



**COMMISSIONERS COURT
COMMUNICATION**

COURT ORDER NUMBER 145405

PAGE 1 OF 47

DATE: 7/1/2025

**SUBJECT: RECEIVE AND FILE THE FINANCIAL AUDIT REPORT FOR TARRANT
COUNTY EMERGENCY SERVICES DISTRICT NO. 1**

***** CONSENT AGENDA *****

COMMISSIONERS COURT ACTION REQUESTED

It is requested that the Commissioners Court receive and file the Financial Audit Report for Tarrant County Emergency Services District No. 1 (ESD No. 1).

BACKGROUND

The ESD No. 1 Board of Commissioners is requesting that the Commissioners Court receive and file the attached Annual Financial Audit for the year ending September 30, 2024. ESD No. 1 Board of Commissioners received and filed the audit at the June 18, 2025 Board meeting.

FISCAL IMPACT

There is no fiscal impact associated with this action.

SUBMITTED BY	Administrator	PREPARED BY:	Elizabeth Siddiq
		APPROVED BY:	Maegan South

**Tarrant County Emergency Services
District No. 1**

Financial Report
September 30, 2024



Tarrant County Emergency Services District No. 1
 Financial Report
 For the Fiscal Year Ended September 30, 2024
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Financial Section

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Independent Auditor's Report

To the Board of Commissioners of
Tarrant County Emergency Services District No. 1
Fort Worth, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Tarrant County Emergency Services District No. 1 (the District), as of and for the year ended September 30, 2024, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 opinions.

Emphasis of Matter

As discussed in Note 7 to the basic financial statements, the fund balance and net position of the District as of September 30, 2023 have been restated to reflect an error correction in accordance with GASB 100. Our opinion is not modified with respect to this matter.

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 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 GAAS 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 GAAS 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 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 management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated May 30, 2025 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 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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
May 30, 2025

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Management's Discussion and Analysis

Within this section of the financial report of Tarrant County Emergency Services District No. 1 (the District), the District's Board of Commissioners provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2024. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

The annual report consists of the Management's Discussion and Analysis, the basic financial statements, and required supplementary information, consisting of the Budgetary Comparison Schedule – General Fund. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program.

As discussed in Note 7 to the basic financial statements, the fund balance and net position of the District as of September 30, 2023 have been restated to reflect an error correction.

Financial Highlights

- The assets of the District exceed its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$14,610,654 (net position). Of this amount, \$1,968,339 was investment in capital assets, which represents the carrying value of the capital assets. The remaining amount of \$12,642,315 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$5,735,929 during fiscal year 2024.
- The District's governmental fund reported an ending fund balance of \$12,535,026 with \$11,270,256 classified as unassigned in the general fund.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements, as presented in the special-purpose government format, combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of those statements, and the government-wide financial statements are presented to the right side of the adjustments column. Details of this adjustment column are shown in Note 2 of the financial statements. The notes to the financial statements comprise the final part of the basic financial statements, providing all required disclosure to support the statements presented.

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 of 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.

The *Statement of Activities* presents information showing how the District'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 result in cash flows in future fiscal periods (e.g., uncollected taxes).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements established by external parties, governmental statutes or regulations. All of the District's funds are governmental funds.

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 District'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 District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District has one governmental fund, the general fund, which is considered a major fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year.

Governmental wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets exceeded liabilities by \$14,610,654 at the close of the most recent fiscal year.

A portion of the District's net position (13 percent) reflects its investment in capital assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

The District's net position increased by \$5,735,929 during the current fiscal year. This increase represents the degree to which ongoing revenues were more than ongoing expenses. Revenues increased 86 percent due to \$5,734,117 being generated in sales tax revenue, which were first collected in fiscal year 2024. Operating expenses increased by 44 percent for the fiscal year 2024 primarily due to increased grant payments.

