

**WICHITA-WILBARGER 9-1-1 DISTRICT
WICHITA FALLS, TEXAS**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2018

**WICHITA-WILBARGER 9-1-1 DISTRICT
WICHITA FALLS, TEXAS**

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Wichita-Wilbarger 9-1-1 District
September 30, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

Within this section of the Wichita-Wilbarger 9-1-1 District (District) annual financial report, the District's management provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2018. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

Financial Highlights

For the current year the District's assets exceeded its liabilities by \$3,136,917. This compares to the previous year when assets exceeded liabilities by \$3,180,256.

The District's reserve funds reported total ending balance of \$2,486,161. This compares to the prior year ending fund balance of \$2,268,492 showing an increase of \$217,669 during the current year.

The District has no indebtedness.

Overview and Financial Statements

The District's annual audit report covers the financial condition of the District and is prepared in accordance with GAAP. The report contains the Statement of Net Assets, Statement of Revenues, Expenditures and Changes in Net Assets, Statement of Cash Flow as well as appropriate notes for each.

The Statement of Net Assets is a statement of the assets and liabilities of the District. Over time, increases or decreases in assets may serve as a useful indicator of whether the financial condition of the District is improving or deteriorating.

The Statement of Revenues, Expenditures and Changes in Net Assets compares individual budget categories for the current budget cycle.

The Statement of Cash Flow compares the District's cash flow for the current budget cycle.

As required supplemental information, The Schedule of Revenues, Expenditures and Changes in Net Assets compares fiscal year budget to actual performance by category and by total and is prepared on the cash budget basis. The District received \$11,339 in revenue less than the budgeted amount and expended \$52,292 less than budgeted in fiscal year 2018.

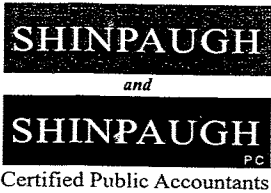
**Wichita-Wilbarger 9-1-1 District
September 30, 2018**

Reserve Fund Categories

The District has two reserve fund categories: General Reserve Fund and Capital Reserve Fund.

The General Reserve Fund is utilized as an operational reserve. Should the District's cash balance (checking account) fall below \$ 25,000, money is transferred from the General Reserve Fund to bring the cash balance up to an acceptable level. The General Reserve Fund balance is \$1,766,840.

The Capital Reserve Fund is reserved for the replacement of capital items. In Fiscal year 2016 the District expensed capital to replace one of its vehicles and install additional pictometry equipment and additions to emergency code red equipment. In Fiscal year 2017 the District expended capital for additions to emergency code red equipment and to upgrade interior lighting inside offices. In Fiscal year 2018 the District expensed capital to replace one of its vehicles and additions to the emergency code red equipment and upgrade the building security system. The Capital Reserve Fund balance is \$719,321.



RAY D. SHINPAUGH C.P.A.
CHARLES D. SHINPAUGH C.P.A.

INDEPENDENT AUDITOR'S REPORT

To the Board of Managers
Wichita-Wilbarger 9-1-1 District

We have audited the accompanying Statement of Net Assets of Wichita-Wilbarger 9-1-1 District as of September 30, 2018 and the related Statements of Revenues, Expenditures and Changes in Net Assets, and Cash Flows for the year then ended, 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Wichita-Wilbarger 9-1-1 District as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 2 and 15 through 16, 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.



Shinpaugh & Shinpaugh, P.C.

Certified Public Accountants

October 30, 2018

**Wichita-Wilbarger 9-1-1 District
Statement of Net Assets
September 30,2018**

ASSETS

Current assets:	
General Reserve Fund	\$ 1,766,840
Capital Reserve Fund	719,321
9-1-1 service fees receivable	66,687
Interest receivable	0
Total current assets	2,552,848
Non-current assets	
Land, building and equipment, less accumulated depreciation of \$768,849 - Note 3	254,587
Cutover costs, less accumulated amortization of \$2,809,027-Note 3	354,048
Deferred compensation plan	344,106
Total assets	\$ 3,505,589

LIABILITIES

Current liabilities:	
Payroll taxes payable	\$ 1,595
Accrued expenses payable- Note 4	22,971
Total current liabilities	24,566
Deferred compensation plan	344,106
Deferred rebate revenue	
Total liabilities	368,672

NET ASSETS

Invested in capital assets, net of debt-Note 3	608,635
Un-restricted	2,528,282
Total net assets	\$ 3,136,917

See Independent Auditor's Report and
accompanying notes to financial statements.

