

Travis County Emergency
Services District No. 1
Financial Statements
September 30, 2025

Travis County Emergency Services District No. 1
For the year ending September 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Travis County Emergency Services District No. 1

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Travis County Emergency Services District No. 1 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 Travis County Emergency Services District No. 1, as of September 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Travis County Emergency Services District No. 1, 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 Travis County Emergency Services District No. 1'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.

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 Travis County Emergency Services District No. 1'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, and schedule of employer contributions on pages 3-8 and 35-39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Medack & Oltmann, LLP

Medack & Oltmann, LLP
Giddings, Texas
March 11, 2026



Travis County Emergency Services District 1

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As the Board of Commissioners of Travis County Emergency Services District No. 1 (the District), we present the following narrative overview and analysis of the financial activities of the District for the year ended September 30, 2025.

Financial Highlights

Significant current year transactions include the following:

- General Fund revenues from property taxes accounted for 38.43% of total revenues. The General Fund revenues were more than total expenditures, including financing proceeds by \$4,850,344.
- During the year, the District's total expenses (government-wide) were \$19,547 more than the \$16,550,846 generated in tax revenues, fees, sale of assets and other income.
- During FY 2025, the District continued participating in Texas County & District Retirement System (TCDRS) to provide a defined benefit retirement plan for all employees. Employees are required to contribute 7% of their total pay to the retirement plan and the District elected a matching rate of \$2.5 to \$1. The employee's savings grow at a rate of 7%, compounded annually.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the District as a whole and present a long-term view of the District's finances. Fund financial statements show how the emergency services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most financially significant funds.

This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify any material deviations from the financial plan, and (4) identify changes in the District's financial position.

The District's basic financial statements now include adjustments to the statement of net assets and the statement of activities. The economic focus of these statements is similar to a private-sector business.

Government-Wide Financial Statements

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. The statement of activities shows all changes in net position as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. These statements include all assets and liabilities using the

accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. Due to the size of the District, the fund financial statements are presented on the fact of the statement with adjustments to the respective government-wide statement.

Governmental Funds: The District's services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds provide a detail short-term view of the District's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's emergency services program. We describe the relationship between governmental activities and governmental funds in the column titled "Adjustments" with narratives provided in Note 11.

Notes to the financial statements: The note disclosures provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements.

Required Supplementary information: In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information which can be found on pages 35 through 39.

The District as a Whole

The District total net position changed from September 30, 2024, decreasing from \$5,501,803 to \$5,482,256. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental activities.

Table 1 - Net Position

	<u>9/30/2024</u>	<u>9/30/2025</u>
Assets:		
Current and other assets	\$ 3,025,832	\$ 6,843,719
Capital Assets and Leases, net	<u>16,988,979</u>	<u>16,532,743</u>
Total Assets	20,014,811	23,376,462
Deferred outflows of resources	1,587,407	2,311,579
Liabilities:		
Current obligations	2,313,992	2,610,991
Long-term obligations	<u>13,745,655</u>	<u>17,563,577</u>
Total Liabilities	16,059,647	20,174,568
Deferred inflows of resources	40,768	31,217
Net Position:		
Net investment in capital assets	3,886,491	2,056,011
Restricted	1,269	1,326
Unrestricted	<u>1,614,043</u>	<u>3,424,919</u>
Total net position	<u>\$ 5,501,803</u>	<u>\$ 5,482,256</u>

The net position of the District's activities decreased by \$19,547. Unrestricted net position, the part of net position that is used to finance day-to-day operations increased by \$1,810,876.

Table 2 - Changes in Net Position

	<u>9/30/2024</u>	<u>9/30/2025</u>
Revenues:		
Property Taxes	\$ 6,500,686	\$ 6,871,505
Interlocal Agreement	4,046,750	4,161,350
Other revenues	5,658,890	5,517,991
Total Revenues	<u>16,206,326</u>	<u>16,550,846</u>
Expenses		
Current fire service expense	12,839,866	14,512,585
Depreciation and amortization	1,487,651	1,615,190
Interest	493,495	442,618
Total Expense	<u>14,821,012</u>	<u>16,570,393</u>
Excess (Deficiency) of Revenues over Expenditures	1,385,314	(19,547)
Beginning net position	4,116,489	5,501,803
Ending net position	<u>\$ 5,501,803</u>	<u>\$ 5,482,256</u>

The District's Funds

Table 3 presents the fund balances of the individual funds and an analysis of significant changes in fund balances.

Table 3 - Changes in Year-end Fund Balances

	<u>9/20/2024</u>	<u>9/20/2025</u>	<u>Net Change</u>
General Fund	\$ 810,098	\$ 5,660,442	\$ 4,850,344
Debt Service Fund	1,269	1,326	57
Total governmental funds	<u>\$ 811,367</u>	<u>\$ 2,744,462</u>	<u>\$ 4,850,401</u>

Budget

The District presents the variances of the general operating budget compared to the actual numbers for the year ended September 30, 2025, in the report entitled "Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund". Actual revenues were more than budgeted amounts by \$1,083,221, mainly due to an underbudgeting of grants and interlocal agreements expected to be received. Actual expenditures exceeded budgeted amounts by \$1,912,063, mainly due to capital outlay expenditures.

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2025, the District held capital assets with a historical cost of \$23,846,334. The net value of the capital assets at the end of the year was \$16,532,743. The District has begun a process of replacing older fire apparatus and equipment with new apparatus and equipment. Debt instruments and proceeds from the sale of older assets will be used to purchase these new assets. See Note 5 for information on the capital assets.

Debt Administration

At year end, the District had \$13,605,370 in promissory notes. See Note 6 for information on the District's debt obligations.

Currently Known Facts

Travis County Emergency Services District No. 1 (TCESD1) was established to provide fire protection, rescue, and emergency medical services to the growing communities of northwest Travis County, Texas. The district serves approximately 178 square miles, extending from the Burnet County line in the west to the Williamson County line in the east. TCESD1 provides services to the City of Lago Vista, City of Jonestown, and the Village of Point Venture, in addition to a significant portion of unincorporated Travis County.

The district's geography presents a diverse range of response challenges. A major transportation corridor within the service area is 27 miles of Farm to Market Road 1431, a heavily traveled and often hazardous roadway used daily by commuters traveling between Burnet County and the Austin metropolitan area. The district also includes much of Lake Travis and its northern shoreline, including the tributaries of Cow Creek and the Pedernales River. As one of Central Texas's most popular recreational destinations, Lake Travis attracts thousands of visitors each year for boating, fishing, and outdoor activities, significantly increasing the demand for emergency services during weekends and holidays.

Beyond the lakeshore areas, TCESD1 extends into portions of the Texas Hill Country, characterized by rugged terrain, ranches, farms, and rural communities. The district also contains protected land managed by the U.S. Fish and Wildlife Service, which provides habitat for endangered species such as the black-capped vireo and golden-cheeked warbler. These environmental and geographic factors create unique operational considerations for emergency response, wildfire risk mitigation, and public safety planning.

