

Travis County Emergency
Services District No. 7
Audit of Financial Statements
September 30, 2025

Travis County Emergency Services District No. 7

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Travis County Emergency Services District No. 7

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Travis County Emergency Services District No. 7 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. 7, 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. 7, 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. 7'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. 7'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 and budgetary comparison information on pages 3-6 and 21-22 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 No. 7

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As the Board of Commissioners of Travis County Emergency Services District No. 7 (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 96.55% of total revenues. The General Fund had revenues exceeding expenditures (including financing proceeds) by \$1,010,974.
- The District's Net Position increased by \$823,829, resulting in a balance of (\$1,037,791) at September 30, 2025.
- The District entered into a loan agreements during the fiscal year with Government Capital Corporation in the amount of \$607,285.

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 face 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.

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.

The District as a Whole

The District's total net position changed from September 30, 2024, increasing from \$(1,861,620) to \$(1,037,791). 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

	September 30, 2025	September 30, 2024
Cash	\$ 34,468	\$ 106,460
Investments	2,546,543	1,278,621
Escrow	18,161	202,366
Taxes Receivable	282,010	196,365
Total Assets	<u>\$ 2,881,182</u>	<u>\$ 1,783,812</u>
Current Obligations	\$ 529,397	\$ 427,531
Long-term Obligations	3,389,576	3,217,901
Total Liabilities	<u>\$ 3,918,973</u>	<u>\$ 3,645,432</u>
Net Position		
Unrestricted	<u>\$ (1,037,791)</u>	<u>\$ (1,861,620)</u>
Total net position	<u>\$ (1,037,791)</u>	<u>\$ (2,988,133)</u>

Table 2 – Change in Net Position

	September 30 2025	September 30 2024
Revenues		
Property Taxes	\$ 6,288,768	\$ 5,516,085
Interest	157,325	148,664
Contributions	13,707	7,855
Miscellaneous	1,500	-
Total Revenues	<u>\$ 6,461,300</u>	<u>\$ 5,672,604</u>
Expenses		
Administration	\$ 5,429,997	\$ 4,333,484
Debt Service	207,474	212,607
Total Expenses	<u>\$ 5,637,471</u>	<u>\$ 4,546,091</u>
Increase (decrease) in net position	\$ 823,829	\$ 1,126,513
Beginning net position	<u>\$ (1,861,620)</u>	<u>\$ (2,988,133)</u>
Ending net position	<u>\$ (1,037,791)</u>	<u>\$ (1,861,620)</u>

The District's Funds

Fund balance of the General Fund was \$2,598,421 at September 30, 2025.

Budget

The District's actual expenditures of \$5,971,967 were more than the final budget amount of \$5,301,254 by \$670,713 and actual revenues of \$6,375,656 were more than the final budget amount of \$6,374,156 by \$1,500.

Estimates of taxable value for the forthcoming year are provided by the Travis County Tax Appraiser's office. That estimate, combined with an estimate of historical tax collection rates for the District is used with the proposed tax rate to estimate the revenue required to support the District's operations.

The District presents the variances of the general operating budget compared to the actual numbers for the year ended September 30, 2025. This report is presented on page 21.

Debt Administration

At September 30, 2025, the District had five loans that totaled \$3,825,270. See Note 3 for information on the District's obligations and maturity dates.

The District and Travis County Emergency Services District No. 1 entered into several joint and severally liable debt agreements with Government Capital Corporation, see Note 3 for information regarding these transactions.

Economic Factors

Travis County Emergency Services District No. 7 serves the communities of Lago Vista, Jonestown, and Point Venture, along with a large portion of unincorporated Travis County. Spanning more than 178 square miles, the district includes most of the Lake Travis area, a region known for its scenic landscapes, recreational opportunities, and growing residential development. Although TCESD7 serves approximately 40,000 permanent residents, the population regularly increases by an additional 5,000 to 10,000 people on weekends and holidays as visitors travel to the area for boating, golfing, hiking, and other outdoor activities. This combination of steady residential growth and fluctuating tourism significantly influences emergency service demand and requires careful planning for staffing, equipment, and response capabilities.