Wichita-Wilbarger 9-1-1 District
Statement of Revenues, Expenditures, and Changes in Net Assets
For the Year Ended September 30, 2018

	Program Expenses 911	Program Revenue 911	Net (Expense) Revenue
Primary 911 operations	\$ 1,051,376	\$ 1,008,038	\$ (43,338)
Revenues;			
Service fees		\$ 1,011,941	
Interest income		5,721	
Loss on Trade of Assets		(9,624)	
Total:		\$ 1,008,038	
Expenses:			
PSAP Lines/Equipment	\$ 128,455		
Wireless	27,362		
Personnel Services	390,777		
Taxes	23,635		
Insurance	67,217		
Travel	316		
Membership & Miscellaneous	2,598		
Board Expense	1,021		
Contractual Services	16,076		
Computer Network	16,187		
Office Operation	7,650		
Building	29,700		
Training	3,246		
Public Education			
Vehicle Expense	11,297		
Contingencies	2,770		
Depreciation	50,430		
Amortization	272,639		
Total expenses	\$ 1,051,376		
Excess of revenues over expenses	\$ 1,051,376	\$ 1,008,038	\$ (43,338)
Net assets, beginning of year			3,180,255
Net assets, end of year			\$ 3,136,917

See Independent Auditor's Report and
accompanying notes to financial statements.

Wichita-Wilbarger 9-1-1 District
Statement of Cash Flows
For the Year Ended September 30, 2018

Cash flows from operating activities:	
Collections from 911 service fees	\$ 1,011,941
Interest collected	5,721
Gain on Disposal of Assets	(9,624)
Cash paid for 911 services	(155,817)
Cash paid for operating expenses and employees	(572,491)
Net cash provided by operating activities	278,617
Cash flows from investing activities:	
Acquisition of furniture, fixtures and equipment	(60,948)
Deferred rebate revenue	0
Net increase (decrease) in cash and cash equivalents	217,669
Cash and cash equivalents at beginning of year	2,268,492
Cash and cash equivalents at end of year	\$ <u><u>2,486,161</u></u>
Reconciliation:	
Excess of revenues over expenses	\$ (43,338)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	50,430
Amortization	272,639
(Increase) Decrease in assets:	
9-1-1 service fees receivable	(5,967)
Interest receivable	0
Deferred compensation plan assets	(59,702)
Retirement of fixed assets	4,259
Increase (Decrease) in liabilities:	
Trade accounts payable	1,067
Accrued expenses payable	(473)
Deferred compensation plan liabilities	59,702
Net cash provided by operating activities	\$ <u><u>278,617</u></u>
Interest paid	\$ None

See Independent Auditor's Report and accompanying notes to financial statements.

Wichita-Wilbarger 9-1-1 District
Notes to Financial Statements
September 30, 2018

1 Description of reporting entity

Wichita-Wilbarger 9-1-1 District, formerly Nortex 9-1-1 Communications District (The District) is an emergency communication district authorized by the Emergency Telephone Number Act of June 6, 1985 (Texas Revised Civil Statutes Annotated, Art. 1432e) and confirmed by the voters of Wichita County, Texas on November 4, 1986 (legislation now codified as V.T.C.A., Health & Safety Code section 772). The District became operational on November 13, 1986, by order of the Board of Managers and the appointment of the executive director. On April 18, 2001, the Board of Managers of the District unanimously voted and approved to change the District's name from Nortex 9-1-1 Communications District to Wichita-Wilbarger 9-1-1 District.