TCESD1 operates as a career fire department staffed by 81 full-time personnel who are cross-trained in multiple emergency service disciplines. Personnel provide a comprehensive range of services including:

- Advanced Life Support (ALS) Emergency Medical Services
- Structural and Wildland Fire Suppression
- Hazardous Materials Response
- Vehicle and Technical Rescue
- Fire Inspections and Investigations
- Code Enforcement and Fire Prevention

All operational personnel maintain certifications through the Texas Commission on Fire Protection (TCFP) and the Texas Department of State Health Services (DSHS).

Emergency response operations are supported through six fire stations, five of which are staffed 24 hours a day. Each shift includes 24 personnel who cross-staff a variety of emergency response apparatus, including engines, quints, ambulances, brush trucks, water tenders, and rescue units. This deployment model maximizes staffing efficiency while ensuring the district can respond effectively to structural fires, medical emergencies, wildland fires, hazardous materials incidents, and technical rescues.

TCESD1 also provides fire prevention, code enforcement, and emergency management services to the Cities of Lago Vista and Jonestown and the Village of Point Venture through contractual agreements. The district employs a Deputy Emergency Management Coordinator and several Deputy

Fire Marshals who support preparedness initiatives, community risk reduction efforts, and enforcement of fire and life safety codes.

The district serves a permanent population of approximately 40,000 residents, but this number increases significantly during weekends and holidays as visitors travel to Lake Travis and surrounding recreational areas. Seasonal population increases can bring an additional 5,000 to 10,000 visitors, placing additional demand on emergency response resources. To help mitigate risk and improve public safety, TCESD1 maintains an active community risk reduction and public education program, including fire safety outreach in local schools that collectively serve nearly 2,000 students.

The region is experiencing rapid residential and commercial growth, including new multi-family housing developments, expanding commercial corridors, and large lakeshore residences. This continued growth increases the demand for emergency services, infrastructure planning, and proactive fire prevention strategies.

TCESD1 is primarily funded through local property taxes, which are capped under Texas law at \$0.10 per \$100 of property valuation for Emergency Services Districts. The district also receives supplemental revenue through a 1% local sales tax in unincorporated areas, which helps support operational costs, equipment replacement, and future capital improvements.

To ensure high levels of service and operational readiness, TCESD1 aligns its performance goals with nationally recognized response benchmarks. These include turnout times of 60 seconds for EMS incidents and 80 seconds for fire incidents, along with a first engine arrival within four minutes for 90% of incidents staffed with a minimum crew of four personnel. A second company is targeted to arrive within six minutes for 90% of incidents, also staffed with at least four personnel. Meeting these benchmarks is critical during time-sensitive emergencies such as cardiac arrest, structure fires, and hazardous materials incidents, where rapid intervention can significantly improve outcomes.

As the district continues to grow and evolve, TCESD1 remains committed to delivering efficient, professional, and high-quality emergency services while maintaining strong partnerships with local communities and adapting to the increasing demands of the region.

Request for Information

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

Travis County Emergency Services District No. 1
Board of Commissioners
20624 FM 1431, Suite 5
Lago Vista, Texas 78645

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

	General Fund	Debt Service Fund	Total	Adjustments (Note 11)	Statement of Net Position
ASSETS					
Cash	\$ 702,768	\$ -	\$ 702,768	\$ -	\$ 702,768
Investments	4,359,713	1,326	4,361,039	-	4,361,039
Taxes Receivable	268,137	86,073	354,210	-	354,210
Sales Tax Receivable	133,763	-	133,763	-	133,763
Accounts Receivable	1,291,939	-	1,291,939	-	1,291,939
Capital Assets:					
Property, plant and equipment, net of accumulated depreciation	-	-	-	15,708,972	15,708,972
Lease assets, net of accumulated amortization	-	-	-	823,771	823,771
TOTAL ASSETS	\$ 6,756,320	\$ 87,399	\$ 6,843,719	\$ 16,532,743	\$ 23,376,462
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	\$ -	\$ -	\$ -	\$ 2,311,579	\$ 2,311,579
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -	\$ -	\$ 2,311,579	\$ 2,311,579
LIABILITIES					
Payroll Liabilities Payable	\$ 364,249	\$ -	\$ 364,249	\$ -	\$ 364,249
Accounts Payable	463,492	-	463,492	-	463,492
Accrued Interest Payable	-	-	-	242,337	242,337
Long-term liabilities:					
Due within one year	-	-	-	1,540,913	1,540,913
Due in more than one year	-	-	-	17,563,577	17,563,577
TOTAL LIABILITIES	\$ 827,741	\$ -	\$ 827,741	\$ 19,346,827	\$ 20,174,568
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	\$ 268,137	\$ 86,073	\$ 354,210	\$ (354,210)	\$ -
Deferred inflows related to pensions	-	-	-	31,217	31,217
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 268,137	\$ 86,073	\$ 354,210	\$ (322,993)	\$ 31,217
FUND BALANCES/NET POSITION					
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	1,326	1,326	(1,326)	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	5,660,442	-	5,660,442	(5,660,442)	-
TOTAL FUND BALANCES	5,660,442	1,326	5,661,768	(5,661,768)	-
Total liabilities, deferred inflows of resources and fund balances	\$ 6,756,320	\$ 87,399	\$ 6,843,719		
Net position:					
Net investment in capital assets				2,056,011	2,056,011
Restricted - Debt Service				1,326	1,326
Unrestricted				3,424,919	3,424,919
TOTAL NET POSITION				\$ 5,482,256	\$ 5,482,256

