

**Bastrop County
Emergency Services District No. 2
Financial Statements
September 30, 2017**

Bastrop County Emergency Services District No. 2
For the year ending September 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Bastrop County Emergency Services District No. 2

We have audited the accompanying financial statements of the governmental activities of Bastrop County Emergency Services District No. 2, as of and for the year ending September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Bastrop County Emergency Services District No. 2, as of September 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

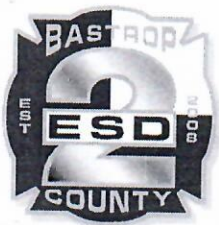
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, and schedule of employer contributions on pages 3 through 8 and pages 31 through 34 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 basic 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.

A handwritten signature in cursive script that reads "Medack & Oltmann LLP".

Medack & Oltmann, LLP
Giddings, Texas
February 5, 2018



BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This is the discussion and analysis of the Bastrop County Emergency Services District Number 2 for the year ending September 30, 2017. This year is the tenth year of full operations.

Citizens and taxpayers want a clear picture of the financial health of their governments, which include Emergency Services Districts. They also want to know how their tax dollars were spent and how much it costs to provide major services such as firefighting, fire prevention and rescue services. The concept of financial accountability of elected or appointed officials is reflected in the standards adopted by the Governmental Accounting Standards Board (GASB) for annual financial reporting.

This Management Discussion and Analysis (MD&A) is composed with the GASB concepts in mind. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- *The District's total net position for the fiscal year exceeded the liabilities of \$181,708 by \$6,594,105.*
- *Change in net position from current operations was an increase of \$3,949,351, mainly due to the in-kind contribution from Bastrop County of the Station 4 building totaling \$3,744,987. This resulted in cash reserves of \$864,745 at the end of the fiscal year.*

Using This Annual Report

This annual report consists of two financial statements. GASB provides that for governments engaged in a single governmental program, the fund financial statements and the government-wide statements may be combined. These combined statements appear on pages 9 and 10. The second column is an adjustments column, reconciling the amounts reported in the governmental funds to show how each would change when reported on the full-accrual basis of accounting. The last column of these combination statements shows the amounts that normally would appear in the government-wide statements.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities present information about the District as a whole. These statements (as reported in the last column of each of the statements) include all of the District's assets and liabilities, utilizing the accrual basis of accounting which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two columns report the District's net position and changes in them. The difference between assets and liabilities, net position, are one way to measure the District's financial health. 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. However, other non-financial factors such as changes in the District's property tax base must also be considered in an assessment of the overall financial health of the District.

The statement of activities, also included on page 10, presents information showing how the District's net position changed during the most recent twelve-month period. 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 result in cash flows in future fiscal periods.

Reporting the District's Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District may establish other funds to help in control and manage money for particular purposes or to show that it is meeting its legal responsibilities for using certain taxes, grants, and other money. These funds are reported using an accounting method called the Modified Accrual accounting which measures cash and all other financial assets that can be readily converted to cash.

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 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. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare that information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The District only reports using one fund that being the General Fund.

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 District as a Whole

Governmental activities increased the Department's net position by \$3,949,351, mainly due to the in-kind contribution from Bastrop County of the Station 4 building totaling \$3,744,987. Our analysis below focuses on the net position (Table 1) and the changes in net position (Table 2) of the Department's governmental activities.

Table 1
Governmental Activities
Net Position

	9/30/16	9/30/17
Assets:		
Current Assets	\$ 828,999	\$ 995,978
Other Assets	500	6,796
Capital Assets	2,037,103	5,762,637
Total Assets	\$ 2,866,602	\$ 6,765,411
 Deferred Outflows of Resources	 \$ 9,374	 \$ 10,402
 Liabilities		
Current Liabilities	\$ 99,471	\$ 129,553
Long Term Liabilities	131,751	49,287
Total Liabilities	\$ 231,222	\$ 178,840
 Deferred Inflows of Resources	 \$ -	 \$ 2,868
 Net Position:		
Net Investment in Capital Assets	\$ 1,856,979	\$ 5,653,299
Unrestricted	787,775	940,806
Restricted	-	-
Total Net Position	\$ 2,644,754	\$ 6,594,105

Table 2
Changes in Net Position

	9/30/16	9/30/17
Revenues:		
Ad Valorem Taxes	\$ 1,019,528	1,106,580
Penalty & Interest Taxes	21,591	26,624
Donations	57,720	10,580
In-Kind Contributions	-	3,744,987
Fire Rescue	20,303	33,539
Interest	2,897	8,363
Miscellaneous	19,461	11,506
Total Revenues	<u>1,141,500</u>	<u>4,942,179</u>
Expenses:		
Tax Collector/Appraisal Fees	55,148	53,297
Insurance & Bonds	31,615	29,159
Professional Services	26,018	31,433
Fire Fighter Wellness Program	-	7,928
First Responders	10,000	-
Miscellaneous	15,336	17,325
Communications	5,355	5,680
Utilities	8,969	8,658
Accounting/Bookkeeping	12,712	15,760
Travel & Training	26,135	27,282
Uniforms	6,050	7,456
Supplies	96,046	108,083
Dues, Subscription & Publications	3,285	3,910
Maintenance and Repairs	158,285	128,527
Salaries and Related Benefits	241,544	290,169
Pension-Volunteers	7,128	3,420
Capital Outlay	-	15,707
Depreciation	199,013	211,779
Interest Expense	3,959	3,166
Total Expense	<u>906,598</u>	<u>968,739</u>
Loss from Disposal of Assets	-	(24,089)
Changes In Net Position:		
Increase(decrease) in Net Position	234,902	3,949,351
Net Position-Beginning	<u>2,409,852</u>	<u>2,644,754</u>
Net Position- Ending	<u>2,644,754</u>	<u>6,594,105</u>

Capital Asset and Debt Administration

Capital Assets:

