

**BRAZOS COUNTY EMERGENCY SERVICES  
DISTRICT NO. 1**

**INDEPENDENT AUDITOR'S REPORT**

**AND**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2025**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Brazos County Emergency Services District No. 1

### **Opinion**

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

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

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **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 opinion. 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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

#### **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, schedule of district contributions, and schedule of changes in total OPEB liability and related ratios on pages 3-7, page 10, and pages 27-30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Thompson, Derrig & Craig, PC*

**THOMPSON, DERRIG & CRAIG, PC**

March 17, 2026



## MANAGEMENT'S DISCUSSION AND ANALYSIS

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, the management of Brazos County Emergency Services District No. 1 (the District) offers the following financial performance of the District for the year ended September 30, 2025. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read in conjunction with the District's financial statements that follow.

### DISTRICT PROFILE

Brazos County Emergency Services District No. 1 (the "District") is a special-purpose district that provides fire protection, rescue, and emergency medical services (non-transport) within the 144 square-mile service area of rural south Brazos County. The District is governed by a five-person Board of Commissioners who are appointed by the Brazos County Commissioners Court for two-year terms with a three- and two-person rotation. The Board of Commissioners sets the policies of the District. The District maintains PO Box 696, Millican, Texas 77866 as a working address. Emergency services are provided by paid staff around the clock, in conjunction with a service contract with the volunteers of the South Brazos County Fire Department, operating from five fire stations strategically located throughout the District.

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the District's financial statements, which begin on page 8.

### Financial Highlights:

The District's net position at the close of the most recent period was \$7,826,906, with the largest portion (65%) reflecting its unrestricted cash and investments. This is an increase of \$1,985,283 in net position from the prior year. This increase was primarily due to the District's higher property tax rate coupled with increased property values along with larger sales tax collections attributed to population growth in south Brazos County.

During the year ending September 30, 2025, the District arranged financing totaling \$9,000,000 for the acquisition of land, purchase of facilities, and construction of fire stations. During that same period, the District has incurred \$2,825,195 in cost for three stations: Station 6, placed in service in October 2026; Station 1, scheduled for completion in the Fall of 2026; and Station 4, scheduled for completion in the Spring of 2027. The District also borrowed approximately \$1,538,000 for the purchase of a new pumper and other equipment and approved a resolution declaring the intention to reimburse itself from the proceeds of tax-exempt financing for certain expenditures to be made in connection with fire trucks and equipment with a maximum aggregate principal amount of the financing expected to be \$5,000,000.

For purposes of GASB Statement No. 34, the District is considered a special-purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the “General Fund” column. An adjustment column includes those entries needed to convert to the full-accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

The District holds four bank accounts (two operating accounts and two IntraFi cash service accounts) and an investment, debt service, loan proceeds, and sales tax account with the Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS). The District has three sources of income as of September 30, 2025, namely property taxes, sales taxes, and interest earned on their deposits and investments. The major expenses of the District are payroll, station operations and capital expenditures.

The Brazos County Tax Assessor Office computes the tax information and notifies District #1 on the legal requirements. District #1 under current law is limited to a maximum tax rate of \$0.10 per hundred dollars of taxable value. The commissioners set the effective tax rate of \$0.051347/100 for 2024 (for the year ended September 30, 2025).

## **Overview of the Basic Financial Statements**

The District’s reporting is comprised of two parts:

- Management’s Discussion and Analysis (this section)
- Basic Financial Statements:
  - Statement of Net Position and Governmental Fund Balance Sheet
  - Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance
  - Statement of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—General Fund
  - Notes to Basic Financial Statements
  - Required Supplementary Information

The Statement of Net Position and Governmental Fund Balance Sheet includes a column titled “General Fund” that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District’s net position will indicate financial health.

The Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance includes a column titled “General Fund” that derives the change in fund balance resulting from current year revenues and expenditures. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The Statement of Revenues, Expenditures, and Changes in Fund Balance –Budget and Actual— General Fund presents a comparison statement between the District’s adopted budget to its actual results. The Notes to Basic Financial Statements provide additional information that is essential to a full understanding of the information presented in the financial statements.

**The District as a Whole**

The District’s combined net position for the years ending September 30, 2025 and 2024 are as shown in the table below. Our analysis below focuses on the net position and changes in the net position of the District’s governmental activities as reported on the accrual basis of accounting.