See Accompanying Notes to the Financial Statements

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 1
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
AND STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Debt Service Fund	Total	Adjustments (Note 11)	Statement of Activities
EXPENDITURES/EXPENSES					
Administration Expenditures:					
Bond Service/Bank Charges	\$ 1,445	\$ -	\$ 1,445	\$ -	\$ 1,445
Computer/Website Maintenance	74,707	-	74,707	-	74,707
Legal fees	15,758	-	15,758	-	15,758
Appraisal/assessor costs	90,892	-	90,892	-	90,892
Audit	12,800	-	12,800	-	12,800
Dispatch Fee	148,238	-	148,238	-	148,238
Medical Director	19,612	-	19,612	-	19,612
Office Supplies & Repairs	8,157	-	8,157	-	8,157
Public Relations	1,508	-	1,508	-	1,508
Rent	3,915	-	3,915	-	3,915
Telephone/Internet	66,301	-	66,301	-	66,301
Miscellaneous	19,344	-	19,344	-	19,344
Professional Services & Dues	89,406	-	89,406	-	89,406
Personnel Costs	10,752,611	-	10,752,611	1,984,429	12,737,040
Station facilities and fixtures	136,828	-	136,828	-	136,828
Apparatus/Operational Supplies	756,504	-	756,504	-	756,504
Insurance	140,030	-	140,030	-	140,030
Training and travel	156,367	-	156,367	-	156,367
Miscellaneous	7,344	-	7,344	-	7,344
Debt Issue Cost	26,389	-	26,389	-	26,389
Capital Outlay	1,177,921	-	1,177,921	(1,177,921)	-
Depreciation Expense	-	-	-	1,615,190	1,615,190
Debt Service:					
Lease principal payments	91,722	-	91,722	(91,722)	-
Interest on leases	27,638	-	27,638	(229)	27,409
Bond principal retirement	1,199,344	-	1,199,344	(1,199,344)	-
Bond interest	447,037	-	447,037	(31,828)	415,209
Total expenditures/expenses	\$ 15,471,818	\$ -	\$ 15,471,818	\$ 1,098,575	\$ 16,570,393
PROGRAM REVENUES					
Grants & Contributions	\$ 4,381,791	\$ -	\$ 4,381,791	\$ (631,783)	\$ 3,750,008
Interlocal Agreements	4,703,177	-	4,703,177	(541,827)	4,161,350
EMS Standby/Transport	637,543	-	637,543	-	637,543
Total program revenues	\$ 9,722,511	\$ -	\$ 9,722,511	\$ (1,173,610)	\$ 8,548,901
GENERAL REVENUES					
Ad valorem taxes	\$ 6,785,000	\$ -	\$ 6,785,000	\$ 86,505	\$ 6,871,505
Penalties & Interest on Taxes	55,874	-	55,874	-	55,874
Sales Tax	836,228	-	836,228	-	836,228
Interest	98,965	57	99,022	-	99,022
Gain/(Loss) on disposal of assets	-	-	-	(18,968)	(18,968)
Miscellaneous Income	138,091	-	138,091	-	138,091
Inspections	20,193	-	20,193	-	20,193
Total general revenues	\$ 7,934,351	\$ 57	\$ 7,934,408	\$ 67,537	\$ 8,001,945
Excess (Deficiency) of Revenues over Expenditures	\$ 2,185,044	\$ 57	\$ 2,185,101	\$ (2,185,101)	\$ -
OTHER FINANCING SOURCES (USES):					
Financing Proceeds	\$ 2,665,300	\$ -	\$ 2,665,300	\$ (2,665,300)	\$ -
Total Other Financing Sources (Uses)	\$ 2,665,300	\$ -	\$ 2,665,300	\$ (2,665,300)	\$ -
Net Change in Fund Balance	4,850,344	57	4,850,401	(4,850,401)	
Net Change in Net Position				(19,547)	(19,547)
Fund Balance/Net Position					
Beginning of the year	810,098	1,269	811,367	4,690,436	5,501,803
End of the year	\$ 5,660,442	\$ 1,326	\$ 5,661,768	\$ (179,512)	\$ 5,482,256

See Accompanying Notes to the Financial Statements

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

Prior to May 9, 1989, the District operated as a rural fire prevention district (Travis County Rural Fire Prevention District No. 2) under Article III, Section 48-d of the Constitution of Texas. On May 6, 1989, the voters of the District approved the formation of an emergency services district under Article III, Section 48-e of the Texas Constitution. On May 9, 1989, the County Commissioners Court of Travis County, State of Texas approved the order to form the Travis County Emergency Services District No. 1. As of September 30, 1989, the District also changed its fiscal year-end to September 30. On November 8, 2005, as the result of a general election, Travis County Emergency Services District No. 1 combined with Travis County Emergency Services District No. 7 to form one entity (Travis County Emergency Services District No. 1). The new District began operations on November 18, 2005. The District operates under a Board of Commissioners appointed by the Commissioners Court of Travis County.

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

BASIS OF PRESENTATION

Basic Financial Statements

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

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

The Government-wide Statement of Activities reflects both the gross and net cost per functional category which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function.

The District does not currently employ indirect cost allocation systems.

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

GASB provides that for governments engaged in a single governmental program, the fund financial statements and the government-wide statements may be combined. The District presents the fund's statement (General, Debt Service & Capital Projects) in the first three columns. The next column is an adjustments column. It reconciles the amounts reported in the governmental funds to show how each would change when reported on the full-accrual basis of accounting. The last column of these combination statements shows the amounts that normally would appear in the government-wide statements.

Fund Accounting

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The focus of Governmental Fund measurement (in the Fund Financial Statements) is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The District reports the following major governmental funds:

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

General Fund

The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the District.

INTERFUND ACTIVITY

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

BASIS OF ACCOUNTING

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

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

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BUDGETS

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

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

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

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

CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

AD VALOREM PROPERTY TAXES

Delinquent taxes are prorated based on rates adopted for the year of the levy. Allowances for uncollectibles within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. There were no allowance for uncollectible property taxes as of September 30, 2025.

LEASES

The District complies with GASB Statement No. 87, *Leases*, which requires the recognition of certain lease assets and liabilities. It also establishes a single model for lease accounting based on the principle that leases are financing of the right to use an asset.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

For those leases where the District is the lessee, the District recognized a lease liability and a lease asset at the commencement of the lease term excluding leases below the capitalization threshold of \$5,000 per unit, short-term leases, and leases that transferred ownership of the underlying asset. The lease liability was measured at the present value of payments expected to be made during the lease term less any lease incentives. The lease asset was measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The cost of all leased assets is amortized over the shorter of the lease term or the useful life of the underlying asset. For those leases where the underlying lease asset transferred ownership, the District followed the provision applicable to capital assets and to long-term debt or payables, depending on the financing as directed by GASB 87.

The District uses estimates and judgments to determine the lease term and the discount rate it uses to discount the expected lease payments and lease receipts to present value. The District uses the interest rate identified in the contract as the discount rate, unless one is not specified, in which case the District uses its estimated incremental borrowing rate as the discount rate. The lease term includes the noncancelable period of the lease and extensions the District is reasonably certain to exercise. The District continually monitors changes in circumstances that are expected to significantly affect the amount of a lease liability or receivable that may require a remeasurement of its leases.

Additional information on leases can be found in Note 4 and 5.

CAPITAL ASSETS

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

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Property, plant, and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at the fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The capitalization policy, i.e. the dollar value above which asset acquisitions are added to the capital accounts, is \$5,000.

Leased assets are recorded at the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The cost of all leased assets is amortized over the shorter of the lease term or the useful life of the underlying asset.

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

Buildings and Structures	39.5 years
Vehicles	10-15 years
Other Equipment	5-10 years

The Department does not own any infrastructure assets.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Financial Statements

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

EQUITY CLASSIFICATIONS

Government-wide Statements

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

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

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

Fund Statements

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

COMPENSATED ABSENCES

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

PENSIONS

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

RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases its insurance from regular commercial companies.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

As of September 30, 2025, no claims or losses have been incurred that were not covered by insurance. There is no liability due to any claim or suit having ever been filed.

USE OF ESTIMATES

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

FAIR VALUE MEASUREMENTS

The District complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity
- Level 3 are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements, effective for fiscal years beginning after June 15, 2025. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement includes updated requirements for Management Discussion and Analysis, unusual or infrequent items, and budgetary comparison information. Management is evaluating the effects that the full implementation of GASB Statement No. 103 will have on its financial statements for the year ended September 30, 2026.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The implementation of GASB Statement No. 101 did not have a material impact on the District's financial statements, the adoption did not result in a restatement of previously reported fund balance for the year ended September 30, 2025.

