

**PARKER COUNTY EMERGENCY  
SERVICES DISTRICT No. 8**

**ANNUAL FINANCIAL REPORT**

September 30, 2021

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 8  
September 30, 2021

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PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 8

BOARD OF COMMISSIONERS

SEPTEMBER 30, 2021

PRESIDENT – JOE WILKINSON

VICE-PRESIDENT – GREG STONE

SECRETARY – JODY KNOX

TREASURER – FELECIA BOURDON

VICE TREASURER – STACEY DANNAR



## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Parker County Emergency Services District No. 8  
Weatherford, Texas 76088

### 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. 8 (the "District") as of and for the year ended September 30, 2021, 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. 8 as of September 30, 2021, 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 21-22 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 April 12, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 Freed, P.C.*

Weatherford, Texas  
April 12, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Parker County Emergency Services District No. 8, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the year ended September 30, 2021. We encourage readers to consider the information presented here.

### FINANCIAL HIGHLIGHTS

- The assets of the Parker County Emergency Services District No. 8 exceeded its liabilities by \$1,223,273 (net position) for the year reported. This compares to a net position of \$941,000 in the prior year.
- The District's total net position increase by \$282,273 for the year reported. This compares to an increase in net position of \$250,496 in the prior year.
- As of the close of the current year, the District's governmental fund reported ending fund balance of \$699,192. The governmental fund balance in the prior year was \$573,609.

### 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 emergency services operations 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's only governmental fund is the general 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.

### 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. 8, assets exceeded liabilities by \$1,223,273 as of September 30, 2021.

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

#### Condensed Statement of Net Position

	2021	2020
Assets:		
Current Assets	\$ 722,622	\$ 597,954
Capital Assets	2,414,384	1,704,999
Total Assets	<u>3,137,006</u>	<u>2,302,953</u>
Liabilities		
Current liabilities	43,258	36,294
Long-term liabilities	1,255,359	1,325,659
Total liabilities	<u>1,298,617</u>	<u>1,361,953</u>
Net Position		
Invested in capital assets, net related debt	543,909	426,101
Unrestricted	679,364	514,899
Total Net Position	<u>\$ 1,223,273</u>	<u>\$ 941,000</u>

## Changes in Net Position

	2021	2020
Revenues		
Property taxes	\$ 494,574	\$ 477,888
Sales taxes	255,275	193,002
Interest income	284	286
Other	-	7,873
Total revenues	750,133	679,049
Expense:		
Emergency services operations	412,106	372,164
Interest expense	55,754	56,389
Total expenses	467,860	428,553
Changes in Net Position	282,273	250,496
Net Position October 1	941,000	690,504
Net Position September 30	\$ 1,223,273	\$ 941,000

**Governmental Activities.** Governmental activities increased the District’s net position by \$282,273. Total governmental activities revenues increased \$71,084 (10%). The total governmental activities expense increased \$39,307 (9%). Key elements of these changes are as follows:

Revenues:

- Property tax revenue increased by \$16,686. Property tax values increased \$44.5 million and the tax rate decreased \$.0044 per \$100 assessed value.
- Sales tax revenue increased \$62,273.

Expenses:

- The largest increase was \$26,770 for contracted fire services.

### 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 \$699,192. 100% of this total amount represents unreserved fund balance that is available for spending at the District’s discretion.

### Budgetary Fund Highlights

The District amended its budget during the year. Budget amendments increased budgeted revenues by \$95,779 and decreased budgeted expenditures by \$35,864. Actual expenditures exceeded appropriations by \$23,320. The largest variances were for contracted fire services and equipment.

## Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2021, amounts to \$1,799,268 (net of accumulated depreciation).

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

- \$110,384 2011 Pierce Engine
- \$22,532 Polaris Pro XD 4000D

Parker County Emergency Services District No. 8 Capital Assets (Net of Depreciation):

	2021	2020
Buildings	\$ 1,091,820	\$ 1,110,414
Land improvements	10,520	11,362
Vehicles	601,190	535,803
Equipment	95,738	47,420
	<u>\$ 1,799,268</u>	<u>\$ 1,704,999</u>

Additional information regarding capital assets can be found in Note 4 to the financial statements.

## Long-Term Debt

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

Governmental Activities	2021	2020
Loan payable	\$ 1,255,359	\$ 1,325,659
Total	<u>\$ 1,255,359</u>	<u>\$ 1,325,659</u>

Additional information regarding the District's long-term debt can be found in Note 7 to the financial statements.

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

The District has entered into agreements with Adell-Whitt Volunteer Fire Department and Central Community Volunteer Fire Department to provide fire protection and other limited emergency response services to the residents in each response area.

