

**PARKER COUNTY EMERGENCY  
SERVICES DISTRICT No. 9**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2019**



**GMS**

CERTIFIED PUBLIC  
ACCOUNTANTS

GEORGE | MORGAN | SNEED

**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. 9  
Brock, Texas

We have audited, in accordance with the 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. 9 (the "District"), as of and for the year ended September 30 2019, and the related notes to the financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon, dated February 21, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control what 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 may exist that have not been identified.

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 9  
September 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
Principal Officials	1
Independent Auditor's Report	2 - 3
Management's Discussion and Analysis	4 - 8
Basic Financial Statements	
Governmental Fund Balance Sheet and Statement of Net Position	9
Governmental Fund Revenues, Expenditures, and Changes in Fund Balance And Statements of Activities	10
Notes to the Financial Statements	11 - 19
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - General Fund	20
Notes to the Required Supplementary Information	21
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	22 - 23

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 9

BOARD OF COMMISSIONERS

SEPTEMBER 30, 2019

PRESIDENT – JIM CALHOUN

VICE-PRESIDENT – RANDALL GRISSOM

SECRETARY – JACK PRITCHARD

TREASURER – CRAIG CHAMBERS

COMMISSIONER – CRUZ RIVAS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Parker County Emergency Services District No. 9  
Brock, Texas 76087

### 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. 9 (the "District") as of and for the year ended September 30, 2019, 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 to the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of Parker County Emergency Services District No. 9 as of September 30, 2019, and the 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 on pages 4 – 8, budgetary information on pages 19-20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 21, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 and should be considered in assessing the results of our audit.

*George Morgan Friesel, P.C.*

Weatherford, Texas  
February 21, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Parker County Emergency Services District No. 9, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the year ended September 30, 2019. We encourage readers to consider the information presented here.

### FINANCIAL HIGHLIGHTS

- The assets of the Parker County Emergency Services District No. 9 exceeded its liabilities by \$1,859,673 (net position) for the year reported. This compares to a net position of \$1,698,505 in the prior year.
- The District's total net position increased by \$161,168 for the year reported. This compares to an increase in net position of \$821,559 in the prior year.
- As of the close of the current year, the District's governmental fund reported ending fund balance of \$835,094. The governmental fund balance in the prior year was \$1,291,423.

### 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.

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, charges for services and donations. 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 - 19 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. 9, assets exceeded liabilities by \$1,859,673 as of September 30, 2019.

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

Condensed Statement of Net Position

	<u>2019</u>	<u>2018</u>
<b>Assets:</b>		
Current assets	\$ 850,268	\$ 1,298,721
Capital assets	1,720,763	1,347,624
Total assets	<u>2,571,031</u>	<u>2,646,345</u>
<b>Liabilities:</b>		
Current liabilities	110,652	254,355
Long-term liabilities	600,706	693,485
Total liabilities	<u>711,358</u>	<u>947,840</u>
<b>Net position:</b>		
Invested in capital assets, net of related debt	1,026,737	913,888
Unrestricted	832,936	784,617
Total Net Position	<u>\$ 1,859,673</u>	<u>\$ 1,698,505</u>



## Changes in Net Position

	2019	2018
Revenues:		
General revenues:		
Property taxes	630,562	571,360
Other	1,535	48,077
Intergovernmental revenues:		
Capital Grants and Contributions	200,000	790,667
Total revenues	832,097	1,410,104
Expenses:		
Emergency services operations	670,929	588,545
Total expenses	670,929	588,545
Change in net position	161,168	821,559
Net position October 1	1,698,505	876,946
Net position September 30	\$ 1,859,673	\$ 1,698,505

**Governmental Activities.** Governmental activities increased the District's net position by \$161,168. Total governmental activities revenues decreased \$578,007 (41%). The total governmental activities expense increased \$82,384 (14%). Key elements of these changes are as follows:

Revenues:

- The District's assessed property valuation increased approximately \$72.04 million. Property tax revenue increased by \$59,202.
- Other income decreased due to funds collected from VFD on repayment of unused budget in the prior year.
- Capital Contributions of \$790,667 were received from VFD in the prior year. These were assets the VFD transferred to the District.
- The District received a \$200,000 grant from the Texas Forrest Service towards the purchase of a new pumper truck.

Expenses:

- Depreciation expense increased \$46,341 due to the purchase of new equipment.
- Contract expenses paid to the VFD increased \$29,000. The increase was budgeted.
- Interest expense increased \$16,396 due to the addition of new debt at the end of the prior year.

### 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, unreserved 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 \$835,094. 100% of this total amount represents unreserved 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. The original and final budgets were for \$612,568 in appropriations. Actual expenditures exceeded appropriations by \$673,982 due to capital outlay purchases that were not budgeted, and loan principal payments that were incurred. During the year, total actual revenues exceeded budgetary estimates due to receiving a \$200,000 grant that was not budgeted for.

## Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2019, amounts to \$1,720,763 (net of accumulated depreciation). This investment in capital assets includes vehicles.

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

- \$4,000 2015 Sundowner Trailer
- \$21,159 Skid Unit
- \$21,300 Shop 2 Improvements
- \$126,311 Station 1 Expansion
- \$500,793 2018 Ferrera Pumper

Parker County Emergency Services District No. 9 Capital Assets (Net of Depreciation):

	<u>2019</u>	<u>2018</u>
Improvements	\$ 304,027	\$ 175,606
Vehicles	1,349,697	1,106,521
Equipment	45,329	41,940
Signs	<u>21,710</u>	<u>23,557</u>
Total capital assets being depreciated	<u>\$ 1,720,763</u>	<u>\$ 1,347,624</u>

## Long-Term Debt

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

<u>Governmental Activities</u>	<u>2019</u>	<u>2018</u>
Loan payable	\$ 694,026	\$ 934,529
Total	<u>\$ 694,026</u>	<u>\$ 934,529</u>

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

Parker County Emergency Services District No. 9 derives the majority of revenues from tax revenues collected by the Parker County Appraisal District based on a tax rate of \$0.85214 per \$100 value. The district is located in a high growth area, covering 105 square miles, where tax appraised values have been increasing annually. Certified taxable values for the 2020 budget have increased \$133,693,340 to \$772,916,981.

The District's financial objectives include improvements in fire apparatus and related equipment, safety gear, volunteer recruitment, training and retention.

The District's Volunteer Fire Department (Brock-Dennis Volunteer Fire Department) is consistently growing in membership and has been successful in reducing response times for covering calls in the District.

### **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 the President, 1107 FM 1189, Brock, Texas 76087.

# **BASIC FINANCIAL STATEMENTS**

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 9  
Governmental Fund Balance Sheet / Statement of Net Position  
September 30, 2019

	Governmental Fund	Adjustments (Note 5)	Governmental Activities Statement of Net Position
<b>ASSETS:</b>			
Cash	\$ 759,844	\$ -	\$ 759,844
Property tax receivable (Net of allowance for uncollectibles)	9,174		9,174
Prepaid expenses	81,250		81,250
Capital assets (net of accumulated depreciation):			
Improvements	-	304,027	304,027
Vehicles	-	1,349,697	1,349,697
Equipment	-	45,329	45,329
Signs	-	21,710	21,710
<b>Total Assets</b>	<b>850,268</b>	<b>1,720,763</b>	<b>2,571,031</b>
<b>LIABILITIES:</b>			
Accounts payable	6,000		6,000
Accrued interest payable	-	11,332	11,332
Notes payable:			
Due within one year	-	93,320	93,320
Due after one year	-	600,706	600,706
<b>Total liabilities</b>	<b>6,000</b>	<b>705,358</b>	<b>711,358</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred property tax	9,174	(9,174)	-
<b>Total deferred inflows of resources</b>	<b>9,174</b>	<b>(9,174)</b>	<b>-</b>
<b>FUND BALANCES/NET POSITION:</b>			
Fund balance:			
Restricted			
Unassigned	835,094	(835,094)	-
Total fund balances	<b>835,094</b>	<b>(835,094)</b>	<b>-</b>
Total liabilities, deferred inflows of resources, and fund balance	<b>\$ 850,268</b>		
Net position:			
Invested in capital assets, net of related debt		1,026,737	1,026,737
Unrestricted		832,936	832,936
		<b>\$ 1,859,673</b>	<b>\$ 1,859,673</b>

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

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 9  
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities  
For the Year Ended September 30, 2019

	Governmental Fund General Fund	Adjustments (Note 5)	Governmental Activities Statement of Activities
<b>Revenues:</b>			
General revenue			
Property taxes	\$ 628,686	\$ 1,876	\$ 630,562
Intergovernmental revenue			
Capital grants	200,000	0	200,000
Other	1,535	-	1,535
Total revenues	<u>830,221</u>	<u>1,876</u>	<u>832,097</u>
<b>Expenditures/expenses:</b>			
Emergency services operations:			
Contract with fire departments	309,000	-	309,000
Contract services	4,800	-	4,800
Appraisal and collection fees	10,274	-	10,274
Dues and subscriptions	1,100	-	1,100
Fire operations	3,317	-	3,317
Insurance	1,912	-	1,912
Professional services	7,506	-	7,506
Depreciation	-	300,424	300,424
Capital outlay	673,563	(673,563)	-
Debt service			
Principal	240,503	(240,503)	-
Interest	34,575	(1,979)	32,596
Total expenditures/expenses	<u>1,286,550</u>	<u>(615,621)</u>	<u>670,929</u>
Change in fund balance/ net position	(456,329)	617,497	161,168
<b>Fund balance/net position:</b>			
Beginning of the year	1,291,423	407,082	1,698,505
End of the year	<u>\$ 835,094</u>	<u>\$ 1,024,579</u>	<u>\$ 1,859,673</u>