Despite these operational challenges, TCESD7 remains committed to maintaining a high level of service by meeting or exceeding nationally recognized performance standards for staffing, training, equipment readiness, and response times. The district follows established response benchmarks designed to ensure rapid and effective emergency care:

- **Turnout Time:** 60 seconds for EMS responses and 80 seconds for fire responses.
- **First Engine Arrival:** Within 240 seconds (4 minutes) for 90% of incidents, staffed with a minimum crew of four personnel.
- **Second Company Arrival:** Within 360 seconds (6 minutes) for 90% of incidents, also staffed with a minimum crew of four personnel.
-

Given the district's large geographic footprint and varying call demand, achieving these performance standards requires strategic station placement, efficient resource deployment, and continuous evaluation of operational practices. Rapid response is especially critical during life-threatening emergencies such as sudden cardiac arrest, where immediate medical intervention significantly improves survival outcomes. Each minute without treatment dramatically decreases the chance of survival, reinforcing the importance of fast, well-coordinated emergency response. Through ongoing investment in personnel, training, and infrastructure, TCESD7 remains dedicated to delivering timely, high-quality emergency services that protect both residents and the many visitors who travel to the Lake Travis area each year.

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. 7
Board of Commissioners
20624 FM 1431, Suite 5
Lago Vista, Texas 78645

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
GOVERNMENTAL FUNDS BALANCE SHEET AND
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	General Fund	Adjustments (Note 7)	Statement of Net Position
ASSETS			
Cash	\$ 34,468	\$ -	\$ 34,468
Investments	2,546,543	-	2,546,543
Escrow Funds	18,161	-	18,161
Taxes Receivable	282,010	-	282,010
TOTAL ASSETS	\$ 2,881,182	\$ -	\$ 2,881,182
LIABILITIES			
Accounts Payable	\$ 751	\$ -	\$ 751
Accrued Interest Payable	-	92,952	92,952
Long-term liabilities:			
Due within one year	-	435,694	435,694
Due after one year	-	3,389,576	3,389,576
TOTAL LIABILITIES	\$ 751	\$ 3,918,222	\$ 3,918,973
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 282,010	\$ (282,010)	\$ -
FUND BALANCES/NET POSITION			
Fund balances:			
Unassigned	\$ 2,598,421	\$ (2,598,421)	\$ -
Total	2,598,421	(2,598,421)	-
TOTAL FUND BALANCES	\$ 2,598,421	\$ (2,598,421)	\$ -
Total liabilities, deferred inflows of resources and fund balances	\$ 2,881,182		
Net position:			
Unrestricted		\$ (1,037,791)	\$ (1,037,791)
Total net position		\$ (1,037,791)	\$ (1,037,791)

See Accompanying Notes to the Financial Statements

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
AND STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Adjustments (Note 7)	Statement of Activities
EXPENDITURES/EXPENSES			
Administration Expenditures:			
Interlocal Agreement	\$ 4,550,000	\$ -	\$ 4,550,000
Contributions	785,712	-	\$ 785,712
Tax Collection Fees	56,074	-	56,074
Appraisal Fees	23,662	-	23,662
Professional Fees	8,263	-	8,263
Miscellaneous	3	-	3
Legal Notices	504	-	504
Debt Service:			
Principal	368,798	(368,798)	-
Interest	173,172	34,302	207,474
Debt Issuance Costs	5,779	-	5,779
Total expenditures/expenses	<u>\$ 5,971,967</u>	<u>\$ (334,496)</u>	<u>\$ 5,637,471</u>
GENERAL REVENUES			
Ad Valorem Taxes	\$ 6,155,549	\$ 85,644	\$ 6,241,193
Penalties & Interest on Taxes	47,575	-	47,575
Interest	157,325	-	157,325
Miscellaneous Income	1,500	-	1,500
Contributions	13,707	-	13,707
Total general revenues	<u>\$ 6,375,656</u>	<u>\$ 85,644</u>	<u>\$ 6,461,300</u>
Revenues over (under) expenditures	\$ 403,689	\$ (403,689)	\$ -
OTHER FINANCING SOURCES			
Loan Proceeds	\$ 607,285	\$ (607,285)	\$ -
Total Other Financing Sources (Uses)	<u>607,285</u>	<u>(607,285)</u>	<u>-</u>
Change in Fund Balance	\$ 1,010,974	\$ (1,010,974)	
Change in Net Position		\$ 823,829	\$ 823,829
Fund Balance/Net Position			
Beginning of the year	<u>\$ 1,587,447</u>	<u>\$ (3,449,067)</u>	<u>\$ (1,861,620)</u>
End of the year	<u>\$ 2,598,421</u>	<u>\$ (3,636,212)</u>	<u>\$ (1,037,791)</u>

See Accompanying Notes to the Financial Statements

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO 7
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

On November 8, 2016, the voters of the District approved the formation of an emergency services district to provide medical services and no other emergency services within its boundaries pursuant to Chapter 775 of the Texas Health & Safety Code.