NOTE 2: CASH AND INVESTMENTS

Cash

Deposits exceeded FDIC coverage at the end of the fiscal year (Category 2). At September 30, 2025, the carrying amount of the District's deposits was \$702,768 and the bank balance was \$711,372. Therefore, in accordance with the depository contract, the bank has pledged additional collateral. This collateral had a market value of \$761,113.

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

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

Investments

The Public Funds Investment Act authorizes the District to invest funds under a written investment policy. The District's deposits and investments are invested pursuant to the investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy, in order of priority, are safety, liquidity, and yield.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 2: CASH AND INVESTMENTS – continued

TexPool

The District had an investment of \$3,888,118 (fair value) in an external local governmental investment pool, Texas Local Governmental Investment Pool ("TexPool"), at September 30, 2025. The investments in TexPool had a weighted average maturity of one day and a Standard and Poor's rating of AAAm.

TexPool is an external investment pool offered to local governments. Although TexPool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool is overseen by the Texas State

Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool.

TexPool also has an advisory board to advise on TexPool's investment policy; this board is made up equally of participants and nonparticipants who do not have a business relationship with TexPool.

Federated Investors manages daily operations of TexPool under a contract with the Comptroller and is the investment manager for the pool. TexPool uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of the TexPool shares. TexPool's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

First Public

The District had an investment of \$472,921 in an external local governmental investment pool, Lone Star Investment Pool (First Public), at September 30, 2025. The investments in First Public had a weighted average maturity of one day and a Standard and Poor's rating of AAAM.

First Public is an external investment pool offered to local governments. Although First Public is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. First Public is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate First Public

First Public also has an advisory board to advise on First Public's investment policy; this board is made up equally of participants and nonparticipants who do not have a business relationship with First Public.

Federated Investors manages daily operations of First Public under a contract with the Comptroller and is the investment manager for the pool. First Public uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in First Public is the same as the value of the First Public shares. First Public investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

In accordance with GASB Statement No. 79, the local government investment pools do not have any limitation and restriction on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 2: CASH AND INVESTMENTS – continued

Credit Risk- Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At September 30, 2025, investments were included in a local governmental investment pool with a rating from Standard and Poor's in compliance with the District's investment policy.

Concentration of Credit Risk- Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. At September 30, 2025, all of the District's investments were with First Public and TexPool.

Interest Rate Risk- The District considers the holdings in the local governmental investment pool to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change.

Investment	Fair Value	Effective Duration (in years)	Credit Risk
TexPool	\$3,888,118	0.0	AAAm
Lone Star Investment Pool	\$472,921	0.0	AAAm

The District's investment in TexPool and First Public represent 100% of its investment portfolio.

NOTE 3: PROPERTY TAXES

The District has contracted with the Travis County Tax Assessor Collector to bill and collect its property tax. The District's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. The assessed value of the roll as of January 1, 2024, upon which the 2024 levy was based, was \$6,861,407,830 as certified by the Travis Central Appraisal District.

Taxes are due by January 31 following the October 1 levy date. On February 1 of each year, a tax lien attaches to the property. The total 2024 levy was \$6,861,408 and the tax rate was \$0.10 per \$100 assessed valuation (\$0.0757 M&O and \$0.0243 I&S).

NOTE 4: ACCOUNTS RECEIVABLE

Accounts Receivable totaled \$1,291,939 at September 30, 2025. No allowance for doubtful accounts has been established since all receivables are deemed to be fully collectible. Receivables as of year end are as follows:

	Accounts Receivable
Deployments	\$846,227
EMS Billings	399,462
Interlocal Agreements	46,250
	<u>\$1,291,939</u>

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025, was as follows:

Governmental Activities:	Balance 09/30/2024	Additions/ Completions	Retirements/ Adjustments	Balance 09/30/2025
Capital assets, not being depreciated:				
Land	\$ 1,060,407	\$ -	\$ -	\$ 1,060,407
Construction in Progress	495,693	131,333	(495,693)	131,333
Total capital assets, not being depreciated	<u>1,556,100</u>	<u>131,333</u>	<u>(495,693)</u>	<u>1,191,740</u>
Capital assets, being depreciated:				
Property, plant and equipment:				
Vehicles	8,805,727	1,207,752	(534,170)	9,479,309
Equipment	3,140,560	21,379	(326,104)	2,835,835
Buildings and structures	9,798,858	373,150	-	10,172,008
Furniture & Fixtures	394,206	-	(116,847)	277,359
Leased assets:				
Leased buildings	1,081,823	-		1,081,823
Total capital assets, being depreciated	<u>23,221,173</u>	<u>1,602,281</u>	<u>(977,121)</u>	<u>23,846,334</u>
Less accumulated depreciation for:				
Property, plant and equipment:				
Vehicles	4,607,659	874,497	(455,202)	5,026,954
Equipment	1,413,512	358,533	(326,104)	1,445,941
Buildings and structures	1,373,094	251,600	-	1,624,694
Furniture & Fixtures	235,868	30,669	(116,847)	149,690
Total accumulated depreciation	<u>7,630,133</u>	<u>1,515,299</u>	<u>(898,153)</u>	<u>8,247,279</u>
Less accumulated amortization for:				
Leased buildings	158,161	99,891	-	258,052
Total accumulated amortization	<u>158,161</u>	<u>99,891</u>	<u>-</u>	<u>258,052</u>
Total accumulated depreciation and amortization	7,788,294	1,615,190	(898,153)	8,505,331
Total Capital Assets, being depreciated, net	<u>15,432,879</u>	<u>(12,909)</u>	<u>(78,968)</u>	<u>15,341,003</u>
Governmental activities capital assets, net	<u>\$ 16,988,979</u>	<u>\$ 118,424</u>	<u>\$ (574,661)</u>	<u>\$ 16,532,743</u>

Current year depreciation expense was \$1,515,299 and amortization expense was \$99,891.

As part of its capital assets, Stations 6 & 7, Trails End and Travis Peak, were deeded to the District by the respective Homeowners' Association for use as fire stations. Under the terms of this agreement, if these properties cease to be used as fire stations, the property will revert back to the Homeowners' Associations.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 6: LONG-TERM DEBT

Bonds and Notes Payable:

The following are brief descriptions of bonds and notes outstanding as of September 30, 2025:

Capital One Public Funding:

- The District issued a note through Capital One Public Funding for \$1,420,000 dated February 17, 2015, for the purchase of fire apparatus. This note has annual payments of \$131,215 for at 2.65%, maturing for February 1, 2030.

Kansas State Bank:

- Note #3361889 for \$267,210 dated July 5, 2023, for the purchase of fire equipment. This note has annual payments of \$46,805, maturing February 1, 2030.

