
TARRANT COUNTY
EMERGENCY SERVICES
DISTRICT NO. 1

FINANCIAL REPORT

For the Year Ended
September 30, 2023



CPAs and Professional Consultants

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Tarrant County Emergency Service District No. 1 (the "District"), as of and for the year ended September 30, 2023, 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, 2023, and the respective changes in financial position for the year then ended in conformity 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 Standard*, 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 ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 are free from material misstatement, whether due to fraud or error, and to issue an audit'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 judgement 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 misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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 schedule of expenditures of federal awards is 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 February 14, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Whitley Penn LLP

Fort Worth, Texas
February 14, 2024

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1

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, 2023. 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.

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 \$8,840,034 (net position). Of this amount, \$1,913,239 was investment in capital assets, which represents the carrying value of the capital assets. The remaining amount of \$6,926,795 (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 \$1,201,714 during fiscal year 2023.
- The District's governmental fund reported an ending fund balance of \$6,828,408 with \$6,244,930 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.

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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.

Government-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 \$8,840,034 at the close of the most recent fiscal year.

A portion of the District's net position (22 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 \$1,201,714 during the current fiscal year. This increase represents the degree to which ongoing revenues were more than ongoing expenses. Revenues increased 51.7 percent due to an increase of \$839,109 increase property tax revenue and an increase in interest income of \$333,912. Operating expenses increased by 51 percent for the fiscal year 2023 primarily due to increased grant payments.

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

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:

	2023	2022
Current and other assets	\$ 8,420,609	\$ 7,017,933
Capital assets	1,913,239	1,627,351
Total Assets	10,333,848	8,645,284
Current and other liabilities	1,493,814	1,006,964
Total Liabilities	1,493,814	1,006,964
Net Position:		
Investment in capital assets	1,913,239	1,627,351
Unrestricted	6,926,795	6,010,969
Total Net Position	\$ 8,840,034	\$ 7,638,320

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:

	2023	2022
General Revenues		
Property tax	\$ 6,802,478	\$ 5,963,369
Federal revenue	1,975,137	-
Gain on sale of assets	60,000	65,000
Interest income	389,136	55,224
Total General Revenues	9,226,751	6,083,593
Expenses		
Fire services	2,029,500	1,843,000
Ambulance services	2,000,000	1,802,155
Alarm center	420,000	417,386
Aid to departments	500,000	340,000
Contract personnel	88,444	80,939
Insurance premiums	23,359	24,651
Maintenance	157,848	76,516
Grants	315,551	331,410
Grants - ARPA	1,950,138	-
Other	80,762	60,119
Depreciation	459,435	338,374
Total Expenses	8,025,037	5,314,550
Change in net position	1,201,714	769,043
Net Position - Beginning	7,638,320	6,869,277
Net Position - Ending	\$ 8,840,034	\$ 7,638,320

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 \$6,828,408, an increase of \$908,766 in comparison with the prior year. \$6,244,930 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	\$ 6,862,617	\$ 8,904,240
Total expenditures	6,253,230	8,049,127
Net change in fund balance	\$ 609,387	\$ 855,113

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2023, includes equipment and vehicles. The following table summarizes the investment in capital assets as of the current and prior fiscal years.

	2023	2022
Vehicles	\$ 5,061,854	\$ 4,502,557
Equipment	717,840	717,840
	5,779,694	5,220,397
Less: Accumulated depreciation	(3,866,455)	(3,593,046)
Net capital assets	\$ 1,913,239	\$ 1,627,351

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

Debt

As of September 30, 2023, the District did not have long-term debt outstanding.

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Economic Factors and Next Year's Budgets and Rates

The national economic condition has shown slow improvement. The Tarrant County Emergency Services District No. 1's economic condition remains steady with an overall tax revenue increase. Unemployment remained fairly steady after a swift increase in the year prior. Unemployment has seen a small increase this year. The September 2023 Fort Worth-Arlington unemployment rate was 3.8% compared to 3.5% in September 2022. The state average of unemployment rate slightly increased in September 2023 to 4.1% from 4.0% in September 2022. These rates compare to the September national rate of 3.8% for 2023 and 3.3% for 2022.

For fiscal year 2024, the District saw an increase in mineral values, but strong growth in other property value categories caused an increase in the certified tax roll when compared to the previous year's certified tax roll. The District has decreased their property tax rate to \$0.073330 for fiscal year 2024. In November 2023, the voters in the District approved a 2% sales and use tax proposition. This new revenue source will dramatically impact the District's revenue starting in the later part of fiscal year 2024.

While the inflationary trends within the region rose, they have begun to improve. Additionally, the impact of COVID-19 has diminished over time. The District is positioned to respond without impacting fire or emergency medical services in the unincorporated areas of Tarrant County. All of these factors were considered in preparing the District's budgets for the 2023 and 2024 fiscal years.