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, the District has only one major fund all fund, the General Fund. As a part of this Statement, there is a reporting requirement regarding the local government's infrastructure (road, bridges, etc.). The District does not own any infrastructure assets and therefore is unaffected by this requirement.

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The reporting model focus is on either the District as a whole or major individual funds (within the fund financial statements). In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resources basis, which 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.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO 7
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 net cost by function is normally covered by general revenues (intergovernmental revenues, interest income, etc). Historically, the previous model did not summarize or present net cost by function or activity. The District does not currently employ indirect cost allocation systems.

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

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

The General Fund includes financial resources used for general operations. It is a budgeted fund, and any unassigned fund balance is considered resources available for current operations.

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.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO 7
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

BUDGETS

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

1. 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.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO 7
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

CAPITAL ASSETS

The District does not own any capital assets.

LEASES

The District does not have any leases.

EMPLOYMENT COSTS

The District does not have any employees.

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 resources 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.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO 7
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases its insurance from regular commercial companies. As of September 30, 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, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO 7
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

NOTE 2: CASH AND INVESTMENTS

Cash

Deposits did not exceed FDIC coverage at the end of the fiscal year (Category 1). At September 30, 2025, the carrying amount of the District's deposits was \$34,468 and the bank balance was \$34,468.

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.

TexPool

The District had an investment of \$2,546,543 (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.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO 7
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 2: CASH AND INVESTMENTS – continued

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.

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

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 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	\$2,546,543	0.0	AAAm

The District's investment in TexPool represents 100% of its investment portfolio.

NOTE 3: DEBT

The District entered into a promissory note agreement with Government Capital Corporation on November 2, 2022, for \$1,061,677 at 4.75%, maturing November 2, 2032 with semi-annual payments of \$67,302. The note is secured by an interest in ad valorem tax revenues and all other income receipts received or to be received by the District.

The District entered into a promissory note agreement with Government Capital Corporation on May 10, 2023, for \$2,409,002 at 4.185%, maturing May 10, 2033 with annual payments of \$299,750. The note is secured by an interest in ad valorem tax revenues and all other income receipts received or to be received by the District.

The District entered into a promissory note agreement with Stryker Flex Financial on February 2, 2024 for \$234,193 at 5.99%, maturing February 1, 2027 with annual payments of \$54,157. The agreement is secured by the equipment purchased by Travis County ESD No. 1.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO 7
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 3: DEBT – continued

The District entered into a promissory note agreement with Kansas State Bank on July 1, 2024 for \$257,000 at 7.04%, maturing July 1, 2031 with annual payments of \$47,754. The note is secured by the brush truck purchased by Travis County ESD No. 1.

The District entered into a promissory note agreement with Government Capital Corporation on January 7, 2025 for \$607,285 at 4.85%, maturing January 7, 2035 with annual payments of \$78,074. The note is secured by an interest in ad valorem tax revenues and all other income receipts received or to be received by the District.

Transactions for the year ended September 30, 2025, are summarized as follows:

	Balance 9/30/2024	Additions	Reductions	Balance 9/30/2025	Due Within One Year
Government Capital #10116	932,513	-	91,304	841,209	95,780
Government Capital #10299	2,210,069	-	207,258	2,002,811	215,932
Stryker Sales	187,201	-	40,575	146,626	43,612
Kansas State Bank	257,000	-	29,661	227,339	31,749
Government Capital #10927	-	607,285	-	607,285	48,621
Total	<u>\$3,586,783</u>	<u>\$ 607,285</u>	<u>\$ 368,798</u>	<u>\$3,825,270</u>	<u>\$ 435,694</u>

The annual aggregate maturities for years subsequent to September 30, 2025, are as follows:

