336	3,336
Capital assets (net of accumulated depreciation):			
Land	-	1,340,724	1,340,724
Construction in Progress	-	1,647,791	1,647,791
Building & improvements	-	2,133,176	2,133,176
Office equipment	-	20,940	20,940
Emergency equipment	-	763,398	763,398
Vehicles	-	2,721,014	2,721,014
Total Assets	<u>1,400,729</u>	<u>8,630,379</u>	<u>10,031,108</u>
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	-	74,857	74,857
Total Deferred Outflows of Resources	<u>-</u>	<u>74,857</u>	<u>74,857</u>
Liabilities:			
Accounts payable	191,924	-	191,924
Accrued payables	52,454	-	52,454
Accrued interest	-	18,573	18,573
Long-term liabilities			
Due within one year	-	373,973	373,973
Due after one year	-	1,181,210	1,181,210
Total Liabilities	<u>244,378</u>	<u>1,573,756</u>	<u>1,818,134</u>
Deferred Inflows of Resources			
Deferred Revenue	108,172	(108,172)	-
Total Deferred Inflows of Resources	<u>108,172</u>	<u>(108,172)</u>	<u>-</u>
Fund balance/Net position:			
Fund Balance:			
Unassigned	1,048,179	(1,048,179)	-
Total fund balance	<u>1,048,179</u>		
Total liabilities and fund balance	<u>1,400,729</u>		
Net position:			
Net investment in capital assets		7,169,016	7,169,016
Unrestricted		1,118,815	1,118,815
		<u>\$ 8,287,831</u>	<u>\$ 8,287,831</u>

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

Parker County Emergency Services District No. 1
 Governmental Fund Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities
 For the year ended September, 30, 2017

	Governmental Fund General Fund	Adjustments (Note 5)	Governmental Activities Statement of Net Position
Revenues:			
Program revenue			
Charges for services	\$ 204,423	\$ -	\$ 204,423
Operating grants and contributions	27,080	55,065	82,145
General revenue:			
Property taxes	3,875,764	53,107	3,928,871
Other income	10,452	-	10,452
Investment earnings	1,912	-	1,912
Total revenues	<u>4,119,631</u>	<u>108,172</u>	<u>4,227,803</u>
Expenditures/expenses:			
Emergency services operations:			
Current:			
Fleet/Maintenance lease	31,476		31,476
Equipment (Hand tools)	20,979	-	20,979
Fleet operations	243,630	-	243,630
Training Programs	47,515	-	47,515
Protective and uniform clothing	69,279	-	69,279
Administrative Expenses	354,736	-	354,736
Personnel Expenses	2,106,947	(10,672)	2,096,275
Depreciation	-	828,800	828,800
Capital purchases	2,217,598	(2,179,382)	38,216
Debt Service			
Interest	53,695	(1,937)	51,758
Principal	224,510	(224,510)	-
Total expenditures/expenses	<u>5,370,365</u>	<u>(1,587,701)</u>	<u>3,782,664</u>
Excess (deficiency) of revenue over expenditures	(1,250,734)	1,695,873	445,139
Other financing sources (uses):			
Sale of capital assets	13,000	(1,675)	11,325
Change in fund balance/net position	(1,237,734)	1,694,198	456,464
Fund balance/net position:			
Beginning of the year	2,285,913	5,545,454	7,831,367
End of the year	<u>\$ 1,048,179</u>	<u>\$ 7,239,652</u>	<u>\$ 8,287,831</u>

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

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Creation of Emergency Services District

Parker County Rural Fire Prevention District No. 1 (the “District”) was created after a public election held on May 2, 1998, under the provision of Section 48-d of Article III of the Constitution of Texas. The Board of Commissioners held its first meeting on June 8, 1998. The District was established to provide fire protection services to residents of the District. Effective September 13, 2001, Parker County Rural Fire Prevention District #1 converted to an emergency services district in accordance with The Texas Health and Safety Code Ann. 794.100 as amended by H.B. #1824. The conversion allows the District to collect tax levies for the purpose of acquiring and operating emergency service equipment within its geographic boundaries. As of September 13, 2001, the Parker County Rural Fire Prevention District #1 formally changed its name to Parker County Emergency Services District No. 1.

