JOHNSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1

JOHNSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

Mike M. McCall
(retired)
Debbie Gibson
(retired)

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Johnson County Emergency
Services District No. 1
Johnson County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Johnson County Emergency Services District No. 1 (the "District"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Board of Commissioners
Johnson County Emergency
Services District No. 1

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, the Schedule of Changes in Net Pension Asset and Liability and Related Ratios, and the Schedule of District Contributions 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.

McCall Gibson Swedlund Barfoot Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

May 21, 2026

Management's discussion and analysis of Johnson County Emergency Services District No. 1's (the "District") financial performance provides an overview of the District's financial activities for the year ended September 30, 2025. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) fund financial statements and government-wide financial statements and (2) notes to the financial statements. The fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. This report also includes required supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund type. The General Fund accounts for resources not accounted for in another fund, property tax revenues, costs of assessing and collecting taxes, and general expenditures.

Governmental funds are reported in each of the financial statements. The focus in the fund financial statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). The budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by $37,308,586 as of September 30, 2025.

The following is a comparative analysis of government-wide changes in net position:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	$ 30,798,167	$ 30,220,624	$ 577,543
Capital Assets	10,555,912	5,613,345	4,942,567
Right-of-Use Assets	58,868	137,692	(78,824)
Total Assets	$ 41,412,947	$ 35,971,661	$ 5,441,286
Deferred Outflows of Resources	$ 329,497	$ 218,039	$ 111,458
Long-Term Liabilities	$ 2,243,788	$ 2,777,064	$ 533,276
Current and Other Liabilities	2,190,070	845,077	(1,344,993)
Total Liabilities	$ 4,433,858	$ 3,622,141	$ (811,717)
Net Position:			
Net Investment in Capital Assets	$ 8,053,708	$ 2,886,652	$ 5,167,056
Restricted	1,975,377	3,287,048	(1,311,671)
Unrestricted	27,279,501	26,393,859	885,642
Total Net Position	$ 37,308,586	$ 32,567,559	$ 4,741,027

The following table provides a summary of the District's operations for the years ended September 30, 2025 and September 30, 2024.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	$ 7,654,082	$ 6,730,584	$ 923,498
Sales Tax Receipts	13,691,326	13,518,662	172,664
Other Revenues	1,615,103	747,851	867,252
Total Revenues	$ 22,960,511	$ 20,997,097	$ 1,963,414
Expenses for Services	18,219,484	12,826,757	(5,392,727)
Change in Net Position	$ 4,741,027	$ 8,170,340	$ (3,429,313)
Net Position, Beginning of Year	32,567,559	24,397,219	8,170,340
Net Position, End of Year	$ 37,308,586	$ 32,567,559	$ 4,741,027

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's General Fund fund balance as of September 30, 2025, was $28,765,858 a decrease of $483,430 from the prior year. The decrease was primarily due to operational expenditures exceeding property tax and sale and use tax revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners did not amend the budget during the current fiscal year. Actual revenues were $4,232,392 less than budgeted revenues and actual expenditures were $1,043,889 less than budgeted, which resulted in a negative variance of $3,188,503. See the budget to actual comparison for more information.

CAPITAL ASSETS

The District's investment in capital assets as of September 30, 2025, amounts to $10,555,912. This investment in capital assets includes land, buildings, furniture and equipment, office equipment and vehicles.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land	$ 337,480	$ 337,480	$
Construction in Progress	2,143,608		2,143,608
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	1,084,795	1,132,626	(47,831)
Machinery and Equipment	2,532,567	1,106,577	1,425,990
Office Equipment	10,034	12,463	(2,429)
Vehicles and Trucks	4,447,428	3,024,199	1,423,229
Total Net Capital Assets	$ 10,555,912	$ 5,613,345	$ 4,942,567

RIGHT-OF-USE ASSETS

In accordance with the requirements of GASB Statement No. 87, the District has classified certain capital assets to right-of-use assets. Right-of-use assets consisted of dispatch equipment, two Spartan cabs, SCBA equipment and air compressor which totaled $1,453,147, had current year amortization expense of $78,824, and had an accumulated amortization balance of $1,394,278 as of September 30, 2025.

