

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

**DENTON COUNTY, TEXAS**

**FINANCIAL REPORT**

**SEPTEMBER 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Denton County Emergency  
Services District No. 1  
Denton County, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and major fund of Denton 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and 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. 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.

### **Change in Accounting Estimate**

As discussed in Note 11, the beginning balance of the General Fund has been restated to correct an overestimate of capital assets in the prior year and the reporting of compensated absences. Our opinions are 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, the Schedule of Changes in Net Pension Liability and Related Ratios and the Schedule of District Contributions 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.

McCall Gibson Swedlund Barfoot Ellis PLLC  
Certified Public Accountants  
Houston, Texas

April 24, 2025

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Management's discussion and analysis of the financial performance of Denton County Emergency Services District No. 1 (the "District") provides an overview of the District's financial activities for the year ended September 30, 2024. Please read it in conjunction with the District's financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include: (1) fund financial statements and government-wide financial statements and (2) notes to the financial statements. The fund financial statements and government-wide financial statements consist of: (1) the Statement of Net Position and Governmental Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. This report also includes required and other supplementary information in addition to the basic financial statements and other accompanying notes.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current period. All current year revenues and expenses are included regardless of when cash is received or paid.

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**FUND FINANCIAL STATEMENTS “GENERAL FUND”**

The combined statements also include 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 has one governmental fund type, the General Fund, that accounts for resources not accounted for in another fund, property tax revenues, costs of assessing and collecting taxes, and general expenditures.

Governmental funds are reported in each of the financial statements. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

**NOTES TO THE FINANCIAL STATEMENTS**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

**OTHER INFORMATION**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information (“RSI”).

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

A key indicator of the District’s financial position is the Net Position, which is the excess of total assets and deferred outflows over total liabilities and deferred inflows. Over time, increases and decreases in the Net Position may serve as a useful indicator of the District’s trend in its financial strength.

The District’s Net Position as of September 30, 2024 was \$5,542,201, an increase of \$3,181,914, or 134.8%, for the year, relative to the Net position as of September 20, 2023. This increase was largely due to:

- The creation of Denton County Emergency Services District #2 (DCESD2) and the District’s reimbursement for EMS costs from DCESD2;

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

- Diligent oversight by the Board of Commissioners (the Board) and the District's staff in controlling costs;
- The strategic use of available low-cost capital for the investment in capital assets;
- Strategic budgeting practices aimed at increasing the unrestricted General Fund balance contributed to the overall growth in Net Position;
- The transfer of operations from the Argyle Volunteer Fire District (AVFD) to the District in 2023 that resulted in a more centralized and efficient service structure, supporting long-term financial performance and contributing to the increase in Net Position.

In August 2023, the Denton County Commissioners Court voted unanimously to create DCESD2 and approved the petition for an election. The election was held in November 2023 and passed with overwhelming voter support. The towns of Argyle, Bartonville, Copper Canyon, Corral City, Northlake, and the unincorporated Lantana community had previously acknowledged and consented to the proposed creation of DCESD2.

Effective January 1, 2024, the District was designated to provide Fire services, while DCESD2 assumed responsibility for Emergency Medical Services (EMS) in the same geographical area. However, because DCESD2 was created subsequent to the date when the ad valorem property taxes to fund DCESD2 operations would be due, DCESD2 did not have funding to provide the EMS that it was then obligated to perform.

To ensure continuity of EMS care, DCESD2 entered into an Interlocal Agreement with the District to continue providing EMS services on behalf of DCESD2. The District's agreement with DCESD2 provided that the District would account separately for the cost of providing the EMS and defer any reimbursement by DCESD2 until such time as DCESD2 received sufficient funding in calendar year 2025 based on its own ad valorem property tax revenues. Consequently, as of September 30, 2024, DCESD2 was obligated to the District in the amount of \$3,000,000.

This intergovernmental relationship, along with other significant operational and financial activities during the year, contributed to the overall changes in the District's financial position.

A portion of the District's net position reflects its net investment in capital assets (land, buildings, furniture and fixtures, equipment, vehicles, and construction in progress), net of any outstanding notes payable used to acquire those assets. Another portion is restricted for capital projects, representing resources that are legally or contractually required to be used for specific capital improvements. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.



**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

The following is a comparative analysis of government-wide changes in net position:

	Summary of the Statement of Net Position		
	2024	(As Adjusted) 2023	Change Positive (Negative)
Current and Other Assets	\$ 10,819,268	\$ 702,537	\$ 10,116,731
Capital Assets	11,668,199	10,786,126	882,073
Total Assets	<u>\$ 22,487,467</u>	<u>\$ 11,488,663</u>	<u>\$ 10,998,804</u>
Deferred Outflows of Resources	\$ 457,722	\$ -	\$ 457,722
Long-Term Liabilities	\$ 14,336,710	\$ 7,287,508	\$ (7,049,202)
Current and Other Liabilities	3,049,431	1,840,868	(1,208,563)
Total Liabilities	<u>\$ 17,386,141</u>	<u>\$ 9,128,376</u>	<u>\$ (8,257,765)</u>
Net Position:			
Net Investment in Capital Assets	\$ (4,214,828)	\$ 2,685,729	\$ (6,900,557)
Restricted	5,652,604	\$ -	5,652,604
Unrestricted	4,104,425	(325,442)	4,429,867
Total Net Position	<u>\$ 5,542,201</u>	<u>\$ 2,360,287</u>	<u>\$ 3,181,914</u>

The following table provides a summary of the District's operations for the year ended September 30, 2024, and September 30, 2023. See Note 11, Prior Period Adjustment, regarding the adjustment to the previously reported September 30, 2023, net position.