The District's overall financial position and operations for the past two years is summarized in the statement of net position as follows, based on information included in the financial statements:

	<u>2024</u>	<u>2023, Restated</u>
Current and other assets	\$ 15,784,136	\$ 8,767,520
Capital assets	<u>1,968,339</u>	<u>1,601,019</u>
Total assets	<u>17,752,475</u>	<u>10,368,539</u>
Current and other liabilities	<u>3,141,821</u>	<u>1,493,814</u>
Total liabilities	3,141,821	1,493,814
Net Position:		
Investment in capital assets	1,968,339	1,601,019
Unrestricted	<u>12,642,315</u>	<u>7,273,706</u>
Total net position	<u>\$ 14,610,654</u>	<u>\$ 8,874,725</u>

The District's statement of activities for the past two years is summarized as follows, based on information included in the government-wide financial statements:

	<u>2024</u>	<u>2023, Restated</u>
Revenues		
Property tax	\$ 7,450,626	\$ 6,802,478
Sales and use tax	5,734,117	-
Federal revenue	3,441,030	1,975,137
Gain on sale of assets	60,000	60,000
Interest income	554,751	389,136
	<hr/>	<hr/>
Total general revenues	17,240,524	9,226,751
Expenses		
Fire services	2,122,600	2,029,500
Ambulance services	2,500,000	2,000,000
Alarm center	420,000	420,000
Aid to departments	1,866,000	500,000
Contract Personnel	88,731	88,444
Insurance premiums	15,708	23,359
Maintenance	69,789	157,848
Grants	324,595	315,551
Grants - ARPA	3,426,003	1,950,138
Other	238,238	80,762
Depreciation	432,931	424,744
	<hr/>	<hr/>
Total expenses	11,504,595	7,990,346
Change in net position	5,735,929	1,236,405
Net position, beginning	<hr/>	<hr/>
	8,874,725	7,638,320
Net position, end	<hr/> <hr/>	<hr/> <hr/>
	\$ 14,610,654	\$ 8,874,725

Financial Analysis of the District's Funds

As noted earlier, the District's general fund is a governmental fund. 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.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, the total fund balance of the general fund was \$12,535,026, an increase of \$5,359,707 in comparison with the prior year. \$11,270,256 of this amount represents unassigned fund balance, which is available for spending at the District's discretion. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents percent of expenditures.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of the general fund are summarized as follows:

	Budget	
	Original	Final Amended
Total revenues	\$ 7,867,091	\$ 13,925,638
Total expenditures	7,768,820	8,038,943
Net change in fund balance	\$ 609,387	\$ 855,113

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2024, includes equipment and vehicles. The following table summarizes the investment in capital assets as of the current and prior fiscal years.

	2024	2023, Restated
Vehicles	\$ 5,515,194	\$ 4,714,943
Equipment	433,468	717,840
	5,948,662	5,432,783
Less: accumulated depreciation	(3,980,323)	(3,831,764)
Net capital assets	\$ 1,968,339	\$ 1,601,019

Additional information on the District's capital assets can be found in the notes to the financial statements.

Debt

As of September 30, 2024, the District did not have long-term debt outstanding.

Economic Factors and Next Year's Budget and Rates

The national economy continues to show gradual improvement. In Tarrant County, the unemployment rate was 3.7% as of September 2024, a slight increase from 3.6% in September 2023. This rate remains below the state average of 4.0% and the national average of 3.8% for the same period.

Despite modest fluctuations in unemployment, TCESD No. 1's economic condition remains stable, supported by consistent growth in property values and the introduction of a new sales tax revenue stream.

For Fiscal Year 2024–2025, TCESD No. 1 adopted a property tax rate of \$0.07431 per \$100 of assessed valuation, up from \$0.07333 in the previous fiscal year.

In November 2023, voters approved a 2% sales and use tax, which took effect in January 2024. Based on current performance, the sales and use tax is generating an average of around \$950,000 per month in revenue. This new revenue source is expected to significantly enhance the District's financial resources, contributing to an annual combined ad valorem and sales tax revenue exceeding \$17 million.

TCESD No. 1 continues to provide fire and emergency medical services to approximately 65,000 residents across 183 square miles of unincorporated Tarrant County. The District contracts with 17 fire departments for comprehensive coverage, with 12 departments also providing EMS ambulance response.