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term capital leases payable of $113,009 and long-term note payable of $2,448,063. The changes during the fiscal year ended September 30, 2025, are summarized as follows:

Leases Payable, October 1, 2024	$	200,330
Less: Principal Paid		87,321
Leases Payable, September 30, 2025	$	113,009
Note Payable, October 1, 2024	$	2,664,055
Less: Principal Paid		215,992
Note Payable, September 30, 2025	$	2,448,063

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Johnson County Emergency Services District No. 1, 2451 Service Drive, Cleburne, TX 76033.

JOHNSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
SEPTEMBER 30, 2025

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	$ 14,210,973	$	$ 14,210,973
Investments	16,046,181		16,046,181
Receivables:			
Property Taxes	396,739		396,739
Penalty and Interest on Delinquent Taxes		135,079	135,079
Other	9,195		9,195
Land		337,480	337,480
Construction in Progress		2,143,608	2,143,608
Capital Assets (Net of Accumulated Depreciation)		8,074,824	8,074,824
Right-of-Use Assets (Net of Accumulated Amortization)		58,868	58,868
TOTAL ASSETS	$ 30,663,088	$ 10,749,859	$ 41,412,947
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pensions	$ - 0 -	$ 329,497	$ 329,497
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 30,663,088	$ 11,079,356	$ 41,742,444
LIABILITIES			
Accounts Payable	$ 1,500,491	$	$ 1,500,491
Net Pension Liability		119,523	119,523
Accrued Interest Payable		29,153	29,153
Compensated Absences		223,619	223,619
Note and Leases Payable:			
Due Within One Year		317,284	317,284
Due After One Year		2,243,788	2,243,788
TOTAL LIABILITIES	$ 1,500,491	$ 2,933,367	$ 4,433,858
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	$ 396,739	$ (396,739)	$ - 0 -
FUND BALANCE			
Restricted for Replacement Fund	$ 262,828	$ (262,828)	$
Restricted Sales and Use Tax Fund	1,712,549	(1,712,549)	
Unassigned	26,790,481	(26,790,481)	
TOTAL FUND BALANCE	$ 28,765,858	$ (28,765,858)	$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 30,663,088		
NET POSITION			
Net Investment in Capital Assets		$ 8,053,708	$ 8,053,708
Restricted		1,975,377	1,975,377
Unrestricted		27,279,501	27,279,501
TOTAL NET POSITION		$ 37,308,586	$ 37,308,586

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

JOHNSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Total Fund Balance - Governmental Funds		$ 28,765,858
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets and right-of-use assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		10,614,780
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2024 and prior tax levies became part of recognized revenues in the governmental activities of the District.		531,818
Portions of the change in net pension asset/liability are not immediately recognized as pension expense are recorded as deferred outflows or inflows of resources.		209,974
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:		
Accrued Interest Payable	$ (29,153)	
Compensated Absences	(223,619)	
Note and Leases Payable Within One Year	(317,284)	
Note and Leases Payable After One Year	(2,243,788)	(2,813,844)
Total Net Position - Governmental Activities		$ 37,308,586

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

JOHNSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property Taxes	$ 7,616,033	$ 38,049	$ 7,654,082
Sales and Use Tax	13,691,326		13,691,326
Facility Income	60,709		60,709
Penalty and Interest	102,150	(6,920)	95,230
Investment Revenues	1,346,127		1,346,127
Miscellaneous Revenues	113,037		113,037
TOTAL REVENUES	$ 22,929,382	$ 31,129	$ 22,960,511
EXPENDITURES/EXPENSES			
Service Operations:			
Personnel	$ 4,868,229	$ (21,241)	$ 4,846,988
Maintenance	219,832		219,832
Supplies	154,917		154,917
Contract Services	6,881,082		6,881,082
Sales and Use Tax Disbursements	3,371,920		3,371,920
Depreciation/Amortization		1,545,319	1,545,319
Capital Outlay	7,482,508	(6,409,062)	1,073,446
Debt Service:			
Lease Principal	87,321	(87,321)	
Lease Interest	8,997	(2,781)	6,216
Note Principal	215,992	(215,992)	
Note Interest	122,014	(2,250)	119,764
TOTAL EXPENDITURES/EXPENSES	$ 23,412,812	$ (5,193,328)	$ 18,219,484
NET CHANGE IN FUND BALANCE	$ (483,430)	$ 483,430	$
CHANGE IN NET POSITION		4,741,027	4,741,027
FUND BALANCE/NET POSITION - OCTOBER 1, 2024	29,249,288	3,318,271	32,567,559
FUND BALANCE/NET POSITION - SEPTEMBER 30, 2025	$ 28,765,858	$ 8,542,728	$ 37,308,586

