



**PARKER COUNTY EMERGENCY  
SERVICES DISTRICT No. 1**

ANNUAL FINANCIAL REPORT

September 30, 2025

PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 1  
September 30, 2025

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PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 1

BOARD OF COMMISSIONERS

SEPTEMBER 30, 2025

PRESIDENT – MARK JACK

VICE-PRESIDENT – BRANDON TATAREVICH

SECRETARY – BEN OVERHOLT

TREASURER – SHAWN SCOTT

COMMISSIONER – SAXON BAILEY

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Parker County Emergency Services District No. 1  
Springtown, Texas 76082

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the governmental activities and major fund of Parker 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 financial position of the governmental activities and major fund of Parker County Emergency Services District No. 1 as of September 30, 2025, and the respective changes in the financial position, thereof for the year then ended in conformity 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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.

#### Management's Responsibility for the Financial Statements

Management is responsible to the preparation and fair presentation of these 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 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 and Government 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 and *Government Auditing Standards*, we:

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

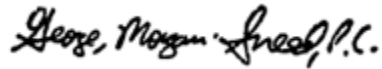
### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis on pages 5 – 9, budgetary information and pension information on pages 29-33 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 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 27, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



Weatherford, Texas  
March 27, 2026

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Parker County Emergency Services District No. 1, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the year ended September 30, 09/30/2025. We encourage readers to consider the information presented here.

### FINANCIAL HIGHLIGHTS

- The assets of the Parker County Emergency Services District No. 1 exceeded its liabilities by \$33,818,747 (net position) for the fiscal year reported as compared to \$26,738,970 (net position) in the previous year.
- The District's total net position increased by \$7,079,777 for the fiscal year reported. This compares to an increase of \$6,552,993 in the previous year.
- As of the close of the current fiscal year, the District's governmental fund reported ending unassigned fund balance of \$20,095,413 or 120% of total governmental fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Reasonable tax rates serve to ensure cash reserves are adequately funded within the District.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal period.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by property taxes. The governmental activity of the District is to provide protection of life and property from fire, hazardous material incidents, accident, disaster, and other emergencies, and for the conservation of natural resources.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one governmental fund.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 - 28 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Parker County Emergency Services District No. 1, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,818,747 as of September 30, 2025.

The largest portion of the District's net position (39%) reflects its investment in capital assets (e.g. land, buildings, equipment and vehicles), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investments in its capital assets is reported net of related debt, it should be noted that the resources cannot be used to liquidate these liabilities. \$20,510,367 represents unrestricted net position that may be used to meet the District's ongoing obligations to citizens and creditors.

Governmental activities increased the District's net position by \$7,079,77 compared with a \$6,552,993 increase in the prior year. The District's total revenues increased \$2,910,500 to \$21,996,820. Property taxes increased \$1,497,645 primarily due to a \$1.18 billion increase in the taxable value of property in the district. The District levied a sales tax beginning October 1, 2017 and recognized revenue of \$7,675,519. Sales tax increased due expected population growth. The District reported a gain of \$131,500, primarily relating to the disposal of three old fire trucks. The District's total expenses increased \$2,383,716 to \$14,917,043. Administrative expenses increased \$314,818 due to insurance increases and bringing on 2 new stations. Personnel expenses increased \$2,186,369 due to adding positions, raises, and health insurance.

Below are summaries of the District's Statement of Net position and Statement of Activities.

Condensed Statement of Net Position

	2024	2025
Assets:		
Current assets	\$ 15,293,850	\$ 20,412,252
Noncurrent assets	21,370,998	22,077,788
Total Assets	<u>36,664,848</u>	<u>42,490,040</u>
Deferred outflows of resources:	1,217,326	1,388,330
Total deferred outflows of resources	<u>1,217,326</u>	<u>1,388,330</u>
Liabilities:		
Current liabilities	315,964	203,571
Long-term liabilities	10,704,564	9,808,759
Total liabilities	<u>11,020,528</u>	<u>10,012,330</u>
Deferred inflows of resources:	122,676	47,293
Total deferred inflows of resources	<u>122,676</u>	<u>47,293</u>
Net Position:		
Invested in capital assets	11,967,696	13,308,380
Unrestricted	14,771,274	20,510,367
Total Net Position	<u>\$ 26,738,970</u>	<u>\$ 33,818,747</u>

Changes in Net Position

	2024	2025
Revenues:		
Program Revenue:		
Charges for services	\$ 296,234	\$ 308,749
Operating grants and contributions	563,592	528,795
Capital grants and contributions	-	52,500
General Revenue:		
Property taxes	10,760,445	12,258,090
Sales taxes	6,271,520	7,675,519
Sale of assets	(149,034)	131,500
Other income	593,571	323,258
Investment earnings	749,992	718,409
Total Revenues	<u>19,086,320</u>	<u>21,996,820</u>
Expenses:		
Emergency services operations	12,533,327	14,917,043
Total expenses	<u>12,533,327</u>	<u>14,917,043</u>
Change in net position	6,552,993	7,079,777
Net position October 1	<u>20,185,977</u>	<u>26,738,970</u>
Net position September 30	<u>\$ 26,738,970</u>	<u>\$ 33,818,747</u>

## Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At year-end, the District's governmental fund reported ending fund balance of \$20,095,413. 100% represents unassigned fund balance that is available for spending at the District's discretion.

### Budgetary Fund Highlights

The District amended its budget during the year. Actual revenues were \$3,196,663 more than budgeted primarily because of property taxes, sales taxes, deployment and interest income. Actual expenditures were \$1,213,508 less than budgeted. Fleet operations was over budget \$222,212 due to a reclass in capital outlay of items under capitalization threshold and repairs that were not covered fully by insurance proceeds. Debt service principal payments were \$213,245 due to paying off the loan to Government Capital early.

### Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2025, amounts to \$22,077,788 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and vehicles.

Major capital asset events during the current fiscal year included the following:

- Training facility improvements, equipment, and CIP on two fire stations \$1,400,225.
- Radios for \$87,294
- Security System \$34,957
- Forklift \$23,900
- Brush truck bed \$35,366
- 2024 GMC Sierra 1500 Truck \$58,125

	2024	2025
Nondepreciable assets:		
Land	\$ 1,691,335	\$ 2,108,246
Construction in progress	9,765,552	-
Depreciable Assets:		
Leased building	103,756	20,751
Buildings & improvements	4,492,095	13,768,905
Office equipment	4,341,702	5,271,564
Emergency equipment	894,724	811,508
Vehicles	81,834	96,814
Total capital assets net of depreciation/amortization	<u>\$ 21,370,998</u>	<u>\$ 22,077,788</u>

**Long-Term Debt**

The District's long-term debt is as follows:

	Governmental Activities	
	2024	2025
Lease liability	\$ 106,373	\$ 22,185
Notes Payable	9,795,802	8,747,223
Total	<u>\$ 9,902,175</u>	<u>\$ 8,769,408</u>

**Economic Factors and the Next Year's Budgets and Rates**

Parker County ESD No. 1 2025 certified taxable values were approximately \$13.4 billion. Emergency Services District's tax rates are capped by law at \$.10 per 100 valuation. The ESD approved rate of \$.10 per \$100 valuation will generate tax revenue of approximately \$13,497,291. Property tax revenue is budgeted to increase to approximately \$12.82 million based on 95% collectability. The 2026 budget includes approximately \$5.8 million in sales tax revenue. Total revenues are budgeted to be \$20,389,160 and expenses are budgeted at \$20,870,320.

**Request for Information**

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Parker County Emergency Services District No. 1, Attn: President, P.O. Box 282, Springtown, Texas 76082.

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Parker County Emergency Services District No. 1  
Governmental Fund Balance Sheet and Statement of Net Position  
September 30, 2025

	Governmental Funds General Fund	Adjustments (Note 5)	Governmental Activities Statement of Net Position
<b>Assets:</b>			
Cash	\$ 8,785,041	\$ -	\$ 8,785,041
Investments	9,846,707		9,846,707
Receivable (Net of allowance for uncollectibles)			
Property taxes	98,721		98,721
Sales taxes	1,428,273		1,428,273
Intergovernmental	207,527		207,527
Lease	45,983		45,983
Capital assets (net of accumulated depreciation):			
Land	-	2,108,246	2,108,246
Construction in Progress	-	-	-
Building & improvements	-	13,768,905	13,768,905
Office equipment	-	96,814	96,814
Emergency equipment	-	811,508	811,508
Vehicles	-	5,271,564	5,271,564
Leased building (net of accumulated amortization)	-	20,751	20,751
<b>Total Assets</b>	<u>20,412,252</u>	<u>22,077,788</u>	<u>42,490,040</u>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows Related to Pensions	-	1,388,330	1,388,330
<b>Total Deferred Outflows of Resources</b>	<u>-</u>	<u>1,388,330</u>	<u>1,388,330</u>
<b>Liabilities:</b>			
Accounts payable	26,590	-	26,590
Accrued interest	-	176,981	176,981
Long-term liabilities			
Due within one year	-	1,253,640	1,253,640
Due after one year	-	8,232,438	8,232,438
Net Pension Liability	-	322,681	322,681
<b>Total Liabilities</b>	<u>26,590</u>	<u>9,985,740</u>	<u>10,012,330</u>
<b>Deferred Inflows of Resources</b>			
Deferred Revenue	290,249	(244,266)	45,983
Deferred Inflows Related to Pensions	-	1,310	1,310
<b>Total Deferred Inflows of Resources</b>	<u>290,249</u>	<u>(242,956)</u>	<u>47,293</u>
<b>Fund balance/Net position:</b>			
<b>Fund Balance:</b>			
Unassigned	20,095,413	(20,095,413)	-
<b>Total fund balance</b>	<u>20,095,413</u>	<u>(20,095,413)</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>20,412,252</u>		
<b>Net position:</b>			
Net investment in capital assets		13,308,380	13,308,380
Unrestricted		20,510,367	20,510,367
		<u>\$ 33,818,747</u>	<u>\$ 33,818,747</u>

The notes to the financial statements are an integral part of this statement

Parker County Emergency Services District No. 1  
Governmental Fund Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities  
For the year ended September 30, 2025

	Governmental Funds General Fund	Adjustments (Note 5)	Governmental Activities Statement of Activities
<b>Revenues:</b>			
Program revenue			
Charges for services	\$ 308,749	\$ -	308,749
Operating grants and contributions	571,926	(43,131)	528,795
Capital grants and contributions	-	52,500	52,500
General revenue:			-
Property taxes	12,243,227	14,863	12,258,090
Sales taxes	7,675,519	-	7,675,519
Other income	265,216	58,042	323,258
Investment earnings	718,409	-	718,409
<b>Total revenues</b>	<b>21,783,046</b>	<b>82,274</b>	<b>21,865,320</b>
<b>Expenditures/expenses:</b>			
Emergency services operations:			
Current:			
Fleet/Maintenance	17,869		17,869
Equipment (Hand tools)	56,251	-	56,251
Fleet operations	862,712	-	862,712
Training Programs	73,153	-	73,153
Protective and uniform clothing	183,825	-	183,825
Administrative Expenses	1,156,638	-	1,156,638
Personnel Expenses	11,028,339	(55,408)	10,972,931
Depreciation	-	1,243,083	1,243,083
Amortization	-	83,005	83,005
Capital purchases	2,008,053	(1,980,378)	27,675
Debt Service			
Interest	261,060	(21,159)	239,901
Principal	1,132,767	(1,132,767)	-
<b>Total expenditures/expenses</b>	<b>16,780,667</b>	<b>(1,863,624)</b>	<b>14,917,043</b>
Excess (deficiency) of revenue over expenditures	5,002,379	1,945,898	6,948,277
<b>Other financing sources (uses):</b>			
Insurance proceeds	58,042	(58,042)	-
Sale of capital assets	131,500	-	131,500
Change in fund balance/net position	5,191,921	1,887,856	7,079,777
<b>Fund balance/net position:</b>			
Beginning of the year	14,903,492	11,835,478	26,738,970
End of the year	<b>\$ 20,095,413</b>	<b>\$ 13,723,334</b>	<b>\$ 33,818,747</b>