The District is undertaking an organizational study to assess future needs, including the potential addition of up to three new fire stations and corresponding personnel.

The Fiscal Year 2025 budget reflects the District's commitment to maintaining and enhancing emergency services without compromising financial stability. The combination of increased property values and the new sales tax revenue positions TCESD No. 1 to effectively meet the evolving needs of the community.

Requests for Information

This financial report is designed to provide a general overview of Tarrant County Emergency Services District No. 1's finances for all those with an interest in the District's finances. Questions concerning any of the information provided should be addressed to the Tarrant County Emergency Services District No. 1, 2750 Premier Street, Fort Worth, Texas 76111. The District's website is www.tarrantesd.org.

Basic Financial Statements

Tarrant County Emergency Services District No. 1
Statement of Net Position and Governmental Fund Balance Sheet
September 30, 2024

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash and cash equivalents	\$ 12,406,200	\$ -	\$ 12,406,200
Taxes receivable, net	2,113,166	-	2,113,166
Grants receivable	1,240,106	-	1,240,106
Prepays	24,664	-	24,664
Capital assets, net of accumulated depreciation	-	1,968,339	1,968,339
	<u>15,784,136</u>	<u>1,968,339</u>	<u>17,752,475</u>
Total assets			
LIABILITIES			
Accounts payable	3,141,821	-	3,141,821
	<u>3,141,821</u>	<u>-</u>	<u>3,141,821</u>
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - property taxes	107,289	(107,289)	-
	<u>107,289</u>	<u>\$ (107,289)</u>	<u>-</u>
Total deferred inflows of resources			
FUND BALANCE			
Nonspendable	24,664		
Restricted	1,240,106		
Unassigned	11,270,256		
	<u>\$ 12,535,026</u>		
Total fund balance			
NET POSITION			
Investment in capital assets			1,968,339
Unrestricted			<u>12,642,315</u>
TOTAL NET POSITION			<u>\$ 14,610,654</u>

The Notes to the Financial Statements are an integral part of these statements.

Tarrant County Emergency Services District No. 1

Statement of Activities and Governmental Fund Revenues, Expenses, and Changes in Fund Balance Year Ended September 30, 2024

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES			
Property tax revenue, net	\$ 7,441,724	\$ 8,902	\$ 7,450,626
Sales and use tax revenue	5,734,117	-	5,734,117
Federal revenue	3,441,030	-	3,441,030
Gain on sale of assets	-	60,000	60,000
Interest income	554,751	-	554,751
	<hr/>	<hr/>	<hr/>
Total revenues	17,171,622	68,902	17,240,524
EXPENDITURES / EXPENSES			
Fire services	2,122,600	-	2,122,600
Ambulance services	2,500,000	-	2,500,000
Alarm center	420,000	-	420,000
Aid to departments	1,866,000	-	1,866,000
Contract personnel	88,731	-	88,731
Insurance premiums	15,708	-	15,708
Maintenance	69,789	-	69,789
Grants	324,595	-	324,595
Grants - ARPA	3,426,003	-	3,426,003
Other	238,238	-	238,238
Capital expense	740,251	(740,251)	-
Depreciation	-	432,931	432,931
	<hr/>	<hr/>	<hr/>
Total expenditures/expenses	11,811,915	(307,320)	11,504,595
Excess (deficiency) of revenues over expenditures/expenses	<u>\$ 5,359,707</u>	<u>\$ 376,222</u>	<u>\$ 5,735,929</u>
Fund Balance/Net Position - beginning, as restated (Note 7)	<hr/>		<hr/>
	7,175,319		8,874,725
FUND BALANCE/NET POSITION - ENDING	<u>\$ 12,535,026</u>		<u>\$ 14,610,654</u>

The Notes to the Financial Statements are an integral part of these statements.

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Tarrant County Emergency Services District No. 1

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

The accounting and reporting policies of Tarrant County Emergency Services District No. 1 (the District) relating to the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the District are described below:

Reporting Entity

The District is a special purpose district provided for in the Texas Health and Safety Code, Chapter 775. On August 10, 1996, the voters of the unincorporated areas of Tarrant County voted to convert the Tarrant County Rural Fire Prevention District No. 1 to the Tarrant County Emergency Services District No. 1. The District began its work on September 11, 1996. The District is responsible for fire and emergency medical services in all the unincorporated areas of Tarrant County (the County).