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

JOHNSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2025

Net Change in Fund Balance - Governmental Funds	$	(483,430)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.		38,049
Governmental funds report penalty and interest revenues on property taxes when collected. However, in the government-wide financial statements, revenues are recorded when penalty and interest are assessed.		(6,920)
The changes in deferred outflows and inflows of resources are recorded as pension expense in the government-wide financial statements.		21,241
Governmental funds do not account for depreciation and amortization. However, in the government-wide financial statements, capital assets and right-of-use assets are depreciated or amortized and the expense is recorded in the Statement of Activities.		(1,545,319)
Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.		6,409,062
Governmental funds report principal payments on long-term liabilities as expenditures in the year paid. However, in the government-wide financial statements, liabilities are reduced when principal payments are made and the Statement of Activities is not affected.		215,992
Governmental funds report principal payments on long-term liabilities as expenditures in the year paid. However, in the government-wide financial statements, liabilities are reduced when principal payments are made and the Statement of Activities is not affected.		87,321
Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on long-term debt through the fiscal year-end.		5,031
Change in Net Position - Governmental Activities	$	4,741,027

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

NOTE 1. CREATION OF DISTRICT

Johnson County Emergency Services District No. 1 (the "District") was originally formed in the mid-1950's as a Rural Fire Prevention District. In 2003, the State of Texas required all Rural Fire Prevention Districts to convert into Emergency Service Districts per Chapter 775 of the Health and Safety Code. The District is empowered to provide fire protection, ambulance and rescue services to the persons in its boundaries which will be conducive to their public safety, health, welfare and convenience.

The District is governed by a Board of Commissioners consisting of five individuals appointed by the Johnson County Commissioner's Court.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB").

The District is a political subdivision of the State of Texas governed by an appointed board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification").

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position 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 improvements of those assets.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenues and expenses in the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Governmental Fund Balance Sheet and a Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance.

Governmental Funds

The District has one governmental fund; therefore, this fund is a major fund.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

General Fund - To account for resources not required to be accounted for in another fund, property tax revenues, costs of assessing and collecting taxes and general expenditures.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Capital Assets and Right-of-Use Assets

Capital assets, which include land, buildings and equipment, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as an expenditure in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset after completion. Installation costs, professional fees and certain other costs are capitalized as part of the asset.

Capital assets are capitalized if they have an original cost of $5,000 or more and a useful life of at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings and Improvements	40
Office Equipment	7
Computer Equipment	5
Vehicles and Trucks	5-10

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Right-of-Use Assets (Continued)

In accordance with GASB Statement No. 87, the District recorded a multiple vehicles and equipment as right-of-use assets (see Note 8). The right-of-use assets are being amortized over the life of the assets.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Compensated Absences

The District permits employees to accumulate earned but unused vacation pay benefits up to certain limits. Upon resignation, an employee may receive pay for any unused accrued vacation provided.

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

Pensions

Payments are made into the social security system for all employees. The Internal Revenue Service has determined that fees of office received by Commissioners are considered wages subject to federal income tax withholding for payroll tax purposes only. See Note 10 for the District's pension plan.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Governmental Fund Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The District has restricted $262,828 for future replacement of capital assets. Per the Sales and Use Tax Policy, the District has restricted $1,712,549 as a reserve.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3. TAX LEVY

During the year ended September 30, 2025, the District levied an ad valorem tax at the rate of $0.057513 per $100 of assessed valuation, which resulted in a tax levy of $7,690,894 on the adjusted taxable valuation of $13,400,349,761 for the 2024 tax year.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At year-end, the carrying amount of the District's deposits was $14,210,973 and the bank balance was $14,403,262. The District was not exposed to custodial risk at year-end.