**STATEMENT OF NET POSITION**

	<u>2025</u>	<u>2024 (restated)</u>
Cash	\$ 56,361	\$ 2,253,060
Restricted cash	7,311,276	-
Investments	5,055,436	2,229,174
Other current assets	438,787	260,073
Capital assets, net	<u>5,495,172</u>	<u>1,135,908</u>
Total Assets	<u>18,357,032</u>	<u>5,878,215</u>
Deferred Outflows of Resources	<u>\$ 49,551</u>	<u>\$ -</u>
Current liabilities	\$ 729,749	\$ 36,592
Long-term debt (net of current)	<u>9,849,502</u>	<u>-</u>
Total Liabilities	<u>10,579,251</u>	<u>36,592</u>
Deferred Inflows of Resources	<u>\$ 426</u>	<u>\$ -</u>
Net position:		
Net investments in capital assets	2,669,977	1,135,908
Restricted for capital expenditures	7,311,276	-
Unrestricted	<u>(2,154,347)</u>	<u>4,705,715</u>
Total net position	<u>\$ 7,826,906</u>	<u>\$ 5,841,623</u>

The changes in net position for the respective periods are shown in the table below:

### STATEMENT OF ACTIVITIES

REVENUE	2025	2024 (restated)
Property tax revenue	\$ 1,406,747	\$ 519,849
Sales tax revenue	2,560,196	2,076,440
Interest income & other	305,173	169,373
Total Revenue	4,272,116	2,765,662
EXPENSES		
Administration	90,445	32,607
Bookkeeping	-	55,537
Contract services	359,059	200,387
Depreciation	303,886	179,898
Automobile	36,742	39,735
Insurance	54,527	70,400
Payroll	1,042,047	623,239
Utilities	29,710	15,096
License and Fees	-	363
Supplies & maintenance	176,232	260,753
Interest expense	194,185	-
Telephone	-	11,194
Total Expenses	2,286,833	1,489,209
Excess (Deficit) of Revenues over Expenses	1,985,283	1,276,453
Net Position, Beginning of Year	5,841,623	4,565,170
Net Position, End of Year	\$ 7,826,906	\$ 5,841,623

Total revenues increased from the prior year primarily due to increased effective tax rate on property taxes and growing sales tax revenue. Total expenses increased from the prior year primarily due to increased payroll costs and contract services.

## Capital Assets

At September 30, 2025 and 2024, the District had the following capital assets in operation:

	<u>2025</u>	<u>2024</u>
Buildings	\$ 676,494	\$ 676,494
Vehicles and Equipment	5,398,784	3,560,829
Construction in Progress	2,825,195	-
Land	12,000	12,000
Accumulated Depreciation	<u>(3,417,301)</u>	<u>(3,113,415)</u>
	<u>\$ 5,495,172</u>	<u>\$ 1,135,908</u>

## Debt

During the year ended September 30, 2025, the District entered into two note payable agreements. The terms of the notes are summarized as follows:

<u>Loan Type</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Security</u>	<u>2025</u>
Pumper	3.75%	2031	Property tax	1,339,631
Construction	4.50%	2045	Property tax	<u>9,000,000</u>
		Total outstanding principal		<u>10,339,631</u>

## Contacting the District's Financial Management

This financial report is intended to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Brazos County ESD No. 1  
Attn: Treasurer  
P.O. Box 696  
Millican, TX 77866

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

	General Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash	\$ 56,361	\$ -	\$ 56,361
Restricted cash	7,311,276	-	7,311,276
Investments	5,055,436	-	5,055,436
Sales tax receivable	390,883	-	390,883
Property tax receivable	39,152	-	39,152
Prepaid expenses	6,064	-	6,064
Net pension asset	-	2,688	2,688
Capital assets (net of accumulated depreciation)	-	5,495,172	5,495,172
<b>TOTAL ASSETS</b>	<u>\$ 12,859,172</u>	<u>\$ 5,497,860</u>	<u>\$ 18,357,032</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pensions	\$ -	\$ 48,825	\$ 48,825
Deferred other post employment benefits outflow	-	726	726
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ -</u>	<u>\$ 49,551</u>	<u>\$ 49,551</u>
<b>LIABILITIES AND NET POSITION</b>			
Accounts payable	\$ 42,072	\$ -	\$ 42,072
Payroll liabilities	20,262	-	20,262
Other current liabilities	8,643	-	8,643
Net other postemployment benefits liability	-	2,115	2,115
Deferred revenue	-	27,455	27,455
Accrued interest on notes payable	-	139,073	139,073
Long-term liabilities:			
Due within one year	-	490,129	490,129
Due after one year	-	9,849,502	9,849,502
<b>TOTAL LIABILITIES</b>	<u>\$ 70,977</u>	<u>\$ 10,508,274</u>	<u>\$ 10,579,251</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	\$ 39,152	\$ (39,152)	\$ -
Deferred other post employment benefits	-	426	426
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 39,152</u>	<u>\$ (38,726)</u>	<u>\$ 426</u>
<b>FUND BALANCE/NET POSITION</b>			
Fund balances:			
Non-spendable	-	-	-
Restricted	7,311,276	(7,311,276)	-
Unassigned	5,437,767	(5,437,767)	-
Total fund balance	<u>12,749,043</u>	<u>(12,749,043)</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 12,859,172</u>		
Net position:			
Net investment in capital assets		2,669,977	2,669,977
Restricted for capital expenditures		7,311,276	7,311,276
Unrestricted		(2,154,347)	(2,154,347)
Total net position		<u>\$ 7,826,906</u>	<u>\$ 7,826,906</u>