The notes to the financial statements are an integral part of this statement

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Parker County Emergency Services District No. 1  
Notes to the Financial Statements  
September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Creation of Emergency Services District

Parker County Rural Fire Prevention District No. 1 (the “District”) was created after a public election held on May 2, 1998, under the provision of Section 48-d of Article III of the Constitution of Texas. The Board of Commissioners held its first meeting on June 8, 1998. The District was established to provide fire protection services to residents of the District. Effective September 13, 2001, Parker County Rural Fire Prevention District #1 converted to an emergency services district in accordance with The Texas Health and Safety Code Ann. 794.100 as amended by H.B. #1824. The conversion allows the District to collect tax levies for the purpose of acquiring and operating emergency service equipment within its geographic boundaries. As of September 13, 2001, the Parker County Rural Fire Prevention District #1 formally changed its name to Parker County Emergency Services District No. 1.

The basic financial statements of the District have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The District’s primary source of revenue is ad valorem taxes. The District has contracts with Springtown Volunteer Fire Department “SVFD”, La Junta Volunteer Fire Department “LVFD”, Peaster Volunteer Fire Department “PVFD”, Silver Creek Volunteer Fire Department “SCVFD”, Aledo Volunteer Fire Department “AVFD”, Poolville Volunteer Fire Department “PVFD” and the City of Willow Park to provide firefighting and emergency rescue services to citizens of the District.

B. Reporting Entity

The District is a political subdivision of the state created to perform the functions of the District. The District is not included in any other governmental “reporting entity” as defined in GASB pronouncements, since board members have decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The board members are appointed by the Commissioner’s Court of Parker County.

C. Government-wide and Fund Financial Statements

The District is engaged in one governmental program and therefore considered a special purpose government under GASB No. 34. This allows the District to present a combined columnar format that reconciles the individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. Governmental fund financial statements are prepared on the modified accrual basis of accounting. An adjustment column includes those adjustments needed to convert fund financial statements to full accrual basis government-wide financial statements. The statement of net position and statement of activities are government-wide financial statements. Governmental activities are normally supported by taxes.

Parker County Emergency Services District No. 1  
Notes to the Financial Statements  
September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures generally are recorded when the related fund liability is incurred.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The District reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

E. Cash and Cash Equivalents

The District considers all highly liquid investments available to be cash on hand, demand deposits and short-term investments that are highly liquid with maturity within three months or less when purchased. Amounts invested in Tex-Pool public investment pools are not considered cash and cash equivalents.

F. Capital Assets

Capital assets are reported in the governmental activities column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. Depreciation is calculated using the straight-line method over estimated useful lives of between 5 to 7 years for office equipment, 5 – 15 years for vehicles and additions to the vehicles, 5 – 10 years for emergency equipment and 39 years for buildings and building improvements.

Parker County Emergency Services District No. 1  
Notes to the Financial Statements  
September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or material extend assets lives are not capitalized.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

H. Allowance for uncollectible accounts.

The allowance for uncollectible property taxes is 65% of outstanding property taxes at September 30. This resulted in an allowance for uncollectible accounts of \$183,340.

I. Fund Balances – Governmental Funds

In accordance with GASB No. 54, the District classified fund balances in the governmental funds as follows:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance.

Unassigned – all amounts not included in other spendable classifications.

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

J. Government-wide Net Position

Government-wide net position is divided into three components:

- Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position – consist of net position that is restricted by District’s creditors, by the state enabling legislation, by grantors and other contributors.
- Unrestricted – all other net position is reported in this category.

Parker County Emergency Services District No. 1  
Notes to the Financial Statements  
September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

L. Compensated Absences

Full-time staff members receive paid time off (PTO) that can be used for vacation, personal time, personal illness, or to care for dependents. Employees may not carry over more than 400 hours into the next calendar year. By December 1 of each year, an employee may request to "sell" 120 hours of PTO. Upon termination of employment, an employee will be paid for unused PTO that has been earned through the last day of work unless employment is terminated for gross misconduct. PTO benefits are accrued in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

In accordance with GASB Statement No. 101, *Compensated Absences*, the District recognizes a liability for compensated absences in the government-wide fund statements when the leave is earned, rather than when it is taken or paid. Vacation and comp time leave (PTO) that is payable upon separation is measured at 100% of amount earned using the employee's pay rate in effect at year end.

M. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Debt issuance costs are reported as debt service expenditures.

N. Deferred Outflows 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 or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows related to pensions is the only item that qualifies in this category and is reported in the governmental activities statement of net position.

In addition to liabilities, the governmental activities statement of net position and governmental funds balance sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items in this category, deferred inflows of resources related to pensions in the governmental activities statement of net position and unavailable revenues for governmental funds.

Lease-related amounts are recognized at the inception of leases in which the District is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term.