Parker County Emergency Services District No. 8 derives the majority of its revenues from taxes. Emergency Services District's tax rates are capped by law at \$.10 per \$100 valuation. Property tax rates for fiscal year 2022 are \$0.10 per \$100 taxable values. Certified taxable values for the 2022 budget have increased \$23.6 million to \$539,769,856.

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

## **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, 4101 Old Agnes Road, Weatherford, TX 76088.

# **BASIC FINANCIAL STATEMENTS**

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 8  
Statement of Net Position  
September 30, 2021

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Cash	\$ 658,572
Property tax receivable (Net of allowance for uncollectibles)	16,940
Sales tax receivable	47,110
Capital assets (net of accumulated depreciation):	
Buildings	1,091,820
Land improvements	10,520
Vehicles	601,190
Equipment	95,738
Total Assets	<u><u>2,521,890</u></u>
 <b>LIABILITIES:</b>	
Accounts payable	8,752
Accrued interest	34,506
Notes payable:	
Due within one year	73,232
Due after one year	1,182,127
Total liabilities	<u><u>1,298,617</u></u>
 <b>NET POSITION:</b>	
Invested in capital assets, net of related debt	543,909
Unrestricted	679,364
Total net position	<u><u>\$ 1,223,273</u></u>

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

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 8  
Statement of Activities  
For the Year Ended September 30, 2021

<b>Functions/Programs</b>	Expenses	Program Revenues			Net (Expense) Revenues Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
<b>Primary Government</b>						
Governmental activities:						
Emergency Services Operations	\$ 413,894	\$ -	\$ -	\$ -	\$ (413,894)	\$ (413,894)
Interest expense	53,966	-	-	-	(53,966)	(53,966)
<b>Total governmental activities</b>	<u>467,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(467,860)</u>	<u>(467,860)</u>
<b>Total primary government</b>	<u>\$ 467,860</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (467,860)</u>	<u>\$ (467,860)</u>
General Revenues:						
Taxes:						
					494,574	494,574
					255,275	255,275
					284	284
				Total General Revenues	<u>750,133</u>	<u>750,133</u>
				Change in Net Position	282,273	282,273
				Net Position October 1	<u>941,000</u>	<u>941,000</u>
				Net Position September 30	<u>\$ 1,223,273</u>	<u>\$ 1,223,273</u>

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

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 8  
 Governmental Funds  
 Balance Sheet  
 September 30, 2021

	<u>General Fund</u>
<b>ASSETS:</b>	
Cash	\$ 658,572
Property tax receivable (Net of allowance for uncollectibles)	16,940
Sales tax receivable	47,110
Total Assets	<u>722,622</u>
<b>LIABILITIES:</b>	
Accounts payable	8,752
Total liabilities	<u>8,752</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Unavailable revenue - property taxes	14,678
Total deferred inflows of resources	<u>14,678</u>
<b>FUND BALANCES/NET POSITION:</b>	
Fund balance:	
Unassigned	699,192
Total fund balances	<u>699,192</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 722,622</u>

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

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 8  
 Reconciliation of the Governmental Funds Balance Sheet  
 To the Statement of Net Position  
 September 30, 2021

Total Fund Balance - Governmental Fund	\$ 699,192
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund. The cost of these assets was \$2,106,826 and accumulated depreciation was \$307,588.	2,414,384
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Some liabilities are not due and payable in the current period and therefore are not reported as a liability in the fund financial statements, but are included in the governmental activities statement of net position. The details of these differences are as follows:

Interest payable	\$ 34,506	
Notes payable	<u>1,255,359</u>	(1,289,865)

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.	14,678
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Net Position of Governmental Activities	<u><u>\$1,838,389</u></u>
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PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 8  
 Governmental Funds  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 For the Year Ended September 30, 2021

	General Fund
Revenues:	
General revenue	
Property taxes	\$ 504,241
Sales taxes	255,275
Interest income	284
Total revenues	759,800
Expenditures/expenses:	
Emergency services operations:	
Contract with fire departments	288,214
Appraisal and collection fees	8,024
Dues and subscriptions	550
Fire operations	4,911
Insurance	6,180
Professional services	17,086
Travel and Meetings	1,135
Capital outlay	182,063
Debt service	
Principal	70,300
Interest	55,754
Total expenditures/expenses	634,217
Change in fund balance	125,583
Fund balance:	
Beginning of the year	573,609
End of the year	\$ 699,192

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

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 8  
 Reconciliation of Statement of Revenues, Expenditures and Changes in  
 Fund Balances of the Governmental Funds to the Statement of Activities  
 For the Year Ended September 30, 2021