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government. Accordingly, the District has no component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing a final column for reconciling items between the two. All funds are considered major funds under financial reporting guidelines. Fund financial statements display information at the individual fund level. A fund is considered to be a separate accounting entity. The District reports one individual fund, the General Fund, which is used to account for the operations of the District and all other financial transactions.

Measurement Focus and Basis of Accounting

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 at the time liabilities are incurred regardless of when the related cash flow takes place. Revenue from property taxes is recognized in the fiscal year in which the taxes are levied.

Tarrant County Emergency Services District No. 1

Notes to Basic Financial Statements

Governmental fund financial statements are organized on the basis of funds, each of which is considered to be a separate accounting entity. They use the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Property tax revenues are generally recognized in the period in which they were collected. Property taxes receivable at the end of the fiscal year are treated as unavailable revenues because they are not considered available to pay liabilities of the current period. The District levies taxes for operating purposes only. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Cash and Cash Equivalents

Cash and cash equivalents of the District are short term investments with original maturities of three months or less from the date of acquisition.

All investments of the District are recorded at amortized cost. All investments of the District are made pursuant to the Texas Public Funds Investment Act and investment policy established and approved by the Board of the District.

Capital Assets

Capital assets, which include vehicles and equipment, are reported in the statements of net position at cost. The costs of normal maintenance and repairs are charged to operations when incurred. Betterments and improvements that add value to the asset, change capacity, or materially extend asset lives are capitalized.

Assets	In Years
Vehicles	7 Years
Equipment	10 Years

Net Position

Net position represents the differences between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings, used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent bond proceeds. Net position is reported as restricted when there are limitations imposed on its use through external grantors, laws, or regulations of other governments. As of September 30, 2024, the District did not have any borrowings, used for the acquisition, construction, or improvement of assets.

Tarrant County Emergency Services District No. 1

Notes to Basic Financial Statements

Fund Balance

In the fund financial statements, governmental funds report classifications of fund balance based on controls placed upon the funds. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 54, effective June 30, 2011, fund balance classifications are recorded as follows:

Non-spendable fund balance – amounts that are not in spendable form or are required to be maintained intact. As such, inventory and prepaid items, if applicable, are properly classified in the Governmental Funds Balance Sheet.

Restricted fund balance – amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Commissioners). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Commissioners delegate the authority.

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance, and lastly, the unassigned fund balance.

Property Taxes

Property subject to taxation is real property and certain personal property situated in the unincorporated areas of Tarrant County, Texas. Certain properties of religious, educational and charitable organizations are exempt from taxation. In addition, other special exemptions are allowed by the District.

The District's ad valorem taxes are levied and become a legal enforceable claim on October 1 on 100% of assessed valuation at a rate of \$0.07333 per \$100 valuation as of the preceding January 1. These taxes are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty. Taxes paid after February 1 of each year are subject to interest and penalty charges.

Collections of the current year's levy are reported as current collections if received by June 30 (within nine months of the October 1 due date). Collections received thereafter are reported as delinquent collections.

Deferred Outflows/Inflows Resources

A deferred outflow of resources is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District does not have any items that qualifies for reporting in this category.

Tarrant County Emergency Services District No. 1

Notes to Basic Financial Statements

A deferred inflow of resources is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has one item that qualify for reporting in this category:

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 those estimates.

Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, and natural disasters. During fiscal year 2024, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there are no settlements exceeding insurance coverage for each of the past three fiscal years.

Implementation of New Accounting Pronouncements

GASB Statement No. 99, *Omnibus 2022* (GASB 99), enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB statements and 2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases were implemented in the District's fiscal year 2022 financial statements in conjunction with GASB 87. The requirements related to PPPs and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. These requirements for GASB 99 were implemented in the District's fiscal year 2023 financial statements in conjunction with GASB 94 and GASB 96. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. These requirements for GASB 99 were implemented in the District's fiscal year 2024 financial statements with no impact to amounts previously reported.