At the end of the fiscal year September 30, 2017, capital assets are as follows:

	Balance 09/30/2016	Additions/ Completions	Retirements/ Adjustments	Balance 09/30/2017
Governmental Activities:				
Capital assets not being depreciated:				
Land	202,274		-	202,274
Construction in Progress	-	3,764,575	-	3,764,575
Total capital assets not being depreciated	202,274	3,764,575	-	3,966,849
Capital assets, being depreciated				
Vehicles	2,409,508	176,867	(206,993)	2,379,382
Equipment	195,371	94,334	(8,415)	281,290
Buildings and Structures	193,089	25,626	(4,288)	214,427
Total capital assets being depreciated	2,797,968	296,827	(219,696)	2,875,099
Total capital assets	3,000,242	4,061,402	(219,696)	6,841,948
Less accumulated depreciation for:				
Vehicles	850,692	172,200	(86,247)	936,645
Equipment	98,741	32,373	(8,315)	122,799
Buildings and Structures	13,706	7,206	(1,045)	19,867
Total accumulated depreciation	963,139	211,779	(95,607)	1,079,311
Total capital assets, being depreciated, net	1,834,829	85,048	(124,089)	1,795,788
Governmental activities capital assets, net	2,037,103	3,849,623	(124,089)	5,762,637

Depreciation expense charged to the general fund was \$211,779.

More detailed information about the District's Capital Assets is presented in Note 4 of the financial statements.

Debt:

The District has a loan from Classic Bank for \$350,000 for the purchase of fire apparatus. This fire apparatus is pledged as collateral for the outstanding debt. More detailed information about the District's Debt is presented in Note 5 of the financial statements.

Financial Analysis of the Government's Funds

As noted earlier, the Department uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For the year ending September 30, 2017, the District's total fund balance was \$807,790.

Budgetary Highlights

The Department's annual budget includes estimated revenues and expenditures. The annual budget is a line-item document that allows the Board of Commissioners a high degree of control over Department expenditures.

The Department's 2017 budget resulted in actual expenditures less than the final budget amounts by \$79,182, while revenues were more than the budgeted amounts by \$161,743, mainly due to other types of revenues, such as fire rescue billings and contributions.

Currently Known Facts, Decisions, or Conditions

Prior to 2014, the District purchased approximately ten (10) acres of land located at 1432 North State Highway 95 in Bastrop, Texas at a cost of approximately \$150,000. On January 10, 2014, Bastrop County and the District entered an Interlocal Agreement providing for the application for a grant from the Texas General Land Office under the Wildfire Disaster Community Development Block Grant Program to make fire facility improvements in Bastrop County, Texas. If awarded, the County (with the assistance of the District) would review and award the construction contract for the fire facility improvements resulting from the County's contract with the Texas General Land Office. Once completed, the District would accept ownership of all improvements and would totally maintain these improvements as a part of its fire protection system. The County's participation in the project would be limited to only those activities allowed and approved by the Texas General Land Office. In order to result in a fully functional and occupied fire facility, the District committed to being responsible for all costs associated with the project that were not funded directly by the County through the grant. This included, but was not limited to, furniture, appliances, fire apparatus, and equipment necessary to complete the facility including cost overruns.

On January 25, 2016, the County and the District entered into an additional Interlocal Agreement as a result of being awarded the Wildfire Disaster Community Development Block Grant.

The fire station, which is an approximate 11,900 square foot facility, was completed at a cost of \$3,744,987. The District budgeted \$200,000 to purchase the items previously identified necessary to have a fully functional fire facility. The budget did not include the purchase of a fire apparatus since the District was able to relocate the existing ones from the previously leased fire station.

In FY 2016, with the assistance of many volunteers, an addition to the back of Station 3 was built to include 4 offices, a computer lab and a kitchen. The District paid for the construction supplies at a cost of \$25,626.

In FY 2017, the District participated in the construction and preparations for its' opening of its new fire station, Station 4. On October 6, 2017, the District took ownership of the fire station.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Angie Bland, Treasurer
Bastrop County ESD No. 2
PO Box 1747
Bastrop, Texas, 78602

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
GOVERNMENTAL FUNDS BALANCE SHEET AND
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	General Fund	Adjustments (Note 8)	Statement of Net Position
ASSETS			
Cash	\$ 864,745	\$ -	\$ 864,745
Property Taxes Receivable	131,233	-	131,233
Receivables - Other	-	-	-
Due from Other Governments	-	-	-
Net Pension Asset	-	6,796	6,796
Capital Assets (net of accumulated depreciation)	-	5,762,637	5,762,637
TOTAL ASSETS	<u>\$ 995,978</u>	<u>\$ 5,769,433</u>	<u>\$ 6,765,411</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Amounts	\$ -	\$ 10,402	\$ 10,402
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ -</u>	<u>\$ 10,402</u>	<u>\$ 10,402</u>
LIABILITIES			
Accounts Payable	\$ 42,729	\$ -	\$ 42,729
Payroll Liabilities	4,081	-	4,081
Accrued Wages	10,145	-	10,145
Accrued Interest	-	134	134
Long Term Liabilities - Due within one year	-	72,464	72,464
Long Term Liabilities - Due after one year	-	49,287	49,287
TOTAL LIABILITIES	<u>\$ 56,955</u>	<u>\$ 121,885</u>	<u>\$ 178,840</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 131,233	\$ (131,233)	\$ -
Deferred Pension Amounts	-	2,868	2,868
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 131,233</u>	<u>\$ (128,365)</u>	<u>\$ 2,868</u>
FUND BALANCES/NET POSITION			
Fund balances:			
Committed	143,452	(143,452)	
Assigned	185,000	(185,000)	
Unassigned	479,338	(479,338)	
Total fund balances	<u>807,790</u>	<u>(807,790)</u>	
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 995,978</u>	<u>\$ -</u>	
Net Position:			
Unrestricted		940,806	940,806
Net investment in capital assets		5,653,299	5,653,299
Total Net Position		<u>\$ 6,594,105</u>	<u>\$ 6,594,105</u>