The basic financial statements of the District have been prepared in conformity with the generally accepted accounting 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 contracts with Springtown Volunteer Fire Department “SVFD”, La Junta Volunteer Fire Department “LVFD”, Peaster Volunteer Fire Department “PVFD”, Silver Creek Volunteer Fire Department “SCVFD”, Aledo Volunteer Fire Department “AVFD”, and Poolville Volunteer Fire Department “PVFD” “ to provide firefighting and emergency rescue services to citizens of the District.

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 the 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.

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 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.

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. Capital Assets

Capital assets are reported in the governmental activities column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. 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. Depreciation is calculated using the straight-line method over estimated useful lives of between 5 to 7 years for office equipment, 5 – 15 years for vehicles and additions to the vehicles, 5 – 10 years for emergency equipment and 39 years for buildings and building improvements.

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

G. Use of Estimates

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

H. Allowance for uncollectible accounts.

The allowance for uncollectible property taxes is 65% of outstanding property taxes at September 30. This resulted in an allowance for uncollectible accounts of \$98,627.

I. Fund Balances – 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 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.

J. Government-wide Net Position

Government-wide net position is divided into three components:

- Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position – consist of net position that is restricted by District's creditors, by the state enabling legislation, by grantors and other contributors.
- Unrestricted – all other net position is reported in this category.

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

L. Compensated Absences

Full-time staff members receive paid time off (PTO) that can be used for vacation, personal time, personal illness, or to care for dependents. Employees may not carry over more than 400 hours into the next calendar year. By December 1 of each year, an employee may request to “sell” 120 hours of PTO. Upon termination of employment, an employee will be paid for unused PTO that has been earned through the last day of work unless employment is terminated for gross misconduct. PTO benefits are accrued in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

M. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

N. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District’s deferred outflows related to pensions is the only item that qualifies in this category and is reported in the Governmental Statement of Net Position.

In addition to liabilities, the governmental funds 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 fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item in this category, unavailable revenues for governmental funds. At the end of the fiscal year, the components of deferred inflows in the governmental funds were as follows:

Deferred property taxes receivable	\$	53,107
Deferred intergovernmental receivable		55,065
Total deferred inflows of resources	<u>\$</u>	<u>108,172</u>

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County & District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2017, 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, 2017, the District's deposits were covered by Federal Deposit Insurance Corporation (FDIC) insurance or collateralized with securities held by the bank's agent in the District's name.

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 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. 1
Notes to the Financial Statements
September 30, 2017

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017 was as follows:

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable assets				
Land	\$ 1,340,724	\$ -	\$ -	\$ 1,340,724
Construction in progress	45,316	1,602,475	-	1,647,791
Total nondepreciable assets	1,386,040	1,602,475	-	2,988,515
Depreciable assets				
Buildings & Improvements	2,614,659	16,121	-	2,630,780
Vehicles	5,980,869	9,239	(3,000)	5,987,108
Emergency Equipment	681,540	541,094	-	1,222,634
Office Furniture & Equipment	269,839	10,453	-	280,292
Assets being depreciated	9,546,907	576,907	(3,000)	10,120,814
Accumulated Depreciation				
Buildings & Improvements	(420,551)	(77,053)	-	(497,604)
Vehicles	(2,593,441)	(673,978)	1,325	(3,266,094)
Emergency Equipment	(396,423)	(62,813)	-	(459,236)
Office Furniture & Equipment	(244,396)	(14,956)	-	(259,352)
Total Accumulated Depreciation	(3,654,811)	(828,800)	1,325	(4,482,286)
Governmental activities capital assets, net	\$ 7,278,136	\$ 1,350,582	\$ (4,325)	\$ 8,627,043

Depreciation expense of \$828,800 was charged to the emergency services operations.

