

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

**Annual Financial Report  
For the Year Ended September 30, 2025**

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**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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# **S. NOEL SNEDEKER, II**

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## **Report of Independent Auditors**

To the Honorable Commissioners – Nueces County Emergency Services District No. 1  
Corpus Christi, Texas

### **Opinions**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nueces County Emergency Services District No. 1 as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Nueces County Emergency Services District No. 1, as of September 30, 2025 and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Nueces County Emergency Services District No. 1 and to meet my ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Management's Responsibility 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 Nueces County Emergency Services District No. 1'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 Responsibility for the Audit of the Financial Statements**

My 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 my 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Nueces County Emergency Services District No. 1'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 my judgement, there are conditions, or events, considered in the aggregate, that raise substantial doubt about Nueces County Emergency Services District No. 1's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

### **Required Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nueces County Emergency Services District No. 1's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information 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 my opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*S. Noel Snedeker II, CPA*

S. Noel Snedeker, II  
Certified Public Accountant  
February 12, 2026

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**P.O. BOX10066**  
**CORPUS CHRISTI, TEXAS 78410**  
**361-241-2452**

February 12, 2026

The Honorable Commissioners – Emergency Services District No. 1  
Corpus Christi, Texas

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial and Compliance Report, we, the managers of Nueces County Emergency Services District No. 1, discuss and analyze the District's financial performance for the fiscal year ended September 30, 2025. Please read it in conjunction with our independent auditors' report on page 1, and the District's Basic Financial Statements which begin on page 10.

**FINANCIAL HIGHLIGHTS**

- The District's net position increased by \$296,977 as a result of current year's operations.
- During the year, the District's General Fund had expenses and transfers out that were \$15,209 more than the \$6,551,435 generated in tax and other revenues for governmental programs, loans and transfers in. This compares to last year when expenditures exceeded revenues by \$65,304.
- Total cost of all of the District's programs was \$6,678,713 which was \$168,381 less than in the prior year.
- The General Fund ended the year with a fund balance of \$1,345,380, which is a decrease of \$15,209 from the prior year.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 and 11). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 12) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 18) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

## **Reporting the District as a Whole**

### ***The Statement of Net Position and the Statement of Activities***

The analysis of the District's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are considered regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs. All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provides one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we report the District as:

- Governmental activities—Most of the District's basic services are reported here.

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements begin on page 12 and provide detailed information about the most significant funds—not the District as a whole. The District's governmental funds account as follows:

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use of modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position of the District's governmental activities increased from \$3,899,762 to \$4,196,739. This increase in governmental net position was the result, primarily of current year's operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were \$1,622,883 at September 30, 2025.

**Table I**  
**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**CHANGES IN NET POSITION**

	Governmental Activities	
	2025	2024
Current and other assets	\$ 1,987,672	\$ 1,788,080
Capital assets	8,166,682	8,292,146
Total assets	<u>10,154,354</u>	<u>10,080,226</u>
Long-term liabilities	5,292,917	5,515,237
Other liabilities	664,698	665,737
Total liabilities	<u>5,957,615</u>	<u>6,180,974</u>
Net Position:		
Net Investment in Capital Assets	2,452,410	2,412,393
Restricted for Debt Service	118,950	94,949
Restricted for Construction	2,496	2,421
Unrestricted	1,622,883	1,389,999
Total Net Position	<u>\$ 4,196,739</u>	<u>\$ 3,899,762</u>

**Table II**  
**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**CHANGES IN NET POSITION**

	Governmental Activities	
	2025	2024
General Revenues:		
Maintenance and Operations Taxes	\$5,161,144	\$ 4,889,308
Debt Service Taxes	703,793	604,297
Grants and Contributions not Restricted to Specific Functions	192,000	43,500
Charges for Services	695,051	1,007,043
Investment Earnings	84,973	116,317
Miscellaneous	138,729	118,164
Total Revenue	<u>6,975,690</u>	<u>6,778,629</u>
Expenses:		
Fire Protection	6,502,175	6,651,116
Loan Interest	176,538	195,978
Total Expenses	<u>6,678,713</u>	<u>6,847,094</u>
Increase (decrease) in Net Position before		
Transfers and Special Items	296,977	(68,465)
Proir Period Adjustment	-	-
Net Position, Beginning	3,899,762	3,968,227
Net Position, Ending	<u>\$ 4,196,739</u>	<u>\$ 3,899,762</u>

The assessed valuation before exemptions at January 1, 2024 totaled \$7,915,603,425. The current tax rate is \$0.10 per \$100 valuation with a current tax levy of \$5,831,211. The current tax rate is used to finance payment of principal and interest on general long-term debt as well as direct operations.

Through the month of September 2025, the Tax Assessor/Collector's office reports \$5,685,655 of the current levies had been collected. Current tax collections funds were 96.57% of the amount levied. Delinquent taxes in the amount of \$58,952 were collected and reported in the tax year 2025, bringing total collections to \$5,744,607 or 97.58%. Expenditures of the operating fund totaled \$6,566,644 and revenues totaled \$6,051,435.

#### THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 12 and 14) reported a combined fund balance of \$1,466,826 which is more than last year's total of \$1,457,959. Included in this year's total change in fund balance is a decrease of \$15,209 in the General Fund, an increase of \$75 in the Capital Project Fund, and an increase of \$24,001 in the debt service.

The District's General Fund balance of \$1,345,380 reported on pages 12 and 14 differs from the General Fund's budgetary fund balance of \$1,361,530 reported in the budgetary comparison schedule on pages 16 and 50. This is principally due to the District's actual expenditures spent was more than budgeted but a loan of \$500,000.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

##### Capital Assets

At the end of 2025, the District had \$19,163,618 invested in a broad range of capital assets, including fire facilities, fire trucks, ambulances, and equipment.

##### Debt

At year-end, the District had \$5,714,272 in loans versus \$5,879,754 last year, a decrease of 2.81 percent.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for Nueces County is currently 4.5 percent, which is a (4.26%) decrease from the prior year. The decrease is due in large part to growth within the industrial sector within the County. The County's unemployment rate is higher than the State's unemployment rate which was 3.9% at September 2023. The State of Texas is slightly higher than the national rate of 3.8% for the same time period; however, the County was .7% higher than the national rate.

- As compared to last year:

Retail sales increased this year by 0.167% compared to prior year for an increase of \$11,290,269.

County net property taxable value (NTV) increased by \$7,373,703,291 or 18.42% from the prior year.

Port tonnage increased by 0.78 percent from the prior year to \$152,467,696 in 2024.

The total population of the County during the last census was 352,289, a slight increase from the prior year.

None of these factors were considered in preparing the District's budget for the 2025/2026 fiscal year.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Nueces County Emergency Services District No. 1 at its accounting office 361-241-2452.

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## BASIC FINANCIAL STATEMENTS

NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025

EXHIBIT A-1

	Primary Government
	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 679,671
Investments - Current	749,955
Taxes Receivable, Net	260,275
Due from Other Governments	37,200
Capital Assets:	
Land Purchase and Improvements	681,783
Buildings, Net	5,003,441
Furniture and Equipment, Net	2,481,458
Total Assets	9,893,783
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflow Related to Pension Plan	258,938
Deferred Resource Outflow Related to OPEB	1,633
Total Deferred Outflows of Resources	260,571
<b>LIABILITIES</b>	
Noncurrent Liabilities:	
Debt Due Within One Year	665,482
Bonds Payable - Noncurrent	5,048,790
Net Pension Liability	242,205
Net OPEB Liability	1,922
Total Liabilities	5,958,399
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflow Related to Pension Plan	(234)
Deferred Resource Inflow Related to OPEB	(550)
Total Deferred Inflows of Resources	(784)
<b>NET POSITION</b>	
Net Investment in Capital Assets	2,452,410
Restricted for:	
Restricted for Debt Service	118,950
Restricted for Capital Projects	2,496
Unrestricted	1,622,883
Total Net Position	\$ 4,196,739

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

NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

EXHIBIT B-1

Net (Expense)  
Revenue and  
Changes in Net  
Position

Primary Gov.  
Governmental  
Activities

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions		
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
Fire Protection	\$ 6,502,175	\$ 695,051	\$ -	\$ (5,807,124)
Interest on Debt	176,538	-	-	(176,538)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 6,678,713</b>	<b>\$ 695,051</b>	<b>\$ -</b>	<b>(5,983,662)</b>

General Revenues:

Property Taxes, Levied for General Purposes	5,864,937
Grants and Contributions	192,000
Miscellaneous Revenue	138,729
Investment Revenue	84,973
<b>Total General Revenues</b>	<b>6,280,639</b>
Change in Net Position	296,977
Net Position-- Beginning	3,899,762
Net Position - Ending	<b>\$ 4,196,739</b>

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

NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2025

EXHIBIT C-1

	General Fund	Debt Service Fund	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 559,498	\$ 118,950	\$ 1,223	\$ 679,671
Investments - Current	748,682	-	1,273	749,955
Taxes Receivable	262,605	43,601	-	306,206
Allowance for Uncollectible Taxes (credit)	(39,391)	(6,540)	-	(45,931)
Due from Other Governments	37,200	-	-	37,200
<b>Total Assets</b>	<u>\$ 1,568,594</u>	<u>\$ 156,011</u>	<u>\$ 2,496</u>	<u>\$ 1,727,101</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	223,214	37,061	-	260,275
Total Deferred Inflows of Resources	<u>223,214</u>	<u>37,061</u>	<u>-</u>	<u>260,275</u>
<b>FUND BALANCES</b>				
Construction	-	-	2,496	2,496
Retirement of Loans or Notes Payable	-	118,950	-	118,950
Unassigned Fund Balance	1,345,380	-	-	1,345,380
Total Fund Balances	<u>1,345,380</u>	<u>118,950</u>	<u>2,496</u>	<u>1,466,826</u>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<u>\$ 1,568,594</u>	<u>\$ 156,011</u>	<u>\$ 2,496</u>	<u>\$ 1,727,101</u>