See independent auditor's report and accompanying notes to the financial statements.

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

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENSES</b>			
Current			
Advertising	\$ 3,905	\$ -	\$ 3,905
Conference & education	5,678	-	5,678
Depreciation	-	303,886	303,886
Dues & subscriptions	35,110	-	35,110
Automobile	36,742	-	36,742
Insurance	54,527	-	54,527
Utilities	29,710	-	29,710
Professional fees	269,059	90,000	359,059
Payroll expenses	1,044,627	(2,580)	1,042,047
Miscellaneous	179	-	179
Supplies & maintenance	176,232	-	176,232
Volunteer expenses	45,573	-	45,573
Debt Service			
Principal	198,334	(198,334)	-
Interest	55,112	139,073	194,185
Capital outlay	4,663,349	(4,663,349)	-
<b>TOTAL EXPENSES</b>	<u>6,618,137</u>	<u>(4,331,304)</u>	<u>2,286,833</u>
<b>GENERAL REVENUES</b>			
Property taxes & penalties	1,383,767	22,980	1,406,747
Sales taxes	2,560,196	-	2,560,196
Interest income & other	302,485	2,688	305,173
<b>TOTAL GENERAL REVENUES</b>	<u>4,246,448</u>	<u>25,668</u>	<u>4,272,116</u>
Excess of revenues over expenditures	<u>(2,371,689)</u>	<u>4,356,972</u>	<u>-</u>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Financing proceeds	10,538,000	(10,538,000)	-
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	<u>10,538,000</u>	<u>(10,538,000)</u>	<u>-</u>
Net change in fund balance	<u>8,166,311</u>	<u>(8,166,311)</u>	
Change in net position		<u>1,985,283</u>	<u>1,985,283</u>
Fund Balance/Net Position			
Beginning of year (restated)	<u>4,582,732</u>	<u>1,258,891</u>	<u>5,841,623</u>
End of year	<u>\$ 12,749,043</u>	<u>\$ (4,922,137)</u>	<u>\$ 7,826,906</u>

See independent auditor's report and accompanying notes to the financial statements.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**STATEMENT OF ACTIVITES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>Actual Amounts</u>	<u>Budget</u>	<u>Favorable (Unfavorable) General Fund to Budget Variance</u>
<b>GENERAL REVENUES</b>			
Property taxes & penalties	\$ 1,383,767	\$ 1,397,338	\$ (13,571)
Sales tax	2,560,196	1,932,052	628,144
Interest income & other	302,485	168,634	133,851
	<u>\$ 4,246,448</u>	<u>\$ 3,498,024</u>	<u>\$ 748,424</u>
<b>EXPENDITURES</b>			
Advertising	\$ 3,905	\$ 6,000	\$ 2,095
Conference & education	5,678	18,100	12,422
Dues & subscriptions	35,110	1,500	(33,610)
Automobile	36,742	30,400	(6,342)
Insurance	54,527	67,550	13,023
Utilities	29,710	36,100	6,390
Miscellaneous	179	-	(179)
Professional fees	269,059	325,191	56,132
Payroll expenses	1,044,627	1,406,884	362,257
Supplies & maintenance	176,232	397,950	221,718
Volunteer expenses	45,573	58,950	13,377
Debt Service			
Principal	198,334	281,134	82,800
Interest	55,112	69,210	14,098
Capital outlay	4,663,349	2,100,000	(2,563,349)
	<u>\$ 6,618,137</u>	<u>\$ 4,798,969</u>	<u>\$ (1,819,168)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Financing proceeds	\$ 10,538,000	\$ 2,095,000	\$ -
TOTAL OTHER FINANCING SOURCES/(USES)	<u>\$ 10,538,000</u>	<u>\$ 2,095,000</u>	<u>\$ -</u>
<b>NET CHANGE IN FUND BALANCE</b>	8,166,311	794,055	7,372,256
Fund Balance, Beginning of Year (restated)	<u>4,582,732</u>		
Fund Balance, End of Year	<u>\$ 12,749,043</u>		

