

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

ANNUAL FINANCIAL REPORT

September 30, 2022



PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 1
September 30, 2022

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PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 1

BOARD OF COMMISSIONERS

SEPTEMBER 30, 2022

PRESIDENT – MARK JACK

VICE-PRESIDENT – BRANDON TATAREVICH

SECRETARY – BEN OVERHOLT

TREASURER – SHAWN SCOTT

COMMISSIONER – SAXON BAILEY

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Parker County Emergency Services District No. 1
Springtown, Texas 76082

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. 1 (the "District") as of and for the year ended September 30, 2022, 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. 1 as of September 30, 2022, and the respective changes in the financial position, thereof for the year then ended in conformity 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.

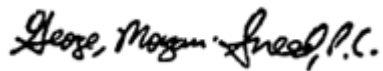
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis on pages 5 – 10, budgetary information and pension information on pages 28-32 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 and opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 18, 2023, 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 18, 2023

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, 2022. 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 \$15,524,353 (net position) for the fiscal year reported as compared to \$11,905,698 (net position) in the previous year.
- The District's total net position increased by \$3,618,655 for the fiscal year reported. This compares to an increase of \$909,308 in the previous year.
- As of the close of the current fiscal year, the District's governmental fund reported ending unassigned fund balance of \$7,480,742 or 83% 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 12 - 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 and deferred inflows of resources by \$15,524,353 as of September 30, 2022.

The largest portion of the District's net position (51%) 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. \$7,649,554 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 \$3,618,655 compared with a \$909,308 increase in the prior year. The District's total revenues increased \$3,896,833 to \$12,085,973. Property taxes increased \$835,950 primarily due to a \$854 million increase in the taxable value of property in the district. The District levied a sales tax beginning October 1, 2017 and recognized revenue of \$4,436,891. Sales tax increased due to an increase in the rate charged by the District from half of one percent to one and a half percent. The District sold land and surplus vehicles for revenue of \$146,068. The District's total expenses increased \$1,187,486 to \$8,467,318. Personnel expenses increased \$892,736 due to adding positions, raises, and health insurance. Fleet operations increased due to large repair of Aledo truck, reimbursed by insurance, and increased cost of fuel. The District incurred \$98,395 in debt issuance costs in the current year for a loan to build new fire stations.

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

Condensed Statement of Net Position

	<u>2022</u>	<u>2021</u>
Assets:		
Current assets	\$ 15,480,325	\$ 4,316,286
Noncurrent assets	11,685,715	11,697,710
Total Assets	<u>27,166,040</u>	<u>16,013,996</u>
Deferred outflows of resources:	<u>653,000</u>	<u>457,097</u>
Total deferred outflows of resources	<u>653,000</u>	<u>457,097</u>
Liabilities:		
Current liabilities	385,108	274,438
Long-term liabilities	11,749,585	4,264,675
Total liabilities	<u>12,134,693</u>	<u>4,539,113</u>
Deferred inflows of resources:	<u>159,994</u>	<u>26,282</u>
Total deferred inflows of resources	<u>159,994</u>	<u>26,282</u>
Net Position:		
Invested in capital assets	7,874,799	7,882,225
Unrestricted	7,649,554	4,023,473
Total Net Position	<u>\$ 15,524,353</u>	<u>\$ 11,905,698</u>

Changes in Net Position

	2022	2021
Revenues:		
Program Revenue:		
Charges for services	\$ 254,090	\$ 231,179
Operating grants and contributions	320,006	480,421
Capital grants and contributions	-	130,000
General Revenue:		
Property taxes	6,757,892	5,921,942
Sales taxes	4,436,891	1,369,446
Sale of assets	146,068	33,516
Other income	114,651	13,778
Investment earnings	56,375	8,858
Total Revenues	12,085,973	8,189,140
Expenses:		
Emergency services operations	8,467,318	7,279,832
Total expenses	8,467,318	7,279,832
Change in net position	3,618,655	909,308
Net position October 1	11,905,698	10,996,390
Net position September 30	\$ 15,524,353	\$ 11,905,698

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 \$15,031,026. 49.77% 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 \$3,458,288 more than budgeted primarily because of property taxes and sales taxes. Actual expenditures were \$1,553,029 less than budgeted. Capital Purchases were \$1,581,044 less than budgeted primarily because budgeted purchases for the New Fire Stations and Fleet additions did not occur.