	Summary of the Statement of Activities		
	2024	(As Adjusted) 2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 6,606,319	\$ 5,806,601	\$ 799,718
Service Fees	6,217,160	1,601,358	4,615,802
Contributions from Other Entities	745,318	778,150	(32,832)
Other Revenues	298,599	175,844	122,755
Total Revenues	<u>\$ 13,867,396</u>	<u>\$ 8,361,953</u>	<u>\$ 5,505,443</u>
Expenses for Services	10,685,482	8,861,348	(1,824,134)
Change in Net Position	\$ 3,181,914	\$ (499,395)	\$ 3,681,309
Net Position, Beginning of Year	2,360,287	2,859,682	(499,395)
Net Position, End of Year	<u>\$ 5,542,201</u>	<u>\$ 2,360,287</u>	<u>\$ 3,181,914</u>

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GENERAL FUND**

The District's Total Fund Balance of the General Fund as of September 30, 2024, was \$9,444,754, an increase of \$9,733,359 from September 30, 2023. This Total Fund Balance provides a view of the District's short-term spendable resources relative to its short-term obligations as of September 30, 2024. The District uses the modified accrual basis of accounting as required for governmental fund types as more fully explained in Note 2 Significant Accounting Policies.

This significant increase is due largely to the receipt of proceeds from the promissory note agreements with Huntington Bank for \$5,300,500 and \$1,540,000 to fund the construction of Station 512 and the purchase of three ambulances and six staff vehicles, and a \$3,000,000 receivable from DCESD2. Since the expenditure for which the loan funds were procured does not take place until significantly after the end of the fiscal year, the spendable resources are included in the Total Fund Balance without the recognition of the offsetting future expenditures.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's Board of Commissioners approves the General Fund Original Budget before the beginning of the fiscal year in connection with the strategic planning and tax-rate setting processes and may amend the Annual Budget during the fiscal year if conditions and events so warrant. However, because the process of amending the Original Budget is complex, it is only done when the change will be materially useful in providing guidance to the Board and Staff during the remainder of the fiscal period.

For the year ended September 30, 2024, the Final Amended Budget was approved before the following Board-authorized activities took place:

- Approval of a promissory note agreement with Huntington Bank for \$1,540,000 to fund the purchase of three ambulances and six staff vehicles (Note Proceeds).
- Related payment for construction in progress (Capital Outlay).
- Approval of a promissory note agreement with Huntington Bank for \$5,300,500 to fund the construction of Fire Station 512 (Note Proceeds).
- Related payment for construction in progress (Capital Outlay).
- Approval of the EMS Service agreement for DCESD2 in the amount of \$3,000,000 for services provided from January 1, 2024, to September 30, 2024 (Service Fees).

The following activities occurred during the fiscal year but were not reflected in either the Original Budget or Final Amended Budget:

- Approval of a promissory note agreement with Point Bank for \$2,380,000 to refinance Fire Station 513 (Note Proceeds).
- Independent Financial note payoff of \$750,000 associated with Fire Station 513.

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)**

Additionally, the District budgeted \$1,530,000 in the General Fund to support the AVFD in satisfying employee-related liabilities following the transfer of operations to the District in 2023. Although the operational transition was completed in the prior fiscal year, budgeted support was provided in FY 2024 to ensure that outstanding personnel obligations were fully resolved.

This support reflected the District's fiduciary responsibility to facilitate a smooth transition, maintain continuity of services, and protect incoming employees.

Actual expenditures under this line item (Argyle VFD) were approximately \$794,807 less than budgeted, as AVFD received restitution and insurance proceeds related to financial misconduct by a former fire chief. These recoveries reduced the District's required contribution, resulting in a favorable variance in the General Fund. This was a one-time, non-recurring event.

See the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, presented in the Required Supplementary Information section, for detailed line-item balances.

**Capital Assets**

Capital assets as of September 30, 2024, total \$11,688,199 (net of accumulated depreciation), including land, buildings, furniture and fixtures, equipment, vehicles, and construction in progress. Construction in progress includes Fire Station 512 and two ambulances.

**Capital Assets At Year-End, Net of Accumulated Depreciation**

	2024	(As Adjusted) 2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land	\$ 353,521	\$ 303,521	\$ 50,000
Construction in Progress	1,105,250	652,032	453,218
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	7,973,821	8,198,053	(224,232)
Furniture and Fixtures	63,455	120,073	(56,618)
Equipment	277,056	82,643	194,413
Vehicles	1,895,096	1,429,804	465,292
Total Net Capital Assets	<u>\$ 11,668,199</u>	<u>\$ 10,786,126</u>	<u>\$ 882,073</u>

Additional information on the District's capital assets can be found in Note 5 Capital Assets of this report.

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**Notes Payable Activity**

At the end of the current fiscal year, the District had long-term debt for notes payable of \$15,883,027. The changes in notes payable of the District during the fiscal year ended September 30, 2024, are summarized as follows:

Notes Payable, October 1, 2023	\$ 8,100,397
Add: Note Proceeds	9,220,500
Less: Principal Paid	<u>(1,437,870)</u>
Notes Payable, September 30, 2024	<u>\$ 15,883,027</u>

On November 30, 2023, the District entered into a \$2,380,000 adjustable promissory note with Point Bank to refinance Fire Station 513, secured by real property. Annual principal amounts of \$119,000 were due each December 1, beginning December 1, 2024, and ending December 1, 2043. Interest payments were due monthly. The interest rate was 6.5%. Loan Reference: PROP-2021-STN-865COPPERC-02

On July 15, 2024, the District entered into a \$5,300,500 promissory note with Huntington Bank to fund the construction of Fire Station 512, secured by ad valorem tax revenues. Annual installments of \$667,896.22 will be due each July 15, beginning July 15, 2025, and ending July 15, 2034. The interest rate is 4.44%. Loan Reference: PROP-2024-STN-3850DALEEARN

Also, on July 15, 2024, the District entered into a \$1,540,000 promissory note with Huntington Bank to fund the purchase of three ambulances and six staff vehicles, secured by ad valorem tax revenues. Annual installments of \$350,896.89 will be due each July 15, beginning July 15, 2025, and ending July 15, 2029. The interest rate is 4.51%. Loan Reference: VEH-2024-AMB/STAFF-CIP

See Note 8 Notes Payable for additional information.

Subsequent to the fiscal year-end, on January 3, 2025, the District entered into a \$2,408,350 refinance loan with Huntington Bank at an interest rate of 4.59%. The loan was used to retire the Point Bank loan principal (\$2,261,000) associated with Station 513, including issuance costs and an early pay-off penalty. Loan Reference: PROP-2025-STN-865COPPERC-03

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Denton County Emergency Services District No. 1, c/o Coveler & Peeler, P.C., 820 Gessner, Suite 1710, Houston, TX 77024.