Total Net Change in Fund Balance - Governmental Fund	\$	125,583
<p>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 \$182,062 of capital outlays and \$70,300 of debt payments is to increase net position.</p>		
		252,362
<p>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.</p>		
		(87,793)
<p>Property taxes in the government-wide statement of activities that do not provide current financial resources are not reported in the funds.</p>		
		(9,667)
<p>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.</p>		
		1,788
Change in Net Position of Governmental Activities	\$	282,273

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

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 8  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Creation of Emergency Services District

Parker County Emergency Services District No. 8 was created after a public election held on November 6, 2012, under the provision of Section 48-e of Article III of the Constitution of Texas. The Board of Commissioners held its first meeting on January 19, 2013. The District was established to provide protection services to residents of the District. The District collects tax levies for the purpose of acquiring and operating emergency service equipment within its geographic boundaries.

B. Reporting Entity

The District is a political subdivision of the State of Texas created to perform the functions of the District. The District is governed by a 5-member board of commissioners appointed by the Commissioner's Court of Parker County. The District is not included in any other governmental "reporting entity" as defined in GASB pronouncements because the board has decision making authority, the power to designate operations, 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 are 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. 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

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 8  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, however, debt service expenditures are recognized when payment is due.

Property and sales taxes are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives payment.

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. 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. It is the District's policy to report capital asset acquisitions with a cost of less than \$5,000 individually as an expense in the current period. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Vehicles	10 - 20 years
Equipment	5 - 15 years
Buildings	30 - 40 years

F. 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

G. Allowance for Uncollectible Accounts

The allowance for uncollectible taxes is 2% of the original tax levy, adjusted when the delinquent taxes for any year are less than the remaining reserve for that year. The allowance for uncollectible property taxes receivable was \$9,878.

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 8  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statements of net position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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, 2021, 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. These funds are assigned by the Board of Commissioners.

Unassigned – all amounts in the general fund not included in other classifications.

J. Government-wide Net Position

Government-wide net position is divided into three components:

- Net investment in capital assets – 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. When an expenditure is uncured for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been first spent out of committed fund, then assigned, and finally unassigned as needed.

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 8  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Deferred Inflows of Resources

In addition to liabilities, the governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resource (revenue) until that time. The District has 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. Accordingly, deferred property taxes are reported in the governmental funds balance sheet.

NOTE 2 – DEPOSITS AND INVESTMENTS

The State Public Funds Investment Act authorizes the government to invest in obligations of the U.S. Treasury, obligations of states, agencies, counties, cities, and other political subdivisions, secured certificates of deposit, repurchase agreements, banker's acceptance, commercial paper, mutual funds, guaranteed investment contracts and investment pools. Investments are stated at fair value except for short-term highly liquid investments which are stated at cost or amortized cost. During the year ended September 30, 2021, the District did not own any types of securities other than permitted by statute.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's funds are required to be deposited and invested under the terms of a depository contract. At September 30, 2021, the District's deposits were covered by Federal Deposit Insurance Corporation (FDIC) insurance or collateralized with securities held by the District's bank in the District's name.

NOTE 3 – PROPERTY TAX

The District's property tax is levied (assessed) each October 1, on the value listed as of the prior January 1, for all real property and personal property located included in the District. Appraised values are established by the Parker County Appraisal District.

Taxes are billed and due on October 1 of each year. The last date for payment without penalty is the following January 31. Delinquent penalties are added on February 1 with additional attorney fees being added on July 1. Lien attaches to properties on the January 1 following levy date.

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

The property tax rate the District is allowed to levy is limited to \$.10 per \$100 of valuation. During the year ended September 30, 2021, the District levied the rate of \$.09558.

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 8  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2021

NOTE 4 – CAPITAL ASSETS

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

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Depreciable Assets:</b>				
Buildings	\$ 1,176,561	\$ 12,380	\$ -	\$ 1,188,941
Land improvements	12,625	-	-	12,625
Vehicles	648,790	110,384	-	759,174
Equipment	<u>86,788</u>	<u>59,298</u>	-	<u>146,086</u>
Total capital assets being depreciated	<u>1,924,764</u>	<u>182,062</u>	-	<u>2,106,826</u>
<b>Accumulated depreciation:</b>				
Buildings	(66,147)	(30,974)	-	(97,121)
Land improvements	(1,263)	(842)	-	(2,105)
Vehicles	(112,987)	(44,997)	-	(157,984)
Equipment	<u>(39,368)</u>	<u>(10,980)</u>	-	<u>(50,348)</u>
Total accumulated depreciation	<u>(219,765)</u>	<u>(87,793)</u>	-	<u>(307,558)</u>
Governmental activities capital assets, net	<u>\$ 1,704,999</u>	<u>\$ 94,269</u>	<u>\$ -</u>	<u>\$ 1,799,268</u>

Depreciation expense of \$87,793 was charged to the emergency services operations.