Capital Assets

The District’s investment in capital assets for its governmental activities as of September 30, 2022, amounts to \$11,685,715 (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:

- Training facility improvements, equipment, and CIP on two fire stations \$396,755
- Upfit 2 fire engines for \$95,529
- Emergency equipment for \$41,743
- 1 Pierce pumper truck \$367,879
- 2021 Tahoe \$35,145
- 2021 GMC Sierra \$46,527
- 3 acres land Peaster \$250,268

	2022	2021
Nondepreciable assets:		
Land	\$ 1,691,335	\$ 1,516,261
Construction in progress	376,882	-
Depreciable Assets:		
Buildings & improvements	4,222,262	3,992,058
Office equipment	37,426	53,413
Emergency equipment	773,767	901,062
Vehicles	4,584,043	5,234,916
 Total capital assets net of depreciation	 \$ 11,685,715	 \$ 11,697,710

Long-Term Debt

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

	Governmental Activities	
	2022	2021
Notes Payable	\$ 11,361,200	3,815,487
Total	\$ 11,361,200	\$ 3,815,487

Economic Factors and the Next Year’s Budgets and Rates

Parker County ESD No. 1 2022 certified taxable values were approximately \$7.5 billion. 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 approximately \$7.2 million. The 2023 budget includes approximately \$2.8 million in sales tax revenue. Total revenues are budgeted to be \$16,655,503 and expenses are budgeted at \$15,580,273.

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, 2022

	Governmental Fund General Fund	Adjustments (Note 5)	Governmental Activities Statement of Net Position
Assets:			
Cash	\$ 6,808,931	\$ -	\$ 6,808,931
Receivable (Net of allowance for uncollectibles)			
Property taxes	57,314		57,314
Sales taxes	849,711		849,711
Intergovernmental	214,085		214,085
Restricted assets			
Cash	7,550,284		7,550,284
Capital assets (net of accumulated depreciation):			
Land	-	1,691,335	1,691,335
Construction in Progress	-	376,882	376,882
Building & improvements	-	4,222,262	4,222,262
Office equipment	-	37,426	37,426
Emergency equipment	-	773,767	773,767
Vehicles	-	4,584,043	4,584,043
Total Assets	15,480,325	11,685,715	27,166,040
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	-	653,000	653,000
Total Deferred Outflows of Resources	-	653,000	653,000
Liabilities:			
Accounts payable	17,579	-	17,579
Accrued payables	187,696		187,696
Accrued interest	-	179,833	179,833
Long-term liabilities			
Due within one year	-	1,033,969	1,033,969
Due after one year	-	10,573,667	10,573,667
Net Pension Liability	-	141,949	141,949
Total Liabilities	205,275	11,929,418	12,134,693
Deferred Inflows of Resources			
Deferred Revenue	244,024	(244,024)	-
Deferred Inflows Related to Pensions	-	159,994	159,994
Total Deferred Inflows of Resources	244,024	(84,030)	159,994
Fund balance/Net position:			
Fund Balance:			
Unassigned	7,480,742	(7,480,742)	-
Restricted Net Assets (expendable)	7,550,284	(7,550,284)	-
Total fund balance	15,031,026	(15,031,026)	-
Total liabilities and fund balance	15,480,325		
Net position:			
Net investment in capital assets		7,874,799	7,874,799
Unrestricted		7,649,554	7,649,554
		\$ 15,524,353	\$ 15,524,353