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**STATEMENT OF NET POSITION AND GOVERNMENTAL FUND**  
**BALANCE SHEET SEPTEMBER 30, 2024**

	General Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash	\$ 1,801,132	\$ -	\$ 1,801,132
Restricted Cash	5,652,604	-	5,652,604
Receivables:			
Property Taxes	66,204	-	66,204
Due from Other Government	3,225,422	-	3,225,422
Other	3,119	-	3,119
Prepaid Expenditure	66,319	-	66,319
Net Pension Asset		4,468	4,468
Land	-	353,521	353,521
Construction in Progress	-	1,105,250	1,105,250
Capital Assets (Net of Accumulated Depreciation)	-	10,209,428	10,209,428
<b>TOTAL ASSETS</b>	<b>\$ 10,814,800</b>	<b>\$ 11,672,667</b>	<b>\$ 22,487,467</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows - Pensions	\$ -	\$ 457,722	\$ 457,722
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 10,814,800</b>	<b>\$ 12,130,389</b>	<b>\$ 22,945,189</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 384,816	\$ -	\$ 384,816
Accrued Interest Payable	-	180,447	180,447
Advance for Repairs	413,169	-	413,169
Compensated Absences		541,529	541,529
Note Payable:			
Due Within One Year	-	1,546,317	1,546,317
Due After One Year	-	14,336,710	14,336,710
<b>TOTAL LIABILITIES</b>	<b>\$ 797,985</b>	<b>\$ 16,605,003</b>	<b>\$ 17,402,988</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	\$ 66,204	\$ (66,204)	\$ -
<b>FUND BALANCE</b>			
Nonspendable:			
Prepaid Costs	\$ 66,319	\$ (66,319.00)	\$ -
Restricted	5,652,604	(5,652,604)	-
Unassigned	4,231,688	(4,231,688)	-
<b>TOTAL FUND BALANCE</b>	<b>\$ 9,950,611</b>	<b>\$ (9,950,611)</b>	<b>\$ -</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 10,814,800</b>		
<b>NET POSITION</b>			
Net Investment in Capital Assets		\$ (4,214,828)	\$ (4,214,828)
Restricted		5,652,604	5,652,604
Unrestricted		4,104,425	4,104,425
<b>TOTAL NET POSITION</b>		<b>\$ 5,542,201</b>	<b>\$ 5,542,201</b>

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2024**

Total Fund Balance - Governmental Fund	\$ 9,950,611
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Certain assets are not available in the current period and, therefore, are not reported as assets in the governmental funds. The assets at year-end consist of net pension assets.	4,468
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	11,668,199
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Deferred inflows of resources related to property tax revenues for the 2023 and prior tax levies became part of recognized revenues in the governmental activities of the District.	66,204
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Portions of the change in net pension asset/liability are not immediately recognized as pension expense are recorded as deferred outflows of resources.	457,722
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Accrued Interest Payable	\$ (180,447)	
Compensated Absences	(541,529)	
Note Payable Within One Year	(1,546,317)	
Note Payable After One Year	<u>(14,336,710)</u>	<u>(16,605,003)</u>

Total Net Position - Governmental Activities	<u>\$ 5,542,201</u>
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**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	General Fund	Adjustments	Statement of Activities
<b>REVENUES</b>			
Property Taxes	\$ 6,616,565	\$ (10,246)	\$ 6,606,319
Penalty and Interest	40,718	-	40,718
Investment Revenues	222,731	-	222,731
Service Fees	6,217,160	-	6,217,160
Contributions from Other Entities	192,395	-	192,395
SAFER Grant Revenue, Note 12	552,923	-	552,923
Miscellaneous Revenues	35,150	-	35,150
<b>TOTAL REVENUES</b>	<b>\$ 13,877,642</b>	<b>\$ (10,246)</b>	<b>\$ 13,867,396</b>
<b>EXPENDITURES/EXPENSES</b>			
Service Operations:			
District Services -			
Argyle VFD	\$ 735,193	\$ -	\$ 735,193
Roanoke Fire Department	589,914	-	589,914
Accounting and Auditing	106,531	-	106,531
Personnel	7,042,672	(426,518)	6,616,154
Operations	362,628	-	362,628
Insurance	109,401	-	109,401
Facilities	229,548	-	229,548
Apparatus & Equipment	382,092	-	382,092
Training and Safety	55,167	-	55,167
Contract Services	177,800	-	177,800
Legal Fees - General	79,904	-	79,904
Legal Fees - Delinquent Tax Collections	11,942	-	11,942
Tax Assessor/Collector Fees	25,459	-	25,459
Appraisal District	43,911	-	43,911
Depreciation	-	570,781	570,781
Fines & Penalties	25	-	25
Loan Issuance Costs	94,279	-	94,279
Other	546	-	546
Capital Outlay	1,452,853	(1,452,853)	-
Debt Service:			
Note Principal	1,437,870	(1,437,870)	-
Note Interest	427,048	67,159	494,207
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 13,364,783</b>	<b>\$ (2,679,301)</b>	<b>\$ 10,685,482</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 512,859</b>	<b>\$ 2,669,055</b>	<b>\$ 3,181,914</b>

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	General Fund	Adjustments	Statement of Activities
<b>OTHER FINANCING SOURCES</b>			
Note Proceeds	\$ 9,220,500	\$ (9,220,500)	\$ -
<b>NET CHANGE IN FUND BALANCE</b>	\$ 9,733,359	\$ (9,733,359)	-
<b>CHANGE IN NET POSITION</b>	-	3,181,914	3,181,914
<b>FUND BALANCE/NET POSITION - OCTOBER 1, 2023 As Adjusted (Note 11)</b>	217,252	2,143,035	2,360,287
<b>FUND BALANCE/NET POSITION - SEPTEMBER 30, 2024</b>	\$ 9,950,611	\$ (4,408,410)	\$ 5,542,201