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, 2023.

	Governmental Fund	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 7,738,744	\$ -	\$ 7,738,744
Taxes receivable, net	98,387	-	98,387
Grants receivable	558,814	-	558,814
Prepays	24,664	-	24,664
Capital assets, net of accumulated depreciation	-	1,913,239	1,913,239
Total Assets	8,420,609	1,913,239	10,333,848
Liabilities			
Accounts payable	1,493,814	-	1,493,814
Total liabilities	1,493,814	-	1,493,814
Deferred Inflows of Resources			
Deferred inflows - property taxes	98,387	(98,387)	-
Total Deferred Inflows of Resources	98,387	\$ (98,387)	-
Fund Balance			
Fund Balance:			
Nonspendable	24,664		-
Restricted	558,814		-
Unassigned	6,244,930		-
Total Fund Balance	\$ 6,828,408		-
Net Position:			
Investment in capital assets			1,913,239
Unrestricted			6,926,795
Total Net Position			\$ 8,840,034

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENSES, AND CHANGES****IN FUND BALANCE****For the Year Ended September 30, 2023**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
General Revenues			
Property tax revenue, net	\$ 6,795,418	\$ 7,060	\$ 6,802,478
Federal revenue	1,975,137	-	1,975,137
Proceeds on sale of assets	60,000	-	60,000
Interest income	389,136	-	389,136
Total General Revenues	<u>9,219,691</u>	<u>7,060</u>	<u>9,226,751</u>
Expenditures/Expenses			
Fire services	2,029,500	-	2,029,500
Ambulance services	2,000,000	-	2,000,000
Alarm center	420,000	-	420,000
Aid to departments	500,000	-	500,000
Contract personnel	88,444	-	88,444
Insurance premiums	23,359	-	23,359
Maintenance	157,848	-	157,848
Grants	315,551	-	315,551
Grants - ARPA	1,950,138	-	1,950,138
Other	80,762	-	80,762
Capital expense	745,323	(745,323)	-
Depreciation	-	459,435	459,435
Total Expenditures/Expenses	<u>8,310,925</u>	<u>(285,888)</u>	<u>8,025,037</u>
Excess (deficiency) of revenues over expenditures/expenses	<u>908,766</u>	<u>\$ 292,948</u>	<u>1,201,714</u>
Fund Balance / Net Position:			
Beginning of year	<u>5,919,642</u>		<u>7,638,320</u>
End of year	<u>\$ 6,828,408</u>		<u>\$ 8,840,034</u>

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1

NOTES TO THE 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.

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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.

<u>Assets</u>	<u>In Years</u>
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, 2023, 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 THE FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

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:

Nonspendable 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 \$0.0800 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.

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of 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.

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 2023, 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. 96 *Subscription-Based Information Technology Arrangements (SBITA)*, was issued in May 2020 and was effective for periods beginning after June 15, 2022. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The District has evaluated the effects of this standard and has determined that this Statement does not impact the financial statements.

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1**NOTES TO THE FINANCIAL STATEMENTS (continued)****Note 2 - Adjustment from Governmental to Government-Wide Basis****Reconciliation of the Government Fund Balance Sheet to the Statement of Net Position**

Total fund balance, governmental fund	\$ 6,828,408
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.	5,779,694
Accumulated depreciation is not reported in the governmental financial statements.	(3,866,455)
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).	98,387
Total net position - governmental activities	\$ 8,840,034

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	\$ 908,766
Amounts reported for governmental activities in the statement of activities are different because:	
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	745,323
Depreciation expense taken to Statement of Activities	(459,435)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	7,060
Change in net position of governmental activities	\$ 1,201,714

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 3 - Cash and Cash Equivalents

As of September 30, 2023, cash and cash equivalents consisted of the following:

Cash and cash equivalents	
Checking accounts	\$ 15,739
Investments	7,723,005
Total Cash and Cash Equivalents	<u><u>\$ 7,738,744</u></u>

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, 2023 were fully covered by FDIC Insurance.

Temporary Investments

Included in cash and cash equivalents at September 30, 2023 were \$7,723,005, invested in TexPool, a pool managed by the Treasurer of the State of Texas. As of September 30, 2023, 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 2023, 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 Rate Risk

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, 2023 was 26 days.

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 3 - Cash and Cash Equivalents (continued)

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.

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, 2023, 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, 2023, the District had outstanding tax receivable balances of \$245,968. The District believes as of September 30, 2023 that balances of \$147,581 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.