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Commissioners.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

As of September 30, 2025, the District had the following investments and maturities:

		Maturities in Years		
Fund and Investment Type	Fair Value	Less Than 1	1-5	6-10
GENERAL FUND				
Texas CLASS	$ 16,046,181	$ 16,046,181	$ - 0 -	$ - 0 -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2025, the District's investments in Texas CLASS were rated "AAAm" by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in Texas CLASS to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

NOTE 5. CAPITAL ASSETS

	October 1, 2024	Increases	Decreases	September 30, 2025
Capital Assets Not Being Depreciated				
Land	$ 337,480	$	$	$ 337,480
Construction in Progress		6,409,062	4,265,454	2,143,608
Total Capital Assets Not Being Depreciated	$ 337,480	$ 6,409,062	$ 4,265,454	$ 2,481,088
Capital Assets Subject to Depreciation				
Buildings and Improvements	$ 1,943,681	$ 15,900	$	$ 1,959,581
Machinery and Equipment	2,436,756	1,779,030	26,777	4,189,009
Office Equipment	476,084			476,084
Vehicles and Trucks	4,052,226	2,470,524		6,522,750
Total Capital Assets Subject to Depreciation	$ 8,908,747	$ 4,265,454	$ 26,777	$ 13,147,424
Less Accumulated Depreciation				
Buildings and Improvements	$ 811,055	$ 63,731	$	$ 874,786
Machinery and Equipment	1,330,179	353,040	26,777	1,656,442
Office Equipment	463,621	2,429		466,050
Vehicles and Trucks	1,028,027	1,047,295		2,075,322
Total Accumulated Depreciation	$ 3,632,882	$ 1,466,495	$ 26,777	$ 5,072,600
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 5,275,865	$ 2,798,959	$ - 0 -	$ 8,074,824
Total Capital Assets, Net of Accumulated Depreciation	$ 5,613,345	$ 9,208,021	$ 4,265,454	$ 10,555,912

NOTE 6. CONTRACT FOR PROVIDING FIRE PROTECTION, FIRE SUPPRESSION AND RESCUE SERVICES

The District has entered into agreements with area volunteer fire departments (the “Departments”), the City of Alvarado, the City of Godley, the City of Joshua, City of Venus and the City of Keene to provide fire protection and suppression services to protect life and property from fire, conserve natural and human resources and provide rescue services to persons and commercial interests located in various areas within the boundaries of the District. The terms of these agreements are one year beginning on October 1, 2022.

NOTE 7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and errors and omissions for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

NOTE 8. LEASES

In 1990, the District entered into an agreement with the City of Cleburne to lease 11.5 acres of land for the Johnson County Fire Protection District. The lease is for a period of 25 years as the costs of $25 per year. The District signed a new lease, with the same terms, on April 1, 2010 for an additional 25 years expiring on March 31, 2035.

On January 17, 2019, the District entered in an Equipment Lease Purchase Agreement with Motorola Solutions, Inc. in the amount of $376,947 to fund the purchase dispatch equipment. The equipment is recorded as an asset of the District and is being depreciated over the term of the lease. Accumulated amortization as of September 30, 2025 is $363,521 of which $53,850 has been recorded as part of amortization expense in the current fiscal year. Lease payments and related interest of $65,617 are due monthly beginning January 1, 2020 and ending January 1, 2026. The incremental borrowing rate is 5.20%.

On November 19, 2019, the District entered in a Municipal Lease Purchase Agreement with Government Capital Corporation in the amount of $137,208 to fund the purchase of SCBA equipment. The equipment is recorded as an asset of the District and is being depreciated over the term of the lease. Accumulated amortization as of September 30, 2025 is $107,881, of which $19,600 has been recorded as part of amortization expense in the current fiscal year. Lease payments and related interest of $22,339 are due annually beginning November 19, 2020 and ending November 19, 2026. The incremental borrowing rate is 3.38%.