September 30	Principal	Interest	Total
2026	435,695	180,866	616,561
2027	457,193	159,475	616,667
2028	485,558	136,973	622,532
2029	449,440	113,300	562,740
2030	470,419	92,444	562,863
2031-2035	1,526,966	147,122	1,674,088
Total	<u>\$3,825,270</u>	<u>\$830,180</u>	<u>\$4,655,450</u>

The District and Travis County Emergency Services District No. 1 entered into several joint and severally liable debt agreements with Government Capital Corporation:

- 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 and any other property designated by the note agreements – land and fire stations. The entire debt has been recorded by Travis County ESD 1. However, the District intends to pay Travis County ESD 1 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 7
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 3: 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 Travis County ESD 1. However, the District intends to pay Travis County ESD 1 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 Travis County ESD 1. However, the District intends to pay Travis County ESD 1 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 Travis County ESD 1. However, the District intends to pay Travis County ESD 1 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 those payments were included as part of the \$4,550,000 payment made under the Interlocal Agreement with Travis County ESD 1.

NOTE 4: 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 \$6,852,771,009 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 \$6,236,022 and the tax rate was \$0.091 per \$100 assessed valuation.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO 7
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 5: 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 constraints imposed by external providers or imposed by constitutional provisions or enabling legislation.

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

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 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 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.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO 7
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 6: COMMITMENTS

The District entered an interlocal service agreement with Travis County Emergency Services District No.1 (ESD 1) to provide emergency medical services on behalf of the District within the District's boundaries for fiscal years 2018-2037. For the year ended September 30, 2025, the District paid \$4,550,000. Future payment terms by the District to ESD1 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	\$65,500,000

NOTE 7: 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.

Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the funds. \$92,952

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	\$435,694
Due after one year	\$3,389,576

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

Deferred revenue	\$(282,010)
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Differences between the Governmental Fund Operating Statement and the Statement of Activities:

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

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	\$(368,798)
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TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO 7
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 7: 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	\$34,302
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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	\$85,644
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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 and related items.

Financing Proceeds	\$(607,285)
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NOTE 8: 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. 7
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL- GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2025

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE FAVORABLE/ (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES:				
Ad Valorem Taxes	\$ 6,109,855	\$ 6,155,549	\$ 6,155,549	-
Penalties & Interest on Taxes	28,000	47,575	47,575	-
Interest	50,000	157,325	157,325	-
Miscellaneous	-	-	1,500	1,500
Contributions	1,000	13,707	13,707	-
TOTAL REVENUES	\$ 6,188,855	\$ 6,374,156	\$ 6,375,656	1,500
EXPENDITURES:				
Administration Expenditures:				
Interlocal Agreement	\$ 4,550,000	\$ 4,550,000	\$ 4,550,000	-
Contributions	-	-	785,712	(785,712)
Tax Collection Fees	52,000	56,074	56,074	-
Appraisal Fees	28,077	31,549	23,662	7,887
Professional Fees	7,750	8,763	8,263	500
Bank Service Charge	250	-	-	-
Miscellaneous	2,000	2,000	3	1,997
Public Relations	500	500	-	500
Legal Notices	1,500	504	504	-
Supplies	250	250	-	250
Insurance	1,000	1,000	-	1,000
Capital Outlay	-	108,644	-	108,644
Debt Service:				
Principal	339,221	368,798	368,798	-
Interest	149,289	173,172	173,172	-
Debt Issuance Costs	-	-	5,779	(5,779)
TOTAL EXPENDITURES	\$ 5,131,837	\$ 5,301,254	\$ 5,971,967	(670,713)
OTHER FINANCING SOURCES/(USES)				
Loan Proceeds	\$ -	\$ -	\$ 607,285	607,285
Total Other Financing Sources/(Uses)	\$ -	\$ -	\$ 607,285	\$ 607,285
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,057,018	\$ 1,072,902	\$ 1,010,974	\$ 1,279,498
Net change in fund balance	\$ 1,057,018	\$ 1,072,902	\$ 1,010,974	(61,928)
Beginning of year			\$ 1,587,447	
End of year			<u>\$ 2,598,421</u>	

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
YEAR ENDED SEPTEMBER 30, 2025

EXPENDITURES IN EXCESS OF APPROPRIATIONS

The general government expenditures exceeded appropriations due to under-budgeting of the payment to another entity. The District's management will monitor the budget vs actual statement and amend the budget as necessary as circumstances arise.