**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Net Change in Fund Balance - Governmental Fund	\$ 9,733,359
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.	(10,246)
Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(570,781)
Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. Asset purchases that do not meet the capitalization threshold, are expensed in the Statement of Activities.	1,452,853
Governmental funds report principal payments on long-term liabilities as expenditures in the year paid. However, in the government-wide financial statements, liabilities are reduced when principal payments are made and the Statement of Activities is not affected.	1,437,870
Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is reported on accrual basis for long-term debt through the fiscal year-end.	(67,159)
Governmental funds report note payable proceeds as other financing sources. However, in the government-wide financial statements, the issuance of debt increases long-term liabilities and does not affect the Statement of Activities.	(9,220,500)
The changes in deferred outflow and inflows of resources as well as net pension assets and liabilities are recorded as an expense in the government-wide financial statements. <sup>1</sup>	426,518
Change in Net Position - Governmental Activities	\$ 3,181,914

1. Net of an increase in accrued compensated absences (\$35,672) recorded at the government-wide level.

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 1. CREATION OF DISTRICT**

Denton County Emergency Services District No. 1 (the “District”) is a political subdivision of the State of Texas. It was created under the Texas Health and Safety Code, Chapter 775. The District was established to provide funds for the contracting of emergency services within the boundaries of the District. The District was created in May 2006 but did not begin operations until October 2008.

The District is empowered, among other things, to support or provide local emergency services, including emergency medical services, emergency ambulance services, rural fire prevention and control services, and other emergency services as authorized by the Texas Legislature. The District may impose a sales and use tax and/or property tax to support or provide these services. In addition to other powers, the District may also own real or personal property, enter into contracts, adopt and enforce a fire code, and provide a fire marshal.

District tax revenues may be used to hire full-time emergency personnel, contract with other entities that have full-time fire and emergency medical departments, and/or purchase new equipment and facilities. The District can also contract with volunteer fire and emergency medical services (“EMS”) departments and provide a stable funding source for those entities as well.

The District's primary activities include the levy of property taxes to fund the provision of Fire services to Argyle, Northlake, Bartonville, Lantana, Copper Canyon, Corral City, and certain unincorporated areas of Denton County. The District operates three Fire Stations staffed by 66 Operations Personnel and seven Administrative Personnel. Of the Operations Personnel, 51 are full-time, 10 are part-time, and five are volunteers. The District has also contracted portions of its service area to the Justin Fire Department and Roanoke Fire Department to facilitate closest unit response. In 2024, The Board approved the acquisition of land and construction of a new fire station.

Since its inception in 2006, the District has provided both Fire and EMS funded by a single tax rate. Over time, increasing operating costs made it challenging for the single tax rate to sustain both services. In response, the citizens of the District voted by a significant majority in September 2023 to establish Denton County Emergency Services District No. 2 (“DCESD2”) to provide additional funding specifically for EMS.

Effective January 1, 2024, the District was designated to provide Fire services, while DCESD2 was responsible for Emergency Medical Services (EMS) in the same geographical area. Since DCESD2 was created subsequent to the date when the ad valorem property taxes, which would ordinarily fund the operations of DCESD2, were established in December 2023, DCESD2 did not have funding to provide the EMS that it was then obligated to perform. To ensure continuity of EMS care, DCESD2 contracted with the District for the District to continue providing EMS services on behalf of DCESD2.

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”).

The District is a political subdivision of the State of Texas governed by an appointed board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District’s policy to use restricted resources first.

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlays are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if there were any, would be eliminated by adjustment to obtain net total revenues and expenses in the government-wide Statement of Activities.

Fund Financial Statements

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

Governmental Fund

The District has one governmental fund that is considered a major fund.

General Fund - To account for resources not required to be accounted for in another fund, property tax revenues, costs of assessing and collecting taxes and general expenditures.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in the governmental fund to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Accounting (Continued)

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Capital Assets

Capital assets, which include land, buildings, furniture and fixtures, equipment, vehicles, and construction in progress, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as an expenditure in the governmental fund when incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset after completion. Installation costs, professional fees and certain other costs are capitalized as part of the asset.

Capital assets are capitalized if they have an original cost of \$5,000 or more and a useful life of one year or more. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Buildings	40
Vehicles	7-12
Equipment	5-10
Furniture and Fixtures	5-7

Budgeting

The District's Board of Commissioners approves the General Fund Original Budget before the beginning of the fiscal year in connection with the strategic planning and tax-rate setting processes and may amend the budget during the fiscal year if conditions warrant. Budget amendments are typically limited to material changes that provide meaningful guidance to the Board and Staff during the remainder of the fiscal period. Amendments may be made to address capital acquisitions, intergovernmental agreements, or other operational changes as authorized by the Board. The budget is prepared using the same method of accounting as for financial reporting.

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Budgeting (Continued)

The original General Fund budget for the reporting year was amended. In the required supplementary information, The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

In March 2023, the Board authorized the creation of the Denton County Emergency Services District No. 1 401(a) as the employer funded plan of the District. See Note 9 Pensions for more information.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Governmental Fund Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

*Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted*: amounts that can be spent only for specific purposes due to constitutional provisions, enabling legislation, or externally imposed constraints. As of September 30, 2024, the District has a restricted fund balance of \$5,652,604, which represents unspent loan proceeds designated for the construction of Station 512, three ambulances, and six staff vehicles. See Note 8 Notes Payable for loan information and Note 10 Subsequent Events for Station 512, ambulances, and staff vehicle information.

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

*Committed:* amounts that can be spent only for purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

*Assigned:* amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

*Unassigned:* all other spendable amounts in the General Fund.

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Upcoming and Newly Implemented Accounting Policies

GASB Statement No. 101, Compensated Absences, will better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The District will implement this statement in Fiscal Year 2025.

**NOTE 3. TAX LEVY**

At the inception of the District in 2006, the voters of the District approved a maximum allowable tax rate of \$0.10 per \$100 of assessed valuation on taxable property within the District. For the fiscal year ended September 30, 2024, the District levied an ad valorem tax at an actual rate of \$0.080283 per \$100 of assessed valuation. This rate included \$0.014173 for debt service and \$0.066110 for maintenance.