Parker County Emergency Services District No. 1  
Notes to the Financial Statements  
September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

At the end of the fiscal year, the components of deferred inflows in the governmental funds were as follows:

Deferred property taxes receivable	\$	98,722
Leases		45,983
Deferred grants		<u>145,544</u>
Total deferred inflows of resources	\$	<u>290,249</u>

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County & District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 – DEPOSITS AND INVESTMENTS

The State Public Funds Investment Act authorize the government to invest in obligations of the U.S. Treasury, obligations of states, agencies, counties, cities and other political subdivisions, secured certificates of deposit, repurchase agreements, banker's acceptance, commercial paper, mutual funds, guaranteed investment contracts and investment pools. Investments are stated at fair value except for short-term highly liquid investments, which are stated at cost or amortized cost. During the year ended September 30, 2025, the District did not own any types of securities other than permitted by statute.

The District invests in the Texas CLASS, which is a local government investment pool in the State of Texas. All investments are stated at amortized cost, which is in most cases approximates the market value of the securities. The objective of TexPool is to maintain a stable \$1.00 net asset value; however, the \$1.00 net asset value is not guaranteed or insured by the State of Texas. All Texas Class securities are marked to market daily.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's funds are required to be deposited and invested under the terms of a depository contract. At September 30, 2025, the District's deposits were covered by Federal Deposit Insurance Corporation (FDIC) insurance or collateralized with securities held by the bank's agent in the District's name.

Credit Risk– Investments

The District controls credit risk by limiting its investments to those instruments allowed by its investment policy.

Parker County Emergency Services District No. 1  
Notes to the Financial Statements  
September 30, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk – Investments

In accordance with its investment policy, the District manages its exposure to declines in fair market values by structuring its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools and limiting the average maturity of the portfolio.

The Districts’s investments at September 30, 2025 included the following:

Investment	Credit Rating	Weighted Average Maturities	Percentage of Total Investments	Cost	Fair Value
Investment in Texas Class	AAAm	41 days	100%	\$ 9,846,708	\$9,846,708

NOTE 3 – PROPERTY TAX

The government’s property tax is levied (assessed) each October 1, on the value listed as of the prior January 1, for all real property and personal property located included in the District. Appraised values are established by the Parker County Appraisal District.

Taxes are billed and due on October 1 of each year. The last date for payment without penalty is the following January 31. Delinquent penalties are added on February 1 with additional attorney fees added on July 1. Lien attaches to properties on the January 1 following levy date.

In the governmental funds, the District’s property tax revenues are recognized when levied to the extent that they result in current receivables available for financing current operations. The remaining receivables are reflected as deferred inflows of resources.

Parker County Emergency Services District No. 1  
Notes to the Financial Statements  
September 30, 2025

NOTE 4 – CAPITAL ASSETS

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

Governmental Activities:

	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
<b>Nondepreciable assets</b>					
Land	\$ 1,691,335	\$ 416,911	\$ -		\$ 2,108,246
Construction in progress	9,765,552	1,400,225		(11,165,777)	-
Total nondepreciable assets	<u>11,456,887</u>	<u>1,817,136</u>		<u>(11,165,777)</u>	<u>2,108,246</u>
<b>Depreciable/ amortizable assets</b>					
Leased building	166,010		-		166,010
Buildings & Improvements	5,917,534			9,592,054	15,509,588
Vehicles	10,345,025	93,491	(137,821)	1,573,723	11,874,418
Emergency Equipment	1,700,101	87,294			1,787,395
Office Furniture & Equipment	182,230	34,957	-		217,187
Assets being depreciated	<u>18,310,900</u>	<u>215,742</u>	<u>(137,821)</u>	<u>11,165,777</u>	<u>29,554,598</u>
<b>Accumulated Depreciation/ Amortization</b>					
Leased Building	(62,254)	(83,005)	-		(145,259)
Buildings & Improvements	(1,425,439)	(315,244)			(1,740,683)
Vehicles	(6,003,323)	(737,352)	137,821		(6,602,854)
Emergency Equipment	(805,377)	(170,510)			(975,887)
Office Furniture & Equipment	(100,396)	(19,977)	-		(120,373)
Total Accumulated Depreciation	<u>(8,396,789)</u>	<u>(1,326,088)</u>	<u>137,821</u>	<u>-</u>	<u>(9,585,056)</u>
Governmental activities capital assets, net	<u>\$ 21,370,998</u>	<u>\$ 706,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,077,788</u>

Depreciation expense of \$1,243,083 and amortization expense of \$83,005 was charged to the emergency services operations.

Parker County Emergency Services District No. 1  
Notes to the Financial Statements  
September 30, 2025

NOTE 5 – RECONCILIATION

Reconciliation of the Governmental Fund Balance to the Statement of Net Position:

Total Fund Balance - Governmental Fund	\$ 20,095,413
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund. The cost of these assets was \$31,662,884 and accumulated depreciation/amortization was \$9,585,056.	22,077,788
Notes payable of \$8,747,223 and lease liability of \$22,185 are not due and payable in the current period and therefore not reported as a liability.	(8,769,408)
Compensated absences of \$716,670 and accrued interest payable of \$176,981 are not due and payable in the current period and are not reported as liabilities in the fund financial statements.	(893,651)
Included in the items related to long-term liabilities is the recognition of the District's net pension liability required by GASB 68 in the amount of \$322,681. The District also recognized a deferred resource outflow related to pensions of \$1,388,330 and a deferred resource inflow related to pensions of \$1,307. This resulted in an increase to net position.	1,064,339
Property taxes and intergovernmental receivables are not available soon enough to pay for the current period's expenditures and therefore are deferred revenue in the fund financial statements.	244,266
Net Position of Governmental Activities	\$ 33,818,747

Parker County Emergency Services District No. 1  
Notes to the Financial Statements  
September 30, 2025