GASB Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100), enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement 1) defines accounting changes and corrections of errors; 2) prescribes the accounting and financial reporting for each type of accounting change and error corrections; and 3) clarifies required note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2023, with earlier application encouraged. GASB 100 was implemented in the District's fiscal year 2024 financial statements. As discussed in Note 7 to the basic financial statements, the fund balance and net position of the District as of September 30, 2023 have been restated to reflect an error correction.

Tarrant County Emergency Services District No. 1

Notes to Basic Financial Statements

Note 2. Adjustments from Government-Wide Basis

Reconciliation of the Government Fund Balance Sheet to the Statement of Net Position

Total fund balance, governmental fund	\$	12,535,026
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental financial statements.		5,948,662
Accumulated depreciation is not reported in the governmental financial statements.		(3,980,323)
Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).		107,289
Total net position - governmental activities	\$	14,610,654

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

Net change in fund balance - total governmental fund	\$	5,359,707
Amounts reported for governmental activities in the statement of activities are different because:		
Value of capital assets traded in are recorded not recorded as revenue in governmental funds.		60,000
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay taken to Statement of Activities		740,251
Depreciation expense taken to Statement of Activities		(432,931)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		8,902
Change in net position of governmental activities	\$	5,735,929

Note 3. Cash and Cash Equivalents

As of September 30, 2024, cash and cash equivalents consisted of the following:

Cash and cash equivalents		
Checking accounts	\$	575,070
Temporary investments		11,831,130
Total cash and cash equivalents	\$	12,406,200

Tarrant County Emergency Services District No. 1

Notes to Basic Financial Statements

Cash Deposits

The District maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The District has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash, and balances at September 30, 2024 were fully covered by FDIC Insurance.

Temporary Investments

Included in cash and cash equivalents at September 30, 2024 were \$11,831,130, invested in TexPool, a pool managed by the Treasurer of the State of Texas. As of September 30, 2024, TexPool was rated AAAM and is an approved investment type under the Texas Public Funds Investment Act. The fair value of the District's position in the pool is substantially the same as the value of the pool's shares. In fiscal year 2024, the District invested in the State of Texas' TexPool. TexPool operates in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940.

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully-collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool uses amortized cost rather than fair value to report net position to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the District's investments in TexPool are stated at amortized cost, which approximates fair value. TexPool is currently rated AAAM by Standard and Poor's. This rating indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss.

Interest Risk Rate

The District manages its investment time horizons by averaging investment maturities and chooses to present its exposure to interest rate changes using the weighted average maturity method. The District manages its investments in accordance with its investment policy, which requires a weighted average maturity of three years or less. The weighted average maturity of TexPool investments at September 30, 2024 was 31 days.

Credit Risk

The District's policy is to limit its investments to U.S. Government securities issued by U.S. Government sponsored entities and otherwise follow the restrictions of the Texas Public Funds Investment Act. TexPool consists of U.S. Treasury Bills and Notes, U.S. Government agency notes, collateralized certificates of deposit, repurchase agreements and mutual funds.

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. At year end, other than external investment pools, the District did not have 5% or more of its investments with one issuer.

Tarrant County Emergency Services District No. 1

Notes to Basic Financial Statements

Custodial credit risk is the risk that a government will not be able to recover (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. On September 30, 2024, the District's bank balances were fully insured under FDIC insurance. The District invests money in the TexPool investment pool. The TexPool investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool.

Investments reported at amortized cost are exempt from reporting within the fair value hierarchy.

TexPool falls under the purview of the Texas Comptroller of Public Accounts (Comptroller) who is responsible for oversight of TexPool operations. Federated Investors is responsible for managing pool assets and day-to-day operations. The Comptroller exercises oversight of the pool's activities via daily, weekly, and monthly reporting requirements. Additionally, per the requirements of the Public Funds Investment Act (PFIA), all pools will maintain an AAA or equivalent rating from at least one nationally recognized rating agency. The PFIA also requires an annual examination of the financial statements of the pools by an independent certified public accounting firm. In connection with the financial audit, a compliance audit of management controls on investments and adherence to the investment policy is also required.