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

NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

<b>Total Fund Balances - Governmental Funds</b>	\$	1,466,826
<p>Included in the items related to debt is recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of (\$1,633), a deferred resource inflow in the amount of \$550, a net OPEB liability in the amount of \$1,922. This resulted in an increase (decrease) in net position.</p>		
		261
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.</p>		
		2,412,391
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2025 capital outlays and debt principal payments is to increase (decrease) net position.</p>		
		727,286
<p>Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$(242,205), a deferred resource inflow in the amount of \$234, a net pension liability in the amount of \$258,938. This resulted in an increase (decrease) in net position.</p>		
		16,967
<p>The 2025 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.</p>		
		(687,267)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.</p>		
		260,275
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>4,196,739</b>

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

NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Debt Service Fund	Capital Projects	Total Governmental Funds
<b>REVENUES:</b>				
Property Taxes	\$ 4,940,757	\$ 866,021	\$ -	\$ 5,806,778
Intergovernmental Revenue and Grants	192,000	-	-	192,000
Charges for Services	695,051	-	-	695,051
Investment Earnings	84,898	-	75	84,973
Other Revenue	138,729	-	-	138,729
Total Revenues	<u>6,051,435</u>	<u>866,021</u>	<u>75</u>	<u>6,917,531</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	357,129	-	-	357,129
Public Safety:				
Fire Protection	6,209,515	-	-	6,209,515
Debt Service:				
Principal on Debt	-	665,482	-	665,482
Interest on Debt	-	176,538	-	176,538
Total Expenditures	<u>6,566,644</u>	<u>842,020</u>	<u>-</u>	<u>7,408,664</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(515,209)</u>	<u>24,001</u>	<u>75</u>	<u>(491,133)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Noncurrent Loans	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
Net Change in Fund Balances	(15,209)	24,001	75	8,867
Fund Balance - October 1 (Beginning)	<u>1,360,589</u>	<u>94,949</u>	<u>2,421</u>	<u>1,457,959</u>
Fund Balance - September 30 (Ending)	<u>\$ 1,345,380</u>	<u>\$ 118,950</u>	<u>\$ 2,496</u>	<u>\$ 1,466,826</u>

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

NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	8,867
<p>GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. This contribution made after the measurement date of the plan caused the change in ending net position to increase by \$1,147. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in the net pension liability. This caused a decrease in net position totaling (\$576). The net result is an increase (decrease) in the change in net position.</p>		
		(133)
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2025 capital outlays and debt principal payments is to increase (decrease) the change in net position.</p>		
		727,286
<p>GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. This contribution made after the measurement date of the plan caused the change in ending net position to increase by \$223,871. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in the net pension liability. This caused a decrease in net position totaling (\$122,163). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. This results in an increase (decrease) in the change in net position.</p>		
		190,065
<p>Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.</p>		
		(687,267)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) the change in net position.</p>		
		58,159
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>296,977</b>

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

NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property Taxes	\$ 4,753,593	\$ 4,753,593	\$ 4,940,757	\$ 187,164
Intergovernmental Revenue and Grants	-	-	192,000	192,000
Charges for Services	600,000	600,000	695,051	95,051
Investment Earnings	-	-	84,898	84,898
Other Revenue	-	-	138,729	138,729
Total Revenues	5,353,593	5,353,593	6,051,435	697,842
<b>EXPENDITURES:</b>				
Current:				
General Government	-	-	357,129	(357,129)
Public Safety:				
Fire Protection	5,352,652	5,352,652	6,209,515	(856,863)
Total Expenditures	5,352,652	5,352,652	6,566,644	(1,213,992)
Excess (Deficiency) of Revenues Over (Under) Expenditures	941	941	(515,209)	(516,150)
<b>OTHER FINANCING SOURCES (USES):</b>				
Noncurrent Loans	-	-	500,000	500,000
Total Other Financing Sources (Uses)	-	-	500,000	500,000
Net Change	941	941	(15,209)	(16,150)
Fund Balance - October 1 (Beginning)	1,360,589	1,360,589	1,360,589	-
Fund Balance - September 30 (Ending)	\$ 1,361,530	\$ 1,361,530	\$ 1,345,380	\$ (16,150)

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

**NOTES TO FINANCIAL STATEMENTS**

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Nueces County Emergency Services District No. 1 (the district) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard – setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

**A. REPORTING ENTITY**

The District was created in 1954 as the Nueces County Rural Fire Prevention District. In 2000, the District converted to the Nueces County Emergency Services District No. 1. Nueces County appoints the fire commissioners on a periodic basis. The District covers approximately 80 square miles with three fire stations strategically located within the District. The District conversion allowed the District to increase its ability to tax up to 10 cents per 100 valuation. The District implemented a tax rate of .10 cents per 100 valuation on its original budget adoption.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Nueces County Emergency Services District No. 1 non-fiduciary with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, grants and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. If revenue is not program revenue, it is general revenue used to support all the District’s functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims, and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

GASB 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources are the consumption of net assets by the government that is applicable to a future reporting period and deferred inflows of resources are the acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are incorporated into the definitions of the required components of the residual measure and that measure is renamed as net position, rather than net assets. GASB 63 is effective for current fiscal year. The District is reflecting the applicable deferred outflows or inflows as required, net assets have been renamed as net position.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**D. FUND ACCOUNTING**

The District uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is a separate accounting entity with a self – balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District’s primary operating fund. It accounts for all financial resources except those that are required to be accounted for in another fund.
2. **Debt Service Fund** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds in a debt service fund.
3. **Capital Projects Fund** – The Capital Projects Fund is used to account for capital construction projects.

**BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the net current assets.

All governmental fund types use the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transactions can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one – year availability period is used for revenue recognition for all governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

**E. OTHER ACCOUNTING POLICIES**

1. The District reports inventories of supplies at cost including consumable maintenance. Supplies are recorded as expenditures when they are consumed. The District has no reportable inventory at September 30, 2025.
2. In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The District had \$5,714,272 in debt at September 30, 2025.

3. Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.
4. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	50
Building	20
Improvements	
Infrastructure	50
Vehicles	15
Office Equipment	7
Computer Equipment	7

5. The District has no self-insurance plans.
6. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
7. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
8. For purposes of the statement of Net Position, cash and equivalents include all demand and time deposits of the District.
9. The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

The current tax levy, reduced by an allowance for uncollectible taxes receivable, is recognized in the accounts when levied October 1, and is recorded as deferred revenue at that time. Such deferred revenues are recognized as revenue in the fiscal year they become available. The allowance is adjusted at the end of each fiscal year to equal one – half percent of the current property tax levy for the ten most recent years plus 100% of its appraised value.

Tax billings and collections are handled via the Nueces County Tax Assessor Collectors office.

Property taxes are measurable but not available and hence are not susceptible to accrual. They are not available because the district has decreed that the taxes levied on October 1 will not be available for expenditures or appropriation until the next year (the year to which they apply.)

Allowances for uncollectible tax receivables within the General are based upon historical experience in collecting property taxes. Uncollectable personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Delinquent Taxes Receivable	\$ 262,605	\$ 43,601	\$ 306,206
Allowance for Uncollectable Taxes	(39,391)	(6,540)	(45,931)
Net Delinquent Taxes Receivable	<u>\$ 223,214</u>	<u>\$ 37,061</u>	<u>\$ 260,275</u>

10. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* amended GASB Statement No. 27. Statement No. 68 was issued June 2012 and became effective for governmental financial statements of employers for fiscal years beginning after June 15, 2014. Together these statements define how pension liabilities are calculated by plans and reported by employers and other non-employer contributing entities who prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The Nueces County Emergency Services District #1 has no pension liabilities at September 30, 2025.
11. The Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Reporting for Postemployment Benefits Other Than OPEBs* by State and Local Government Employers, which became effective for fiscal years beginning after June 15, 2017, requires that certain disclosures regarding postemployment benefits other than OPEBs for employees of the District be included in their financial statements.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets at the Beginning of the Year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
Land	\$ 181,783	\$ -	\$ 181,783	
Buildings/Infrastructure	6,239,709	1,162,711	5,076,998	
Furniture & Equip., Trucks Vehicles	12,180,322	9,146,958	3,033,364	
Construction in Progress	-	-	-	
Change in Net Position				<u>8,292,145</u>
<u>Long-term Liabilities at the Beginning of the Year</u>				
Bonds Payable	-			
Loans Payable	5,879,754			
Capital Leases Payable	-			
Compensated Absences	-			
Other	-			
Change in Net Position				<u>5,879,754</u>
Net Adjustment to Net Position				<u><u>\$ 2,412,391</u></u>

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net position. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current Year Capital Outlay</u>			
Land	\$ 500,000	\$ 500,000	\$ 500,000
Buildings & Improvements	61,804	61,804	61,804
Other Improvements	-	-	-
Furniture & Equipment	-	-	-
Construction in Progress	-	-	-
Vehicles & Machinery	-	-	-
Total Capital Outlay	<u>561,804</u>	<u>561,804</u>	<u>561,804</u>
<u>Debt Principal Payments</u>			
Bond Principal	-	-	-
Loan Principal	165,482	165,482	165,482
Capital Lease Payments	-	-	-
Other	-	-	-
Total Principal Payments	<u>165,482</u>	<u>165,482</u>	<u>165,482</u>
Total Adjustment to Net Position		<u>\$ 727,286</u>	<u>\$ 727,286</u>

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustmentsto Net Position</u>
<u>Adjustments to Revenue and Unearned Revenue</u>			
Taxes Collected from Prior Year Levies	260,275	260,275	260,275
Uncollected taxes(assumed collectible) from Current Year Levy			
Uncollected Taxes (assumed collectible) from Prior Year Levy	(202,116)	(202,116)	
Other			
<u>Reclassify Proceeds of Bonds, Loans &amp; Capital Leases</u>			
New Bond Issue			
Discount (Premium) on Issuance of Bonds			
Other			
Prepaid Insurance Premiums			
Total		<u>7,345</u>	<u>260,275</u>