See Accompanying Notes to the Financial Statements

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING SEPTEMBER 30, 2017

	General Fund	Adjustments (Note 8)	Statement of Activities
EXPENDITURES/EXPENSES			
Tax Collector/Appraisal District Fees	\$ 53,297	\$ -	\$ 53,297
Insurance & Bonds	29,159	-	29,159
Professional Services	31,433	-	31,433
Fire Fighter Wellness Program	7,928	-	7,928
Miscellaneous	17,325	-	17,325
Communications	5,680	-	5,680
Utilities	8,658	-	8,658
Accounting/Bookkeeping	15,760	-	15,760
Dues, Subscriptions and Publications	3,910	-	3,910
Maintenance and Repairs	128,527	-	128,527
Supplies	108,083	-	108,083
Salaries and Related Benefits	305,125	(14,956)	290,169
Travel & Training	27,282	-	27,282
Uniforms	7,456	-	7,456
Pension - Volunteers	3,420	-	3,420
Capital Outlay	332,122	(316,415)	15,707
Depreciation	-	211,779	211,779
Debt service:			
Principal	70,786	(70,786)	-
Interest	3,612	(446)	3,166
Total expenditures/expenses	\$ 1,159,563	\$ (190,824)	\$ 968,739
PROGRAM REVENUES	-	-	-
Net program expense			968,739
GENERAL REVENUES			
Ad valorem taxes	1,092,603	13,977	1,106,580
Penalties and Interest	26,624	-	26,624
Grants and Contributions	10,580	-	10,580
In-Kind Contribution	-	3,744,987	3,744,987
Fire Rescue	33,539	-	33,539
Interest Income	8,363	-	8,363
Miscellaneous	11,506	-	11,506
Total general revenues	\$ 1,183,215	\$ 3,758,964	\$ 4,942,179
Excess (Deficiency) of revenues over expenditures	\$ 23,652	\$ (23,652)	\$ -
OTHER FINANCING SOURCES			
Proceeds from the Sale of Assets	\$ 100,000	\$ (100,000)	\$ -
Loss from Sale/Disposal of Assets	-	(24,089)	(24,089)
Total Other Financing Sources	\$ 100,000	\$ (124,089)	\$ (24,089)
Change in fund balance	123,652	(123,652)	
Change in net position	-	3,949,351	3,949,351
Fund Balance/Net Position			
Beginning of the year	684,138	1,960,616	2,644,754
End of the year	\$ 807,790	\$ 5,786,315	\$ 6,594,105

See Accompanying Notes to the Financial Statements

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. More significant of these accounting policies are described below.

REPORTING ENTITY

The Bastrop County Emergency Services District No. 2 (the District) was created by Article III, Section 48-e of the Constitution of Texas as proposed by SJR, No. 27, Acts of the 70th Legislature, Regular Session 1987, and adopted by the voters at an election held November 6, 2007, to protect life and property from fire and to conserve natural and human resources.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit with the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, no potential component units appear to exist.

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF PRESENTATION

Basic Financial Statements

GASB sets forth minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues or expenditures/expenses or either fund category or governmental and enterprise combined. Due to the fund structure of the District, all funds have been classified as major funds. As a part of this Statement, there is a reporting requirement regarding the local government's infrastructure (road, bridges, etc.) The District does not own any infrastructure assets and therefore is unaffected by this requirement.

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The reporting model focus is on either the District as a whole or major individual funds (within the fund financial statements). In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The District does not have any business-type activities.

The government-wide Statement of Activities reflects both the gross and net cost per functional category which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function. However, the District does not have any program revenues for this fiscal period.

The net cost by function is normally covered by general revenues (intergovernmental revenues, interest income, etc). The District does not currently employ indirect cost allocation systems.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The governmental fund statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the District's actual experience conforms to the budget or fiscal plan.

GASB provides that for governments engaged in a single governmental program, the fund financial statements and the government-wide statements may be combined. The District presents the general fund in the first column. The next column is an adjustments column. It reconciles the amounts reported in the governmental funds to show how each would change when reported on

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the full-accrual basis of accounting. The last column of these combination statements shows the amounts that normally would appear in the government-wide statements.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are presented on an accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District did not consider all revenues as available if they are collected within 60 days after year-end and therefore collections were not booked. Expenditures are recorded when the related fund liability is incurred.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement #33, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The District adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

BUDGET

The District follows these procedures in establishing the budget reflected in the financial statements:

1. Prior to the beginning of each fiscal year, the District prepares a budget. The operating budget includes proposed expenditures and the means of financing those expenditures and is prepared in accordance with the basis of accounting utilized by that fund.
2. Public meetings are conducted at which all interested persons' comments concerning the budget are heard. After such meetings, the Board of Commissioners formally adopts the budget through passage of a motion in a public meeting.
3. The District amends the budget throughout the year approving such additional expenses. The amended budget is used in presenting the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.
4. All annual appropriations lapse at fiscal year end.

The General Fund did not have expenditures in excess of appropriations.

CAPITAL ASSETS

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at the fair market value as of the date received.

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives with no salvage value. The range of estimated useful lives by type of asset is as follows:

Buildings and Structures	40 years
Vehicles	7-20 years
Other Equipment	10-20 years

The District does not own any infrastructure assets.

Fund Financial Statements

In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

EQUITY CLASSIFICATIONS

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other government; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable or spendable with spendable being further classified into restricted, committed, assigned or unassigned.

COMPENSATED ABSENCES

The District's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. As of the year end, the liability for accrued vacation reflects that time earned by the employees in the current year and any allowable carryover from prior periods.