On May 20, 2021, the District entered in a Municipal Lease Purchase Agreement with Government Capital Corporation in the amount of $37,620 to fund the purchase of an air compressor. The equipment is recorded as an asset of the District and is being depreciated over the term of the lease. Accumulated amortization as of September 30, 2025 is $21,497, of which $5,374 has been recorded as part of amortization expense in the current fiscal year. Lease payments and related interest of $8,448 are due annually beginning July 6, 2022 and ending July 6, 2026. The incremental borrowing rate is 3.99%.

In accordance with the requirements of GASB Statement No. 87, which was required to be implemented in the current fiscal year, the District reclassified certain capital assets to right-of-use assets. Right-of-use assets, current year amortization expense, and accumulated amortization is summarized below:

NOTE 8. LEASES (Continued)

	October 1, 2024	Increases	Decreases	September 30, 2025
Right-of-use Asset Subject to Amortization				
Machinery and Equipment	$ 551,767	$	$	$ 551,767
Vehicles	901,380			901,380
Total Intangible Assets at Historical Cost Subject to Amortization	$ 1,453,147	$ - 0 -	$ - 0 -	$ 1,453,147
Less Accumulated Amortization				
Machinery and Equipment	$ 414,075	$ 78,824	$	$ 492,899
Vehicles	901,380			901,380
Total Accumulated Amortization	$ 1,315,455	$ 78,824	$ - 0 -	$ 1,394,279
Right-of-use Asset, Net of Accumulated Amortization	$ 137,692	$ (78,824)	$ - 0 -	$ 58,868

The following is a schedule of future minimum lease payments under the capital leases as of September 30, 2025:

Fiscal Year	Principal	Interest	Total
2026	$ 91,400	$ 5,004	$ 96,404
2027	21,609	730	22,339
	$ 113,009	$ 5,734	$ 118,743

The following is a summary of transactions regarding capital leases payable for the year ended September 30, 2025:

Leases Payable, October 1, 2024	$ 200,330
Less: Principal Paid	87,321
Leases Payable, September 30, 2025	$ 113,009
Leases Payable:	
Due Within One Year	$ 91,400
Due After One Year	21,609
Leases Payable, September 30, 2025	$ 113,009

NOTE 9. NOTE PAYABLE

On July 9, 2024, the District entered in a Promissory Note Agreement with Zions Bancorporation, N.A., a National Banking Association, in the amount of $2,664,055 to fund the purchase of a SVI light and air on an international CV chassis and a LT0005 LT 1000’ NXT rear mount aerial. Note payments and related interest of $338,006 are due monthly beginning July 9, 2025 and ending July 9, 2034. The incremental borrowing rate is 4.58%.

The following is a schedule of future minimum note payments as of September 30, 2025:

Fiscal Year	Principal	Interest	Total
2026	$ 225,884	$ 112,121	$ 338,005
2027	236,230	101,776	338,006
2028	247,049	90,956	338,005
2029	258,364	79,642	338,006
2030	270,197	67,809	338,006
2031	282,572	55,433	338,005
2032	295,514	42,492	338,006
2033	309,049	28,957	338,006
2034	323,204	14,802	338,006
	$ 2,448,063	$ 593,988	$ 3,042,051

The following is a summary of transactions regarding note payable for the year ended September 30, 2025:

Note Payable, October 1, 2024	$ 2,664,055
Less: Principal Paid	215,992
Note Payable, September 30, 2025	$ 2,448,063
Note Payable:	
Due Within One Year	$ 225,884
Due After One Year	2,222,179
Note Payable, September 30, 2025	$ 2,448,063

NOTE 10. PENSION PLAN

Plan Description

The District provides retirement, disability, and death benefits for all 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 non-traditional defined benefit pension plans. TCDRS issues a publicly available annual comprehensive financial report (ACFR) which includes financial statements, notes and required supplementary information which can be obtained at TCDRS, Finance Division, Barton Oaks Plaza IV Suite 500, 901 S. MoPac Expressway, Austin, Texas 78746 or at www.TCDRS.org.

Benefits Provided

Benefit provisions are adopted by the District, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 5 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the District.