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY DATA**

The District is required to adopt a legal budget; the District prepares and adopts a budget every fiscal year prior to its October 1 beginning fiscal year. The Commissioners may increase or decrease each line item of the budget; however, the total expenditures cannot exceed the District’s estimate of revenues and available cash unless allowed by special resolution. After the Commissioners have properly adopted the budget, the District’s administration and designees have the responsibility to monitor the expenditures to prevent expenditures from exceeding appropriations and to advise the Commissioners as to the conditions of the various expenditure accounts. The District does not use Encumbrance Accounting. The budget for the General Fund is adopted on a basis consistent with Generally Accepted Accounting principles (GAAP) in all material respects.

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Various expenditures line items exceeded appropriations.

**C. DEFICIT FUND EQUITY**

None

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Cash Equivalents**

District Policies and Legal and Contractual Provisions Governing Deposits

*Custodial Credit Risk for Deposits* State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits.

*Foreign Currency Risk* The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by (state an appropriate policy, such as, limiting all deposits denominated in a foreign currency to less than 5% of all deposits.)

As of September 30, 2025, the following are the District's cash and cash equivalents with respective maturities and credit rating:

Type of Deposit	Fair Value	Percent	Maturity in Less than 1 year	Maturity in 1-10 Years	Maturity in Over Over 10 Years	Credit Rating
Cash	\$ 679,671	47.5%	\$ -	\$ -	\$ -	-
Money markets and FDIC Insured Accounts	-	0.0%	-	-	-	-
Investment Pools:						
Texas Class	749,955	52.5%	-	-	-	-
Total Investment Pools:						
Total Cash and Cash Equivalents	\$ 1,429,626	100%	\$ -	\$ -	\$ -	-

**Compliance with the Public Funds Investment Act**

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for the District are specified below:

*Credit Risk* To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in (list investments covered by the district's credit risk policy, such as commercial paper, corporate bonds, mutual bond funds) to the top (or top 2 or 3) ratings issued by nationally recognized statistical rating organizations (NRSROs). As of September 30, 2025, the district's investments in (category such as commercial paper) were rated (give appropriate information, for example, A1 by Standard & Poor's, F-1 by Fitch Ratings, etc.) (If a credit quality disclosure is required and the investment is unrated, the disclosure should indicate that fact.)

*Custodial Credit Risk for Investments* To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All the securities are in the District's name and held by the District or its agent.

*Concentration of Credit Risk* To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually, this limitation is 20%.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

*Interest Rate Risk* To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires (specify some policy guideline such as "at least half of the investment portfolio to have maturities of less than one year on a weighted average maturity basis").

*Foreign Currency Risk for Investments* The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by (state an appropriate policy, such as, "limiting all investments denominated in a foreign currency to less than 5% of all investments".)

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

In this discussion and in the table below, investments are defined according to GASB 72 as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. An asset initially reported as a capital asset and later held for sale would not subsequently be reclassified as an investment.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

As of September 30, 2025, the District had the following investments subject to the fair value measurement (The District had no investments).

Investment by Fair Value Level	Fair Value Measurements Using			
	Balance at Sept. 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities:				
U.S. Treasury Securities	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	-	-	-	-
Total Debt Securities	-	-	-	-
Equity Securities:				
(Describe)	-	-	-	-
Total Equity Securities	-	-	-	-
Venture Capital Investments:				
(Describe)	-	-	-	-
Total Venture Capital Investments	-	-	-	-
Total Investments by Fair Value Level	\$ -	\$ -	\$ -	\$ -
Mutual Funds Total				

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of no investments at September 30, 2025, was determined primarily based on level 2 inputs. The District estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The District has no investments measured at the Net Asset Value (NAV) per Share (or its equivalent).

**Investment Accounting Policy**

The District’s general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. The term “short-term” refers to investments which have a remaining term of one year or less at time of purchase. The term “nonparticipating” means that the investment’s value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**C. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS**

NONE

**D. PROPERTY TAXES**

The current tax levy, reduced by an allowance for uncollectible taxes receivable, is recognized in the accounts when levied October 1, and is recorded as deferred revenue at that time. Such deferred revenues are recognized as revenue in the fiscal year they become available. The allowance is adjusted at the end of each fiscal year to equal one – half percent of the current property tax levy for the ten most recent years plus 100% of its appraised value.

Tax billings and collections are handled via the Nueces County Tax Assessor Collectors office.

Property taxes are measurable but not available and hence are not susceptible to accrual. They are not available because the district has decreed that the taxes levied on October 1 will not be available for expenditures or appropriation until the next year (the year to which they apply.)