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2017

NOTE 5 – RECONCILIATION

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

Total Fund Balance - Governmental Fund	\$ 1,048,179
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 \$13,109,329 and accumulated depreciation was \$4,482,286.	8,627,043
Capital leases of \$948,241 and notes payable of \$509,786 are not due and payable in the current period and therefore not reported as a liability in the fund financial statements.	(1,458,027)
Compensated absences of \$97,156 and accrued interest payable of \$18,753 are not due and payable in the current period and are not reported as liabilities in the fund financial statements.	(115,729)
Included in the items related to long-term liabilities is the recognition of the District's net pension asset required by GASB 68 in the amount of \$3,336. The District also recognized a deferred resource outflow related to pensions of \$74,857. This resulted in an increase to net position.	78,193
Property taxes and intergovernmental receivables are not available soon enough to pay for the current period's expenditures and therefore are deferred revenue in the fund financial statements.	108,172
Net Position of Governmental Activities	<u><u>\$ 8,287,831</u></u>

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2017

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	\$(1,237,734)
Current year capital outlay and long-term debt 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 including \$2,179,382 of capital outlays and \$224,510 of capital lease and note payments is to increase net position.	2,403,892
Depreciation is not recognized as an expense in governmental funds 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.	(828,800)
The effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals, forfeitures, and transfers) is to decrease net position.	(1,675)
Current year compensated absences and interest payable of the governmental funds are not due and payable in the current period, and, therefore is not reported as a liability in the fund financial statements. The change in these liabilities results in a decrease to net position.	(6,818)
GASB required the District to recognize their net pension liability and deferred outflows related to pensions. The changes in these balances increased net position.	19,427
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	108,172
Change in net position of Governmental Activities	\$ 456,464

NOTE 6 – FIRE PROTECTION SERVICES

The District has entered into agreements with the Springtown Volunteer Fire Department, the La Junta Volunteer Fire Department, The Peaster Volunteer Fire Department, the Silver Creek Volunteer Fire Department, the Aledo Volunteer Fire Department, and the Poolville Fire Department that provide fire protection and prevention services to the residents of each response area. Either party may terminate this continuous agreement upon written notice.

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2017

NOTE 7 – GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES

Notes Payable:

The District owes a note payable in the original amount of \$500,000 to Government Capital Corporation for the use of the construction and renovation of the administrative building. The interest rate is 4.549% per annum and the note matures February 15, 2030. The agreement contains early redemption values, which are exercisable on February 15 every year beginning February 15, 2015. The note is payable in 20 annual installments of \$38,696, including principal and interest. The balance of the note at September 30, 2017, was \$365,754.

The District owes a note payable in the original amount of \$100,000 to Government Capital Corporation for the use of the construction and renovation of the maintenance shop. The interest rate is 4.549% per annum and the note matures February 15, 2030. The agreement contains early redemption values, which are exercisable on February 15 every year beginning February 15, 2015. The note is payable in 20 annual installments of \$7,448, including principal and interest. The balance of the note at September 30, 2017, was \$71,901.

On October 14, 2015 Poolville Volunteer Fire Department borrowed \$86,718. When they joined the District took over the note the volunteer fire department had outstanding. The note is due in monthly installments of \$859. The balance of the note will be due in October 2017, with a balloon payment. The balance of the First National Bank Weatherford note was \$72,132 at September 30, 2017.

Note payable debt service requirements to maturity are as follows:

Year Ending September 30	Governmental Activities Principal	Interest	Total
2018	97,093	21,394	118,487
2019	26,169	19,976	46,145
2020	27,435	18,709	46,144
2021	28,763	17,381	46,144
2022	30,155	15,989	46,144
2023 - 2027	174,133	56,589	230,722
2028 - 2030	126,039	12,395	138,434
	<u>\$ 509,787</u>	<u>\$ 162,433</u>	<u>\$ 672,220</u>

Capital Leases:

On October 11, 2012, the District entered into a lease agreement for three fire engines payable to SunTrust Bank. The interest rate is 2.44% per annum and the lease matures August 1, 2022. The agreement contains early redemption values, which are exercisable on August 1. The lease is payable in 10 annual installments of \$134,731, including principal and interest. The balance of the lease at September 30, 2016 was \$627,110.