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

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 9  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Creation of Emergency Services District

Parker County Emergency Services District No. 9 was created after a public election held on November 8, 2011, under the provision of Section 48-e of Article III of the Constitution of Texas. The District is governed by the Board of Commissioners appointed by Parker County Commissioners' Court. The District was established to provide protection of life and property from fire, hazardous materials incidents, accident, disaster, and other emergencies, and for the conservation of natural resources to residents 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 government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges for services and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, investment income and other items that are not properly included among program revenues are reported instead as general revenues.

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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures generally are recorded when the related fund liability is incurred.

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 9  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The District reports the following major governmental fund:

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

E. Cash and Cash Equivalents

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

F. Capital Assets

Capital assets are reported in the governmental activities column in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Vehicles	5 - 10 years
Equipment	5 years

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. Bad Debt Allowance

The bad debt allowance is 50% of the outstanding levy, adjusted when the delinquent taxes for any year is less than the remaining reserve for that year. This resulted in a bad debt provision of \$9,174.



PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 9  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Fund Balances – Governmental Funds

The District implemented GASB No. 54, *Fund Balance and Governmental Fund Type Definitions*. In the fund financial statements, governmental funds report the following classifications of fund balance:

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. As of September 30, 2019, the District has not adopted a policy for committing funds.

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.

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.

K. Use of Restricted/Unrestricted Net Position

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

L. Deferred Inflows of Resources

The District’s governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period(s). The District has only one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District’s fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred property taxes are reported in the governmental funds balance sheet.

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 9  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019

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, 2019, 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, 2019, 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 being added on July 1. Lien attaches to properties on the January 1 following levy date.

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

The property tax rate the District is allowed to levy is limited to \$.10 per \$100 of valuation. During the year ended September 30, 2019, the District levied the rate of \$.95827.

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 9  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2019

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 was as follows:

Governmental Activities:

	Beginning Balance	Increases	Reclassification/ Decreases	Ending Balance
<b>Depreciable Assets:</b>				
Improvements	184,995	147,611		332,606
Vehicles	1,455,422	500,793		1,956,215
Equipment	117,574	25,159		142,733
Signs	27,715	-		27,715
Total capital assets being depreciated	<u>937,555</u>	<u>673,563</u>	<u>-</u>	<u>2,459,269</u>
<b>Accumulated depreciation:</b>				
Improvements	(9,389)	(19,190)		(28,579)
Vehicles	(348,901)	(257,617)		(606,518)
Equipment	(75,634)	(21,770)		(97,404)
Signs	(4,158)	(1,847)		(6,005)
Total accumulated depreciation	<u>(438,082)</u>	<u>(300,424)</u>	<u>-</u>	<u>(738,506)</u>
Governmental activities capital assets, net	<u>\$ 499,473</u>	<u>\$ 373,139</u>	<u>\$ -</u>	<u>\$ 1,720,763</u>

Depreciation expense of \$300,424 was charged to the emergency services operations.

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 9  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019

NOTE 5 – RECONCILIATION

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

Total Fund Balance - Governmental Fund	\$ 835,094
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund. The cost of these assets was \$2,459,269 and accumulated depreciation was \$738,506.	1,720,763
Accrued interest payable expected to be liquidated with available financial resources and is not reported as a liability in the fund financial statements.	(11,332)
Notes payable are not due and payable in the current period and therefore not reported as a liability in the fund financial statements.	(694,026)
Property taxes receivable are not available soon enough to pay for the current period's expenditures and therefore are deferred revenue in the fund financial statements.	9,174
Net Position of Governmental Activities	<u>\$ 1,859,673</u>

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 9  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019

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	\$ (456,329)
Current year capital outlays 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 \$673,563 of capital outlays and \$240,503 of debt payments is to increase net position.	914,066
Depreciation is not recognized as an expense in governmental fund since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(300,424)
Property taxes in the government-wide statement of activities that do not provide current financial resources are not reported in the funds.	1,876
Current year interest payable of the governmental funds is not due and payable in the current period, and therefore is not report as a liability in the fund financial statements.	1,979
Change in Net Position of Governmental Activities	\$ 161,168

NOTE 6 – FIRE PROTECTION SERVICES

The District has entered into an agreement with Brock-Dennis Volunteer Fire Department to provide fire protection and prevention services to the residents of each response area. This continuous agreement may be terminated upon written notice by either party.