Government Capital Corporation:

- Note #8562 for \$318,661.98 dated March 6, 2019, for the purchase of new fire apparatus along with the refinance of #6273. This note has semi-annual payments of \$19,575 at 4.07%, maturing February 8, 2029.
- Note #9157 for \$398,148 dated July 17, 2020, for the purchase of a brush truck along with the refinance of #7128 and #6702. This note has annual payments of \$46,682 at 3.15%, maturing April 15, 2030.
- Note #9635 for \$1,477,416 dated September 20, 2021, for the purchase of fire apparatus. This note has annual payments of \$165,366 at 1.79%, maturing September 20, 2031.
- Note #712410, for \$1,301,682 was for the purchase of new fire engines, a rescue boat and other equipment. Semi-annual payments are \$51,676 beginning April 15, 2017, with a 2.30% rate, maturity of October 15, 2031.
- Note #11201 for \$2,665,300 dated September 10, 2025 for the purchase of fire apparatus. This note has annual payments of \$337,000 at 4.38% for one year, then annual payments of \$334,559 at 4.38% until maturity on September 10, 2035.

Stryker Financial:

- Note for \$200,020 was for the purchase of fire equipment. Annual payments are \$33,286 at 5.131% interest maturing of April 1, 2028.

Government Capital Corporation (The District and Travis County Emergency Services District No. 7 entered into several joint and severally liable debt agreements):

- Note #7821 for \$9,170,668 at 4.03%, with payments of \$717,756 until maturity on March 15, 2037. The note may be prepaid in full upon sixty days' notice in writing to the lender beginning March 15, 2027. The note is secured by an interest in ad valorem tax revenues and all other income or receipts received or to be received, as well as any other property designated by the note agreements – land and fire stations. The entire debt has been recorded by the District. However, Travis County ESD 7 intends to pay the District its share of the debt (\$4,585,334, with payments of \$358,878) until maturity in March 2037 by its collection of tax revenue.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 6: LONG-TERM DEBT – continued

- Note #7815 for \$549,331 at 3.28%, with payments of \$75,415 until maturity on March 15, 2027. The note may be prepaid in full upon sixty days' notice in writing to the lender beginning March 15, 2023. The note is secured by an interest in ad valorem tax revenues and all other income or receipts received or to be received and any other property designated by the note agreements – ambulance and equipment. The entire debt has been recorded by the District. However, Travis County ESD 7 intends to pay the District its share of the debt (\$274,666, with payments of \$37,708) until maturity in March 2027 by its collection of tax revenue.
- Note #8561 for \$700,000 at 4.48%, with payments of \$57,242 until maturity on March 15, 2037. The note may be prepaid in full upon sixty days' notice in writing to the lender beginning September 15, 2027. The note is secured by an interest in ad valorem tax revenues and all other income or receipts received or to be received and any other property designated by the note agreements – buildings and training tower classrooms. The entire debt has been recorded by the District. However, Travis County ESD 7 intends to pay the District its share of the debt (\$515,185, with payments of \$28,621) until maturity in March 2037 by its collection of tax revenue.
- Note #8052 for \$1,525,000 at 3.43%, with payments of \$193,326 until maturity on January 11, 2028. The note may be prepaid in full upon sixty days' notice in writing to the lender beginning August 15, 2023. The note is secured by an interest in ad valorem tax revenues and all other income or receipts received or to be received and any other property designated by the note agreements – fire engine and equipment. The entire debt has been recorded by the District. However, Travis County ESD 7 intends to pay the District its share of the debt (\$918,294, with payments of \$96,663) until maturity in January 2028 by its collection of tax revenue.

For the fiscal year ending 2025, payments made by Travis County ESD7 were included as part of the \$4,550,000 payment made under the Interlocal Agreement.

Debt Service Requirements to Maturity:

Debt service requirements for the *notes payable* are summarized as follows:

Fiscal Year	Principal	Interest	Total Requirement
2026	1,446,401	493,110	1,939,511
2027	1,459,894	440,860	1,900,754
2028	1,379,043	388,249	1,767,292
2029	1,280,158	339,689	1,619,847
2030	1,307,682	291,933	1,599,615
2031-2035	5,060,185	808,990	5,869,175
2036-2040	1,672,007	45,682	1,717,689
Total	13,605,370	2,808,513	16,413,883

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 6: LONG-TERM DEBT – continued

Changes in Long-Term Liabilities:

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the fiscal year ended September 30, 2025:

Governmental Activities:	Balance 9/30/2024	Additions	Retirements	Balance 9/30/2025	Due within one year
Notes Payable					
Capital One Public Funding	691,349	-	104,896	586,453	108,787
Government Capital #8562	159,557	-	32,971	126,586	34,345
Government Capital #7815	179,606	-	70,094	109,512	72,412
Government Capital #7821	7,570,657	-	454,468	7,116,189	458,203
Government Capital #8052	632,039	-	172,923	459,116	179,081
Government Capital #8561	534,203	-	31,170	503,033	34,776
Government Capital #9157	251,405	-	38,527	212,878	39,976
Government Capital #9635	1,060,992	-	143,737	917,255	146,112
Bank of Wewoka #712410	717,777	-	93,557	624,220	89,575
Stryker Financial	116,110	-	25,145	90,965	28,908
Kansas State Bank	225,719	-	31,856	193,863	33,966
Government Capital #11201	-	2,665,300	-	2,665,300	220,260
Total Notes Payable	\$ 12,139,414	\$ 2,665,300	\$ 1,199,344	\$ 13,605,370	\$ 1,446,401
Pension Liability	1,683,351	2,480,213	-	4,163,564	-
Compensated Absences	175,084	289,110	-	464,194	-
OPEB Liability	51,171	-	51,171	-	-
Leases	963,084	-	91,722	871,362	94,512
Total Governmental Activities	\$ 15,012,104	\$ 5,434,623	\$ 1,342,237	\$ 19,104,490	\$ 1,540,913

LEASES:

The District, as a lessee, is obligated under various noncancelable long-term leases. Current lease activities include leased office space. The lease terms include the noncancelable period of the lease and extensions the District is reasonably certain to exercise which can vary with each contract.

The total of the District's lease assets are recorded at a cost of \$1,081,823, less accumulated amortization of \$258,052.

In 2023, the District entered into a lease agreement with Casey Professional Building Unit A, B, and C, for the use of office space, beginning March 1, 2023 for a term of 10 years at a fixed interest rate of 3.00%. This lease is not renewable and there is no residual value of the office space at the end of the lease.

In 2023, the District entered into a lease agreement with Casey Professional Building Unit 5, for the use of office space, beginning March 1, 2023 for a term of 10 years at a fixed interest rate of 3.00%. This lease is not renewable and there is no residual value of the office space at the end of the lease.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 6: LONG-TERM DEBT – continued

The future lease payments under lease agreements are as follows:

Year Ending September 30,	Principal	Interest
2026	\$ 94,512	\$ 24,848
2027	97,386	21,974
2028	100,348	19,012
2029	103,401	15,959
2030	106,546	12,814
2031-2034	369,169	18,750
	\$ 871,362	\$ 113,357

NOTE 7: ANNEXATION OF DISTRICT LAND

The District could in the future face the possibility of annexation which could result in a reduction of the total value of property within the District and therefore a reduction in the total tax revenue to be collected. For the year ending September 30, 2025, there were no plans by any other entity to annex property.

NOTE 8: PENSION PLAN

Plan Description. Travis County Emergency Services District #1 participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.

a. A brief description of benefit terms:

- 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
- 2) The plan provides retirement, disability and survivor benefits.
- 3) TCDRS is a savings-based plan. For the district's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 250%) and is then converted to an annuity.
- 4) There are no automatic COLAs. Each year, the district may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
- 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.