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

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-0-
Inactive employees entitled but not yet receiving benefits	26
Active employees	67

NOTE 10. PENSION PLAN (Continued)

Contributions

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 10.16% for the months of the 2025 accounting year. The deposit rate payable by the employee members for calendar year 2025 is 7% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

For the District's accounting year ended September 30, 2025, the annual pension cost for the TCDRS plan for its employees was $357,396; the actual contributions were $357,396. The employees contributed $245,841 to the plan for the 2025 fiscal year.

Actuarial Assumptions

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumption:

Actuarial Valuation Date	12/31/24
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	14.5 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment Return [1]	7.50%
Projected Salary Increases [1]	4.70%
Inflation	2.50%
Cost-of-living Adjustments	0.00%

[1] Includes inflation at the stated rate

The demographic assumptions were developed from an actual experience investigation of TCDRS over the years 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2024. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

NOTE 10. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the following:

Depositing members – 135% of the PUB-2010 General Employees Amount-Weighted Mortality Table for males and 120% of the PUB-2010 General Employees Amount-Weighted Mortality Table for females projected with 100% of the MP-2021 ultimate scale after 2010.

Service retirees, beneficiaries and non-depositing members – 135% of the PUB-2010 General Retirees Amount-Weighted Mortality Table for males and 120% of the PUB-2010 General Retirees Amount-Weighted Mortality Table for females projected with 100% of the MP-2021 ultimate scale after 2010.

Disabled retirees - 160% of the PUB-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the PUB-2010 General Disabled Retirees Amount-Weighted Mortality Table for females projected with 100% of the MP-2021 ultimate scale after 2010.

Discount Rate

The discount rate used to measure the total pension liability was 7.6%.

In order to determine the discount rate to be used, the actuary used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under the funding policy and the legal requirements under the TCDRS Act:

1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.

2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.

3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.

4) Any increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

NOTE 10. PENSION PLAN (Continued)

Discount Rate (Continued)

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, the actuary has used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

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 2025 information for a 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 based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

NOTE 10. PENSION PLAN (Continued)

Long-Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	13.00%	5.35%
Global Equities	4.00%	5.15%
International Equities-Developed Markets	6.00%	4.75%
International Equities-Emerging Markets	0.00%	4.75%
Investment-Grade Bonds	3.00%	2.55%
Strategic Credit	9.00%	3.70%
Direct Lending	16.00%	6.85%
Distressed Debt	4.00%	6.80%
REIT Equities	2.00%	3.95%
Master Limited Partnerships (MLPs)	2.00%	4.95%
Commodities	2.00%	1.00%
Private Real Estate Partnerships	6.00%	5.75%
Private Equity	25.00%	8.15%
Hedge Funds	6.00%	3.60%
Cash Equivalents	2.00%	1.10%

NOTE 10. PENSION PLAN (Continued)

Changes in Net Pension Liability/(Asset)

Changes in Net Pension Liability/(Asset) for the measurement year ended December 31, 2024 are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances of December 31, 2023	$ 660,296	$ 592,971	$ 67,325
Changes for the year:			
Service Cost	315,713		315,713
Interest on the Total Pension Liability	73,106		73,106
Effect of Plan Changes	137,181		137,181
Effect of Economic/Demographic gains or losses	3,529		3,529
Refund of Contributions	(28,693)	(28,693)	
Administrative Expenses		(567)	567
Member Contributions		158,223	(158,223)
Net Investment Income		68,093	(68,093)
Employer Contributions		231,533	(231,533)
Other		20,049	(20,049)
Balances of December 31, 2024	$ 1,161,132	$ 1,041,609	$ 119,523

Sensitivity Analysis

The following presents the net pension liability/(asset) of the District, calculated using the discount rate of 7.60%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

NOTE 10. PENSION PLAN (Continued)

Sensitivity Analysis (Continued)

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total Pension Liability	$ 1,386,663	$ 1,161,132	$ 980,491
Fiduciary Net Position	1,041,609	1,041,609	1,041,609
Net Pension Liability/(Asset)	$ 345,054	$ 119,523	$ (61,118)