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 Pension Plan and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by Texas County & District Retirement System (TCDRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases its insurance from regular commercial companies. As of September 30, 2017, no claims or losses have been incurred that were not covered by insurance. There is no liability due to any claim or suit having ever been filed.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the period. Operating results in the future could vary from the amounts derived from management's estimates.

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DEFERRED OUTFLOWS/INFLOWS 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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position 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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended June 30, 2021.

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 2: CASH

Deposits were with a contracted depository bank, First National Bank of Bastrop. As of year-end, deposits exceed FDIC coverage by \$617,521 in the aggregate of demand and time deposits. However; securities were pledged to cover this excess (Category 2) with a market value of \$1,851,118. At September 30, 2017, the carrying amount of the District's deposits was \$864,745 and the bank balance was \$ 867,521.

The collateral pledged is represented by specific identifiable investment securities and classified as to credit risk by the three categories described below:

- | | |
|--------------|---|
| Category 1 - | Insured by FDIC or collateralized with securities held by the District or by its agent in its name. |
| Category 2 - | Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the District's name. |
| Category 3 - | Uncollateralized. |

NOTE 3: PROPERTY TAXES

The District uses the Bastrop County Tax Assessor Collector to bill and collect its property tax. The District's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. An enforceable lien is attached to the property as of January 1. The assessed value of the roll as of January 1, 2016, upon which the 2016 levy was based, was \$1,125,341,303, as certified by the Bastrop County Central Appraisal District.

Taxes are due by January 31 following the October 1 levy date. The total 2016 levy was \$1,109,587 and the tax rate was \$ 0.10 per \$100 assessed valuation for 2016. Property taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 4: CAPITAL ASSETS

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

	Balance 09/30/2016	Additions/ Completions	Retirements/ Adjustments	Balance 09/30/2017
Governmental Activities:				
Capital assets not being depreciated:				
Land	202,274		-	202,274
Construction in Progress	-	3,764,575	-	3,764,575
Total capital assets not being depreciated	202,274	3,764,575	-	3,966,849
Capital assets, being depreciated				
Vehicles	2,409,508	176,867	(206,993)	2,379,382
Equipment	195,371	94,334	(8,415)	281,290
Buildings and Structures	193,089	25,626	(4,288)	214,427
Total capital assets being depreciated	2,797,968	296,827	(219,696)	2,875,099
Total capital assets	3,000,242	4,061,402	(219,696)	6,841,948
Less accumulated depreciation for:				
Vehicles	850,692	172,200	(86,247)	936,645
Equipment	98,741	32,373	(8,315)	122,799
Buildings and Structures	13,706	7,206	(1,045)	19,867
Total accumulated depreciation	963,139	211,779	(95,607)	1,079,311
Total capital assets, being depreciated, net	1,834,829	85,048	(124,089)	1,795,788
Governmental activities capital assets, net	2,037,103	3,849,623	(124,089)	5,762,637

Depreciation expense charged to the government wide statements was \$211,779.

One of the District's stations was donated by the County of Bastrop. It was capitalized at its fair market value of \$3,744,987 and is included in Construction In Progress. The District completed the building in the subsequent year.

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 5: LONG-TERM LIABILITIES

The District has a loan from Classic Bank of \$350,000 with an interest rate of 2.35% for the purchase of fire apparatus, maturing March 2019.

Transactions for the year ended September 30, 2017, are summarized as follows:

	Balance 9/30/16	Additions	Reductions	Balance 9/30/17	Due Within One Year
Classic Bank	\$ 180,124	\$ -	\$ 70,786	\$ 109,338	\$ 72,464
Compensated Leave Liability	8,208	4,205	-	12,413 ✓	-
Total	\$ 188,332	\$ 4,205	\$ 70,786	\$ 121,751	\$ 72,464

The annual aggregate maturities for years subsequent to September 30, 2017, are as follows:

September 30	Principal	Interest	Total
2018	\$ 72,464	\$ 1,934	\$ 74,398
2019	\$ 36,874	\$ 325	\$ 37,199
Total	\$ 109,338	\$ 2,259	\$ 111,597

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 6: PENSION PLAN

Plan Description. Bastrop County Emergency Services District #2 participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.

a. A brief description of benefit terms:

- 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
- 2) The plan provides retirement, disability and survivor benefits.
- 3) TCDRS is a savings-based plan. For the district's plan, 6% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 125%) and is then converted to an annuity.
- 4) There are no automatic COLAs. Each year, the district may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
- 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.

b. The district's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Bastrop County Emergency Services District #2 contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the district and are currently 6%. Contributions to the pension plan from the district for 2016 are Schedule of Employer Contributions

c. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

Employee membership data related to the Plan, as of the valuation date of December 31, 2016, was as follows:

Number of inactive employees entitled to but not yet receiving benefits	1
Number of active employees	<u>3</u>
Total	4

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 6: PENSION PLAN (continued)

Net Pension Liability

The District's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3.0%

Salary Increases The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee. (See Table 1 for Merit Salary Increases.)

Investment Rate of Return 8.10%

Cost-of-Living Adjustments Cost-of-Living Adjustments for Bastrop County Emergency Services District #2 are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.

Retirement Age Deferred members are assumed to retire (100% probability) at the later of: a) age 60 b) earliest retirement eligibility.

(For all eligible members ages 75 and later, retirement is assumed to occur immediately.)

Turnover Same as funding valuation

Mortality

Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set-forward for females.

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 6: PENSION PLAN (continued)

Long-Term Expected Rate of Return

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

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2009 – December 31, 2012 for more details.

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus inflation) ⁽²⁾
US Equities	Dow Jones US Total Stock Market Index	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities – Developed	MSCI World Ex USA (net)	10.00%	4.70%
International Equities – Emerging	MSCI EM Standard (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index +33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	3.85%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%

⁽¹⁾ Target asset allocation adopted at the April 2017 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 1.6%, per Cliffwater's 2017 capital market assumptions.