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, 2022

	Governmental Fund General Fund	Adjustments (Note 5)	Governmental Activities Statement of Activities
Revenues:			
Program revenue			
Charges for services	\$ 254,090	\$ -	\$ 254,090
Operating grants and contributions	588,113	(268,107)	320,006
General revenue:			
Property taxes	6,769,512	(11,620)	6,757,892
Sales taxes	4,436,891	-	4,436,891
Other income	114,651	-	114,651
Investment earnings	56,375	-	56,375
Total revenues	<u>12,219,632</u>	<u>(279,727)</u>	<u>11,939,905</u>
Expenditures/expenses:			
Emergency services operations:			
Current:			
Fleet/Maintenance	50,795	-	50,795
Equipment (Hand tools)	53,216	-	53,216
Fleet operations	458,242	-	458,242
Training Programs	88,546	-	88,546
Protective and uniform clothing	103,008	-	103,008
Administrative Expenses	640,008	-	640,008
Personnel Expenses	5,793,502	(122,994)	5,670,508
Depreciation	-	1,116,666	1,116,666
Capital purchases	1,233,847	(1,233,847)	-
Debt Service			
Interest	93,668	94,266	187,934
Principal	424,288	(424,288)	-
Debt issuance costs	98,395	-	98,395
Total expenditures/expenses	<u>9,037,515</u>	<u>(570,197)</u>	<u>8,467,318</u>
Excess (deficiency) of revenue over expenditures	3,182,117	290,470	3,472,587
Other financing sources (uses):			
Sale of capital assets	275,244	(129,176)	146,068
Proceeds from notes payable	7,970,001	(7,970,001)	-
Change in fund balance/net position	11,427,362	(7,808,707)	3,618,655
Fund balance/net position:			
Beginning of the year	3,603,664	8,302,034	11,905,698
End of the year	<u>\$ 15,031,026</u>	<u>\$ 493,327</u>	<u>\$ 15,524,353</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, 2022

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, 2022

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 \$2,500 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, 2022

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 \$106,442.

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, 2022

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. Debt issuance costs are reported as debt service expenditures.

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 activities statement of net position.

In addition to liabilities, the governmental activities statement of net position and 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 net position or 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 two items in this category, deferred inflows of resources related to pensions in the governmental activities statement of net position and 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	\$	57,315
Defereed grants		186,709
Total deferred inflows of resources	\$	<u>244,024</u>

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2022

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, 2022, 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, 2022, 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, 2022

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022 was as follows:

Governmental Activities:

	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Nondepreciable assets					
Land	\$ 1,516,261	\$ 250,268	\$ (75,194)		\$ 1,691,335
Construction in progress	-	376,882	-		376,882
Total nondepreciable assets	1,516,261	627,150	(75,194)	-	2,068,217
Depreciable/ amortizable assets					
Buildings & Improvements	4,943,479	387,752	(5,874)		5,325,357
Vehicles	9,781,790	177,202	(247,944)		9,711,048
Emergency Equipment	1,928,367	41,743	(589,782)		1,380,328
Office Furniture & Equipment	371,912		(269,894)		102,018
Assets being depreciated	17,025,548	606,697	(1,113,494)	-	16,518,751
Accumulated Depreciation/ Amortization					
Buildings & Improvements	(951,421)	(154,954)	3,280		(1,103,095)
Vehicles	(4,546,874)	(784,645)	204,514		(5,127,005)
Emergency Equipment	(1,027,305)	(162,998)	583,742		(606,561)
Office Furniture & Equipment	(318,499)	(14,069)	267,976		(64,592)
Total Accumulated Depreciation	(6,844,099)	(1,116,666)	1,059,512	-	(6,901,253)
Governmental activities capital assets, net	\$ 11,697,710	\$ 117,181	\$ (129,176)	\$ -	\$ 11,685,715

Depreciation expense of \$1,116,666 was charged to the emergency services operations.