- b. The district's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Travis County Emergency Services District #1 contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the district and are currently 7%. Contributions to the pension plan from the district for 2024 are shown in the Schedule of Employer Contributions.

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

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 8: PENSION PLAN – continued

Employee membership data related to the Plan, as of the valuation date of December 31, 2024, was as follows:

Members	Dec. 31, 2023	Dec. 31, 2024
Number of inactive employees entitled to but not yet receiving benefits	59	58
Number of active employees	71	82
Average monthly salary:	\$7,324	\$8,597
Average age:	35.84	36.89
Average length of service in years:	7.11	7.35
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipient:	4	4
Average monthly benefit:	\$371	\$382

Net Pension Liability

The District's net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age (level percent of pay)
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.
Investment Rate of Return	7.60% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Travis County Emergency Services District #1 NLT Fire & Rescue are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Deferred members are assumed to retire (100% probability) at the later of: a) age 60 b) earliest retirement eligibility.

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

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 8: PENSION PLAN – continued

Turnover Same as funding valuation
Mortality

Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

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 set 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.

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
US Equities	Dow Jones US Total Stock Market Index	13.00%	5.35%
Global Equities	MSCI World (net) Index	4.00%	5.15%
Int'l Equities – Developed Markets	MSCI World Ex USA (net) Index	6.00%	4.75%
Int'l Equities – Emerging Markets	MSCI Emerging Markets (net) Index	0.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.55%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.70%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.85%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	6.80%
REIT Equities	67% FTSE NAREIT Equity REITs Index +33% S&P Global REIT (net) Index	2.00%	3.95%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	4.95%
Commodities	Bloomberg Commodities Index	2.00%	1.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.75%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	8.15%
Hedge Funds	HFR, Inc. Fund of Funds Composite Index	6.00%	3.60%
Cash Equivalents	90-Day U.S. Treasury	2.00%	1.10%

(1) Target asset allocation adopted at the March 2025 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.35% per Cliffwater's 2025 capital market assumptions.

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

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

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

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 8: PENSION PLAN – continued

Net Pension Liability / (Asset)	December 31, 2023	December 31, 2024
Total pension liability	\$8,358,708	\$13,019,969
Fiduciary net position	6,675,357	8,856,405
Net pension liability / (asset)	1,683,351	4,163,564
Fiduciary net position as a % of total pension liability	79.86%	68.02%
Pensionable covered payroll ⁽¹⁾	6,332,654	8,236,084
Net pension liability as a % of covered payroll	26.58%	50.55%

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

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

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

Discount Rate

Discount rate ⁽²⁾	7.60%	7.60%
Long-term expected rate of return, net of investment expense ⁽²⁾	7.60%	7.60%
Municipal bond rate ⁽³⁾	Does not apply	Does not apply

(2) This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

(3) The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

Changes in Net Pension Liability/(Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) – (b)
Balances as of December 31, 2023	\$8,358,708	\$6,675,357	\$1,683,351
<i>Changes for the year:</i>			
Service cost	1,018,984		1,018,984
Interest on total pension liability ⁽¹⁾	709,975		709,975
Effect of plan changes ⁽²⁾	1,940,979		1,940,979
Effect of economic/demographic gains or losses	1,064,494		1,064,494
Effect of assumptions changes or inputs	0		0
Refund of contributions	(55,385)	(55,385)	0
Benefit payments	(17,786)	(17,786)	0
Administrative expenses		(4,821)	4,821
Member contributions		576,526	(576,526)
Net investment income		710,035	(710,035)
Employer contributions		893,615	(893,615)
Other ⁽³⁾	0	78,864	(78,864)
Balances as of December 31, 2024	\$13,019,969	\$8,856,405	\$4,163,564

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

(2) No plan changes valued.

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

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 8: PENSION PLAN – continued

Sensitivity Analysis

The following presents the net pension liability of the district, calculated using the discount rate of 7.60%, as well as what the ESD net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total Pension Liability	\$16,183,753	\$13,019,969	\$10,546,218
Fiduciary Net Position	8,856,405	8,856,405	8,856,405
Net pension liability/(asset)	\$7,327,348	\$4,163,564	\$1,689,813

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

Deferred Inflows/Outflows of Resources

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$9,180	\$1,310,031
Changes of assumption	381	168,901
Net difference between projected and actual earnings	21,656	0
Contributions made subsequent to measurement date	N/A	832,647
Totals	\$31,217	\$2,311,579

The \$832,647 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. The remaining amounts currently reported as deferred outflows of resources related to pensions will be recognized in pension expenses as follows:

Year ended September 30:

2026	\$268,596
2027	357,279
2028	208,086
2029	159,034
2030	188,598
Thereafter ⁽¹⁾	266,122

⁽¹⁾Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

Payable to the Pension Plan

The District reported a payable of \$105,740 for the outstanding amount of employer and employee contributions to the pension plan required for the year ended September 30, 2025.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 9: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

As of December 31, 2024, the District terminated their participation in the retiree Group Term Life program for the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.

Membership Information

Members	Dec. 31, 2023	Dec. 31, 2024
Number of inactive employees entitled to but not yet receiving benefits	21	(82)
Number of active employees	71	82
Average age:	35.84	36.89
Average length of service in years:	7.11	7.35
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients ⁽¹⁾ :	3	3

⁽¹⁾ "receiving benefits" indicates the member is retired and receiving monthly pension benefits, and his or her beneficiary is eligible for the \$5,000 lump sum upon the retiree's death.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances as of December 31, 2023	\$51,171
Changes for the year:	
Service cost	3,964
Interest on total OPEB Liability ⁽¹⁾	1,784
Changes of benefit terms	(57,527)
Effect of economic/demographic experience	1,432
Effect of assumptions changes or inputs	0
Benefit payments	(824)
Other	0
Balance as of December 31, 2024	0

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

NOTE 10: FUND BALANCE

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

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

Restricted - Amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 10: FUND BALANCE – continued

Committed - Amounts that can only be used for specific purpose pursuant to approval by formal action by the Board. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

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

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

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

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

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

As of September 30, 2025, the District has not adopted a minimum fund balance policy.

NOTE 11: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND
AND GOVERNMENT-WIDE STATEMENTS

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

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

When capital assets used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole.

Cost of capital assets	\$23,956,251
Lease assets	1,081,823
Accumulated Depreciation	(8,247,279)
Accumulated Amortization	<u>(258,052)</u>
	\$16,532,743

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

Deferred outflows related to pensions \$2,311,579

Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the funds.

Accrued interest \$242,337

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 11: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND
AND GOVERNMENT-WIDE STATEMENTS – continued

Long-term liabilities applicable to the district's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities – both current and long-term—are reported in the statement of Net Position.