Deferred Inflows/Outflows of Resources

As of September 30, 2025, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	**Deferred Outflows of Resources**
Differences between expected and actual experience	$ - 0 -	$ 37,902
Net difference between projected and actual earnings		72
Contributions paid to TCDRS subsequent to the		4,750
measurement date		286,773
Total	$ - 0 -	$ 329,497

$286,773 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2025 (i.e. recognized in the District's financial statements for the year ending September 30, 2026). Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2025	$ 9,104
2026	9,682
2027	4,003
2028	3,657
2029	5,424
Thereafter	10,854

NOTE 11. COMPENSATED ABSENCES

The District provides vacation to eligible full-time employees. New employees will start accruing after completion of 180 days of full-time employment. Each full-time employee will accrue hours based on their length of service per pay period. Vacation time must be pre-approved by the Director in advance. The accrual of vacation time is unlimited during active employment. All hours accrued are available to be used while actively employed.

The following is a summary of transactions regarding the compensated absences for the year ended September 30, 2025:

	October 1, 2024	Net Change	September 30, 2025	Due Within One Year
Compensated Absences	$ 185,600	$ 38,019	$ 223,619	$ 167,714

JOHNSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2025

JOHNSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes, including penalty and interest	$ 7,334,887	$ 7,718,183	$ 383,296
Facilities Income		60,709	60,709
Sales Tax Receipts	19,826,887	13,691,326	(6,135,561)
Investment Revenues		1,346,127	1,346,127
Miscellaneous Revenues		113,037	113,037
TOTAL REVENUES	$ 27,161,774	$ 22,929,382	$ (4,232,392)
EXPENDITURES			
Service Operations:			
Personnel:			
Wages	$ 2,907,538	$ 3,222,193	$ (314,655)
Incentives	88,328	87,904	424
Longevity	17,150	20,594	(3,444)
Overtime	267,022	400,603	(133,581)
Payroll Taxes	349,323	287,240	62,083
Health Insurance	401,798	417,685	(15,887)
Dental/Vision/AD&D Ins	60,458	74,615	(14,157)
Retirement	335,220	357,395	(22,175)
Maintenance:			
Small Tools	27,850	7,282	20,568
Property Maintenance	57,000	26,406	30,594
Building Maintenance	58,500	41,222	17,278
Communications Maintenance	15,880	22,590	(6,710)
Vehicle Maintenance	135,000	52,491	82,509
Fuel/Lube	63,950	57,517	6,433
Implement/Equipment Maintenance	40,500	12,324	28,176
Supplies:			
Janitorial	16,050	10,092	5,958
Office Supplies	2,675	10,959	(8,284)
EMS Supplies	10,000	7,059	2,941
Postage	1,450	474	976
Uniforms	74,325	49,707	24,618
Safety Equipment	1,000	209	791
Computer Supplies	8,620	3,070	5,550
Operating Supplies	15,037	29,127	(14,090)
Printing Supplies	2,000	2,529	(529)
Protective Equipment	7,250	9,689	(2,439)
Furniture/Small OFC Equipment	9,500	4,529	4,971
Special Recognition	20,800	16,036	4,764
Training Equipment	3,000	11,437	(8,437)

See accompanying independent auditor’s report.

JOHNSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES (Continued)			
Contract Services:			
Pre-Employment	$ 4,935	$	$ 4,935
Drug Testing	500		500
Dues/Subscriptions	42,529	41,325	1,204
Utilities	60,700	60,747	(47)
Cell Phones	9,880	26,907	(17,027)
Telephone/Internet	41,820	41,710	110
Legal Advertisement	1,000		1,000
Training	132,300	194,200	(61,900)
Travel	141,000	125,177	15,823
Insurance - TML	125,000	112,154	12,846
Miscellaneous Contractual Service	505,771	579,233	(73,462)
Temporary Labor		752	(752)
Physical/Vaccinations	15,300		15,300
Equipment Testing	20,000	16,224	3,776
Lease Expense	450,016	15,270	434,746
Fire Suppression Service Providers	2,894,213	2,549,601	344,612
Service Provider Incentives	3,597,123	3,117,782	479,341
Sales and Use Tax Disbursements:			
Protective Equipment		1,973,885	(1,973,885)
Capital Outlay and Funding Assistance		286,296	(286,296)
Employee Retention		8,874	(8,874)
Training		103,797	(103,797)
Emergency Funding		78,953	(78,953)
Facilities		918,495	(918,495)
Supplemental Personnel		1,620	(1,620)
Capital Outlay	11,417,390	7,482,508	3,934,882
Debt Service			
Capital Lease Principal		87,321	(87,321)
Capital Lease Interest		8,997	(8,997)
Note Principal		215,992	(215,992)
Note Interest		122,014	(122,014)
TOTAL EXPENDITURES	$ 24,456,701	$ 23,412,812	$ 1,043,889
NET CHANGE IN FUND BALANCE	$ 2,705,073	$ (483,430)	$ (3,188,503)
FUND BALANCE - OCTOBER 1, 2024	29,249,288	29,249,288	
FUND BALANCE - SEPTEMBER 30, 2025	$ 31,954,361	$ 28,765,858	$ (3,188,503)