NOTE 5 – FIRE PROTECTION SERVICES

The District has entered into agreements with Adell-Whitt Volunteer Fire Department and Central Community Volunteer Fire Department to provide fire protection and other limited emergency services to the residents of each response area. The agreements are signed biannually and will automatically review for successive two-year terms unless terminated by either party upon 90 days written notice.

NOTE 6 – 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. On September 30, 2021, there were no known claims against the District.

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 8  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2021

NOTE 7 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

On December 13, 2018, the District entered into a promissory note agreement with Governmental Capital Corporation in the amount of \$320,000. The note is to be paid in annual payments of \$39,551 due from January 15, 2020, to January 15, 2029, with an interest rate of 4.05%.

On February 10, 2017, the District entered into a promissory note and security agreement with Governmental Capital Corporation in the amount of \$1,150,000. The note is to be paid annually with the first payment due February 10, 2018, and the final payment due February 10, 2037. The note has an interest rate of 4.25%. The Board approved setting up a new bank account for the \$1,150,000 to be deposited into First Financial Bank.

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.

Long-term debt activity for the year ended September 30, 2021 was as follows:

	Balance 09/30/2020	Additions	Payments	Balance 09/30/2021	Due within One Year
Notes Payable	\$ 1,325,659	\$ -	\$ (70,300)	\$ 1,255,359	\$ 73,232
Total long-term liabilities	<u>\$ 1,325,659</u>	<u>\$ -</u>	<u>\$ (70,300)</u>	<u>\$ 1,255,359</u>	<u>\$ 73,232</u>

Note payable debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Governmental Activities Interest	Total
2022	73,232	52,821	126,053
2023	76,288	49,766	126,054
2024	79,470	46,584	126,054
2025	82,785	43,269	126,054
2026	86,239	39,816	126,055
2027-2031	407,553	143,615	551,168
2032-2036	366,816	65,698	432,514
2037	82,976	3,527	86,503
	<u>\$ 1,255,359</u>	<u>\$ 445,096</u>	<u>\$ 1,700,455</u>

NOTE 8 – EVALUATION OF SUBSEQUENT EVENTS

Subsequent events were evaluated through April 12, 2022, which is the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 8  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Year Ended September 30, 2021

	Budgeted		ACTUAL	VARIANCE
	Original	Final		WITH BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Property taxes	\$ 478,561	\$ 502,180	\$ 504,241	\$ 2,061
Sales taxes	168,000	240,098	255,275	15,177
Interest income	200	262	284	22
Total revenues	<u>646,761</u>	<u>742,540</u>	<u>759,800</u>	<u>17,260</u>
<b>EXPENDITURES:</b>				
Emergency services operations:				
Contract with fire departments	311,797	279,462	288,214	(8,752)
Appraisal and collection fees	8,024	8,024	8,024	-
Dues and subscriptions	2,050	550	550	-
Fire operations	4,900	4,911	4,911	-
Insurance	7,000	6,180	6,180	-
Per diem board member	500			-
Professional services	20,200	17,085	17,086	(1)
Travel and Meetings	3,500	1,135	1,135	-
Capital outlay	162,736	167,496	182,063	(14,567)
Debt service				
Principal	70,300	70,300	70,300	-
Interest	55,754	55,754	55,754	-
Total expenditures	<u>646,761</u>	<u>610,897</u>	<u>634,217</u>	<u>(23,320)</u>
Change in fund balance	-	131,643	125,583	(6,060)
Fund balance October 1, 2020	<u>573,609</u>	<u>573,609</u>	<u>573,609</u>	<u>-</u>
Fund balance September 30, 2021	<u>\$ 573,609</u>	<u>\$ 705,252</u>	<u>\$ 699,192</u>	<u>\$ (6,060)</u>

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

Parker County Emergency Services District No. 8  
Notes to the Required Supplementary Information  
For the Year Ended September 30, 2021

Budget

The District's 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 District made amendments to the budget during the current fiscal year.

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 expenditures 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

Expenditures exceeded appropriations due to contracted fire services with Adell-Whitt and \$14,568 SCADA equipment. The expenditures were funded with current year revenues that exceeded expenditures.

**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. 8  
Weatherford, 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. 8 (the “District”), as of and for the year ended September 30, 2021, and the related notes to the financial statements which collectively comprise the District’s basic financial statements, and have issued our report thereon, dated April 12, 2022.

**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.

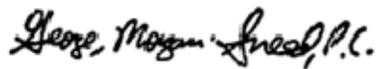
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **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*.

## **Purpose of this Report**

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



Weatherford, Texas  
April 12, 2022