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 3. TAX LEVY (Continued)**

Based on the adjusted taxable valuation of \$8,383,889,159 for the 2023 tax year, the total tax levy amounted to \$6,625,229.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

**NOTE 4. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At the fiscal year-end, the carrying amount of the District's deposits was \$7,453,736 and the reported bank balance before uncleared checks was \$7,579,728.

As of September 30, 2024, the District's deposits were either insured or fully collateralized; therefore, the District was not exposed to custodial credit risk at year-end.

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: first, understanding the suitability of the investment to the District's financial requirements, second; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, and fifth; yield. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived."



**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 4. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

No person may invest District funds without express written authority from the Board of Commissioners.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District’s investment policy may be more restrictive than the Public Funds Investment Act.

As of September 30, 2024, the District did not own any investments.

**NOTE 5. CAPITAL ASSETS**

	(As Adjusted)			
	October 1, 2023	Increases	Decreases	September 30, 2024
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 303,521	\$ 50,000	\$ -	\$ 353,521
Construction in Progress	<u>652,032</u>	<u>1,105,250</u>	<u>652,032</u>	<u>1,105,250</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 955,553</u>	<u>\$ 1,155,250</u>	<u>\$ 652,032</u>	<u>\$ 1,458,771</u>
<b>Capital Assets Subject to Depreciation</b>				
Buildings and Improvements	\$ 10,566,977	\$ 45,803	\$ -	\$ 10,612,780
Furniture and Equipment	462,170	-	-	462,170
Equipment	1,168,762	251,800	-	1,420,562
Vehicles	<u>2,148,133</u>	<u>1,988,905</u>		<u>4,137,038</u>
<b>Total Capital Assets at Historical Cost Subject to Depreciation</b>	<u>\$ 14,346,042</u>	<u>\$ 2,286,508</u>	<u>\$ - 0 -</u>	<u>\$ 16,632,550</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	\$ 2,368,924	\$ 270,035	\$ -	\$ 2,638,959
Furniture and Fixtures	342,097	56,618	-	398,715
Equipment	1,086,119	57,387	-	1,143,506
Vehicles	<u>718,329</u>	<u>1,523,613</u>		<u>2,241,942</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 4,515,469</u>	<u>\$ 1,907,653</u>	<u>\$ - 0 -</u>	<u>\$ 6,423,122</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 9,830,573</u>	<u>\$ 378,855</u>	<u>\$ - 0 -</u>	<u>\$ 10,209,428</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u><u>\$ 10,786,126</u></u>	<u><u>\$ 1,534,105</u></u>	<u><u>\$ 652,032</u></u>	<u><u>\$ 11,668,199</u></u>

During the reporting fiscal year, the Argyle Volunteer Fire District (“AVFD”) transferred \$1,336,873 of assets including accumulated depreciation of \$1,336,873 to the District, having no net affect on the Districts assets.

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 5. CAPITAL ASSETS (Continued)**

In addition \$652,032 was removed from construction in progress and added to vehicles upon delivery of a new fire engine in March of 2024. Increases to construction in progress were for the mobilization payment to begin Station 512 construction and the purchase of two chassis to begin the construction of two new ambulances. See Note 10 Subsequent Events for more information.

The beginning balances were adjusted. \$365,000 was removed from vehicles historical cost and \$76,052 from vehicle accumulated depreciation due to an asset transfer duplication in prior year. See Note 11 Prior Period Adjustment for more information.

**NOTE 6. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage in the past three years.

**NOTE 7. CONTRACTS FOR EMERGENCY SERVICES**

In October 2007, the District entered into agreements with the AVFD, the City of Roanoke, and the Justin Volunteer Fire Department for fire and EMS protection. The term of each agreement was one year, with a provision for automatic renewal for additional one-year terms. Under the terms of each agreement, the emergency services provider agreed to provide fire services and EMS services to the District. In return, the District agreed to provide funding for such services on a quarterly basis from the tax revenues generated by the District. In 2023, the Agreement with AVFD ended and all employees, assets, and operations were transferred to the District. Agreements with Roanoke Fire Department and Justin Volunteer Fire Department are still in existence. See Note 10 Subsequent Events for additional information.

**NOTE 8. NOTES PAYABLE**

On June 21, 2012, the District entered into a \$3,500,000 promissory note with Government Capital Corporation to fund the construction of Station 511, secured by ad valorem tax revenues. Annual installments of \$260,193 are due each June 1, having begun June 1, 2013, and ending June 1, 2032. The interest rate is 4.135%. Loan Reference: PROP-2012-STN-511GIBBONS.

On March 10, 2017, the District entered into a \$4,600,000 promissory note with Government Capital Corporation to fund the construction of Station 514, secured by ad valorem tax revenues. Annual installments of \$342,828 are due each May 1, having begun May 1, 2018, and ending May 1, 2037. The interest rate is 4.08%. Loan Reference: PROP-2017-STN-6801CLEVELAND

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 8. NOTES PAYABLE (Continued)**

On April 11, 2018, the District entered into a \$623,000 promissory note with Government Capital Corporation to fund the purchase of a 2018 Pierce Velocity fire engine, secured by ad valorem tax revenues. Annual installments of \$74,877 are due each April 4, having begun April 4, 2019, and ending April 4, 2028. The interest rate is 3.495%. Loan Reference: VEH-2018-ENG- 19

On April 12, 2019, the District entered into a \$673,000 promissory note with Government Capital Corporation to fund the purchase of a 2019 Pierce Impel fire engine, secured by ad valorem tax revenues. Annual installments of \$82,768 are due each April 12, having begun April 12, 2020, and ending April 12, 2029. The interest rate is 3.95%. Loan Reference: VEH-2019- ENG-20

On February 15, 2021, the District entered into a \$300,000 promissory note with Government Capital Corporation to fund the purchase of a 2020 Ram 5500 Diesel ambulance, secured by ad valorem tax revenues. Annual installments of \$64,853 are due each February 15, having begun February 15, 2022, and ending February 15, 2026. The interest rate is 2.65%. Loan Reference: VEH-2021-AMB-22

On October 20, 2021, the District entered into a \$334,225 promissory note with Government Capital Corporation to fund the purchase of a 2020 Ram 5500 Diesel ambulance, secured by ad valorem tax revenues. Annual installments of \$71,724 are due each October 20, having begun October 20, 2022, and ending October 20, 2026. The interest rate is 2.395%.  
Loan Reference: VEH-2021-AMB-21