Concentration of Credit Risk

The District's investment policy requires the investment portfolio to be diversified in terms of investment instruments and maturity in order to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

The District reports its local government investment pools at amortized cost as permitted by GASB Statement No. 79, Certain External Investment Pools and Pool Participants. In addition, TexPool does not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. This pool does not impose any liquidity fees or redemption gates.

Note 4. Taxes Receivables and Allowance for Doubtful Accounts

At September 30, 2024, the District had outstanding tax receivable balances of \$2,113,166 as summarized below. The District believes as of September 30, 2024 that balances of \$137,131 are uncollectible and, therefore has created an allowance for these amounts. This allowance is computed based on an analysis of historical losses, existing economic conditions, and other pertinent factors. Accounts are written off as they are deemed uncollectible based on periodic review of accounts.

	<u>Taxes Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Taxes Receivable, Net</u>
Property tax	\$ 244,420	\$ (137,131)	\$ 107,289
Sales and use tax	2,005,877	-	2,005,877
	<hr/>	<hr/>	<hr/>
Taxes receivable, net	2,250,297	(137,131)	2,113,166

Tarrant County Emergency Services District No. 1

Notes to Basic Financial Statements

Note 5. Capital Assets

A summary of changes in capital assets, for the year ended September 30, 2024 is as follows:

	Restated Balance October 1, 2023	Additions	Deletions / Transfers	Balance September 30, 2024
Vehicles	\$ 4,714,943	\$ 800,251	\$ (284,372)	\$ 5,230,822
Equipment	717,840	-	-	717,840
Total capital assets	5,432,783	800,251	(284,372)	5,948,662
Accumulated depreciation	(3,831,764)	(432,931)	284,372	(3,980,323)
Capital assets, net	<u>\$ 1,601,019</u>	<u>\$ 367,320</u>	<u>\$ -</u>	<u>\$ 1,968,339</u>

Depreciation expense amounted to \$426,931 in the current fiscal year.

Note 6. Recent Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 will be implemented in the District's fiscal year 2025 financial statements and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102), improves financial reporting by providing users of financial statements with essential information regarding certain concentrations of constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this statement are effective for reporting periods beginning after June 15, 2024, with earlier application encouraged. GASB 102 will be implemented in the District's fiscal year 2025 financial statements and the impact has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 103 will be implemented in the District's fiscal year 2026 financial statements and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104), establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 104 will be implemented in the District's fiscal year 2026 financial statements and the impact has not yet been determined.

Tarrant County Emergency Services District No. 1

Notes to Basic Financial Statements

Note 7. Prior Period Restatement – Correction of an Error

During the year ended September 30, 2024, it was determined that a prepayment on a vehicle in the amount of \$346,911 was made by the District during the year ended September 30, 2023 and was improperly recorded as capital outlay in the governmental fund, and as an addition to capital assets - vehicles on the statement of net position. Additionally, depreciation expense on the improperly capitalized vehicle in the amount of \$34,691 was recorded on the statement of activities for the year ended September, 30, 2023.

The effects on the District's previously issued fiscal year 2023 financial statements are summarized below:

	<u>As previously reported</u>	<u>Restatement</u>	<u>As restated</u>
Governmental fund balance as of September 30, 2023	\$ 6,828,408	\$ 346,911	\$ 7,175,319
Vehicles as of September 30, 2023	\$ 5,061,854	\$ (346,911)	\$ 4,714,943
Accumulated depreciation as of September 30, 2023	\$ (3,866,455)	\$ 34,691	\$ (3,831,764)
Governmental activities net position as of September 30, 2023	\$ 8,840,034	\$ 34,691	\$ 8,874,725

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Required Supplementary Information