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2022

NOTE 5 – RECONCILIATION

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

Total Fund Balance - Governmental Fund	\$ 15,031,026
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 \$18,586,968 and accumulated depreciation was \$6,901,253.	11,685,715
Notes payable of \$11,361,200 are not due and payable in the current period and therefore not reported as a liability	(11,361,200)
Compensated absences of \$246,436 and accrued interest payable of \$179,833 are not due and payable in the current period and are not reported as liabilities in the fund financial statements.	(426,269)
Included in the items related to long-term liabilities is the recognition of the District's net pension liability required by GASB 68 in the amount of \$141,949. The District also recognized a deferred resource outflow related to pensions of \$653,000 and a deferred resource inflow related to pensions of \$159,994. This resulted in an increase to net position.	351,057
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.	244,024
Net Position of Governmental Activities	\$ 15,524,353

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2022

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	\$11,427,362
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 \$1,233,847 of capital outlays and \$424,288 of capital lease and note payments is to increase net position.	1,658,135
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.	(1,116,666)
The effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals, forfeitures, and transfers) is to decrease net position.	(129,176)
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.	(133,567)
Current year notes payable are other financing sources in the fund financial statements. The effect is a decrease in net position in the government-wide financial statements.	(7,970,001)
GASB required the District to recognize their net pension liability and deferred outflows related to pensions. The changes in these balances increased net position.	162,295
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(279,727)
Change in net position of Governmental Activities	\$ 3,618,655

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2022

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.

NOTE 7 – GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES

Notes Payable:

October 27, 2017, the District entered into a promissory note payable in the original amount of \$1,161,834 for the purchase of 2 fire trucks. The note is payable in annual installments of \$129,976 beginning March 1, 2018 and maturing March 1, 2027. The payments include interest at 2.39%. The balance of the note at September 30, 2022, was \$605,775.

On October 18, 2019, the District entered into a promissory note payable in the original amount of \$3,400,886 for the purchase of 6 fire trucks. The note is payable in annual installments of \$387,979 beginning October 31, 2020 and maturing October 31, 2029. The payments include interest at 2.47%. The balance of the note at September 30, 2021 was \$2,785,424.

On April 5, 2022, the District entered into a promissory note payable in the original amount of \$7,593,750 for the construction of 2 new fire stations. The note is payable in annual installments of \$494,554.96 beginning February 15, 2023 and maturing February 15, 2042. The payments include interest at 2.70%. The balance of the note at September 30, 2022 was \$7,593,750.

On April 5, 2022, the District entered into a promissory note payable in the original amount of \$376,251 for the purchase of a Pierce pumper. The note is payable in annual installments of \$42,628.91 beginning February 15, 2023 and maturing February 15, 2032. The payments include interest at 2.40%. The balance of the note at September 30, 2022 was \$376,251.

The District's notes from direct borrowing include a provision that in the event the District fails to make any payments the District will surrender its current ad valorem taxes to the lender sufficient to pay the loan payments.

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2022

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

Note payable debt service requirements to maturity are as follows:

Year Ending September 30	Governmental Activities Principal	Interest	Total
2023	\$ 787,533	\$ 267,608	\$ 1,055,141
2024	777,867	277,272	1,055,139
2025	797,647	257,492	1,055,139
2026	817,932	237,208	1,055,140
2027	838,743	216,406	1,055,149
2028-2032	3,057,495	792,361	3,849,856
2033-2037	1,999,536	473,239	2,472,775
2038-2042	2,284,447	188,326	2,472,773
Total	<u>\$ 11,361,200</u>	<u>\$ 2,709,912</u>	<u>\$ 14,071,112</u>

Long-term liability activity for the year ended September 30, 2022 was as follows:

	Balance 09/30/2021	Additions	Retirements	Balance 09/30/2022	Due within One Year
Notes Payable	\$ 3,815,487	\$ 7,970,001	\$ (424,288)	\$ 11,361,200	\$ 787,533
Compensated absences	207,135	246,436	(207,135)	246,436	246,436
Net pension liability	242,053		(100,104)	141,949	-
Total Long-term Liabilities	<u>\$ 4,264,675</u>	<u>\$ 8,216,437</u>	<u>\$ (731,527)</u>	<u>\$ 11,749,585</u>	<u>\$ 1,033,969</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, 2022, 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 883 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. The report is also available at www.tcdrs.org.