On August 22, 2022, the District entered into a \$652,000 promissory note with Government Capital Corporation to fund the purchase of a 2024 Pierce Impel fire engine, secured by ad valorem tax revenues. Annual installments of \$78,397 are due each August 22, having begun August 22, 2023, and ending August 22, 2032. The interest rate is 3.50%.  
Loan Reference: VEH-2022-ENG-25

On November 1, 2021, the District entered into an assumption agreement with Independent Bank to assume the remaining amount due on a promissory note between AVFD and Independent Bank. The amount of the note assumed was \$1,000,000. This note was used to fund the construction of Station 513. The note was secured by ad valorem tax revenues. Annual principal amounts of \$125,000 were due each January, having begun January 2022, and ending January 2029. Interest amounts were due monthly. The interest rate was 4.50%. The principal amount of this note was paid in full from the subsequent promissory note from Point Bank. Loan Reference: PROP-2021-STN-865COPPERC-01

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 8. NOTES PAYABLE (Continued)**

On November 30, 2023, the District entered into a \$2,380,000 adjustable promissory note with Point Bank to refinance Fire Station 513, secured by real property. Annual principal amounts of \$119,000 were due each December 1, beginning December 1, 2024, and ending December 1, 2043. Interest payments were due monthly. The interest rate was 6.5%. See Note 10 Subsequent Events for the refinancing of this note. Loan Reference: PROP-2024-STN-865COPPERC-02

On July 15, 2024, the District entered into a \$5,300,500 promissory note with Huntington Bank to fund the construction of Fire Station 512, secured by ad valorem tax revenues. Annual installments of \$667,896.22 will be due each July 15, beginning July 15, 2025, and ending July 15, 2034. The interest rate is 4.44%. Loan Reference: PROP-2024-STN-3850DALEEEARN

Also on July 15, 2024, the District entered into a \$1,540,000 promissory note with Huntington Bank to fund the purchase of three ambulances and six staff vehicles, secured by ad valorem tax revenues. Annual installments of \$350,896.89 will be due each July 15, beginning July 15, 2025, and ending July 15, 2029. The interest rate is 4.51%. Loan Reference: VEH-2024-AMB/STAFF-CIP

The following is a summary of transactions regarding the notes payable for the year ended September 30, 2024:

Notes Payable, October 1, 2023	\$ 8,100,397
Add: Note Proceeds	9,220,500
Less: Principal Paid	<u>(1,437,870)</u>
Notes Payable, September 30, 2024	<u>\$ 15,883,027</u>
Notes Payable:	
Due Within One Year	\$ 1,546,317
Due After One Year	<u>14,336,710</u>
Notes Payable, September 30, 2024	<u>\$ 15,883,027</u>

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 8. NOTES PAYABLE (Continued)**

As of September 30, 2024, the debt service requirements on the notes payable were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 1,546,317	\$ 718,102	\$ 2,264,419
2026	1,604,600	651,977	2,256,577
2027	1,600,446	583,434	2,183,880
2028	1,590,244	514,414	2,104,657
2029	1,577,760	443,833	2,021,593
2030-2034	5,822,160	1,322,918	7,145,078
2035-2047	2,141,500	449,897	2,591,397
	\$ 15,883,027	\$ 4,684,575	\$ 20,567,602

As of September 30, 2024, the note balances were as follows:

Loan Reference	Original Balance	Current Balance
PROP-2012-STN-511GIBBONS	\$ 3,500,000	\$ 1,742,088
PROP-2017-STN-6801CLEVELAND	4,600,000	3,407,478
VEH-2018-ENG-19	623,000	275,064
VEH-2019-ENG-20	673,000	368,989
VEH-2021-AMB-21	334,225	205,261
VEH-2021-AMB-22	300,000	124,747
VEH-2022-ENG-25	652,000	538,900
PROP-2021-STN-865COPPERC-01	1,000,000	-
PROP-2024-STN-865COPPERC-02	2,380,000	2,380,000
PROP-2024-STN-3850DALEEARN	5,300,500	5,300,500
VEH-2024-AMB/STAFF-CIP	1,540,000	1,540,000
	\$ 20,902,725	\$ 15,883,027

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 9. PENSION PLAN**

Plan Description

The District provides retirement, disability, and death benefits for all its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of over 850 non-traditional defined benefit pension plans. TCDRS issues a publicly available comprehensive annual financial report (CAFR) which includes financial statements, notes and required supplementary information which can be obtained at TCDRS, Finance

Division, Barton Oaks Plaza IV Suite 500, 901 S. MoPac Expressway, Austin, Texas 78746 or at [www.TCDRS.org](http://www.TCDRS.org).

Benefits Provided

Benefit provisions are adopted by the District, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, 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 8 years of service 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 District.

Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the District 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 deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

At the December 31, 2023, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	<u>0</u>
Inactive employees entitled but not yet receiving benefits	<u>5</u>
Active employees	<u>60</u>

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 9. PENSION PLAN (Continued)**

Contributions

The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 10.93% for the months of the 2023 accounting year. The deposit rate payable by the employee members for calendar year 2023 is 7% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

For the District’s accounting year ended September 30, 2024, the annual pension cost for the TCDRS plan for its employees was \$556,686; the actual contributions were \$556,686. The employees contributed \$355,326 to the plan for the 2024 fiscal year.

Actuarial Assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumption:

Actuarial valuation date	12/31/23
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining Amortization period	17.3 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment return <sup>1</sup>	7.50%
Projected salary increases <sup>1</sup>	4.70%
Inflation	2.50%
Cost-of-living adjustments	0.00%

<sup>1</sup> Includes inflation at the stated rate

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2023. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 9. PENSION PLAN (Continued)**

Actuarial Assumptions (Continued)

Mortality rates were based on the following:

Depositing members – 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

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

Disabled retirees – 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Discount Rate

The discount rate used to measure the total pension liability was 7.6%. The discount rate did not change from the previous year.

In order to determine the discount rate to be used, the actuary 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 the 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.