Due within one year	\$1,540,913
Due after one year	<u>\$17,563,577</u>
	\$19,104,490

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

Deferred revenue	\$(354,210)
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Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Deferred inflows related to pensions	\$31,217
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Differences between the Governmental Fund Operating Statement and the Statement of Net Activities:

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

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

Adjustment for Compensated Leave	\$289,110
Adjustment for Pension Liability	2,480,213
Adjustment for OEPB Liability	(51,171)
Change in Deferred Inflows/Outflows related to Pension	(740,296)
Change in Deferred inflows/outflows related to OEPB	<u>6,573</u>
Total adjustment	\$1,984,429

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

Capital Outlay	\$(1,177,921)
Depreciation Expense	1,615,190

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

Payment of Principal	\$(1,199,344)
Payment of Lease Principal	(91,722)

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 11: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND
AND GOVERNMENT-WIDE STATEMENTS – continued

Interest expense is recognized as expenditures in the governmental funds. The statement of activities includes only the interest expense for the current period.

Change in accrued interest payable	\$(31,828)
Change in accrued interest payable – leases	(229)

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

Adjustment for property taxes collected after year-end	\$86,505
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Grants & Contributions	\$(631,783)
Interlocal Agreements	(541,827)

In the statement of activities, only the gain on the sale of equipment is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the equipment less any accumulated depreciation.

Loss from disposal of assets	\$(18,968)
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The issuance of long-term debt provides current financial resources to governmental funds; however, this has no effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.

Financing Proceeds	\$(2,665,300)
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NOTE 12: COMMITMENTS

The District entered into an Agreement with Beacon Emergency Services Team, PA d/b/a BEST EMS to provide medical direction. Effective July 1, 2016, the District began providing Advanced Life Support services under the direction of a licensed physician. As payment for the services rendered, the District paid Beacon Emergency Services Team, PA, \$19,612, for the year ended September 30, 2025, for services provided under the Agreement.

The District has an agreement with the City of Jonestown to provide fire protection and emergency services for \$25,000 beginning August 8, 2019 to August 7, 2020. This agreement can be renewed for successive 1-year terms. This contract was renewed during the fiscal year.

The District has an agreement with the Village of Point Venture to provide fire protection and emergency services for \$8,000 beginning April 1, 2023 to September 30, 2028. This agreement can be renewed for successive 2-year terms.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 12: COMMITMENTS – continued

The District has an agreement with the City of Lago Vista to provide fire protection and emergency services for \$60,000 beginning April 1, 2024. This agreement continues until either party terminates. In addition, the District has an agreement with the City of Lago Vista for \$20,000 for emergency management services beginning March 1, 2023 to September 30, 2028. This agreement can be renewed for successive 2-year terms.

The District has an agreement with Williamson County Emergency Services District No. 7 to provide management services for \$20,000 per month which began August 12, 2024 and ended November 11, 2024.

The District entered an interlocal agreement with Travis County Emergency Services District No. 7 (ESD 7) to provide emergency medical services on behalf ESD 7 within ESD 7's boundaries for fiscal years 2018-2037. For the year ended September 30, 2025, the District received \$4,550,000. Future payment terms to the District by ESD 7 are as follows:

2026	\$5,000,000
2027	5,500,000
2028	5,500,000
2029	5,500,000
2030	5,500,000
2031-2035	27,500,000
2036-2037	11,000,000
Total	<u>\$65,500,000</u>

During the fiscal year, the District incurred debt in the amount of \$2,665,300, the proceeds of these funds were committed for the purchase of fire apparatus.

NOTE 13: DATE OF MANAGEMENT'S REVIEW

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

Required Supplemental Information

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

	BUDGETED AMOUNTS		VARIANCE	
	ORIGINAL	FINAL	ACTUAL AMOUNTS	FAVORABLE/ (UNFAVORABLE)
REVENUES:				
Ad valorem taxes	\$ 6,611,587	\$ 6,785,000	\$ 6,785,000	\$ -
Penalties & Interest on Taxes	20,000	55,874	55,874	-
Sales Tax	650,000	841,627	836,228	(5,399)
Interest	20,000	81,207	98,965	17,758
Miscellaneous Income	25,000	126,422	138,091	11,669
Inspections	-	10,000	20,193	10,193
Grants & Contributions	750,591	3,670,511	4,381,791	711,280
Interlocal Agreement	4,663,000	4,663,000	4,703,177	40,177
EMS Standby/Transport	340,000	340,000	637,543	297,543
TOTAL REVENUES	\$ 13,080,178	\$ 16,573,641	\$ 17,656,862	\$ 1,083,221
EXPENDITURES:				
Administration Expenditures:				
Bond Service/Bank Charges	\$ 1,000	\$ 1,270	\$ 1,445	\$ (175)
Computer/Website Maintenance	18,000	75,963	74,707	1,256
Legal fees	15,000	15,000	15,758	(758)
Appraisal/assessor costs	79,000	91,892	90,892	1,000
Audit	11,000	12,800	12,800	-
Dispatch Fee	85,000	91,843	148,238	(56,395)
Medical Director	25,000	28,000	19,612	8,388
Office Supplies & Repairs	15,000	15,000	8,157	6,843
Public Relations	10,000	7,500	1,508	5,992
Rent	93,834	120,264	3,915	116,349
Telephone/Internet	60,000	60,000	66,301	(6,301)
Miscellaneous	65,500	68,231	19,344	48,887
Professional Services & Dues	50,000	86,000	89,406	(3,406)
Personnel Costs	8,405,000	10,001,751	10,752,611	(750,860)
Station facilities and fixtures	160,000	185,000	136,828	48,172
Apparatus/Operational Supplies	690,500	740,857	756,504	(15,647)
Insurance	145,000	145,000	140,030	4,970
Training and travel	132,000	167,000	156,367	10,633
Debt Issue Cost	-	-	26,389	(26,389)
Miscellaneous	-	-	7,344	(7,344)
Capital Outlay	-	-	1,177,921	(1,177,921)
Debt Service:				
Lease principal payments	-	-	91,722	(91,722)
Interest on leases	-	-	27,638	(27,638)
Bond principal retirement	1,193,558	1,195,759	1,199,344	(3,585)
Bond interest	452,808	450,625	447,037	3,588
TOTAL EXPENDITURES	\$ 11,707,200	\$ 13,559,755	\$ 15,471,818	\$ (1,912,063)
OTHER SOURCES/(USES):				
Financing Proceeds	-	-	2,665,300	2,665,300
Proceeds from Sale of Assets	25,000	1,411	-	(1,411)
TOTAL OTHER SOURCES/(USES)	25,000	1,411	2,665,300	2,663,889
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES and OTHER SOURCES/(USES)				
	\$ 1,397,978	\$ 3,015,297	\$ 4,850,344	\$ (828,842)
Net change in fund balance	1,397,978	3,015,297	4,850,344	1,835,047
Beginning of year			\$ 810,098	
End of year			<u>\$ 5,660,442</u>	

Travis County Emergency Services District No. 1
Schedule of Changes in Net Pension Liability and Related Ratios