See accompanying independent auditor's report.

JOHNSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Year Ended December 31, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
Total Pension Liability				
Service cost	$ 315,713	$ 270,292	$ 147,095	$ 35,830
Interest on total pension liability	73,106	44,112	14,104	2,723
Effect of plan changes	137,181		100,822	0
Effect of economic/demographic (gains) or losses	3,529	35,830	9,897	27
Effect of assumptions changes or inputs				112
Benefit payments/refunds of contributions	(28,693)	(130)	(418)	
Net change in total pension liability	$ 500,836	$ 350,104	$ 271,500	$ 38,692
Total pension liability, beginning	660,296	310,192	38,692	
Total pension liability, ending (a)	$ 1,161,132	$ 660,296	$ 310,192	$ 38,692
Fiduciary Net Position				
Employer contributions	$ 231,533	$ 195,310	$ 80,031	$ 15,435
Member contributions	158,223	126,683	97,194	22,262
Investment income net of investment expenses	68,093	28,141	(17,603)	4,333
Benefit payments/refunds of				0
contributions	(28,693)	(130)	(418)	0
Administrative expenses	(567)	(310)	(133)	(23)
Other	20,049	16,204	24,927	1,068
Net change in plan fiduciary net position	$ 448,638	$ 365,898	$ 183,998	$ 43,075
Fiduciary net position, beginning	592,971	227,073	43,075	
Fiduciary net position, ending (b)	$ 1,041,609	$ 592,971	$ 227,073	$ 43,075
Net Pension Liability/(Asset), Ending = (a) - (b)	$ 119,523	$ 67,325	$ 83,119	$ (4,383)
Fiduciary net position as a percentage of the total pension liability	89.71%	89.80%	73.20%	111.33%
Pensionable covered payroll	$ 2,637,055	$ 2,111,375	$ 1,619,906	$ 371,026
Net pension liability as a percentage of covered employee payroll	4.53%	3.19%	5.13%	-1.18%

Note : This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

See accompanying independent auditor's report.

JOHNSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Fiscal Year Ending September 30	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a Percentage of Covered Payroll
2021	$ 15,435	$ 15,435	$ -0-	$ 371,026	4.2%
2022	$ 67,388	$ 80,031	$ (12,643)	$ 1,619,906	4.9%
2023	$ 195,310	$ 195,310	$ -0-	$ 2,111,375	9.3%
2024	$ 231,533	$ 231,533	$ -0-	$ 2,637,055	8.8%
2025	$ 357,396	$ 357,396	$ -0-	$ 3,512,014	10.2%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statements No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

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

Note: 10-years of information will be presented when available.

See accompanying independent auditor's report.

JOHNSON COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Valuation Date: Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the 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	14.5 years (based on contribution rate calculated in 12/31/24 valuation)
Asset Valuation Method	5-year, smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Change in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015-2020: Not applicable, prior to TCDRS participation. 2021: No Changes in plan provisions were reflected in the Schedule. 2022: No Changes in plan provisions were reflected in the Schedule 2023: Employer contributions reflect that the current service matching rate was increased to 200%. 2024: No Changes in plan provisions were reflected in the Schedule.

**Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.*

See accompanying independent auditor's report.