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1**NOTES TO THE FINANCIAL STATEMENTS (continued)****Note 5 - Capital Assets**

A summary of changes in capital assets, for the year ended September 30, 2023 is as follows:

	Balance as of October 1, 2022	Additions	(Retirements)	Balance as of September 30, 2023
Vehicles	\$ 4,502,557	\$ 745,323	\$ (186,026)	\$ 5,061,854
Equipment	717,840	-	-	717,840
Total Capital Assets	5,220,397	745,323	(186,026)	5,779,694
Accumulated depreciation	(3,593,046)	(459,435)	186,026	(3,866,455)
Capital Assets, Net	\$ 1,627,351	\$ 285,888	\$ -	\$ 1,913,239

Depreciation expense amounted to \$459,435 in the current fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1**REQUIRED SUPPLEMENTARY INFORMATION****BUDGETARY COMPARISON SCHEDULE - GENERAL FUND****For the Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Adopted	Amended		
Revenues				
Property tax revenue, net	\$ 6,692,617	\$ 6,770,000	\$ 6,795,418	\$ 25,418
Federal Revenue	-	1,694,240	1,975,137	280,897
Gain on sale of assets	60,000	60,000	60,000	-
Interest income	110,000	380,000	389,136	9,136
Total Operating Revenues	<u>6,862,617</u>	<u>8,904,240</u>	<u>9,219,691</u>	<u>315,451</u>
Expenditures				
Fire services	2,029,500	2,029,500	2,029,500	-
Ambulance services	2,000,000	2,000,000	2,000,000	-
Alarm center	420,000	420,000	420,000	-
Aid to departments	400,000	500,000	500,000	-
Contract personnel	96,100	86,100	88,444	(2,344)
Insurance premiums	25,500	25,000	23,359	1,641
Maintenance	100,000	150,000	157,848	(7,848)
Grants	325,000	315,551	315,551	-
Grants - ARPA	-	1,669,240	1,950,138	(280,898)
Other	87,130	90,315	80,762	9,553
Capital expense	770,000	763,421	745,323	18,098
Total Expenditures	<u>6,253,230</u>	<u>8,049,127</u>	<u>8,310,925</u>	<u>(261,798)</u>
Excess of revenues over expenses	<u>609,387</u>	<u>855,113</u>	<u>908,766</u>	<u>53,653</u>
Fund balance - Beginning of Year	<u>5,919,642</u>	<u>5,919,642</u>	<u>5,919,642</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 6,529,029</u>	<u>\$ 6,774,755</u>	<u>\$ 6,828,408</u>	<u>\$ 53,653</u>

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Budgets and Budgetary Accounting

The District has complied with all material budget requirements for the year ended September 30, 2023. An annual budget is adopted by the District's Board of Commissioners, using the same basis of accounting as for financial reporting.

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

FEDERAL AWARDS SECTION

**INDEPENDENT AUDITORS' 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, the financial statements of the governmental activities and the major fund of Tarrant County Emergency Services District No. 1 (the District), as of and for the year ended September 30, 2023, and the notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 14, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 entity'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.

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.

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*

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

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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Fort Worth, Texas
February 14, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE 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") compliance with the type of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (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, 2023. The District's major federal programs are identified in the summary of auditors' 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, 2023.

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.

To the Board of Commissioners
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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Fort Worth, Texas
February 14, 2024

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1**SCHEDULE OF FINDINGS AND QUESTIONED COSTS***For the Year Ended September 30, 2023***I. Summary of Auditors' Results****Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) ?	No

Identification of major program:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
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U.S. Department of Treasury

<i>Coronavirus State and Local Fiscal Recovery Funds</i>	21.027
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Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
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Auditee qualified as low risk auditee?	No
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TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended September 30, 2023

II. Financial Statement Findings

None noted

III. Federal Awards Findings and Questioned Cost

None noted

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****For the Year Ended September 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Contract Number	Federal Expenditures	Pass-through to Subrecipient
U.S. Department of Treasury					
Passed Through from Tarrant County:					
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	N/A	<u>\$ 1,975,137</u>	<u>\$ 1,950,137</u>
Total U.S. Department of Treasury				<u>1,975,137</u>	<u>1,950,137</u>
Total Expenditures of Federal Awards				<u>\$ 1,975,137</u>	<u>\$ 1,950,137</u>
Reconciliation to Financial Statements:					
Federal expenditures	<u>\$ 1,975,137</u>				
Grant Revenue per Statement of Activities	<u><u>\$ 1,975,137</u></u>				

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Basis of Presentation

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.

B. Indirect Cost Rate

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

For the Year Ended September 30, 2023

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Status of Prior Year Findings and Questioned Cost

Not Applicable

TARRANT COUNTY EMERGENCY SERVICES DISTRICT NO. 1

CORRECTIVE ACTION PLAN

For the Year Ended September 30, 2023

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

As part of this responsibility, the District's corrective action plans are presented below.

I. Corrective Action Plan

Not Applicable