NOTE 5 – RECONCILIATION (continued)

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities:

Total net change in Fund Balance - Governmental Fund	\$ 5,191,921
Current year capital outlay and long-term debt payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect including \$1,980,378 of capital outlays and \$1,132,767 of capital lease and note payments is to increase net position.	3,113,145
Depreciation and amortization are not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(1,326,088)
Current year compensated absences, lease liability, and interest payable of the governmental funds are not due and payable in the current period, and, therefore is not reported as a liability in the fund financial statements. The change in these liabilities results in a decrease to net position.	(200,229)
GASB required the District to recognize their net pension liability and deferred outflows related to pensions. The changes in these balances increased net position.	276,796
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	24,232
Change in net position of Governmental Activities	<u><u>\$ 7,079,777</u></u>

Parker County Emergency Services District No. 1  
Notes to the Financial Statements  
September 30, 2025

NOTE 6 – FIRE PROTECTION SERVICES

The District has entered into agreements with the Springtown Volunteer Fire Department, the La Junta Volunteer Fire Department, the Peaster Volunteer Fire Department, the Silver Creek Volunteer Fire Department, the Aledo Volunteer Fire Department, the Poolville Fire Department and the City of Willow Park. that provide fire protection and prevention services to the residents of each response area. Either party may terminate this continuous agreement upon written notice.

NOTE 7 – GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES

**Notes Payable:**

On October 18, 2019, the District entered into a promissory note payable in the original amount of \$3,400,886 for the purchase of 6 fire trucks. The note is payable in annual installments of \$387,979 beginning October 31, 2020 and maturing October 31, 2029. The payments include interest at 2.47%. The balance of the note at September 30, 2025 was \$1,804,041.

On April 5,2022, the District entered into a promissory note payable in the original amount of \$7,593,750 for the construction of 2 new fire stations. The note is payable in annual installments of \$494,554.96 beginning February 15, 2023 and maturing February 15, 2042. The payments include interest at 2.70%. The balance of the note at September 30, 2025 was \$6,671,481.

On April 5,2022, the District entered into a promissory note payable in the original amount of \$376,251 for the purchase of a Pierce pumper. The note is payable in annual installments of \$42,628.91 beginning February 15, 2023 and maturing February 15, 2032. The payments include interest at 2.40%. The balance of the note at September 30, 2025 was \$271,701.

The District’s notes from direct borrowing include a provision that in the event the District fails to make any payments the District will surrender its current ad valorem taxes to the lender sufficient to pay the loan payments.

Note payable debt service requirements to maturity are as follows:

Year Ending September 30	Governmental Activities		Total
	Principal	Interest	
2026	693,952	231,211	925,163
2027	711,791	213,372	925,163
2028	730,089	195,074	925,163
2029	748,858	176,305	925,163
2030	768,111	157,052	925,163
2031-2035	1,978,066	579,967	2,558,033
2036-2040	2,165,911	306,864	2,472,775
2041-2043	950,445	38,663	989,108
<b>Total</b>	<b>\$ 8,747,223</b>	<b>\$ 1,898,508</b>	<b>\$ 10,645,731</b>

Parker County Emergency Services District No. 1  
Notes to the Financial Statements  
September 30, 2025

NOTE 7 – GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES (continued)

The District is the lessee of a building under a three-year operating lease, subject to conditional early termination with the City of Willow Park. The interest rate on the lease is fixed at 8.50% for the term of the lease. The balance outstanding at September 30, 2025 is \$22,185.

The future minimum payments of the lease liability at September 30, 2025 are as follows:

Year Ending September 30	Principal	Governmental Activities Interest	Total
2026	22,185	315	22,500
Total	<u>\$ 22,185</u>	<u>\$ 315</u>	<u>\$ 22,500</u>

Long-term liability activity for the year ended September 30, 2025 was as follows:

	Balance 09/30/2024	Additions	Retirements	Balance 09/30/2025	Due within One Year
Lease Liability	\$ 106,373		\$ (84,188)	\$ 22,185	\$ 22,185
Notes Payable	9,795,802		(1,048,579)	8,747,223	693,952
Compensated absences	495,282	716,670	(495,282)	716,670	537,503
Net pension liability	307,107	15,574		322,681	-
Total Long-term Liabilities	<u>\$ 10,704,564</u>	<u>\$ 732,244</u>	<u>\$ (1,628,049)</u>	<u>\$ 9,808,759</u>	<u>\$ 1,253,640</u>

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, errors and omissions and injuries to volunteer firefighters. Commercial insurance for liability was purchased through third party carriers. The District does not expect claims to exceed insurance coverage. At September 30, 2025, there were no known claims against the District.

Parker County Emergency Services District No. 1  
Notes to the Financial Statements  
September 30, 2025

NOTE 9 – DEFINED BENEFIT PENSION PLAN

**Plan Description.** The District provides retirement benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer public employee retirement system consisting of 870 nontraditional defined benefit pension plans. TCDRS is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2043. The report is also available at [www.tcdrs.org](http://www.tcdrs.org).

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

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

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

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	12
Active employees	90
	107
	107

Parker County Emergency Services District No. 1  
Notes to the Financial Statements  
September 30, 2025

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

**Contributions.** The District has elected the annually determined contribution rate (Variable –Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the District based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the District is actuarially determined annually, however the District may elect to contribute at a higher than actuarially determined rate, or make additional lump sum contributions on an ad hoc basis to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience. The employee contribution rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

	2024	2025
Member Contribution Rates	7.00%	7.00%
Employer Contribution Rates	8.84%	9.12%
Employer Contributions		\$ 710,426
Member Contributions		\$ 549,700

**Actuarial Assumptions.** The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2024
Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level Percentage of payroll, closed
Remaining Amortization Period	18.1
Asset Valuation Method	5 year smoothed market
Discount Rate	7.50%
Long-term Expected Investment Rate of Return	7.50%
Salary Increases*	4.7% average

**Discount Rate.** The discount rate used to measure the total pension liability was 7.6%. There was no change in the discount rate since the previous year.