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2022

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

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 contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

At the December 31, 2021, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	7
Active employees	42
	<u>52</u>

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, however the District may elect to contribute at a higher than actuarially determined rate, or make additional lump sum contributions on an ad hoc basis to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience. 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.

	<u>2021</u>	<u>2021</u>
Member Contribution Rates	7.00%	7.00%
Employer Contribution Rates	7.55%	9.54%
Employer Contributions		\$ 333,894
Member Contributions		\$ 258,326

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2022

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Assumptions. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2021
Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level Percentage of payroll, closed
Remaining Amortization Period	19.3
Asset Valuation Method	5 year smoothed market
Discount Rate	7.60%
Long-term Expected Investment Rate of Return	7.60%
Salary Increases*	4.7% average

Discount Rate. The discount rate used to measure the total pension liability was 7.6%. 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 7.6%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.5%, net of all expenses, increased by .10% 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 2022

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2022

information for a 10 year time horizon.

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	Target Allocation	Geometric Real Rate of Return
US Equities	11.50%	3.80%
Global Equities	2.50%	4.10%
International Equities - Developed Markets	5.00%	3.80%
International Equities - Emerging Markets	6.00%	4.30%
Investment-Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	1.77%
Direct Lending	16.00%	6.25%
Distressed Debt	4.00%	4.50%
REIT Equities	2.00%	3.10%
Master Limited Partnerships	2.00%	3.85%
Private Real Estate Partnerships	6.00%	5.10%
Private Equity	25.00%	6.80%
Cash Equivalents	2.00%	-1.05%
Hedge Funds	6.00%	1.55%
	<u>100.00%</u>	

Pension Assets/Liabilities. At September 30, 2022, the District reported a net pension liability of \$141,949 measured at December 31, 2021.

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, 2022

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

Changes in the net pension liability for the year ended December 31, 2021, are as follows:

Change in net pension liability	<u>Increase (Decrease)</u>		
	Total Pension	Fiduciary	Net Pension
	Liability	Net Position	Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2020	\$ 1,328,550	\$ 1,086,497	\$ 242,053
Changes for the year:			
Service Cost	356,384	-	356,384
Interest on total pension liability	127,363	-	127,363
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	136,345	-	136,345
Effect of assumptions changes or inputs	10,637	-	10,637
Refund of contributions and benefit payments	(14,243)	(14,243)	-
Benefit payments	(4,314)	(4,314)	-
Administrative expenses	-	(973)	973
Member contributions	-	209,870	(209,870)
Employer contributions	-	286,334	(286,334)
Net investment income	-	223,549	(223,549)
Other	-	12,053	(12,053)
Balances as of December 31, 2021	<u>\$ 1,940,722</u>	<u>\$ 1,798,773</u>	<u>\$ 141,949</u>

The following represents the net pension liability of the District, calculated using the discount rate of 7.6%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.6%) or 1 percentage point higher (8.6%) than the current rate.

Discount Rate Sensitivity Analysis	Current		
	1% Decrease	Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Net Pension Liability	\$ 561,898	\$ 141,949	\$ (191,824)

Pension expense and deferred outflows of resources related to pensions.

For the year ended September 30, 2022, the District recognized pension expense of \$171,599

Parker County Emergency Services District No. 1
Notes to the Financial Statements
September 30, 2022

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

At September 30, 2022, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflow:Deferred Inflows	
	of Resources	of Resources
Differences between expected and actual economic experience	\$ 283,309	\$ -
Changes in actuarial assumptions	102,591	2,030
Differences between projected and actual investment earnings	-	157,964
Contributions paid subsequent to the measurement date	267,100	-
 Total	 \$ 653,000	 \$ 159,994

The \$267,100 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, 2023.