The purpose of the District is to establish the telephone digits "9-1-1" as the primary emergency telephone number for use by the Wichita and Wilbarger County areas to allow quick access to a dispatcher for any person dialing the digits "9-1-1", seeking, police, fire, medical, rescue, or other emergency services.

The District levies service fees on telephone customers within the participating jurisdictions. The telephone companies that service the emergency communications district collect and remit to the District the service fees charged and collected from telephone service customers. The 9-1-1 emergency service fee was changed by the Board of Managers on November 30, 2011 to reflect a flat fee rate of \$0.46 per residence line, \$1.07 per business line and \$1.68 per business trunk. The flat fee was in effect for the year ending September 30, 2012. The fee had previously been 5% of the base rate charged by the various telephone companies. The 5% fee was in effect for the year ending September 30, 2018. The telephone companies are allowed to retain an administrative fee of 1% of the collected 9-1-1 fees. The fees collected in any one calendar month by the telephone companies are due to the District thirty (30) days after the end of the month such fees are collected from telephone service customers. Wireless devices (cell phones) pay a fee of fifty cents per month, pursuant to the Texas Health and Safety Code, Section 771.0711. The fee is collected and distributed by the Texas State Comptroller based upon a population percentage. It is distributed monthly for the previous month's fee collection period.

The Board of Managers may revise the fees (subject to a 6% maximum) as a part of the annual budget. In imposing the fee, the Board of Managers is required to attempt to match the District's revenues to its operating expenditures and to provide reasonable reserves for contingencies and for the installation of 9-1-1 emergency service equipment.

Wichita-Wilbarger 9-1-1 District
Notes to Financial Statements
September 30, 2018

2 Significant accounting policies

Accounting Basis

The District's accompanying financial statements were prepared on the accrual basis of accounting, which records revenues when earned and expenses when incurred. The District's on-going activities are accounted for in a manner similar to accounting practices often found in the private sector. The measurement focus is upon determination of excess of revenues over expenses, financial position, and changes in cash flow.

Cash and Temporary Cash Investment

The District's cash balances on deposit are covered by federal depository insurance up to balances of \$250,000 per institution. As of September 30, 2018 the amounts, not insured by FDIC, were \$1,370,550. Any balances in excess of this limit, is covered by the District's collateralized investment policy. The collateralized receipt is held in safe keeping by Texas Independent Bank, a third party.

For the fiscal years ended September 30, 2018 and 2017, the District invested in the Texas Local Government Investment Pool (TexPool). TexPool is duly chartered and administered by the State Treasurers Office (now under the control of the Comptroller of Public Accounts) and the portfolio normally consists of U.S. T-Bills, T-Notes, collateralized certificates of deposit, and repurchase agreements.

Risk Management

The District participates in The Texas Association of Counties Workers Compensation Self-Insurance Fund to provide workers compensation coverage. Insurance coverage for general liability and property insurance is provided by, the commercial insurance carrier, Texas Municipal League. Workers compensation insurance premiums are computed as a percentage of payroll based upon employee job classification. General liability and property insurance premiums are based upon the underwriting criteria used by the commercial insurance carrier and the level of coverage selected by the District. As claims arise they are submitted to the appropriate insurer. For the year ended September 30, 2018, there were no significant reductions in insurance coverage from the prior year.

**Wichita-Wilbarger 9-1-1 District
Notes to Financial Statements
September 30, 2018**

Property and Equipment

Property and equipment are stated at cost. Maintenance and repairs are charged to expense as incurred. Major renewals and improvements, in excess of \$250.00 are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in revenues. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, ranging from 5 to 20 years.

Cutover Costs

The District paid the telephone companies servicing the District the non-recurring cost of installing the equipment necessary to facilitate the District's emergency answering service. These costs are capitalized and are being amortized over a five-year period, the estimated useful life of the equipment associated with the system.

Prepaid Wireless Costs

The District has capitalized as an intangible asset the cost of the enhanced 9-1-1 wireless service. The District is amortizing these costs of acquiring and installing the system over an estimated useful life of five years.