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2017

NOTE 7 – GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES (continued)

In 1999, the City of Springtown and Springtown Volunteer Fire Department entered into a lease agreement for the fire station constructed with the proceeds of bonds issued by the City. The annual lease payments due to the City are equal to the annual bond payments. The lease expires on August 15, 2019, at which time title transfers to the Fire Department. This lease is recognized as a capital lease. Interest is due in semiannual installments at 2% per annum. The balance of the lease at September 30, 2017, was \$30,000.

In 2013, the District entered into a lease agreement for one fire engine payable to SunTrust Bank. The interest rate is 2.78% per annum and the lease matures May 1, 2023. The lease is payable in 10 annual installments of \$53,341, including principal and interest. The balance of the lease at September 30, 2017, was \$291,130.

The future minimum capital lease payments at September 30, 2017 are as follows:

Year Ending September 30	Governmental Activities
2018	203,673
2019	203,373
2020	188,073
2021	188,072
2022	188,072
2023 - 2027	53,341
Total	1,024,604
Amount Representing Interest	(76,364)
Present Value of Net Minimum Lease Payments	\$ 948,240

The following is an analysis of capital assets purchased under capital leases as of September 30, 2017:

	Governmental Activities
Assets:	
Building and Improvements	\$ 400,000
Vehicles	1,649,766
Less: accumulated depreciation	(963,275)
Total	\$ 1,086,491

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2017

NOTE 7 – GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES (continued)

Long-term liability activity for the year ended September 30, 2017 was as follows:

	Balance 9/30/2016	Additions	Retirements	Balance 9/30/2017	Due within One Year
Notes Payable	\$ 545,772	\$ -	\$ (35,985)	\$ 509,787	\$ 97,093
Capital Leases	1,136,765		(188,525)	948,240	179,724
Compensated absences	88,401	97,156	(88,401)	97,156	97,156
Net Pension Liability	1,983		(1,983)	-	-
Total Long-term Liabilities	\$ 1,772,921	\$ 97,156	\$ (314,894)	\$ 1,555,183	\$ 373,973

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, 2017, there were no known claims against the District.

NOTE 9 – DEFINED BENEFIT PENSION PLAN

Plan Description. The District provides retirement benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer public employee retirement system consisting of 738 nontraditional defined benefit pension plans. TCDRS is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2043.

Benefits Provided. The plan provisions are adopted by the governing body of the District, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 5 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump-sum are not entitled to any amounts contributed by the employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the plan description above.

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2017

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

Employees covered by benefit terms: At the December 31, 2016, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1	
Inactive employees entitled to but not yet receiving benefits	-	
Active employees	17	
	18	
	18	

Contributions. The District has elected the annually determined contribution rate (Variable – Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the District based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the District is actuarially determined annually. The employee contribution rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

	2016	2017
Member Contribution Rates	6.00%	6.00%
Employer Contribution Rates	5.56%	4.99%
Employer Contributions		\$ 48,729
Member Contributions		\$ 57,208

Actuarial Assumptions. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of payroll, closed
Remaining Amortization Period	18.7 years
Asset Valuation Method	5 year smoothed market
Discount Rate	8.10%
Long-term Expected Investment Rate of Return	8.10%
Salary Increases*	4.9% average
Payroll Growth Rate	3.50%

* Includes Inflation of 3%

Updated mortality assumptions were adopted in 2015. All other actuarial assumptions that determined the total pension liability as of December 31, 2016 were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB 68. The assumptions and methods are the same as used in the prior valuation.

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2017

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

Discount Rate. The discount rate used to measure the total pension liability was 8.1%. There was no change in the discount rate since the previous year.

In order to determine the discount rate to be used by the employer TCDRS used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under our funding policy and the legal requirements under the TCDRS Act:

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.0%, net of all expenses, increased by .010% to be gross of administrative expenses.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2017 information for a 7-10 year time horizon.