⁽³⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 6: PENSION PLAN (continued)

Net Pension Liability / (Asset)

Net Pension Liability / (Asset)	December 31, 2016	December 31, 2015
Total pension liability	\$28,438	\$14,205
Fiduciary net position	35,234	15,641
Net pension liability / (asset)	(6,796) <i>more pd in</i>	(1,437)
Fiduciary net position as a % of total pension liability	123.90%	110.11%
Pensionable covered payroll ⁽¹⁾	\$169,203	\$124,179
Net pension liability as a % of covered payroll	(4.02%)	(1.16%)

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

Note: Rounding differences may exist above or in other tables in this report.

(1) Payroll is calculated based on contributions as reported to TCDRS.

Discount Rate

Discount rate ⁽²⁾	8.10%	8.10%
Long-term expected rate of return, net of investment expense ⁽²⁾	8.10%	8.10%
Municipal bond rate ⁽³⁾	Does not apply	Does not apply

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 6: PENSION PLAN (continued)

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability/(Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2015	\$14,205	\$15,641	\$(1,437)
<i>Changes for the year:</i>			
Service cost	18,323		18,323
Interest on total pension liability ⁽¹⁾	1,766		1,766
Effect of plan changes ⁽²⁾	0		0
Effect of economic/demographic gains or losses	(3,028)		(3,028)
Effect of assumptions changes or inputs	0		0
Refund of contributions	(2,828)	(2,828)	0
Benefit payments	0	0	0
Administrative expenses		(13)	13
Member contributions		10,452	(10,452)
Net investment income		1,194	(1,194)
Employer contributions		9,965	(9,965)
Other ⁽³⁾	0	823	(823)
Balances as of December 31, 2016	\$28,438	\$35,234	\$(6,796)

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ No plan changes valued.

⁽³⁾ Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability of the district, calculated using the discount rate of 8.10%, as well as what the ESD net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total Pension Liability	\$ 35,836	\$ 28,438	\$ 22,733
Fiduciary Net Position	35,234	35,234	35,234
Net pension liability/(asset)	\$ 602	\$(6,796)	\$(12,502)

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 6: PENSION PLAN (continued)

As of December 31, 2016, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/Outflows of Resources

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 2,868	\$ 1,046
Changes of assumption	0	45
Net difference between projected and actual earnings	0	1,151
Contributions made subsequent to measurement date	<u>N/A</u>	<u>8,160</u>
Totals	\$ 2,868	\$ 10,402

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:
Year ended December 31:

2017	\$218
2018	218
2019	208
2020	45
2021	(116)
Thereafter ⁽³⁾	(1,198)

⁽³⁾ Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

Payable to the Pension Plan

At September 30, 2017, the District reported a payable of \$2,180 for the outstanding amount of employer and employee contributions to the pension plan required for the year ended September 30, 2017.

Volunteers' Pension Plan

The District also has established a plan for the volunteers. Under this plan the District will contribute \$36 per volunteer per month. Volunteers must meet certain guidelines in order to be eligible. Volunteers begin partial vesting after 10 years of service, and are fully vested after 15 years of service. The plan is administered by the Texas Emergency Services Retirement System. For the year ending September 30, 2017, the District contributed \$3,420 towards the volunteers' retirement program. Financial statements for the pension plan may be obtained from the Fire Fighter's Pension Commission, P.O. Box 12577, Austin, Texas 78701.

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 7: ANNEXATION

The City of Bastrop has the right to annex property within the District which could in the future result in a reduction of the total value of property within the District and therefore a reduction in the total tax revenue to be collected. For the year ending September 30, 2017, no such annexation had taken place nor has the District been made aware of any annexation in the near future.

NOTE 8: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND
AND GOVERNMENT-WIDE STATEMENTS

Differences between the Governmental Fund Balance Sheet and the Statement of Net Position:

The differences (as reflected in the adjustments column) primarily result from the long-term economic resources focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet.

Net pension asset is not receivable in the current period and, therefore, is not reported in the funds.

Net Pension Asset	\$ 6,796
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When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the District as a whole.

Cost of capital assets	\$ 6,841,948
Accumulated Depreciation	<u>(1,079,311)</u>
	<u>\$ 5,762,637</u>

The statement of net position includes as Deferred Outflows of Resources amounts that are permitted to be recognized as part of pension expense over a period of years in the governmental funds.

Deferred Outflows of Resources	\$ 10,402
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Interest on debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Accrued interest payable	\$ 134
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The note payable applicable to the District's governmental activities was not due and payable in the current period and accordingly was not reported as fund liabilities. All liabilities – both current and long-term—are reported in the statement of net position.

Due within one year	\$ 72,464
Due after one year	49,287

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 8: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND
AND GOVERNMENT-WIDE STATEMENTS (continued)

Taxes receivable are offset by deferred revenues in the governmental funds and thus are not included in fund balance.

	Deferred revenue	\$ (131,233)
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Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

	Deferred Inflows of Resources	\$ 2,868
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Differences between the Governmental Fund Operating Statement and the Statement of Activities:

The differences (as reflected in the adjustments column) arise primarily from the long-term economic resources focus of the statement of activities versus the current financial resources focus of the governmental funds.

Some expenses reporting in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Adjustment for Compensated Leave	\$ 4,205	
Adjustment for Pension Liability	(21,001)	
Change in Deferred Inflows/Outflows related to Pension	1,840	
Total adjustment		\$ (14,956)

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	\$ (316,415)	
Depreciation Expense		211,779

Repayment of note principal is reported as expenditure in governmental funds. For the district as a whole, however, the principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities.

Payment of Note Principal	\$	(70,786)
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Interest expense in the statement of activities differs from the amount reported in governmental funds because additional accrued interest was calculated for capital lease obligations.

Change in Accrued Interest	\$	(446)
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BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 8: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND
AND GOVERNMENT-WIDE STATEMENTS (continued)

Because some property taxes will not be collected for several months after the district's fiscal year end, they are not considered as "available" revenues in the governmental funds.