See independent auditor's report and accompanying notes to the financial statements.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 1 – Creation of District**

Brazos County Emergency Services District No. 1 (the District) was established to provide fire protection and emergency services to residents of the District. The District was originally formed as Brazos County Rural Fire Prevention District No. 1 (the RFPD) after a public election held in 1990 under the provisions of Section 48-d of Article III of the Constitution of Texas and the Texas Safety and Health Code, Chapter 794. In 2003, the RFPD was converted to the District under the provisions of the Texas Safety and Health Code, Chapter 775.

**Note 2 – Significant Accounting Policies**

The District's financial statements are prepared in accordance with generally accepted accounting policies (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

***Reporting Entity***

The District is a political subdivision of the State of Texas governed by an appointed board. GASB has provided the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state or local governments. Under these criteria, the District is a primary government and not a component unit of any other government. The District is a special-purpose government engaged in a single governmental program - fire prevention and emergency services. As such, as allowed by GASB No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, the District presents its fund financial statements and its government-wide financial statements in a single set of combined statements.

***Basic Financial Statements***

The District's basic financial statements include combined government-wide financial statements and fund financial statements prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards part II, Financial Reporting ("GASB Codification").

GASB requires external financial reporting to include a Statement of Net Position and a Statement of Activities. It also requires the classification of net position into three components, as shown below:

- Net Investment in Capital Assets – This component consists of capital assets, net of accumulated depreciation and reduced by any associated debt.
- Restricted Net Position – This component consists of external constraints such as debt covenants or grantor requirements.
- Unrestricted Net Position – This component consists of net assets that do not meet the other definitions.

See independent auditor's report.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 2 – Significant Accounting Policies (continued)**

***Basic Financial Statements (continued)***

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and a Statement of Activities are combined with the governmental fund financial statements.

The Statement of Net Position is reported by adjusting the government fund types to report on a full accrual basis, economic resource measurement focus, which recognizes all long-term assets and receivables.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to the current year revenues and expenditures, such as capital outlays and depreciation expense.

Governmental Fund Financial Statements

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

Governmental Funds

The District has one governmental fund, the general fund. The general fund is used as the general operating fund of this District. This fund includes all the available operating revenues and accumulates reserves for future operating activities.

Pensions

The district participates in the Texas County and District Retirement System and provides a deferred compensation plan for its employees, as described in Notes 11 and 12.

***Basis of Accounting/Measurement Focus***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The District uses the current financial measurement focus to report its governmental funds.

See independent auditor's report.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 2 – Significant Accounting Policies (continued)**

***Basis of Accounting/Measurement Focus (continued)***

Accrual – The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Other revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual – The governmental funds financial statements are presented on the current financial measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Property and sales tax revenues are recognized in the period for which levied or assessed provided they are also available.

***Financial Statement Amounts***

Cash – All the District’s cash is maintained in a local bank and is collateralized as described in Note 3.

Receivables – All receivables are stated net of estimated uncollectible amounts.

Capital Assets – Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost. Contributed assets are reported at estimated 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. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Fire trucks and equipment	7 - 10 years
Improvements	14 years

Deferred Inflows and Outflows of Resources - The District follows 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.

Property Tax Calendar and Revenues – The District is responsible for levying property taxes, but the taxes are collected by Brazos County. Taxes are levied annually on October 1, and are due one half by November 30, and one half by June 30, or in full by January 31. Delinquent tax payments throughout the year are recognized in the year received.

See independent auditor’s report.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 2 – Significant Accounting Policies (continued)**

*Estimates* - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures of assets, liabilities, revenues and expenditures. Accordingly, actual results could differ from those estimates.

*Fair Value of Financial Instruments* – The carrying amounts of cash and cash equivalents, short-term investments and accounts receivable approximate fair value because of the short maturity of those financial instruments.

**Note 3 – Deposits**

At year end, the carrying amount of the District’s bank deposits was \$7,367,637. Deposits are categorized to give an indication of the level of risk assumed at year end. Categories are as follows:

Category 1 – Insured or collateralized with securities by the District or its agency in the District’s name.

Category 2 – Collateralized with securities held by the pledging financial institution’s trust department or agency in the District’s name.