The allowance for uncollectible taxes is equal to one – half percent of the property tax levy for the eleven most recent fiscal years plus 100% of the balance of delinquent taxes due remaining more than eleven years.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**E. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at September 30, 2025 consisted of the following individual fund balances:

	Transfers Out	Transfers In
General Fund:		
Debt Service	-	-
Capital Projects		-
Debt Service		
General Fund		-
Capital Projects		
General Fund	-	-
Total	-	-

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
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**F. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at September 30, 2025, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due From Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
<b>Governmental Activities:</b>					
General Fund	\$ 262,605	\$ 37,200	\$ -	\$ -	\$ 299,805
Major Fund - Debt Service	43,601	-	-	-	43,601
Total - Governmental Activities	<u>\$ 306,206</u>	<u>\$ 37,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343,406</u>

Payables at September 30, 2025, were as follows:

	<u>Loans, Leases and Bonds Payable Current Year</u>	<u>Accounts</u>	<u>Due to Other Funds</u>	<u>Due to Other Governments</u>	<u>Other</u>	<u>Total Payables</u>
<b>Governmental Activities:</b>						
General Fund	\$ 665,482	\$ -	\$ -	\$ -	\$ -	\$ 665,482
Major Fund - Debt Service	-	-	-	-	-	-
Total - Governmental Activities	<u>\$ 665,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 665,482</u>

**G. GASB 87**

The District implemented GASB 87 for reporting leases during the reporting period. A right-to-use lease is defined as a contract that conveys control of another entity’s nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a “long-term” lease provided in GASB 87 and must meet the capitalization level set by the Board. The right-to-use lease liability is reported in the government-wide statements. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense.

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With GASB 87, the initial measure of a new right-to-use lease arrangement is reported in government fund types as another financial source during the current period. Monthly payments are reported as principal and interest payments during the reporting period of the fund level statements. The right-to-use lease asset capitalization level is determined by the Board of Directors. The term of the lease must be the noncancelable period during which the District has the right to use the tangible assets of another entity plus any periods in which either the lessee or the lessor has the sole option to extend the lease if it is reasonably certain the option will be exercised, plus any periods in which either the lessee or the lessor has the sole option to terminate the lease if it is reasonably certain the option will not be exercised by that party and must not meet the definition of a short-term lease under GASB 87. If the lease is in a governmental fund, the full amount of the lease asset will be reported as an expenditure in the fund level statements the year the agreement is made. This statement had no significant impact to the District.

**H. CAPITAL ASSET ACTIVITY**

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

	Primary Government			Ending Balance
	Beginning Balance	Additions	Retirements	
Governmental Activities:				
Land	\$ 181,783	\$ 500,000	\$ -	\$ 681,783
Buildings/Infrastructure	6,239,709	61,804	-	6,301,513
Other Equipment	3,228,938		-	3,228,938
CIP	-	-	-	-
Fire Trucks	8,613,731		-	8,613,731
Vehicles	337,652	-	-	337,652
Totals at Historic Cost	<u>18,601,813</u>	<u>561,804</u>	<u>-</u>	<u>19,163,617</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	1,162,711	135,361	-	1,298,072
Other Equipment	1,115,900	81,461	-	1,197,361
Fire Trucks	7,017,910	390,671	-	7,408,581
Vehicles	1,013,147	79,773	-	1,092,920
Total Accumulated Depreciation	<u>10,309,668</u>	<u>687,266</u>	<u>-</u>	<u>10,996,934</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,292,145</u>			<u>\$ 8,166,683</u>

Depreciation expense was charged to governmental functions as follows:

Fire Protection	\$ 687,267
Total Depreciation Expense	<u>\$ 687,267</u>

**I. CAPITAL LEASES PAYABLE**

The District had no capital leases payable at September 30, 2025.

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**J. LOAN OBLIGATIONS PAYABLE**

A summary of changes in general long-term debt for the year ended September 30, 2025 is as follows:

DESCRIPTION	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Payable		Retired	Outstanding 9/30/2025
				Amounts Outstanding 9/30/2024	Issued		
Equipment	3.20%	\$ 1,605,000	\$ 31,066	\$ 494,069	\$ -	\$ 243,091	250,978
Equipment	2.66%	3,000,000	79,830	2,461,319	-	280,138	2,181,181
Fire Station	3.25%	3,450,000	103,825	2,924,366		142,253	2,782,113
Land	4.90%	500,000	103,825	-	500,000		500,000
TOTAL				<u>\$ 5,879,754</u>	<u>\$ 500,000</u>	<u>\$ 665,482</u>	<u>\$ 5,714,272</u>

**K. DEBT SERVICE REQUIREMENTS – LOANS**

Debt service requirements are as follows:

Year Ended September 30	General Obligations		Total Requirements
	Principal	Interest	
2026	685,445	156,575	842,020
2027	449,741	175,356	625,097
2028	477,513	147,584	625,097
2029	491,539	133,558	625,097
2030	505,989	119,108	625,097
Thereafter	<u>3,104,044</u>	<u>592,847</u>	<u>3,696,891</u>
Total	<u>5,714,272</u>	<u>1,325,028</u>	<u>7,039,300</u>

**L. COMMITMENTS UNDER OPERATING LEASES**

The District had no Operating leases at September 30, 2025.