Adjustment for property taxes collected after year-end	\$ 13,977
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Donated assets are not reported in the governmental funds, but revenues are reported in the statement of activities as the acquisition value of an asset with equivalent service potential.

	\$ 3,744,987
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In the statement of activities, only the net gain/(loss) on the sale of equipment is reported, whereas in the governmental funds, only the gross proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the equipment less any accumulated depreciation.

Loss from disposal of assets	\$ (24,089)
Proceeds from sale of assets	\$ (100,000)

NOTE 9: DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through the date the financial statements were available to be issued.

NOTE 10: FUND BALANCE CLASSIFICATION

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Non-spendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2017

NOTE 10: FUND BALANCE CLASSIFICATION (continued)

Assigned - For the General Fund, amounts that are appropriated by the Board or Board designee that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as non-spendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The detail of the fund balance is included in the Governmental Fund Balance Sheet on page 9.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

The Health & Safety Code has established that the Board of Commissioners as being the highest official body authorized to assign fund balance amount for specific purposes. This authorization or removal of such authorization is generally achieved by a resolution of the Board.

As of September 30, 2017, the District has not adopted a minimum fund balance policy.

Required Supplemental Information

BASTROP COUNTY EMERGENCY SERVICES DISTRICT NO. 2
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
BUDGET TO ACTUAL COMPARISON - GENERAL FUND
FOR THE YEAR ENDING SEPTEMBER 30, 2017

	Budget		Actual Amounts	Variance
	Original	Final	Budgetary Basis	Favorable/ (Unfavorable)
GENERAL REVENUES				
Ad Valorem Taxes	\$ 1,021,472	\$ 1,021,472	\$ 1,092,603	\$ 71,131
Penalties and Interest	-	-	26,624	26,624
Grants and Contributions	-	-	10,580	10,580
Fire Rescue	-	-	33,539	33,539
Interest Income	-	-	8,363	8,363
Miscellaneous	-	-	11,506	11,506
Total General Revenues	\$ 1,021,472	\$ 1,021,472	\$ 1,183,215	\$ 161,743
EXPENDITURES/EXPENSES				
Tax Collector/Appraisal District Fees	57,000	57,000	53,297	3,703
Insurance & Bonds	32,874	32,874	29,159	3,715
Membership Dues	3,680	3,680	3,910	(230)
Supplies & Materials	108,725	131,725	108,083	23,642
Professional Services	30,140	30,140	31,433	(1,293)
Fire Fighter Wellness Program	-	-	7,928	(7,928)
First Responders	15,000	-	-	-
Utilities	13,580	13,580	8,658	4,922
Miscellaneous	19,980	27,480	17,325	10,155
Communications	5,254	7,254	5,680	1,574
Maintenance and Repairs	175,882	175,882	128,527	47,355
Pension-Volunteers	3,456	3,456	3,420	36
Accounting/Bookkeeping	12,000	12,000	15,760	(3,760)
Training & Travel	30,300	30,300	27,282	3,018
Salaries and Related Benefits	278,919	309,965	305,125	4,840
Uniforms	7,000	7,000	7,456	(456)
Capital Outlay	3,283	322,011	332,122	(10,111)
Debt Service:				-
Principal	74,398	74,398	70,786	3,612
Interest	-	-	3,612	(3,612)
Total expenditures/expenses	\$ 871,471	\$ 1,238,745	\$ 1,159,563	\$ 79,182
Excess (Deficiency) of revenues over expenditures	\$ 150,001	\$ (217,273)	\$ 23,652	\$ 240,925
OTHER FINANCING SOURCES				
Proceeds from the Sale of Assets	\$ -	\$ -	\$ 100,000	
Total other financing proceeds	\$ -	\$ -	\$ 100,000	
Change in fund balance			123,652	
Fund Balance Beginning of the year			684,138	
End of the year			\$ 807,790	

See Accompanying Notes to the Financial Statements

Bastrop County Emergency Services District No. 2
Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	
Total Pension Liability											
Service cost	\$ 18,323	\$ 7,023	\$ 5,822	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Interest on total pension liability	1,766	740	231	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Effect of plan changes	-	(791)	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Effect of assumption changes or inputs	-	49	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Effect of economic/demographic (gains) or losses	(3,028)	1,125	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Benefit payments/refunds of contributions	(2,828)	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Net change in total pension liability	14,233	8,146	6,053	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Total pension liability, beginning	14,199	6,053	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Total pension liability, ending (a)	\$ 28,432	\$ 14,199	\$ 6,053	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Fiduciary Net Position											
Employer contributions	9,965	7,060	615	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Member contributions	10,452	7,451	650	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Investments income net of investment expenses	1,194	(132)	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Benefit payments/refunds or contributions	(2,828)	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Administrative expenses	(13)	(6)	(1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Other	823	(1)	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Net change in fiduciary net position	19,593	14,372	1,269	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Fiduciary net position, beginning	15,641	1,269	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Fiduciary net position, ending (b)	\$ 35,234	\$ 15,641	\$ 1,269	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Net pension liability/(asset), ending = (a) - (b)	\$ (6,802)	\$ (1,442)	\$ 4,784	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Fiduciary net position as a % of total pension liability	123.92%	110.16%	20.96%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Pensionable covered payroll	\$ 169,203	\$ 124,179	\$ 65,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Net pension liability as a % of covered payroll	-4.02%	-1.16%	7.36%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

See Accompanying Notes to the Financial Statements

Bastrop County Emergency Services District No. 2
Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2007	Not Available	Not Available	Not Available	Not Available	Not Available
2008	**	**	**	**	**
2009	**	**	**	**	**
2010	**	**	**	**	**
2011	**	**	**	**	**
2012	**	**	**	**	**
2013	**	**	**	**	**
2014	615	615	-	10,833	5.7%
2015	7,053	7,060	(7)	124,179	5.7%
2016	9,678	9,965	(287)	169,203	5.9%