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 1,018,984	\$ 680,363	\$ 596,605	\$ 507,995	\$ 386,920	\$ 324,781	\$ 282,642	140,231	106,638	96,243
Interest on total pension liability	709,975	495,363	405,775	320,658	257,814	204,714	157,941	104,170	75,743	64,425
Effect of plan changes	1,940,979	1,155,802	4,450	-	-	142,006	78,946	193,739	23,848	(26,919)
Effect of assumption changes or inputs	-	-	-	103,961	331,593	-	-	(3,445)	-	4,004
Effect of economic/demographic (gains) or losses	1,064,494	247,994	180,873	164,792	14,796	(27,540)	51,104	120,499	100,078	(6,700)
Benefit payments/refunds of contributions	(73,171)	(114,682)	(32,167)	(98,720)	(53,836)	(47,401)	(23,691)	(43,467)	(20,211)	(18,523)
Net change in total pension liability	4,661,261	2,464,840	1,135,536	998,686	937,287	596,560	546,942	511,727	286,096	112,530
Total pension liability, beginning	8,358,707	5,893,867	4,758,331	3,759,645	2,822,358	2,225,798	1,678,856	1,167,129	881,033	768,503
Total pension liability, ending (a)	\$ 13,019,968	\$ 8,358,707	\$ 5,893,867	\$ 4,758,331	\$ 3,759,645	\$ 2,822,358	\$ 2,225,798	\$ 1,678,856	\$ 1,167,129	\$ 881,033
Fiduciary Net Position										
Employer contributions	893,615	581,971	483,857	333,284	286,467	216,081	163,859	84,581	52,757	49,743
Member contributions	576,526	443,286	340,744	297,937	246,955	227,112	195,402	129,949	73,477	59,788
Investment income net of investment expenses	710,035	574,567	(335,896)	776,164	259,630	295,297	(23,828)	168,983	71,037	(1,474)
Benefit payments/refunds or contributions	(73,171)	(114,682)	(32,167)	(98,720)	(53,836)	(47,401)	(23,691)	(43,467)	(20,211)	(18,523)
Administrative expenses	(7,821)	(3,486)	(3,016)	(2,476)	(2,382)	(1,908)	(1,446)	(984)	(769)	(655)
Other	78,864	47,649	115,393	15,982	14,440	13,900	10,146	2,283	15,700	464
Net change in fiduciary net position	2,178,048	1,529,305	588,915	1,322,151	751,274	703,081	320,442	341,345	191,991	89,343
Fiduciary net position, beginning	6,675,357	5,146,052	4,577,137	3,254,986	2,503,712	1,800,631	1,480,189	1,138,844	946,853	857,510
Fiduciary net position, ending (b)	\$ 8,853,405	\$ 6,675,357	\$ 5,146,052	\$ 4,577,137	\$ 3,254,986	\$ 2,503,712	\$ 1,800,631	\$ 1,480,189	\$ 1,138,844	\$ 946,853
Net pension liability/(asset), ending = (a) - (b)	\$ 4,166,563	\$ 1,683,350	\$ 747,815	\$ 181,194	\$ 504,659	\$ 318,646	\$ 425,167	\$ 198,667	\$ 28,285	\$ (65,820)
Fiduciary net position as a % of total pension liability	68.00%	79.86%	87.31%	96.19%	86.58%	88.71%	80.90%	88.17%	97.58%	107.47%
Pensionable covered payroll	\$ 8,236,084	\$ 6,332,654	\$ 4,867,774	\$ 4,256,246	\$ 3,527,923	\$ 3,244,461	\$ 2,791,462	\$ 2,165,820	\$ 1,469,541	\$ 1,195,755
Net pension liability as a % of covered payroll	50.59%	26.58%	15.36%	4.26%	14.30%	9.82%	15.23%	9.17%	1.92%	-5.50%

Travis County Emergency Services District No. 1
Schedule of Employer Contributions

Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll*	Actual Contribution as a % of Covered Payroll
2016	49,743	49,743	-	1,195,755	4.2%
2017	52,757	52,757	-	1,469,541	3.6%
2018	84,467	84,581	(114)	2,165,820	3.9%
2019	212,505	212,505	-	3,338,855	6.4%
2020	248,449	248,449	-	3,431,513	7.2%
2021	360,773	360,773	-	4,236,547	8.5%
2022	450,427	450,427	-	4,685,171	9.6%
2023	483,857	483,857	-	4,867,774	9.9%
2024	581,971	581,971	-	6,332,654	9.2%
2025	893,615	893,615	-	8,236,084	10.8%

*Payroll is calculated based on contributions as reported to TCDRS.

Travis County Emergency Services District No. 1
Notes to the Schedule of Employer Contributions
For the year ending 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 contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	16.0 years (based on contribution rate calculated in 12/31/2024 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

Changes 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 2015: No changes in plan provisions were reflected in the Schedule.

2017: Employer contributions reflect that the member contribution rate was increased to 6%. Also, new Annuity Purchase Rates were reflected for benefits earned after 2017.

2018: Employer contributions reflect that the member contribution rate was increased to 7% and the current service matching rate was increased to 160% for future benefits and a 2% flat COLA was adopted.

2019: Employer contributions reflect that the current service matching rate was increased to 175% for future benefits and a 2% flat COLA was adopted.

2020: Employer contributions reflect that the current service matching rate was increased to 200% for future benefits and a 2% flat COLA was adopted.

2023: Employer contributions reflect that a 3% flat COLA was adopted.

2024: Employer contributions reflect that the current service matching rate was increased to 225% for future benefits and a 3% flat COLA was adopted.

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

Travis County Emergency Services District No. 1
Schedule of Changes in Total OPEB Liability and Related Ratios

	2023	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total OPEB Liability										
Service cost	\$ 3,964	\$ 3,294	\$ 5,204	\$ 4,610	\$ 3,491	\$ 1,891	\$ 1,816	\$ -	N/A	N/A
Interest on total OPEB liability	1,784	1,510	1,205	1,133	1,189	1,006	867	-	N/A	N/A
Effect of plan changes	(57,527)	-	-	-	-	-	-	23,811	N/A	N/A
Effect of assumption changes or inputs	-	6,580	(25,412)	2,487	8,535	12,214	(4,345)	-	N/A	N/A
Effect of economic/demographic (gains) or losses	1,432	2,822	3,546	(3,319)	(3,892)	2,646	1,667	-	N/A	N/A
Benefit payments/refunds of contributions	(824)	(633)	(487)	(426)	(353)	(649)	(837)	-	N/A	N/A
Net change in total OPEB liability	(51,171)	13,573	(15,944)	4,485	8,970	17,108	(832)	23,811	N/A	N/A
Total OPEB liability, beginning	51,171	37,598	53,542	49,057	40,087	22,979	23,811	-	N/A	N/A
Total OPEB liability, ending	\$ -	\$ 51,171	\$ 37,598	\$ 53,542	\$ 49,057	\$ 40,087	\$ 22,979	\$ 23,811	N/A	N/A
Pensionable covered payroll	\$ 8,236,084	\$ 6,332,654	\$ 4,867,774	\$ 4,256,246	\$ 3,527,923	\$ 3,244,461	\$ 2,791,462	\$ 2,165,820	N/A	N/A
Net OPEB liability as a % of covered payroll	0.00%	0.81%	0.77%	1.26%	1.39%	1.24%	0.82%	1.10%	N/A	N/A