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**M. CHANGES IN LONG-TERM LIABILITIES**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds and Notes Payable:					
Loans	\$ 5,879,754	\$ 500,000	\$ 665,482	\$ 5,714,272	\$ 665,482
<b>Total Governmental Activities</b>					
Long-term Liabilities	<u>\$ 5,879,754</u>	<u>\$ 500,000</u>	<u>\$ 665,482</u>	<u>\$ 5,714,272</u>	<u>\$ 665,482</u>

**N. DEFERRED INFLOWS OF RESOURCES**

Unearned revenue at yearend consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Net Tax Revenue	\$ 223,214	\$ 37,061	\$ 260,275
State & Federal Governments	-	-	-
Total Unearned Revenue	<u>\$ 223,214</u>	<u>\$ 37,061</u>	<u>\$ 260,275</u>

**O. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

During the current year, revenues from local and intermediate sources consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Property Taxes	\$ 4,940,757	\$ 866,021	\$ -	\$ 5,806,778
Penalties, Interest and Other	-	-	-	-
Investment Income	84,898	-	75	84,973
Other	1,025,780	-	-	1,025,780
<b>Total</b>	<u>\$ 6,051,435</u>	<u>\$ 866,021</u>	<u>\$ 75</u>	<u>\$ 6,917,531</u>

**P. LITIGATION**

NONE

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**Q. RETIREMENT PLAN**

During the 2006 fiscal year, the District authorized a Section 457 Retirement Plan for the benefit of the employees. This Plan is allowed for governmental entities under IRC 501. This plan allows employees to defer income taxation on retirement savings into future years. NCESD#1 is the employer, and they are the administrator and sponsor of the plan and have entered into a retirement plan service agreement to outsource record keeping and related services. The current service provider has been Security Benefit Retirement Plan Services since mid-2012. This fund is held in trust by the 457 Plan for the exclusive benefit of participating employees and their beneficiaries. The deferred compensation is available to participating employees upon separation from service, death, disability, retirement or unforeseeable emergencies subject to the plan documents. The Commissioners have delegated the general administration of the Plan to the service provider but has retained all statutory authority and fiduciary responsibility for major decisions of the 457 Plan. The market value of the Plan at September 30, 2025 was \$1,871,905. During the year the employees contributed \$38,199 with a District contribution of \$5,288.

During the 2015 fiscal year, the District established a Section 401(A) Retirement Plan with Security Benefit Retirement Plan Services which allows for employer non-elective and matching contributions. The market value of the Plan at September 30, 2025 was \$1,149,981. During the year employees contributed \$ -0- with a District contribution of \$-0-.

**OTHER INFORMATION**

**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

In October 2023 the District entered into the Texas County and District Retirement System.

**Plan Description**

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas District 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 586 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis.

The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the board within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 30 years regardless of age, or when the sum of their age and years of service equals 75 or more.

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Members are vested after 10 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 their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the board within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the District's commitment to contribute.

At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

**Funding Policy**

The District has elected the annually determined contribution rate (variable rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The District contributed using the actuarially determined rate of 8.12% for the months of the accounting year in 2025.

The deposit rate payable by the employee members for calendar year 2025 was the rate of 7.60% as adopted by the board. The employee deposit rate and the employer contribution rate may be changed by the board within the options available in the TCDRS Act.

**Annual Pension Cost**

The required contribution was determined as part of the December 31, 2024, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2024, included (a) 7.50% investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.6%. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed period. The remaining amortization period at December 31, 2020, was 20 years. For the employer's accounting year ended December 31, 2024, the annual pension cost for the TCDRS plan for its employees was \$383,971 and the actual contributions were \$365,081.

**Contributions**

Employees for the District were required to contribute 7.60% of their annual gross income and at September 30, 2025, the total required contributions were \$200,909.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
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**O. OTHER INFORMATION (continued)**

Actuarial Valuation Information		
Actuarial valuation date	12/31/2023	12/31/2024
Actuarial cost method	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	16.8	20
Asset valuation method	5 year	5 year
	smoothed value ESF: Fund Value	smoothed value ESF: Fund Value
Actuarial assumptions:		
Investment return*	7.50%	7.50%
Projected salary increases*	4.90%	4.60%
Inflation	2.50%	2.50%
Cost of living adjustments	0.00%	0.00%

\*Includes inflation at the stated rate

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**O. OTHER INFORMATION (continued)**

**Net Pension Liability / (Asset)**

<b>Net Pension Liability / (Asset)</b>	<b>12/31/2023</b>	<b>12/31/2024</b>
Total pension liability	\$ 443,006	\$1,007,711
Fiduciary net position	7	765,506
Net pension liability / (asset)	300,760	242,205
Fiduciary net position as a % of total pension liability	32.11%	75.96%
Pensionable covered payroll (1)	\$ 680,886	\$2,870,134
Net pension liability as a % of covered payroll	44.17%	8.44%

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

*Note: Rounding differences may exist above or in other tables in this report.*

*(1) Payroll is calculated based on contributions as reported to TCDRS.*

**Discount Rate**

Discount Rate (2)	7.60%	7.60%
Long-term expected rate of return, net of investment expense (2)	7.60%	7.60%
Municipal bond rate (3)	Does not apply	Does not apply

*(2) This rate reflects the long-term rate of return funding valuation assumptions of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.*

*(3) The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply. See page 6 of this report for further details.*

**Other Key Actuarial Assumptions**

The actuarial assumptions that determined the total pension liability as of December 31, 2024, were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 68.