Cash and Cash Equivalents

The District considers all highly liquid investments with maturity of three months or less at the time of purchase to be cash equivalents.

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.

**Wichita-Wilbarger 9-1-1 District
Notes to Financial Statements
September 30, 2018**

3 Property, equipment and cut-over costs

Property and equipment consisted of the following:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 5,000			\$ 5,000
Building and improvements	647,638	1,607		649,245
Furniture and equipment	292,722	14,484	(18,686)	288,520
Automobiles	<u>81,690</u>	40,221	(41,241)	<u>80,671</u>
	1,027,050			1,023,435
Less accumulated depreciation	<u>(768,721)</u>	(50,430)	50,302	<u>(768,849)</u>
Total property and equipment	<u>\$ 258,329</u>			<u>\$ 254,587</u>
Cut over costs	\$ 3,153,075	10,000		\$ 3,163,075
Less accumulated amortization	<u>(2,265,749)</u>	(272,639)		<u>(2,809,027)</u>
Total cut over costs	<u>\$ 1,114,294</u>			<u>\$ 354,048</u>
Debt	0			0
Total invested in capital assets- net of debt	<u>\$ 875,016</u>			<u>\$ 608,635</u>

For the year ended September 30, 2018 depreciation expense was \$50,430.
For the year ended September 30, 2018 amortization expense was \$272,639.

4 Accrued expenses payable

Accrued expenses payable consisted of the following at September 30, 2018:

Payroll taxes payable	\$ 1,595
Compensated absences	22,971
Retirement benefits payable	<u>0</u>
	<u>\$24,566</u>

5 Compensated absences

All permanent full time employees of the District earn vacation time and sick leave based on prescribed formulas. Employees are allowed to accumulate a maximum of 8 weeks vacation pay and a maximum of 90 days sick leave. Upon leaving the District's employment, employees are paid for unused vacation time, which has been accrued. As of September 30, 2018, the District had accumulated vested vacation time totaling \$22,971.

Wichita-Wilbarger 9-1-1 District
Notes to Financial Statements
September 30, 2018

6 Retirement Plan

Plan Description. Wichita-Wilbarger 9-1-1 District provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 509 non-traditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas State statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employees' deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated, by converting the sum of the employees accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy. The employer has elected the annually determined contribution rate (variable rate) plan provision of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 9.51% for the months of the calendar year in 2017, and 9.51% for the months of the calendar year in 2018.

**Wichita-Wilbarger 9-1-1 District
Notes to Financial Statements
September 30, 2018**

The deposit rate payable by the employee members for the calendar year 2016 is the rate of 7% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost. For the employer's accounting year ending September 30, 2017, the annual pension cost for the TCDRS plan for its employees was \$102,056 and the actual contributions were \$102,056.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees. The contributions were in compliance with the GASB Statement No. 68 parameters based on the actuarial valuations as of December 31, 2017 and December 31, 2016, the basis for determining the contribution rates for calendar years 2017 and 2016. The December 31, 2017 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial valuation date	12/31/15	12/31/16	12/31/17
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period	30 years	20 years	19.5 years
Asset valuation method	SAF 5-year smoothed value ESF: Fund value	SAF 5-year smoothed value ESF: Fund value	SAF 5-year smoothed value ESF: Fund value

Actuarial Assumptions:

Investment return*	8.00%	8.00%	8.00%
Projected salary increases*	4.9%	4.9%	4.9%
Inflation	3.0%	3.0%	2.75%
Cost-of-living adjustments	0.0%	0.0%	0.0%

* Includes inflation at the stated rate.