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
2022	\$ 9,181
2023	1,989
2024	8,541
2025	9,122
2026	46,701
Thereafter	150,372
	\$ 225,906

NOTE 10 – EVALUATION OF SUBSEQUENT EVENTS

On March 24, 2023 the District entered into a Interlocal Agreement with the City of Willow Park to provide fire services for the City of Willow Park. The District paid the City \$1,401,101 for the City radio equipment and fire trucks. The City will pay the District for fire services for the remainder of 2023. The District transferred all of City’s full time firefighters into the Districts employ as of March 24,2023.

Subsequent events were evaluated through May 18, 2022, which is the date the financial statements were available to be issued.

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, 2022

	Budgeted Original	Final Budget	Actual	Variance With Budget Positive (Negative)
Revenues:				
Property taxes	\$ 6,350,150	\$ 6,350,150	\$ 6,769,512	419,362
Sales taxes	1,892,248	1,892,248	4,436,891	2,544,643
Charges for services	270,328	270,328	254,090	(16,238)
Operating grants and contributions	248,618	248,618	588,113	339,495
Other Income	-	-	114,651	114,651
Investment earnings	-	-	56,375	56,375
Total revenues	<u>8,761,344</u>	<u>8,761,344</u>	<u>12,219,632</u>	<u>3,458,288</u>
Expenditures:				
Emergency services operations:				
Fleet/Maintenance Lease	58,000	58,000	50,795	7,205
Equipment (Hand tools)	35,000	35,000	53,216	(18,216)
Fleet operations	314,000	314,000	458,242	(144,242)
Training Programs	109,360	109,360	88,546	20,814
Protective and uniform clothing	148,000	148,000	103,008	44,992
Administrative Expenses	618,000	618,000	640,008	(22,008)
Personnel Expenses	5,975,338	5,975,338	5,793,502	181,836
Capital Purchases	2,814,891	2,814,891	1,233,847	1,581,044
Debt service interest expense	93,667	93,667	93,668	(1)
Debt service principal payments	424,288	424,288	424,288	-
Debt service debt issuance costs	-	-	98,395	(98,395)
Total expenditures	<u>10,590,544</u>	<u>10,590,544</u>	<u>9,037,515</u>	<u>1,553,029</u>
Excess (deficiency) of revenue over expenditures	(1,829,200)	(1,829,200)	3,182,117	5,011,317
Other financing sources (uses):				
Sale of capital assets	50,000	50,000	275,244	225,244
Proceeds from notes payable	-	-	7,970,001	7,970,001
Net Change in Fund Balance	(1,779,200)	(1,779,200)	11,427,362	13,206,562
Fund Balance, October 1, 2021	3,603,664	3,603,664	3,603,664	-
Fund Balance, September, 30, 2022	<u>\$ 1,824,464</u>	<u>\$ 1,824,464</u>	<u>\$ 15,031,026</u>	<u>\$ 13,206,562</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, 2022