**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 9. PENSION PLAN (Continued)**

Discount Rate (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, the actuary has used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2024 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 9. PENSION PLAN (Continued)**

Discount Rate (Continued)

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	11.50%	4.75%
Global Equities	2.50%	4.75%
International Equities-Development	5.00%	4.75%
International Equities-Emerging	6.00%	4.75%
Investment-Grade Bonds	3.00%	2.35%
Strategic Credit	9.00%	3.65%
Direct Lending	16.00%	7.25%
Distressed Debt	4.00%	6.90%
REIT Equities	2.00%	4.10%
Master Limited Partnerships (MLPs)	2.00%	5.20%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.75%
Hedge Funds	6.00%	3.25%
Cash Equivalents	2.00%	0.60%

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 9. PENSION PLAN (Continued)**

Changes in Net Pension Liability/(Asset)

Changes in Net Pension Liability/(Asset) for the measurement year ended December 31, 2023, are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances of December 31, 2022	\$ -0-	\$ -0-	\$ -0-
Changes for the year:			
Service Costs	644,295	-	644,295
Interest on the Total Pension Liability	48,966	-	48,966
Effect of Economic/Demographic			
Gains or Losses	433	-	433
Administrative Expenses	-	(365)	365
Member Contributions	-	257,284	(257,284)
Net investment income	-	6,521	(6,521)
Employer Contributions	-	401,731	(401,731)
Other	-	32,991	(32,991)
Balances of December 31, 2023	<u>\$ 693,694</u>	<u>\$ 698,162</u>	<u>\$ (4,468)</u>

Sensitivity Analysis

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

	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total Pension Liability	\$ 853,783	\$ 693,694	\$ 568,571
Fiduciary Net Position	<u>698,162</u>	<u>698,162</u>	<u>698,162</u>
Net Pension Liability/(Asset)	<u>\$ 155,621</u>	<u>\$ (4,468)</u>	<u>\$ (129,591)</u>

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 9. PENSION PLAN (Continued)**

Deferred Inflows/Outflows of Resources

As of September 30, 2024, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -0-	\$ 394
Changes in assumptions	-	-
Net difference between projected and actual earnings	-	15,424
Contributions paid to TCDRS subsequent to the measurement date	-	441,904
	\$ -0-	\$ 457,722

\$441,904 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2024 (i.e. recognized in the District’s financial statements for the year ending September 30, 2025). Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2024	\$	3,895
2025		3,895
2026		3,895
2027		3,895
2028		39
Thereafter	\$	199

2023 Calendar year reported due to the TCDRS GASB report for 2024 not being available until second quarter of 2025. 2024 data will be available in the Financial statements in 2026.

**NOTE 10. SUBSEQUENT EVENTS**

, On January 3, 2025, the District entered into a \$2,408,350 refinance loan with Huntington Bank at an interest rate of 4.59%. The loan was used to retire the Point Bank loan principal (\$2,261,000) associated with Station 513, including issuance costs and an early pay-off penalty. Loan Reference: PROP-2025-STN-865COPPERC-03

In February 2025, the District hired six additional firefighters to place an ambulance in service at Station 513, serving the Lantana and Copper Canyon communities. An older reserve ambulance will be used temporarily until a new ambulance is delivered which is expected to be delivered May 2025.

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 10. SUBSEQUENT EVENTS** (Continued)

The projected completion date for Fire Station 512 is the end of July 2025. This fire station will replace the existing service agreement with the Roanoke Fire Department and enhance service delivery to the southern areas of Northlake and certain southwest unincorporated areas of Denton County. To support operations at this new station, the District expects to hire 12 additional firefighters.

Two additional ambulances are projected for delivery in December 2025 as part of the District's replacement schedule, retiring two current frontline ambulances.

The six staff vehicles were delivered in March 2025. Two of these vehicles will replace units that are over 10 years old, addressing the need for more reliable and updated transportation. Two vehicles will support the newly added command staff positions, and one of whom previously did not have a dedicated vehicle. The final vehicle will be assigned to the on-duty battalion chief, replacing a unit that is over 10 years old, ensuring enhanced reliability during critical operations.

On January 16, 2025, the Board of Commissioners of DCESD2 approved the payment of its obligation of \$3,000,000 to the District for the EMS that the District provided on behalf of DCESD2 in the period of January 1<sup>st</sup>, 2024, through September 30, 2024. This payment was completed on January 22, 2025.

On February 20, 2025, the Board of Commissioners of DCESD2 approved the payment of its obligation of \$7.1 million to the District for the EMS that the District provides on behalf of DCESD2 in the period of October 1, 2024, through September 30, 2025. The first installment in the amount of \$3.21 million for October 2024 through February 2025, was completed in March 2025. Subsequent payments of \$642,000 are scheduled to be made monthly in March through September 2025 so that the obligation will be fully extinguished before the end of the fiscal year.

**NOTE 11. PRIOR PERIOD ADJUSTMENT**

During fiscal year 2024, it was determined that certain capital assets had been inadvertently duplicated during the transfer of assets from the AVFD in the prior fiscal year. See Note 5 – Capital Assets for further detail.

In addition, it was determined that compensated absences liabilities related to employees transferred from AVFD during fiscal year 2023 had not been recognized in accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences.

To correct the duplication of capital assets and properly recognize the liability for compensated absences, an adjustment was made to the beginning fund balance and government-wide net position as of October 1, 2023, as follows:

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 11. PRIOR PERIOD ADJUSTMENT (Continued)**

Government-Wide Net Position - October 1, 2023	\$ 3,155,092
Effect of Adjustments	<u>(794,805)</u>
Government-Wide Net Position - October 1, 2023, As Adjusted	<u>\$ 2,360,287</u>

**NOTE 12. SAFER GRANT**

On September 1, 2023, the District was awarded a Staffing for Adequate Fire and Emergency Response (“SAFER”) grant by the Federal Emergency Management Agency (“FEMA”) in the amount of \$2,818,785. The purpose of this Grant is for the hiring of nine firefighters to support the District in meeting the Nation Fire Protection Association (“NFPA”) 1710 standard.