Tarrant County Emergency Services District No. 1

Budgetary Comparison Schedule – General Fund

Year Ended September 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Amended</u>		
REVENUES				
Property tax revenue, net	\$ 7,437,091	\$ 7,443,895	\$ 7,441,724	\$ (2,171)
Sales and use tax revenue	-	3,726,068	5,734,117	2,008,049
Federal Revenue	-	2,200,924	3,441,030	1,240,106
Gain on sale of assets	80,000	-	-	-
Interest income	350,000	554,751	554,751	-
	<u>7,867,091</u>	<u>13,925,638</u>	<u>17,171,622</u>	<u>3,245,984</u>
EXPENDITURES				
Fire services	2,131,100	2,122,600	2,122,600	-
Ambulance services	2,500,000	2,500,000	2,500,000	-
Alarm center	420,000	420,000	420,000	-
Aid to departments	950,000	1,866,000	1,866,000	-
Contract personnel	89,220	88,730	88,731	(1)
Insurance premiums	26,500	15,708	15,708	-
Maintenance	150,000	69,789	69,789	-
Grants	325,000	325,000	324,595	405
Grants - ARPA	-	-	3,426,003	(3,426,003)
Other	92,000	237,776	238,238	-
Capital expenditure	1,085,000	393,340	740,251	(346,911)
	<u>7,768,820</u>	<u>8,038,943</u>	<u>11,811,915</u>	<u>(3,772,510)</u>
Excess of revenues over expenditures	98,271	5,886,695	5,359,707	(526,988)
Fund balance, beginning of year, as restated	<u>7,175,319</u>	<u>7,175,319</u>	<u>7,175,319</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 7,273,590</u>	<u>\$ 13,062,014</u>	<u>\$ 12,535,026</u>	<u>\$ -</u>

The Notes to Supplementary Information are an integral part of this statement.

Tarrant County Emergency Services District No. 1

Notes to Supplementary Information

Note 1. Budgets and Budgetary Accounting

The District has complied with all material budget requirements for the year ended September 30, 2024. An annual budget is adopted by the District's Board of Commissioners, using the same basis of accounting as for financial reporting.

Actual expenditures exceeded budgeted expenditures in the Grants – ARPA and Capital Expenditure categories by \$3,426,003 and \$346,911, respectively, resulting in a variance of \$526,988 between actual and budgeted change in fund balance.

Amounts reported in the accompanying financial statements represent the adopted budgeted amount plus all supplemental appropriations.

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Federal Awards Section

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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 of
Tarrant County Emergency Services District No. 1

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 (*Government Auditing Standards*), the financial statements of Tarrant County Emergency Services District No. 1 (the District) as of and for the year ended September 30, 2024 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 30, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered District's internal control over financial reporting (internal control) as a basis for designing audit 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. 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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a 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. We consider the deficiency described in the accompanying *schedule of findings and questioned costs* as item 2024-001 to be a significant deficiency.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying *schedule of findings and questioned costs*, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The 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 engagement 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
May 30, 2025

Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tarrant County Emergency Services District No.1 (the District)’s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District’s major federal programs for the year ended September 30, 2024. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

The Board of Commissioners of
Tarrant County Emergency Services District No. 1

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
May 30, 2025

Tarrant County Emergency Services District No. 1

Schedule of Findings and Questioned Costs

Year Ended September 30, 2024

Section 1. Summary of Auditor's Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weakness(es)? X Yes _____ None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weakness(es)? _____ Yes X None reported

An unmodified opinion was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

21.027

Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold use to distinguish between type A and type B programs?

 \$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

Tarrant County Emergency Services District No. 1

Schedule of Findings and Questioned Costs - Continued

Year Ended September 30, 2024

Section 2. Financial Statement Findings

Finding 2024-01

Significant Deficiency – Material adjusting entries, including restatement of the prior year financials

Condition: During the year ended September 30, 2024, multiple material adjusting entries were recorded, including a restatement of the prior year financials. During the year ended September 30, it was determined that a prepayment on a vehicle in the amount of \$346,911 was made by the District during the year ended September 30, 2023 and was improperly recorded as capital outlay in the governmental fund, and as an addition to capital assets - vehicles on the statement of net position. Additionally, depreciation expense on the improperly capitalized vehicle in the amount of \$34,691 was recorded on the statement of activities for the year ended September 30, 2023. Additional material journal entries included a correction to amounts recognized as revenue and receivable as related to sales tax revenue in the amount of \$2,005,877, and a correction to revenue and receivable related to amounts expected to be reimbursed by grantors in the amount of \$1,240,106.