	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability								
Service Cost	\$ 28,787	\$ 34,275	\$ 79,362	\$ 91,326	\$ 110,324	\$ 155,509	\$ 196,020	\$ 356,384
Interest (on the Total Pension Liability)	1,143	3,548	9,869	21,678	32,167	47,946	79,704	127,363
Effect of plan changes	-	(6,504)	-	-	-	167,381	-	-
Effect of economic demographic (gains) or losses	27	23,676	12,318	7,204	25,476	1,788	153,531	136,345
Effect of assumption changes or inputs	-	473	-	(3,720)	-	-	113,589	10,637
Benefit payments/refunds of contributions	-	-	(5,083)	(11,395)	(367)	(37,052)	(4,449)	(18,557)
Net Change in Total Pension Liability	29,957	55,468	96,466	105,093	167,600	335,572	538,395	612,172
Total Pension Liability-Beginning	-	29,957	85,425	181,891	286,984	454,583	790,155	1,328,550
Total Pension Liability-Ending (a)	29,957	85,425	181,891	286,984	454,584	790,155	1,328,550	1,940,722
Plan Fiduciary Net Position								
Employer Contributions	1,490	39,071	46,378	51,495	66,805	75,816	168,139	223,549
Member Contributions	1,602	42,011	50,048	61,918	81,469	102,454	155,890	209,870
Investment income net of investment expenses	12	(708)	6,369	28,678	(4,255)	76,185	71,584	286,334
Benefit payments/refunds of contributions	-	-	(5,083)	(11,395)	(367)	(37,052)	(4,449)	(18,557)
Administrative Expense	-	(32)	(69)	(211)	(373)	(523)	(795)	(973)
Other	-	(4)	4,142	1,366	4,438	4,931	9,525	12,053
Net Change in Plan Fiduciary Net Position	3,104	80,338	101,785	131,851	147,717	221,811	399,894	712,276
Plan Fiduciary Net Position-Beginning	-	3,104	83,442	185,226	317,077	464,794	686,603	1,086,497
Plan Fiduciary Net Position-Ending (b)	\$ 3,104	\$ 83,442	\$ 185,227	\$ 317,077	\$ 464,794	\$ 686,605	\$ 1,086,497	\$ 1,798,773
Net Pension Liability-Ending (a) - (b)	\$ 26,853	\$ 1,983	\$ (3,336)	\$ (30,093)	\$ (10,210)	\$ 103,550	\$ 242,053	\$ 141,949
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	10.36%	97.68%	101.83%	110.49%	102.25%	86.89%	81.78%	92.69%
Covered Employee Payroll	\$ 320,486	\$ 700,189	\$ 834,136	\$ 1,031,969	\$ 1,357,818	\$ 1,707,563	\$ 2,227,007	\$ 2,980,651
Net Pension Liability as a Percentage of Covered Employee Payroll	8.38%	0.28%	-0.40%	-2.92%	-0.75%	6.06%	10.87%	4.76%

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, 2022

Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribuiton	Contribution Deficiency (Excess	Covered Payroll	Actual Contribuitons 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%
2018	62,300	62,300	-	1,281,334	4.86%
2019	74,298	74,298	-	1,635,589	4.54%
2020	143,617	143,617	-	1,637,143	8.77%
2021	201,290	201,290	-	2,681,109	7.51%
2022	333,894	333,894	-	3,695,581	9.03%

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.

Parker County Emergency Services District No. 1
Notes to the Required Supplementary Information
For the Year Ended September 30, 2022

NOTE 1 – BUDGET

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.
- 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:

The following expenditures exceeded budget by more than \$5,000.

<u>Expenditures</u>	<u>Budget</u> <u>Variance</u>	<u>Explanation</u>
Equipment (Hand tools)	18,216	Purchase of lockers, bay fans and safes
Fleet operations	144,242	Increased repairs and preventative maintenance
Administrative Expenses	22,008	Increased auto insurance and deployment expenses
Debt service debt issuance costs	98,395	New debt issued in current year

Parker County Emergency Services District No. 1
Notes to the Required Supplementary Information
For the Year Ended September 30, 2022

NOTE 2 – DEFINED BENEFIT PENSION PLANS

Notes to Schedule of Contributions

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	19.3years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub -2010 General Retireess Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2020: Employer contributions reflect that the memeber contribution rate was increased to7% and the current service matching rate was increased to 200% for future benefits

**OVERALL COMPLIANCE AND
INTERNAL CONTROL SECTION**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS 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. 1
Springtown, 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. 1 (the "District") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon, dated May 18, 2023.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be 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.

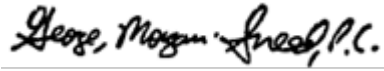
Report on Compliance and Other Matters

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of

noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink, reading "George Morgan Freed, P.C.", enclosed in a thin black rectangular border.

Weatherford, Texas
May 18, 2023