The period of performance of this grant is from January 20, 2024, through January 19, 2027. All nine firefighters were hired as of January 20, 2024. The District submits biannual progress reports and financial reports to FEMA as required by the grant terms. Reimbursement requests are submitted on a rolling basis, with payments generally received within 28 to 30 days via ACH deposit.

To date the District has received \$874,414 in SAFER grant funds of which \$464,262 was and received in fiscal year 2024. An additional \$88,661 was earned but not yet received as of fiscal year-end and is recorded as a receivable in the financial statements.

**NOTE 13. COMPENSATED ABSENCES**

In addition to other benefits provided, the District compensates eligible employees for paid time off (“Vacation Hours”). Vacation Hours accrue each pay period based on an employee’s regularly scheduled hours per year. Maximum number of Vacation Hours is based in accordance with SOP 106.01. At September 30, 2024, total amounts accrued for Vacation Hours were \$541,521.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2024**

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2024**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes, Including Penalty and Interest	\$ 6,168,687	\$ 6,558,566	\$ 6,657,283	\$ 98,717
Service Fees	2,894,965	2,992,965	6,217,160	3,224,195
Investment Revenues	50,000	100,000	222,731	122,731
Contributions from Other Entities	8,500	38,500	192,395	153,895
SAFER Grant Revenue, Note 12		704,696	552,923	(151,773)
Miscellaneous Revenues	-	25,000	35,150	10,150
<b>TOTAL REVENUES</b>	<b>\$ 9,122,152</b>	<b>\$ 10,419,727</b>	<b>\$ 13,877,642</b>	<b>\$ 3,457,915</b>
<b>EXPENDITURES</b>				
Service Operations:				
District Services -				
Argyle VFD	\$ -	\$ 1,530,000	\$ 735,193	\$ 794,807
Roanoke Fire Department	590,000	590,000	589,914	86
Accounting and Auditing	100,000	154,000	106,531	47,469
Personnel	6,510,595	7,212,994	7,042,672	170,322
Operations	335,300	319,249	362,628	(43,379)
Insurance	93,100	93,100	109,401	(16,301)
Facilities	280,350	314,050	229,548	84,502
Apparatus & Equipment	164,850	322,000	382,092	(60,092)
Training and Safety	44,100	50,100	55,167	(5,067)
Contract Services	143,850	294,473	177,800	116,673
Legal Fees	70,000	70,000	91,846	(21,846)
Tax Assessor/Collector Fees	65,000	80,000	69,370	10,630
Fines & Penalties	-	-	25	(25)
Administration and General	5,000	5,000	-	5,000
Other	2,000	2,000	546	1,454
Loan Issuance Costs	-	-	94,279	(94,279)
Capital Outlay	199,965	395,663	1,452,853	(1,057,190)
Debt Service:				
Note Principal & Interest	1,293,042	1,113,198	1,864,918	(751,720)
<b>TOTAL EXPENDITURES</b>	<b>\$ 9,897,152</b>	<b>\$ 12,545,827</b>	<b>\$ 13,364,783</b>	<b>\$ (818,956)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER EXPENDITURES</b>	<b>\$ (775,000)</b>	<b>\$ (2,126,100)</b>	<b>\$ 512,859</b>	<b>\$ 2,638,959</b>



**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR**  
**THE PERIOD ENDED SEPTEMBER 30, 2024**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>OTHER FINANCING SOURCES(USES)</b>				
Line of Credit Proceeds	\$ 800,000	\$ 50,000	\$ -	\$ (50,000)
Note Proceeds	<u>-</u>	<u>1,600,000</u>	<u>9,220,500</u>	<u>7,620,500</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ 800,000</u>	<u>\$ 1,650,000</u>	<u>\$ 9,220,500</u>	<u>\$ 7,570,500</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 25,000	\$ (476,100)	\$ 9,733,359	\$ 10,209,459
<b>FUND BALANCE - OCTOBER 1, 2023</b>	<u>217,252</u>	<u>217,252</u>	<u>217,252</u>	
<b>FUND BALANCE - SEPTEMBER 30, 2024</b>	<u>\$ 242,252</u>	<u>\$ (258,848)</u>	<u>\$ 9,950,611</u>	<u>\$ 10,209,459</u>

Note: Budget variances are due in large part to the budget not accounting for new debt issuance late in the fiscal year. Mid-year budget adjustment was performed prior to debt issuance.

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Year Ended December 31, 2023(1)
<b>Total Pension Liability</b>	
Service Cost	\$ 644,295
Interest (on the Total Pension Liability)	48,966
Changes of assumptions	-
Effect of economic/demographic gains or losses	433
Benefit payments, including refunds of employee contributions	-
Net change in total pension liability	\$ 693,694
Total pension liability, beginning	-
Total pension liability, ending (a)	\$ 693,694
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$ 401,731
Contributions - employee	257,284
Net investment income	6,521
Benefit payments, including refunds of employee contributions	-
Administrative Expense	(365)
Other	32,991
Net Change in plan fiduciary net position	\$ 698,162
Plan Fiduciary net position, beginning	-
Plan Fiduciary net position, ending (b)	\$ 698,162
<b>Net Pension Liability/(Asset), Ending = (a) - (b)</b>	<u>\$ (4,468)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	100.64%
<b>Covered-employee payroll</b>	\$ 3,675,487
<b>Net pension liability as a percentage of covered-employee payroll</b>	-0.12%

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**  
**SEPTEMBER 30, 2024**

Fiscal Year Ending December 31	Actuarially Determined Contribution(1)	Actual Employer Contribution(1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2023	\$ 401,731	\$ 401,731	\$ -0-	\$ 3,675,487	10.93%
2024	\$ 556,686	\$ 556,686	\$ -0-	\$ 5,076,080	10.97%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis.

**DENTON COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Assumptions

The following methods and assumptions were used to determine contribution rates:

Valuation Date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	17.3 years (based on contribution rate calculated in 12/31/23 valuation)
Asset Valuation Method	5-year, smoothed market
Inflation	2.50%
Salary Increases	4.7%, average over career including inflation, varies by age and service
Investment Rate of Return	7.50%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Change in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New Inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New Inflation, mortality and other assumptions were reflected 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015-2022: Not applicable, prior to TCDRS participation. 2023: No changes in plan provisions were reflected in the Schedule.