**Wichita-Wilbarger 9-1-1 District
Notes to Financial Statements
September 30, 2018**

Trend Information
for the Retirement Plan for the Employees of Wichita-Wilbarger 9-1-1 District

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9-30-16	\$216,781	100%	-0-
9-30-17	79,526	100%	-0-
9-30-18	102,056	100%	-0-

Schedule of Funding Progress for the Retirement Plan
for the Employees of Wichita-Wilbarger 9-1-1 District

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentag e Covered Payroll
12/31/15	1,876,089	1,924,063	(47,974)	97.51%	237,238	20.22%
12/31/16	2,053,548	2,092,209	(38,662)	98.15%	294,088	13.15%
12/31/17	2,418,402	2,307,378	111,023	104.81%	310,744	(35.73)%

7 Deferred compensation plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all the District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency.

Wichita-Wilbarger 9-1-1 District
Notes to Financial Statements
September 30, 2018

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the plan), subject only to the claims of the District's general creditors. Participant's rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the District's legal counsel that the District has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

8 Accounts Receivable

Accounts Receivable balances are only recorded at year-end for Audit purposes. The District does not track Accounts Receivable monthly.

9 Sub-sequent events

Sub-sequent events were considered thru October 30, 2018 which is the date financial statements are dated and available for release.

None were noted.

Wichita-Wilbarger 9-1-1 District
Schedule of Revenues, Expenditure and
Changes in Net Assets
Budget and Actual (Non-GAAP Budget Basis)
For the Year Ended September 30, 2018
Required Supplementary Information

	Budget	Actual	Variance Positive (Negative)
Service Fees:			
Electra Telephone	\$ 7,100	\$ 5,622	\$ (1,478)
Midwestern State University	0	0	0
Santa Rosa Telephone	3,700	2,701	(999)
AT&T	140,000	117,024	(22,976)
Wireless	730,000	714,677	(15,323)
CLEC's	130,000	165,811	35,811
Miscellaneous revenues		(9,595)	(9,595)
Interest revenues	2,500	5,721	3,221
Total revenues	1,013,300	1,001,961	(11,339)
Expenditure:			
PSAP Lines/Equipment	116,500	138,021	(21,521)
Wireless	40,000	27,362	12,638
Personnel Services	392,160	391,973	187
Taxes	22,790	23,635	(845)
Insurance	78,000	67,217	10,783
Travel	10,000	316	9,684
Membership & Miscellaneous	2,850	2,598	252
Board Expense	1,000	1,019	(19)
Contractual Services	17,600	16,076	1,524
Information Systems	20,000	6,621	13,379
Office Operation	10,000	7,650	2,350
Building	35,000	29,700	5,300
Training	10,000	3,247	6,753
Vehicle Expense	9,300	9,703	(403)
Contingencies	15,000	2,770	12,230
Total Expenditure	780,200	727,908	52,292
Excess of revenues over expenditures	\$ 233,100	274,053	\$ 40,953
Net Assets, beginning of year		5,994,821	
Depreciation & Amortization		323,069	
Net Assets, end of year		\$ 6,591,943	
 Budget Basis		\$ 274,053	
Revenue Accruals		5,678	
Expenditure Accruals		(1,114)	
GAAP Basis		\$ 278,617	

See Independent Auditor's Report and
accompanying notes to financial statements.

Wichita-Wilbarger 9-1-1 District
Note to Schedule of Revenues, Expenditures and Changes
In Net Assets Budget and Actual (Non-GAAP Basis)
September 30, 2018

Note 1 Budgetary Process

The budgetary process is prescribed by the provisions of H.B. 1432e which later became the Health and Safety Code Title 9, Chapter 772. The budget is not legally binding.

Estimated Service Fees

Projected Service Fee revenue is based upon actual prior years collections, plus or minus current known economic factors and indicators.

Estimated Expenses

Prior years expenditures for certain fixed expenses are readily determined with expected and known increases. Commitments for expansion and enhancement of technical equipment and knowledge is planned for.

Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than GAAP. The major differences between the budgetary basis and GAAP basis lie in the manner in which revenues and expenses are recorded. Under the budgetary basis, revenues and expenses are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when cash is received, and expenses are recorded when cash is paid. Under the GAAP basis, revenues are recorded when earned, and expenses are recorded when incurred.