Category 3 – Uncollateralized.

At September 30, 2025, the District’s deposits were in Category 1.

**Note 4 – Expenditures**

The District expends funds for the purchase and maintenance of fire equipment used by the District and by the South Brazos County Fire Department and its own use, for the construction and maintenance of fire stations used by the department, and for debt service.

**Note 5 – Property Taxes**

During the year ended September 30, 2025, the District levied an ad valorem tax at the rate of \$0.051347 per \$100 assessed valuation, which resulted in a tax levy of \$1,396,248 on the taxable valuation of \$2,794,607,826 for the tax year.

**Note 6 – Sales Tax**

In May of 2021, the voters of District 1 approved a 1.5% sales tax for the District. During the year ended September 30, 2025, approximately \$2.56 million in sales tax was collected.

See independent auditor’s report.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 7 – Capital Assets**

The table below reflects the capital assets activity for the year ended September 30, 2025.

	Beginning of Year	Additions	Dispositions	End of Year
Buildings	\$ 676,494	\$ -	\$ -	\$ 676,494
Vehicles and Equipment	3,560,829	1,837,955	-	5,398,784
Construction in Progress	-	2,825,195	-	2,825,195
Land	12,000	-	-	12,000
Accumulated Depreciation	(3,113,415)	(303,886)	-	(3,417,301)
	<u>\$ 1,135,908</u>	<u>\$ 4,359,264</u>	<u>\$ -</u>	<u>\$ 5,495,172</u>

**Note 8 – Commitments**

A description of the District’s lease commitments are shown below:

- In April 2012, the District entered into a lease for a fire station at 1550 Arrington Road in College Station for \$1 per year expiring in 2042 and renewable for another 10 years. This below-market value lease is for a building approximately 2,000 square feet valued at \$165,410 at the inception of the lease, and this amount was recorded as a fixed asset being depreciated over the 30-year life of the lease.
- In July 2006, the District entered into a 99-year ground lease with the Millican Community Center for a plot of land in Millican to construct a fire station. That lease required a single payment of \$10. The District determined that the small plot of land had no readily determinable market value due to its location and lack of transferability.
- In February 2001, the District entered into a 99-year lease with James W. Carroll for a piece of property to be used as a fire station. That lease required a single payment of \$10. The District determined that the small plot of land had no readily determinable value due to its location and lack of transferability.

**Note 9 – Investments**

The District is authorized to invest its funds in accordance with the Texas Public Funds Investment Act, Government Code Chapter 2256 and its subsequent amendments. The District’s investment policy is strictly based on State law. During the year ended September 30, 2025 the District’s investments consisted of \$5,055,436 in Texas Cooperative Liquid Assets Securities System (Texas CLASS) valued at net asset value.

*Credit Risk*

State law limits investments in the investment pool to at least an AAA or AAAM rating or an equivalent rating by at least one nationally recognized rating service. Texas CLASS investments are rated AAAM by Standard & Poor’s, the highest rating a local government investment pool can achieve. The pool seeks to maintain a \$1.00 value per share as required by the Texas Public Funds Investment Act.

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**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 9 – Investments (continued)**

*Interest-Rate Risk*

Texas CLASS is a local government investment pool that emphasizes safety, liquidity, convenience, and competitive yield and invests only in securities allowed by the Texas Public Funds Investment Act. It is subject to the general supervision of the Board of Trustees and its Advisory Board, both of which are elected by the participants. The portfolio’s weighted average maturity to reset is kept under 60 days to enhance liquidity and limit market price exposure. The investment pool does not have any limitations or restrictions on withdrawals and does not impose any liquidity fees or redemption gates.

**Note 10 – Notes Payable**

The District has entered into two separate notes payable agreements during the year ended September 30, 2025. Notes payable balances and terms are as follows:

Loan Type	Interest Rate	Maturity	Security	2025
Pumper	3.75%	2031	Property tax	1,339,631
Construction	4.50%	2045	Property tax	9,000,000
Total outstanding principal				10,339,631
Less amount due within one year				(490,129)
Notes payable, less current portion				\$ 9,849,502

The note payable for the pumper, shown above, was entered into on October 11, 2024. These funds were used for the purchase of a new pumper and related equipment. The construction note was entered into on May 30, 2025. These funds are being used for the construction of new fire stations. Both notes make principal and interest payments once annually at the interest rates stated in the table above. As of September 30, 2025, accrued interest on the construction amounted to \$139,073.