NOTE 7 – 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, 2019, there were no known claims against the District.

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 9  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2019

NOTE 8 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

In 2017 the District made a loan to purchase a Skeeter Brush Truck. The interest rate is 3.159% per annum and the loan matures May 2022. The note is payable in five annual installments of \$36,010, including principal and interest. At September 30, 2019 the balance outstanding on the note was \$101,271.

In 2017 the district made a loan to purchase a Ferrara Tanker Truck. The interest rate is 3.291% per annum and the loan matures October 2026. The note is payable in 10 annual installments of \$39,123, including principal and interest. At September 30, 2019 the balance outstanding on the note was \$271,920.

In 2018 the district made a loan to purchase a Ferrara Pumper Truck. The interest rate is 3.991% per annum and the loan matures September 2028. The note is payable in 1 annual installment of \$200,000, and 9 annual installments of \$43,125 including principal and interest. At September 30, 2019 the balance outstanding on the note was \$320,835.

In the event of default on any of the loans, the lender reserves the right to set-off the District obligations including past due installments against any amounts due to District including, but not limited to, monies, instruments, and deposit accounts maintained with lender.

Note payable debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Governmental Activities Interest	Total
2020	93,320	24,938	118,258
2021	96,560	21,698	118,258
2022	99,637	18,345	117,982
2023	67,375	14,873	82,248
2024	69,831	12,417	82,248
2025-2028	267,303	23,249	290,552
	<u>\$ 694,026</u>	<u>\$ 115,520</u>	<u>\$ 809,546</u>

Long-term debt activity for the year ended September 30, 2019 was as follows:

	Balance 10/1/2018	Additions	Payments	Balance 9/30/2019	Due within One Year
Note Payable	\$ 934,529		\$ (240,503)	\$ 694,026	\$ 93,320
Total long-term liabilities	<u>\$ 934,529</u>	<u>\$ -</u>	<u>\$ (240,503)</u>	<u>\$ 694,026</u>	<u>\$ 93,320</u>

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 9  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019

NOTE 9 – EVALUATION OF SUBSEQUENT EVENTS

Subsequent events were evaluated through February 21, 2020, which is the date the financial statements were available to be issued.

# **REQUIRED SUPPLEMENTARY INFORMATION**



PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 9  
 General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 For the Year Ended September 30, 2019

	Budgeted	Amounts		VARIANCE WITH BUDGET POSITIVE (NEGATIVE)
	Original	Final	ACTUAL	
<b>REVENUES:</b>				
Property taxes	\$ 612,568	\$ 612,568	\$ 628,686	\$ 16,118
Capital grants			200,000	200,000
Other	-	-	1,535	1,535
Total revenues	<u>612,568</u>	<u>612,568</u>	<u>830,221</u>	<u>217,653</u>
<b>EXPENDITURES:</b>				
Emergency services operations:				
Contract with fire departments	300,000	300,000	309,000	(9,000)
Contract services	6,150	6,150	4,800	1,350
Appraisal and collection fees	18,377	18,377	10,274	8,103
Dues and subscriptions	-	-	1,100	(1,100)
Fire operations	40,514	40,514	3,317	37,197
Insurance	6,150	6,150	1,912	4,238
Miscellaneous	12,251	12,251	-	12,251
Professional services	30,652	30,652	7,506	23,146
Travel and Meetings	6,150	6,150	-	6,150
Capital outlay	100,439	100,439	673,563	(573,124)
Debt service				
Principal	57,310	57,310	240,503	(183,193)
Interest	34,575	34,575	34,575	-
Total expenditures	<u>612,568</u>	<u>612,568</u>	<u>1,286,550</u>	<u>(673,982)</u>
Change in fund balance	-	-	(456,329)	(456,329)
Fund balance October 1, 2018	<u>1,291,423</u>	<u>1,291,423</u>	<u>1,291,423</u>	<u>-</u>
Fund balance September 30, 2019	<u>\$1,291,423</u>	<u>\$ 1,291,423</u>	<u>\$ 835,094</u>	<u>\$ (456,329)</u>

Parker County Emergency Services District No. 9  
Notes to the Required Supplementary Information  
For the Year Ended September 30, 2019

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

Contract services, dues and subscription, capital outlay, and debt service line items exceeded their budget. The main excess is due to District not budget for the capital outlay for the new pumper in the amount of \$500,793.

**OVERALL COMPLIANCE AND INTERNAL  
CONTROL SECTION**

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

However, we noted other matters that we have reported to management of the Parker County Emergency Services District No. 9 in a separate letter dated February 21, 2020.

## **Purpose of this Report**

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

*George Morgan Freed, P.C.*

Weatherford, Texas  
February 21, 2020