Criteria: Amounts should not be capitalized on the government-wide statements or recorded to capital outlay in the governmental funds until the entity has ownership of the asset. Depreciation should not be recorded until the asset has been placed in service. Revenue and receivables should be recorded as earned, when measurable and available.

Cause: Invoices and related contracts were not properly reviewed and evaluated to determine the proper recording of amounts paid. Revenues were not accrued properly through year end.

Effect: The District restated the prior year to properly reflect the fund balance and net position, as well as related capital asset – vehicle and accumulated depreciation balances. The District recorded correcting entries to receivables and revenue.

Recommendation: The District should review and evaluate invoices and related contracts to ensure proper recording of payments and accrual of revenues through year end.

View of Responsible Officials: See Corrective Action Plan

Section 3. Federal Awards Findings and Questioned Costs

None reported

Tarrant County Emergency Services District No. 1

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

Federal Grantor/ Pass Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Contract Number	Federal Expenditures	Pass-through to Subrecipients
U.S. DEPARTMENT OF TREASURY					
Passed through from Tarrant County, Texas:					
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	N/A	\$ 3,441,031	\$ 3,426,031
TOTAL U.S. DEPARTMENT OF TREASURY				<u>3,441,031</u>	<u>3,426,031</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 3,441,031</u>	<u>\$ 3,426,031</u>

Tarrant County Emergency Services District No. 1

Notes to the Schedule of Expenditures of Federal Awards
Year Ended September 30, 2024

Note 1. Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Tarrant County Emergency Services District No. 1 (the District) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of Title 2 U. S. Code of Federal Regulations (CFR) Part 200, Uniform Administration Requirements, Cost of Principles, and Audit Requirements for Federal Awards. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2. Indirect Costs

Indirect costs shown on the Schedule of Expenditures of Federal Awards are properly credited as revenues. These indirect cost revenues are determined by applying approved indirect cost rates to actual applicable expenditures of the projects. The District has elected not to use the 10% de minimis cost rate as covered in 2 CFR Part 200.414, Indirect costs.

Tarrant County Emergency Services District No. 1

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2024

Section 1. Status of Prior Year Findings and Questioned Cost

None reported



Tarrant County Emergency Services District No. 1

2750 Premier St, Fort Worth, TX 76111

(817)838-4660

May 29, 2025

To Whom It May Concern:

Subject: Corrective Action Plan -Finding 2024-01

In response to the audit finding 2024-01 noted in the financial statements for the fiscal year ended September 30, 2024, please find the District's Corrective Action Plan below:

Corrective Action Plan

Description of Action Taken:

Tarrant County Emergency Services District No. 1 (TCESD No. 1) has engaged a third-party certified public accounting firm, Weber Financial Services, to support and enhance its financial oversight and reporting functions. Specifically, Weber Financial Services is tasked with:

- Monthly review of the District's financial activity and account reconciliations,
- Review of financial reports provided to the Board of Commissioners, and
- Preparation of any adjusting journal entries necessary to ensure compliance with accounting standards.

This partnership is intended to improve accuracy in financial reporting, ensure proper asset recognition, and reinforce internal controls around revenue recognition and accruals.

Responsible Official:

Oversight of this corrective action is assigned to the District's Executive Director. As this is a newly created role, the District has retained interim executive services through STASH Enterprises LLC, with Mr. Stephen Watson serving as the Interim Executive Director as of June 2024. The District is actively recruiting a permanent Executive Director to assume full-time responsibility.

Anticipated Completion Date:

The engagement with Weber Financial Services commenced on January 17, 2025, and the services have been ongoing since that date.

Should you have any questions or require additional information, please do not hesitate to contact our office.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen Watson", is written over a horizontal line.

Stephen Watson

Consulting Interim Executive Director

Tarrant County Emergency Services District No. 1