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

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer’s assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

Parker County Emergency Services District No. 1  
Notes to the Financial Statements  
September 30, 2025

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 7.6%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.5%, net of all expenses, increased by .10% to be gross of administrative expenses.

The target allocation and best estimate of geometric real rate of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Geometric Real Rate of Return
US Equities	13.00%	5.35%
Global Equities	4.00%	5.15%
International Equities - Developed Markets	6.00%	4.75%
International Equities - Emerging Markets	0.00%	4.75%
Investment-Grade Bonds	3.00%	2.55%
Strategic Credit	9.00%	3.70%
Direct Lending	16.00%	6.85%
Distressed Debt	4.00%	6.80%
REIT Equities	2.00%	3.95%
Master Limited Partnerships	2.00%	4.95%
Commodities	2.00%	1.00%
Private Real Estate Partnerships	6.00%	5.75%
Private Equity	25.00%	8.15%
Cash Equivalents	2.00%	1.10%
Hedge Funds	6.00%	3.60%
	100.00%	

**Pension Assets/Liabilities.** At September 30, 2025, the District reported a net pension liability of \$322,681 measured at December 31, 2024.

There were no changes in assumptions or other inputs that affected measurement of the total pension liability during the measurement period. There were no changes in benefit terms that affected measurement of the total pension liability during the measurement period.

Parker County Emergency Services District No. 1  
Notes to the Financial Statements  
September 30, 2025

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

Changes in the net pension liability for the year ended December 31, 2024, are as follows:

<b>Change in net pension liability</b>	<b>Increase (Decrease)</b>		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2023	\$ 3,796,419	\$ 3,489,312	\$ 307,107
Changes for the year:			
Service Cost	764,196	-	764,196
Interest on total pension liability	345,329	-	345,329
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	331,311	-	331,311
Effect of assumptions changes or inputs	-	-	-
Refund of contributions and benefit payments	(8,538)	(8,538)	-
Benefit payments	(25,716)	(25,716)	-
Administrative expenses	-	(2,657)	2,657
Member contributions	-	441,238	(441,238)
Employer contributions	-	376,089	(376,089)
Net investment income	-	556,529	(556,529)
Other	-	54,064	(54,064)
Balances as of December 31, 2024	<u>\$ 5,203,001</u>	<u>\$ 4,880,321</u>	<u>\$ 322,680</u>

The following represents the net pension liability of the District, calculated using the discount rate of 7.6%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.6%) or 1 percentage point higher (8.6%) than the current rate.

<b>Discount Rate Sensitivity Analysis</b>	<b>Current</b>		
	1% Decrease 6.60%	Discount Rate 7.60%	1% Increase 8.60%
Net Pension Liability	\$ 1,506,994	\$ 322,680	\$ (610,706)

**Pension expense and deferred outflows of resources related to pensions.**

For the year ended September 30, 2025, the District recognized pension expense of \$435,839.

Parker County Emergency Services District No. 1  
Notes to the Financial Statements  
September 30, 2025

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

At September 30, 2025, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 790,982	\$ -
Changes in actuarial assumptions	67,950	1,016
Differences between projected and actual investment earnings	-	294
Contributions paid subsequent to the measurement date	529,398	-
 Total	 \$ 1,388,330	 \$ 1,310

The \$529,398 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of net pension liability for the year ending September 30, 2026.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net deferred outflows (inflows) of resources
2025	\$ 122,588
2026	160,168
2027	93,191
2028	100,702
2029	115,137
Thereafter	265,836
	\$ 857,622

NOTE 10 – EVALUATION OF SUBSEQUENT EVENTS

Subsequent events were evaluated through March 27, 2026, which is the date the financial statements were available to be issued.

Parker County Emergency Services District No. 1  
Notes to the Financial Statements  
September 30, 2025

NOTE 11– SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District has entered into subscription-based information technology arrangements involving:

- Various desktop and server software subscriptions
- Accounting and payroll services software
- Training software

The District has outflows of resources during the fiscal year totaling \$49,596 that are not included in the measurement of subscription liability. The District’s software subscriptions are not commitments longer than twelve months therefore a subscription liability is not calculated.

NOTE 12– LEASE RECEIVABLE

The District is reporting no Leases Receivable at September 30, 2025. For 2025, the District reported lease revenue of \$89,338 and interest revenue of \$2,139 related to lease payments received. The lease is summarized as follows:

Lease	Lease Receivable	Lease Revenue	Lease Interest Revenue
Building Lease	\$ 45,983	\$ 89,338	\$ 6,662
Total	\$ 45,983	\$ 89,338	\$ 6,662

*Building Lease* – On October 1, 2024, the District (lessor) entered into a lease agreement for office space to Parker County Hospital District at Station 54. The lease term was 12 months. Based on the agreement, the District received monthly payments through 2025. The lease term has expired and there are no future payments receivable.

*Building Lease* – On October 1, 2024, the District (lessor) entered into a lease agreement for office space to Parker County Hospital District at Station 47. The lease term was 24 months. Based on the agreement, the District received monthly payments through 2025 and will receive future payments of \$45,983 in principal and \$2,017 in interest.

NOTE 13- NEW ACCOUNTING PRONOUNCEMENTS

The District implemented GASB Statement No. 101, *Compensated Absences* for the fiscal year ended September 30, 2025. This Statement requires governments to recognize a liability for compensated absences when leave benefits are earned, rather than when the leave is taken or paid. The Statement also requires governments to incorporate expected payout estimates for leave that is payable only under certain conditions.