The approximate future maturities of notes payable are as follows as of September 30:

	Principal	Interest	Total
2026	\$ 490,129	\$ 455,237	\$ 945,366
2027	510,660	434,706	945,366
2028	532,059	413,307	945,366
2029	554,360	391,006	945,366
2030	577,604	367,762	945,366
Thereafter	7,674,819	2,956,943	10,631,762
	\$ 10,339,631	\$ 5,018,961	\$ 15,358,592

See independent auditor’s report.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 11 – Retirement Plan**

Plan Description

A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

- a. The District participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
  1. All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
  2. The plan provides retirement, disability and survivor benefits.
  3. TCDRS is a savings-based plan. For the District’s plan, 6% of each employee’s pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted to an annuity.
  4. There are no automatic cost of living adjustments (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 TCDRS Act (the Act).
- c. Membership information is shown in the chart below.
- d. The District’s contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The District contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the Act. The employee contribution rates are set by the district and are currently 6%. Contributions to the pension plan from the District for 2024 are shown in the Schedule of Employer Contributions.
- e. The most recent annual comprehensive financial report for TCDRS can be found at the following link, [TCDRS.org/Employer](https://www.tcdrs.org/Employer).

See independent auditor’s report.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 11 – Retirement Plan (continued)**

Membership Information

Members	Dec. 31, 2023	Dec. 31, 2024
Number of inactive employees entitled to but not yet receiving benefits	-	6
Number of active employees	-	24
Average monthly salary	\$ -	\$ 2,146
Average age	-	36.77
Average length of service in years	-	6.32
Inactive employees (or their Beneficiaries) receiving benefits		
Number of benefit recipients	-	-
Average monthly benefit	\$ -	\$ -

Actuarial Assumptions

The following are the key assumptions and methods used in the GASB Analysis:

<b>Valuation Timing</b>	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.
<b>Actuarial Cost Method</b>	Entry Age (level percent of pay)
<b>Amortization Method</b>	
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
<b>Asset Valuation Method</b>	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
<b>Inflation</b>	2.50%
<b>Salary Increases</b>	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 1.7% per year for a career employee.
<b>Investment Rate of Return</b>	7.60% (Gross of administrative expenses)

See independent auditor's report.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**Note 11 – Retirement Plan (continued)**

Actuarial Assumptions (continued)

**Cost-of-Living Adjustments**

Cost-of-Living Adjustments for Brazos County Emergency Services District #1 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) earlier retirement eligibility. *(For all eligible members ages 75 and later, retirement is assumed to occur immediately.)*

**Turnover**

New employees are assumed to replace any terminated members and have similar entry ages.

**Adjustment for Plans with the  
Partial-Lump Sum Payment Option  
(Liability and Normal Cost)**

Same as funding valuation. For employers who have elected this option, a 0.75% increase is applied to the TPL related to the member deposit portion of the estimated monthly benefit for future retirees.

**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 the long-term expected return is re-assessed in detail 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.

See independent auditor's report.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 11 – Retirement Plan (continued)**

Long-Term Expected Rate of Return (continued)

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation <sup>(1)</sup></u>	<u>Geometric Real Rate of Return <sup>(2)</sup></u>
U.S. Equities	Dow Jones U.S. 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 <sup>(3)</sup>	4.00%	6.80%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.95%
Master Limited Partnerships	Alerian MLP Index	2.00%	4.95%
Commodities	Bloomberg Commodities Index	2.00%	1.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	6.00%	5.75%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(5)</sup>	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%

<sup>(1)</sup> Target asset allocation adopted at the March 2025 TCDRS Board meeting.

<sup>(2)</sup> 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.

<sup>(3)</sup> Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Net Pension Liability / (Asset)

<b>Net Pension Liability / (Asset)</b>	<u>December 31, 2023</u>	<u>December 31, 2024</u>
Total Pension Liability	\$ -	\$ 61,510
Fiduciary net position	-	64,198
Net pension liability / (asset)	-	(2,688)
Fiduciary net position as a % of total pension liability	0.00%	104.37%
Pensionable covered payroll <sup>(1)</sup>	\$ -	\$ 453,639
Net pension liability / (asset) as a % of covered payroll	0.00%	(0.59%)

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*

<sup>(1)</sup> Payroll is calculated based on contributions as reported to TCDRS.

See independent auditor's report.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 11 – Retirement Plan (continued)**

Net Pension Liability / (Asset) (continued)

<b>Discount Rate</b>	<u>December 31, 2023</u>	<u>December 31, 2024</u>
Discount rate <sup>(2)</sup>	7.60%	7.60%
Long-term expected rate of return, net of investment expense <sup>(2)</sup>	7.60%	7.60%
Municipal bond rate <sup>(3)</sup>	Does not apply	Does not apply

<sup>(2)</sup> 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.