See Accompanying Notes to the Financial Statements

Bastrop County Emergency Services District No. 2
Notes to the Schedule of Employer Contributions
For the year ending September 30, 2017

Valuation Date:	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	15.5 years (based on contribution rate calculated in 12/31/2015 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment rate of Return	8.00%, net of 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	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Changes in Plan Provisions Reflected in the Schedule	No changes in plan provision are reflected in the Schedule of Employer Contributions

**Only changes effective 2015 and later are shown in the Notes to Schedule.*

Medack & Oltmann, LLP

Certified Public Accountants

PARTNERS

James E. Medack, CPA
Melodi J. Oltmann, CPA

PROFESSIONAL STAFF

Remington O'Dell, CPA

MEMBERS

American Institute of
Certified Public Accountants

Texas Society of
Certified Public Accountants

To Board of Commissioners
and Management of Bastrop County Emergency Services District No. 2

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Bastrop County Emergency Services District No. 2 as of and for the year ended September 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered Bastrop County Emergency Services District No. 2's internal control over financial reporting (internal control) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 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. 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. We consider the following deficiencies in Bastrop County Emergency Services District No. 2's internal control to be a material weakness and a significant deficiency:

Lack of Sufficient Knowledge of GAAP

District personnel lack a sufficient knowledge of Generally Accepted Accounting Principles (GAAP), which could hinder their ability to identify possible misstatements of the financial statements.

During our audit, we also became aware of deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency. We have communicated these items in a separate letter dated February 5, 2018.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various governmental unit personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Commissioners, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.



Medack & Oltmann, LLP
Giddings, Texas
February 5, 2018

Medack & Oltmann, LLP

Certified Public Accountants

PARTNERS

James E. Medack, CPA
Melodi J. Oltmann, CPA

PROFESSIONAL STAFF

Remington O'Dell, CPA

MEMBERS

American Institute of
Certified Public Accountants

Texas Society of
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February 5, 2018

To the Board of Commissioners
Bastrop County Emergency Services District No. 2

We have audited the financial statements of the governmental activities of Bastrop County Emergency Services District No. 2 for the year ended September 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 20, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bastrop County Emergency Services District No. 2 are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by Bastrop County Emergency Services District No. 2 during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the District's financial statements was:

Management's estimate of the depreciable lives of capital assets is based on the expected useful life of the asset. We evaluated the key factors and assumptions used to develop the depreciable lives of capital assets in determining they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements (as reported in Exhibit 1). Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 5, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Bastrop County Emergency Services District No. 2's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Bastrop County Emergency Services District No. 2's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In addition to the findings in the letter dated February 5, 2018, we also have the findings and recommendations reported on the following page.

Other Matters

We applied certain limited procedures to the MD&A section, Budget vs Actual report, the Schedule of Changes in Net Pension Liability and Related Ratios, and the Schedule of Employer Contributions which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of Board of Commissioners of Bastrop County Emergency Services District No. 2 and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Medack & Oltmann, LLP
Giddings, Texas
February 5, 2018

FINDINGS AND RECOMMENDATIONS

We found several instances where improvements should be made in the District's accounting process and monitoring procedures by management:

Risk Management

One matter that we have discussed with management (Board of Commissioners) both in prior years and the current year is that of risk management. Due to the small size of the entity and the continuing growth of the ESD, monitoring the financial activity will play an important role. The contracting of bookkeeping services has mitigated some of the segregation of duties. However, the District has given additional financial responsibilities to the fire chief, centralizing more control to one individual. The basic premise of this comment is make the Board aware of this situation and to realize that small offices are more susceptible to the risks of fraud.

With the anticipated growth and the additional financial responsibilities added to the fire chief, the need for monitoring in all areas will be increased. In particular, management should establish policies to insure proper monitoring of expenditures, especially fuel charges and credit/debit card purchases.

Asset Capitalization Policy

The District should establish a policy for capitalizing assets purchased, such as vehicles and equipment. This policy should include the minimum dollar amount requiring capitalization, as well as useful lives of assets and methods for depreciation.

General Accounting Procedures

During our audit we noted several items to be addressed:

- Beginning balance for fund balance (the equity account) did not agree to the ending balance for the year ending September 30, 2016. Upon research, we noted that several checks, bills, and deposits were voided or deleted. When minor errors are discovered in a prior period, journal entries should be made in the current year to correct instead of deleting or voiding the transaction.
- We noted that the accrued amount of the employer's share of health insurance was incorrect throughout the year.
- ✓ • We noted that federal unemployment tax was accrued, even though the District is not subject to this tax.

Bastrop County Emergency Services District No. 2
Exhibit 1 (Corrected Misstatements)