During implementation, the District evaluated its policies for vacation and comp time (PTO).

As a result of adopting this Statement, the District’s compensated absences liability was unchanged..

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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Parker County Emergency Services District No. 1  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the year ended September 30, 2025

	Budgeted Original	Final Budget	Actual	Variance With Budget Positive (Negative)
<b>Revenues:</b>				
Property taxes	\$ 11,636,677	\$ 11,750,343	\$ 12,243,227	492,884
Sales taxes	4,200,000	6,000,000	7,675,519	1,675,519
Charges for services	288,771	268,771	308,749	39,978
Operating grants and contributions	39,600	150,000	571,926	421,926
Capital grants and contributions	-	-	-	-
Other Income	96,000	96,000	265,216	169,216
Investment earnings	125,000	321,269	718,409	397,140
Total revenues	<u>16,386,048</u>	<u>18,586,383</u>	<u>21,783,046</u>	<u>3,196,663</u>
<b>Expenditures:</b>				
Emergency services operations:				
Fleet/Maintenance Lease	15,000	15,000	17,869	(2,869)
Equipment (Hand tools)	73,000	73,000	56,251	16,749
Fleet operations	575,500	640,500	862,712	(222,212)
Training Programs	168,785	168,785	73,153	95,632
Protective and uniform clothing	242,000	241,000	183,825	57,175
Administrative Expenses	1,161,500	1,185,500	1,156,638	28,862
Personnel Expenses	11,139,808	11,139,808	11,028,339	111,469
Capital Purchases	3,350,000	3,350,000	2,008,053	1,341,947
Debt service interest expense	261,060	261,060	261,060	-
Debt service principal payments	919,522	919,522	1,132,767	(213,245)
Total expenditures	<u>17,906,175</u>	<u>17,994,175</u>	<u>16,780,667</u>	<u>1,213,508</u>
Excess (deficiency) of revenue over expenditures	(1,520,127)	592,208	5,002,379	4,410,171
<b>Other financing sources (uses):</b>				
Insurance proceeds	-	-	58,042	58,042
Sale of capital assets	50,000	50,000	131,500	81,500
Net Change in Fund Balance	(1,470,127)	642,208	5,191,921	4,549,713
Fund Balance, October 1, 2024	14,903,492	14,903,492	14,903,492	-
Fund Balance, September, 30, 2025	<u>\$ 13,433,365</u>	<u>\$ 15,545,700</u>	<u>\$ 20,095,413</u>	<u>\$ 4,549,713</u>

The notes to the required supplementary information are an integral part of this schedule.

Parker County Emergency Services District No. 1  
Schedule of Changes in Net Pension Liability and Related Ratios  
For the year ended September 30, 2025

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Pension Liability</b>										
Service Cost	\$ 34,275	\$ 79,362	\$ 91,326	\$ 110,324	\$ 155,509	\$ 196,020	\$ 356,384	\$ 441,756	\$ 612,330	\$ 764,196
Interest (on the Total Pension Liability)	3,548	9,869	21,678	32,167	47,946	79,704	127,363	180,377	250,499	345,329
Effect of plan changes	(6,504)	-	-	-	167,381	-	-	-	-	-
Effect of economic demographic (gains) or losses	23,676	12,318	7,204	25,476	1,788	153,531	136,345	151,448	262,441	331,311
Effect of assumption changes or inputs	473	-	(3,720)	-	-	113,589	10,637	-	-	-
Benefit payments/refunds of contributions	-	(5,083)	(11,395)	(367)	(37,052)	(4,449)	(18,557)	(18,496)	(24,658)	(34,254)
Net Change in Total Pension Liability	55,468	96,466	105,093	167,600	335,572	538,395	612,172	755,085	1,100,612	1,406,582
Total Pension Liability-Beginning	29,957	85,425	181,891	286,984	454,583	790,155	1,328,550	1,940,722	2,695,807	3,796,419
Total Pension Liability-Ending (a)	85,425	181,891	286,984	454,584	790,155	1,328,550	1,940,722	2,695,807	3,796,419	5,203,001
<b>Plan Fiduciary Net Position</b>										
Employer Contributions	39,071	46,378	51,495	66,805	75,816	168,139	223,549	382,054	467,067	556,529
Member Contributions	42,011	50,048	61,918	81,469	102,454	155,890	209,870	282,577	362,980	441,238
Investment income net of investment expenses	(708)	6,369	28,678	(4,255)	76,185	71,584	286,334	(160,548)	269,033	376,089
Benefit payments/refunds of contributions	-	(5,083)	(11,395)	(367)	(37,052)	(4,449)	(18,557)	(18,496)	(24,658)	(34,254)
Administrative Expense	(32)	(69)	(211)	(373)	(523)	(795)	(973)	(1,392)	(1,822)	(2,657)
Other	(4)	4,142	1,366	4,438	4,931	9,525	12,053	92,472	41,272	54,064
Net Change in Plan Fiduciary Net Position	80,338	101,785	131,851	147,717	221,811	399,894	712,276	576,667	1,113,872	1,391,009
Plan Fiduciary Net Position-Beginning	3,104	83,442	185,226	317,077	464,794	686,603	1,086,497	1,798,773	2,375,440	3,489,312
Plan Fiduciary Net Position-Ending (b)	\$ 83,442	\$ 185,227	\$ 317,077	\$ 464,794	\$ 686,605	\$ 1,086,497	\$ 1,798,773	\$ 2,375,440	\$ 3,489,312	\$ 4,880,321
Net Pension Liability-Ending (a) - (b)	\$ 1,983	\$ (3,336)	\$ (30,093)	\$ (10,210)	\$ 103,550	\$ 242,053	\$ 141,949	\$ 320,367	\$ 307,107	\$ 322,680
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.68%	101.83%	110.49%	102.25%	86.89%	81.78%	92.69%	88.12%	91.91%	93.80%
Covered Employee Payroll	\$ 700,189	\$ 834,136	\$ 1,031,969	\$ 1,357,818	\$ 1,707,563	\$ 2,227,007	\$ 2,980,651	\$ 4,004,756	\$ 5,147,549	\$ 6,274,257
Net Pension Liability as a Percentage of Covered Employee Payroll	0.28%	-0.40%	-2.92%	-0.75%	6.06%	10.87%	4.76%	8.00%	5.97%	5.14%

The accompanying notes to required supplementary information are an integral part of this schedule.