<sup>(3)</sup> 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 calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply. See page 6 of this report for further details.

Changes in Net Pension Liability / (Asset)

<b>Change in Net Pension Liability / (Asset)</b>	<b>Total Pension Liability</b>	<b>Fiduciary Net Position</b>	<b>Net Pension Liability / (Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Balance as of December 31, 2023	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	57,132		57,132
Interest on total pension liability <sup>(1)</sup>	4,331		4,331
Effect of plan changes <sup>(2)</sup>	-		-
Effect of economic/demographic gains or losses	335		335
Effect of assumptions changes or inputs	-		-
Refund of contributions	(288)	(288)	-
Benefit payments	-	-	-
Administrative expenses		(35)	35
Member contributions		27,218	(27,218)
Net investment income		1,265	(1,265)
Employer contributions		32,753	(32,753)
Other <sup>(3)</sup>	-	3,285	(3,285)
Balance as of December 31, 2024	<u>\$ 61,510</u>	<u>\$ 64,198</u>	<u>\$ (2,688)</u>

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

<sup>(2)</sup> No plan changes valued.

<sup>(3)</sup> Relates to allocation of system-wide items.

See independent auditor's report.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 11 – Retirement Plan (continued)**

Sensitivity Analysis

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

	1% Decrease 6.60%	Current Discount Rate	1% Increase 8.60%
Total pension liability	\$ 75,330	\$ 61,510	\$ 50,762
Fiduciary net position	64,198	64,198	64,198
Net pension liability / (asset)	\$ 11,132	\$ (2,688)	\$ (13,436)

Deferred Inflows/Outflows of Resources

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

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 301
Change of assumption	-	-
Net difference between projected and actual earnings	-	866
Contributions made subsequent to measurement date	N/A	47,658
Totals	\$ -	\$ 48,825

The \$48,825 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 reported as deferred outflows of resources related to pensions as of the measurement date will be recognized in pension expenses as follows:

Year ended December 31:	
2025	\$ 251
2026	251
2027	251
2028	249
2029	34
Thereafter	131

See independent auditor's report.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**Note 12 – Other Postemployment Benefits (OPEB)**

Plan Description

A description of the OPEB plan pursuant to Paragraph 50 of GASB Statement No. 75 is as follows:

- a. The District participates in the retiree Group Term Life (GTL) program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system.
- b. 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 and are eligible for the TCERS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan.
  2. The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program.
  3. The OPEB benefit is a fixed \$5,000 lump-sum benefit.
  4. No future increases are assumed in the \$5,000 benefit amount.
  5. Benefit terms are established under the TCERS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year.
- c. Membership information is shown in the chart below.
- d. Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.
- e. Benefit terms are established under the TCERS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year. The district’s contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$5,000.

Membership Information

Members	Dec. 31, 2023	Dec. 31, 2024
Number of inactive employees entitled to but not yet receiving benefits	N/A	1
Number of active employees	N/A	24
Average age	N/A	36.77
Average length of service in years for active employees	N/A	6.32
<hr/>		
Inactive employees receiving benefits		
Number of benefit recipients	N/A	-

See independent auditor’s report.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**Note 12 – Other Postemployment Benefits (continued)**

Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2024 were based on the results of an actuarial experience study for the period January 1, 2017 - December 31, 2020, except where required to be different by GASB 75.

<b>Valuation Timing</b>	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.
<b>Actuarial Cost Method</b>	Entry Age (level percent of pay)
<b>Amortization Method</b>	
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
<b>Asset Valuation Method</b>	Does not apply
<b>Inflation</b>	Does not apply
<b>Salary Increases</b>	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 1.7% per year for a career employee.
<b>Investment Rate of Return (Discount Rate)</b>	4.08% 20 Year Bond GO Index published by bondbuyer.com as of December 26, 2024

**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.

See independent auditor's report.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**Note 12 – Other Postemployment Benefits (continued)**

OPEB Liability and Discount Rate

<b>Total OPEB Liability</b>	<u>December 31, 2023</u>	<u>December 31, 2024</u>
Total OPEB liability	\$ -	\$ 2,115

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

**Discount Rate**

Discount rate	3.26%	4.08%
Long-term expected rate of return, net of investment expense	Does not apply	Does not apply
Municipal bond rate	3.26%	4.08%

The OPEB plan has been determined to be an unfunded OPEB plan; therefore, only the municipal bond rate applies.