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2017

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

The target allocation and best estimate of geometric real rate of return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return
US Equities	Dow Jones U.S. Total Stock Market Index	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities - Developed Markets	MSCI World Ex USA (net)	10.00%	4.70%
International Equities - Emerging Markets	MSCI EM Standard (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays Capital Aggregate Bond Index	3.00%	0.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates Distressed Securities Index	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	3.85%
Master Limited Partnerships	Alerian MLP Index	3.00%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%
		<u>100.00%</u>	

Pension Assets/Liabilities. At September 30, 2017, the District reported a net pension asset of \$3,336 measured at December 31, 2016.

There were no changes in assumptions or other inputs that affected measurement of the total pension liability during the measurement period. There were no changes in benefit terms that affected measurement of the total pension liability during the measurement period.

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2017

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

Changes in the net pension liability for the year ended December 31, 2016, are as follows:

Change in net pension liability	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2015	\$ 85,425	\$ 83,442	\$ 1,983
Changes for the year:			
Service Cost	79,362	-	79,362
Interest on total pension liability	9,869	-	9,869
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	12,318	-	12,318
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(4,899)	(4,899)	-
Benefit payments	(184)	(184)	-
Administrative expenses	-	(69)	69
Member contributions	-	50,048	(50,048)
Net investment income	-	6,369	(6,369)
Employer contributions	-	46,378	(46,378)
Other	-	4,142	(4,142)
Balances as of December 31, 2016	<u>\$ 181,891</u>	<u>\$ 185,227</u>	<u>\$ (3,336)</u>

The following represents the net pension liability of the District, calculated using the discount rate of 8.10%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

Discount Rate Sensitivity Analysis

	Current		
	1% Decrease 7.10%	Discount Rate 8.10%	1% Increase 9.10%
Net Pension Liability	\$ 34,807	\$ (3,336)	\$ (33,355)

Pension expense and deferred outflows of resources related to pensions.

For the year ended September 30, 2017, the District recognized pension expense of \$29,303.

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2017

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

At September 30, 2017, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 31,042	\$ -
Changes in actuarial assumptions	395	-
Differences between projected and actual investment earnings	5,915	-
Contributions paid subsequent to the measurement date	37,505	-
Total	\$ 74,857	\$ -

The \$37,505 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of net pension liability for the year ending September 30, 2017.

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

Year ended December 31,	Net deferred outflows (inflows) of resources
2017	\$ 4,742
2018	4,742
2019	4,719
2020	3,877
2021	3,041
Thereafter	16,231
	\$ 37,352

NOTE 10 – EVALUATION OF SUBSEQUENT EVENTS

In October 2018 the Board of Commissioners approved purchasing 2 new fire engines and financing them with a \$1,161,834 promissory note agreement.

In May 2017 voters approved levying a ½ cent sales tax beginning October 1, 2017.

Subsequent events were evaluated through March 21, 2018, which is the date the financial statements were available to be issued.

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2017

NOTE 11 – CONTRACTS AND COMMITMENTS

The District has contracted with Grossman Designs for the building of 2 new fire stations – one in Aledo for a maximum of \$899,588 and the other in Annetta South for a maximum of \$726,025. \$800,728 of the contract was completed for the Aledo Station and \$677,235 was completed for the Annetta South station as of September 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

Parker County Emergency Services District No. 1
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended September, 30, 2017