September 30, 2017

Num	Name	Memo	Account	Account Type	Debit	Credit
Audit 17-1	JE Customer	To correct for deleted items in prior fiscal years (ZZ.1)	3900 · Fund Balance - Unreserved	Equity		72,072.83
		To correct for deleted items in prior fiscal years (ZZ.1)	1100 · Accounts Receivable	Accounts Receivable	117,256.39	
		To correct for deleted items in prior fiscal years-Accts Payable (ZZ.1)	3003 · Fund Balance	Equity	37,447.86	
		To correct for deleted items in prior fiscal years (ZZ.1)	1000 · First National Bank	Bank		79,666.07
		To correct for deleted items in prior fiscal years (ZZ.1)	4150 · Miscellaneous Income	Income		2,965.35
					154,704.25	154,704.25
Audit 17-2		Reverse prior yr & accrue unpaid wages of 9/30/17 (20.2)	5101 · Salaries	Expense		4,487.32
		Reverse prior yr & accrue unpaid wages of 9/30/17 (20.2)	5150 · Social Security	Expense		309.03
		Reverse prior yr & accrue unpaid wages of 9/30/17 (20.2)	2100 · Payroll Liabilities	Other Current Liability	4,796.35	
		Reverse prior yr & accrue unpaid wages of 9/30/17 (20.2)	5101 · Salaries	Expense	9,498.16	
		Reverse prior yr & accrue unpaid wages of 9/30/17 (20.2)	5150 · Social Security	Expense	646.69	
		Reverse prior yr & accrue unpaid wages of 9/30/17 (20.2)	2100 · Payroll Liabilities	Other Current Liability		10,144.85
					14,941.20	14,941.20
Audit 17-3		To adjust for duplicate accrual of employee benefits (20.4)	2100HCH · Health	Other Current Liability	7,697.92	
		To adjust for duplicate accrual of employee benefits (20.4)	5155-H · Health Expense	Expense		7,697.92
		To adjust for duplicate accrual of employee benefits (20.4)	2100HCV · Vision	Other Current Liability	315.00	
		To adjust for duplicate accrual of employee benefits (20.4)	5155-V · Vision Expense	Expense		315.00
		To adjust for duplicate accrual of employee benefits (20.4)	2100HCA · Basic Life & AD&D	Other Current Liability	107.80	
		To adjust for duplicate accrual of employee benefits (20.4)	5155-B · Basic Life & AD&D Expense	Expense		107.80
		To adjust for duplicate accrual of employee benefits (20.4)	2100HCD · Dental	Other Current Liability	1,239.70	
		To adjust for duplicate accrual of employee benefits (20.4)	5155-D · Dental Expense	Expense		1,239.70
						9,360.42
Audit 17-4		To record additional payables (W/P AA.1)	5240 · Fuel & Lube	Expense	1,348.16	
		To record additional payables (W/P AA.1)	5502 · Legal Fees-County Collec	Expense	3,182.98	
		To record additional payables (W/P AA.1)	5301 · Equipment Repair	Expense	486.23	
	JE Vendor	To record additional payables (W/P AA.1)	5512 · Legal Services	Expense	2,986.75	
		To record additional payables (W/P AA.1)	2000 · *Accounts Payable	Accounts Payable		8,004.12
					8,004.12	8,004.12
Audit 17-5		To correct posting of prin portion (W/P CC.1)	5701 · Debt Payments Principal	Expense	770.30	
		To correct posting of prin portion (W/P CC.1)	5702 · Debt Payments Interest	Expense		770.30
					770.30	770.30
Audit 17-6	JE Customer	To adjust property taxes receivable (W/P C.1)	1100 · Accounts Receivable	Accounts Receivable	13,976.96	
	JE Customer	To adjust property taxes	2600 · Deferred Revenues	Other Current Liability		13,976.96
					13,976.96	13,976.96
Audit 17-7		To reclassify posting (W/P F.2.2.1)	5320 · Equipment - Capital	Expense	17,687.30	
		To reclassify posting (W/P F.2.2.1)	5340C6 · Command C200-2017 Ford F250	Expense		17,687.30
					17,687.30	17,687.30
Audit 17-8		To reclassify posting (F.2.2.2)	5320 · Equipment - Capital	Expense	40,059.51	
		To reclassify posting (F.2.2.2)	5330 · Radio	Expense		14,399.10
		To reclassify posting (F.2.2.2)	5206 · Equipment	Expense		25,660.41
					40,059.51	40,059.51
Audit 17-9		To reclassify sales proceeds (W/P F.2.1)	1811 · Tenders	Fixed Asset	100,000.00	
		To reclassify sales proceeds (W/P F.2.1)	7201 · Proceeds from sale of assets	Other Income		100,000.00
					100,000.00	100,000.00
Audit 17-10		To adjust payroll liabilities per audit (WP 20.6)	5150 · Social Security	Expense	1,300.09	
		To adjust payroll liabilities per audit (WP 20.6)	5151 · Retirement Contribution	Expense	328.31	
		To adjust payroll liabilities per audit (WP 20.6)	5155 · Insurance - Health	Expense	1,179.56	
		To adjust payroll liabilities per audit (WP 20.6)	5100 · Payroll Expenses	Expense	736.57	
		To adjust payroll liabilities per audit (WP 20.6)	2100-HC · Health Insurance - Company	Other Current Liability		1,179.56
		To adjust payroll liabilities per audit (WP 20.6)	2100-RC · Retirement - Company	Other Current Liability		292.87
		To adjust payroll liabilities per audit (WP 20.6)	2100-RE · Retirement - Employee	Other Current Liability		35.44
		To adjust payroll liabilities per audit (WP 20.6)	2100-FX · FUTA	Other Current Liability	60.98	
		To adjust payroll liabilities per audit (WP 20.6)	2100-MC · Medicare - Company	Other Current Liability		65.41
		To adjust payroll liabilities per audit (WP 20.6)	2100-ME · Medicare - Employee	Other Current Liability		65.57
		To adjust payroll liabilities per audit (WP 20.6)	2100-SC · Social Security - Company	Other Current Liability		279.73
		To adjust payroll liabilities per audit (WP 20.6)	2100-SE · Social Security - Employee	Other Current Liability		280.40
		To adjust payroll liabilities per audit (WP 20.6)	2100-SX · TWVC	Other Current Liability		376.62
		To adjust payroll liabilities per audit (WP 20.6)	2100-X · Federal Withholdings	Other Current Liability		293.34
		To adjust payroll liabilities per audit (WP 20.6)	2100 · Payroll Liabilities	Other Current Liability		736.57
						3,605.51
Audit 17-11		Reclassify capital outlay (F.2.1.7)	6000 · Capital Outlay	Expense	45,214.48	
		Reclassify capital outlay (F.2.1.7)	5345-2 · Construction-Station 3	Expense		25,626.30
		Reclassify capital outlay (F.2.1.7)	5347-5 · New Firestation Hwy 95	Expense		19,588.18
					45,214.48	45,214.48
TOTAL					408,324.05	408,324.05