<b>OPEB Expense / (Income)</b>	<u>January 1, 2024 to December 31, 2024</u>	
Service cost	\$	2,568
Interest on total OPEB liability		84
Effect of plan changes		-
Recognition of deferred inflows/outflows of resources		
Recognition of economic demographic gains or losses		-
Recognition of assumption changes or inputs		(45)
Other		
OPEB expense / (income)	<u>\$</u>	<u>2,607</u>

Sensitivity Analysis

The following table shows the Total OPEB Liability of the employer, calculated using the discount rate of 4.08%, as well as what the Brazos County Emergency Services District #1 Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) or 1 percentage point higher (5.08%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease 3.08%	Current Discount Rate 4.08%	1% Increase 5.08%
Total OPEB Liability	\$ 2,790	\$ 2,115	\$ 1,623

See independent auditor's report.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 13 – Restatement of Beginning Net Position and Fund Balance**

The following corrections were made to previously issued financial statements and resulted in the following restatements of beginning balances in fund balance, net position and other current assets in the MD&A, statement of net position, statement of activities, and statement of activities-budget and actual for the year ended September 30, 2025:

	Fund Balance	Net Position	Other Current Assets
As originally reported	\$ 4,451,706	\$ 5,710,597	\$ 129,047
Adjustment to accrued sales tax	131,026	131,026	131,026
As restated	\$ 4,582,732	\$ 5,841,623	\$ 260,073

**Note 14 – Subsequent Events**

In October 2026, the District began to staff Fire Station 6 at 11770 Walnut Road around-the-clock with a 3-person paid crew, resulting in an increase in the number of paid operations positions from twelve to eighteen, effectively increasing the District’s payroll for paid crews by fifty percent.

Management has evaluated subsequent events through March 17, 2026, the date the financial statements were available to be issued.

See independent auditor’s report.

**REQUIRED SUPPLEMENTARY INFORMATION**

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**  
**SEPTEMBER 30, 2025**

		<u>Year Ended</u> <u>December 31, 2024</u>
<b>Total Pension Liability</b>		
Service Cost	\$	57,132
Interest on total pension liability		4,331
Effect of plan changes		-
Effect of assumption changes or inputs		-
Effect of economic/demographic (gains) or losses		335
Benefit payments/refunds		(288)
Net change in total pension liability		<u>61,510</u>
Total pension liability, beginning		-
Total pension liability, ending (a)	\$	<u>61,510</u>
<b>Fiduciary Net Position</b>		
Employer contributions	\$	32,753
Member contributions		27,218
Investment income net of inv exp		1,265
Benefit payments/refunds		(288)
Administrative expenses		(35)
Other		3,285
Net change in fiduciary net position		<u>64,198</u>
Fiduciary net position, beginning		-
Fiduciary net position, ending (b)	\$	<u>64,198</u>
NPL / (asset), ending = (a) - (b)	\$	<u><u>(2,688)</u></u>
Fiduciary net position as a % of total pension liability		104.37%
Pensionable covered payroll	\$	453,639
NPL/(asset) as % of covered payroll		-0.59%

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**  
**SEPTEMBER 30, 2025**

Fiscal Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2024	\$ 19,216	\$ 19,216	\$ -	\$ 287,326	6.69%
2025	\$ 61,195	\$ 61,195	\$ -	\$ 833,814	7.34%

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**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	19.8 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 of Employer Contributions	2015: Not applicable, prior to TCDRS participation. 2016: Not applicable, prior to TCDRS participation. 2017: Not applicable, prior to TCDRS participation. 2018: Not applicable, prior to TCDRS participation. 2019: Not applicable, prior to TCDRS participation. 2020: Not applicable, prior to TCDRS participation. 2021: Not applicable, prior to TCDRS participation. 2022: Not applicable, prior to TCDRS participation. 2023: Not applicable, prior to TCDRS participation. 2024: No changes in plan provisions were reflected in the Schedule. 2025: No changes in plan provisions were reflected in the Schedule.

**BRAZOS COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**  
**SEPTEMBER 30, 2025**

	Year Ended December 31, 2024
<b>Total OPEB Liability</b>	
Service Cost	\$ 2,568
Interest on OPEB liability	84
Effect of plan changes	-
Effect of assumption changes or inputs	(537)
Effect of economic/demographic (gains) or losses	-
Benefit payments	-
Net change in total OPEB liability	2,115
Total OPEB liability, beginning	-
Total OPEB liability, ending	\$ 2,115
Pensionable covered payroll	\$ 453,639
NPL/(asset) as % of covered payroll	0.47%