	Budgeted Original	Final Budget	Actual	Variance With Budget Positive (Negative)
Revenues:				
Property taxes	\$ 3,706,294	\$ 3,706,294	\$ 3,875,764	169,470
Charges for services	57,000	57,000	204,423	147,423
Operating grants and contributions	-	-	27,080	27,080
Other Income	-	-	10,452	10,452
Investment earnings	-	-	1,912	1,912
Total revenues	<u>3,763,294</u>	<u>3,763,294</u>	<u>4,119,631</u>	<u>356,337</u>
Expenditures:				
Emergency services operations:				
Fleet/Maintenance Lease	44,500	44,500	31,476	13,024
Equipment (Hand tools)	31,000	31,000	20,979	10,021
Fleet operations	224,000	224,000	243,630	(19,630)
Training Programs	48,500	48,500	47,515	985
Protective and uniform clothing	83,500	83,500	69,279	14,221
Administrative Expenses	370,150	370,150	354,736	15,414
Personnel Expenses	2,056,489	2,056,489	2,106,947	(50,458)
Debt service interest expense	47,933	47,933	53,695	(5,762)
Debt service principal payments	212,669	212,669	224,510	(11,841)
Capital Purchases	2,394,982	2,394,982	2,217,598	177,384
Total expenditures	<u>5,513,723</u>	<u>5,513,723</u>	<u>5,370,365</u>	<u>143,358</u>
Excess (deficiency) of revenue over expenditures	(1,750,429)	(1,750,429)	(1,250,734)	499,695
Other financing sources (uses):				
Sale of capital assets	250,000	250,000	13,000	(237,000)
Net Change in Fund Balance	(1,500,429)	(1,500,429)	(1,237,734)	262,695
Fund Balance, October 1, 2016	2,285,913	2,285,913	2,285,913	-
Fund Balance, September, 30, 2017	<u>\$ 785,484</u>	<u>\$ 785,484</u>	<u>\$ 1,048,179</u>	<u>\$ 262,695</u>

The notes to the required supplementary information are an integral part of this schedule.

Parker County Emergency Services District No. 1
Schedule of Changes in Net Pension Liability and Related Ratios
For the year ended September, 30, 2017

	2014	2015	2016
Total Pension Liability			
Service Cost	\$ 28,787	\$ 34,275	\$ 79,362
Interest (on the Total Pension Liability)	1,143	3,548	9,869
Effect of plan changes	-	(6,504)	-
Effect of economic/demographic (gains) or losses	27	23,676	12,318
Effect of assumption changes or inputs	-	473	-
Benefit payments/refunds of contributions	-	-	(5,083)
Net Change in Total Pension Liability	<u>29,957</u>	<u>55,468</u>	<u>96,466</u>
Total Pension Liability-Beginning	-	29,957	85,425
Total Pension Liability-Ending (a)	<u>29,957</u>	<u>85,425</u>	<u>181,891</u>
Plan Fiduciary Net Position			
Employer Contributions	1,490	39,071	46,378
Member Contributions	1,602	42,011	50,048
Investment income net of investment expenses	12	(708)	6,369
Benefit payments/refunds of contributions	-	-	(5,083)
Administrative Expense	-	(32)	(69)
Other	-	(4)	4,142
Net Change in Plan Fiduciary Net Position	<u>3,104</u>	<u>80,338</u>	<u>101,785</u>
Plan Fiduciary Net Position-Beginning	-	3,104	83,442
Plan Fiduciary Net Position-Ending (b)	<u>\$ 3,104</u>	<u>\$ 83,442</u>	<u>\$ 185,227</u>
Net Pension Liability-Ending (a) - (b)	<u>\$ 26,853</u>	<u>\$ 1,983</u>	<u>\$ (3,336)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	10.36%	97.68%	101.83%
Covered Employee Payroll	\$ 320,486	\$ 700,189	\$ 834,136
Net Pension Liability as a Percentage of Covered Employee Payroll	8.38%	0.28%	-0.40%

The Schedule of Changes in the District's Net Pension Liability and Related Ratios shows the changes in Total Pension Liability less the changes in Fiduciary Net Position, resulting in the net pension liability calculation for the District. Note that this is a 10-year schedule, to be created by the District prospectively, over the next 10-year period.

The accompanying notes to required supplementary information are an integral part of this schedule.

Parker County Emergency Services District No. 1
Schedule of Employer Contributions and Related Ratios
For the year ended September, 30, 2017

Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribuiton	Contribution Deficiency (Excess	Covered Payroll	Actual Contribitons as a % of Covered Payroll
2015	29,494	29,494	-	528,550	5.60%
2016	46,222	46,222	-	884,844	5.22%
2017	48,729	48,729	-	974,306	5.00%

The Schedule of Employer Contributions shows the District's required annual contributions from the actuarial valuation, compared with the actual contributions remitted. This schedule will be built over the next 10-year period.

The accompanying notes to required supplementary information are an integral part of this schedule.