Parker County Emergency Services District No. 1  
Schedule of Employer Contributions and Related Ratios  
For the year ended September 30, 2025

Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribuiton	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribuitons as a % of Covered Payroll
2016	46,222	46,222	-	884,844	5.22%
2017	48,729	48,729	-	974,306	5.00%
2018	62,300	62,300	-	1,281,334	4.86%
2019	74,298	74,298	-	1,635,589	4.54%
2020	143,617	143,617	-	1,637,143	8.77%
2021	201,290	201,290	-	2,681,109	7.51%
2022	333,894	333,894	-	3,695,581	9.03%
2023	446,680	446,680	-	4,849,967	9.21%
2024	510,746	510,746	-	5,037,085	10.14%
2025	710,426	710,426	-	7,852,854	9.05%

The accompanying notes to required supplementary information are an integral part of this schedule.

Parker County Emergency Services District No. 1  
Notes to the Required Supplementary Information  
For the Year Ended September 30, 2025

NOTE 1 – BUDGET

Budget

Annual operating budget is adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year-end.

The Board of Commissioners follow these procedures in establishing budgetary data reflected in the financial statements.

- a. Prior to the beginning of the fiscal year, proposed operating budget is submitted by the Budget Officer to the Board of Commissioners for the fiscal year commencing the following October 1. The operating budget includes proposed expenses and the means of financing them for the general fund.
- b. The budget may be amended with the approval of the Board of Commissioners.
- c. Budgetary control is maintained at the line item level, subject to adjustments permitted as described above.

Excess of Expenditures over Appropriations of \$5,000 or more:

The following expenditures exceeded budget by more than \$5,000.

<u>Expenditures</u>	<u>Budget Variance</u>	<u>Explanation</u>
Fleet operations	(222,212)	Reclass of capital outlay below capitalization threshold and repairs partially paid for by insurance proceeds
Debt service principal payments	(213,245)	Paid off Government Capital loan early

Parker County Emergency Services District No. 1  
Notes to the Required Supplementary Information  
For the Year Ended September 30, 2025

NOTE 2 – DEFINED BENEFIT PENSION PLANS

Notes to Schedule of Contributions

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.
<u>Methods and assumptions used to determine contribution rates:</u>	
Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.1 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 Retireess 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	2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2020: Employer contributions reflect that the memeber contribution rate was increased to 7% and the current service matching rate was increased to 200% for future benefits

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**OVERALL COMPLIANCE AND  
INTERNAL CONTROL SECTION**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS***

To the Board of Commissioners  
Parker County Emergency Services District No. 1  
Springtown, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Parker 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 and have issued our report thereon, dated March 27, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as Item 2025-001 that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

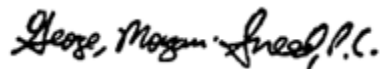
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2025-001.

## **District's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Weatherford, Texas  
March 27, 2026

**PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 1**  
**Schedule of Findings**  
**For the Year Ended September 30, 2025**

Financial Statement Findings

2025-001 Bank Reconciliations

**Criteria:**

Bank reconciliations should be prepared monthly and in a timely manner. Outstanding deposits and checks should be reasonable and unusual items should be investigated. Bank reconciliation is a critical control process that ensures transactions recorded match the bank statements.

**Condition:**

During our audit, we noted significant bank reconciliation adjustments were posted to the District's books for the general fund for the month of September 2025 for differences in transactions recorded in the District's books compared to what cleared the bank. This resulted in significant difference in transactions in the District's books compared to what cleared the bank. Significant differences were unrecorded deposits and unrecorded or duplicated payments.

**Effect:**

The net amount of the bank reconciliations adjustments was \$209,644.70 less on the books than in the bank. This was adjusted during the audit with journal entries GMS08, GMS12, and GMS13.

**Cause:**

The following were causes for the adjustments:

1. September 30, 2025 payroll cleared the bank in September for \$256,875.55 but was not recorded in books for September.
2. A \$134,142.02 deposit cleared the bank but was not recorded in the books.
3. A \$64,000 deposit cleared the bank but was not recorded in the books
4. Several other deposits and payments were not recorded or were duplicated. The bank reconciliations were plugged to make balance..

**Recommendation:**

We recommend that bank reconciliations should be prepared each month and in a timely manner. Transactions marked as cleared on the bank reconciliation should be carefully compared to transactions that cleared the bank. Outstanding items should be reviewed for reasonableness. Differences should be corrected so that there are no significant bank reconciliation adjustments. We also recommend that bank reconciliations be reviewed by a person other than the preparer.

**PARKER COUNTY EMERGENCY SERVICES DISTRICT No. 1**

**Schedule of Findings  
For the Year Ended September 30, 2025**

**Management's Response:**

Management is aware of the findings noted in the audit for the fiscal year ending September 30, 2025. The issue identified arose during a software conversion process. Corrective actions have been implemented, and the issue has been resolved going forward. Management remains committed to maintaining strong internal controls and will continue to take necessary steps to prevent similar issues in the future.