See Appendix B of this report (Actuarial Methods and Assumptions Used for GASB Calculations) for a listing of key assumptions used in the calculation of the total pension liability and other GASB 68 metrics.

See Appendix C (Actuarial Methods and Assumptions Used for Funding Valuation) of this report for a full description of the actuarial assumptions used in the funding valuation.

Valuation date	December 31, 2023	December 31, 2024
Measurement date	December 31, 2023	December 31, 2024
Employer FYE	October 1, 2024	September 30, 2025

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
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**O. OTHER INFORMATION (continued)**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 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 set based on a long-term time horizon; The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

<b>Asset Class</b>	<b>Benchmark</b>	<b>Target Allocation (1)</b>	<b>Geometric Real Rate of Return (Expected minus Inflation) (2)</b>
U.S. Equities	Dow Jones U.S. Total Stock Market Index	13.00%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	25.00%	8.15%
Global Equities	MSCI World (net) Index	4.00%	5.15%
International Equities - Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	6.00%	4.75%
International Equities - Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	0.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.55%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.70%
Direct Lending	Morning =star LSTA US Leveraged Loan TR USD Index	16.00%	6.85%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	4.00%	6.80%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	3.95%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	4.95%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composit Index	6.00%	3.60%

(1) Target asset allocation adopted at the March 2025 TCDRS Board meeting.

(2) Geometric real rates of return in addition to assumed inflation of 2.35%, per Cliffwater's 2024 capital market assumptions.

(3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
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**O. OTHER INFORMATION (continued)**

**Depletion of Plan Assets / GASB Discount Rate**

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.

The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in the year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments.

The funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act are such that depletion is not projected to occur. To illustrate this, we have shown the projection of the Fiduciary Net Position in the following exhibit ( Projection of Fiduciary Net Position).

Since the 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 of the employer is equal to the long-term assumed rate of return on investments. For GASB 68 this long-term assumed rate of return is net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 7.60% which 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.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
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**O. OTHER INFORMATION (continued)**

**Changes in Net Pension Liability / (Asset)**

<b>Changes in Net Pension Liability / (Asset)</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Fiduciary Net Position</b>	<b>Net Pension Liability / (Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Balances as of December 31, 2023	\$443,006	\$ 142,247	\$ 300,760
Changes for the year:			
Service cost	463,790	-	463,790
Interest on total pension liability (1)	68,917	-	68,917
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	31,998	-	31,998
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	(417)	417
Member contributions	-	200,909	(200,909)
Net investment income	-	26,491	(26,491)
Employer contributions	-	365,081	(365,081)
Other (2)	-	31,194	(31,194)
Balances as of December 31, 2024	\$ 1,007,711	\$ 765,505	\$ 242,207

(1) Reflects the changes in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Relates to allocation of system-wide items.

**Sensitivity Analysis**

The following presents the net pension liability of the District/district, calculated using the count rate of 7.60%, as well as what the Nueces County Emergency Services District No. 2 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.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
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**O. OTHER INFORMATION (continued)**

	<b>Decrease</b>	<b>Discount Rate</b>	<b>Increase</b>
	<b>6.60%</b>	<b>7.60%</b>	<b>8.60%</b>
Total pension liability	\$ 1,275,368	\$ 1,007,711	\$ 804,637
Fiduciary net position	765,506	765,506	765,506
Net pension liability / (asset)	<u>\$ 509,862</u>	<u>\$ 242,205</u>	<u>\$ 39,131</u>

**Pension Expense / (Income)**

<b>Pension Expense / (Income)</b>	<b>January 1, 2024 to December 31, 2024</b>
Service cost	\$ 463,790
Interest on total pension liability (1)	68,917
Effect of plan changes	-
Administrative changes	417
Member contributions	(200,909)
Expected investment return net of investment expenses	(33,073)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	2,688
Recognition of assumption changes or inputs	-
Recognition of investment gains or losses	2,102
Other (2)	(31,194)
	-
Pension expense / (income)	<u>\$ 383,971</u>
	<u>\$ 272,738</u>

(1) Reflects the change in the liability due to the time value of money. TCDRS does not xcharge fees or interest.

(2) Relates to allocation of system-wide items.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
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**O. OTHER INFORMATION (continued)**

As of December 31, 2024 the deferred inflows and outflows of resources are as follows:

<b>Deferred Inflows / Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 29,565
Changes of assumptions	-	-
Net difference between projected and actual earnings	-	7,621
Contributions made subsequent to measurement date (3)	NA	Employer Determined

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

2025	\$ 4,790
2026	4,790
2027	4,788
2028	4,005
2029	2,688
Thereafter (4)	16,125

*(3) If eligible employer contributions were made*

*subsequent to the measurement date through the employer's fiscal year end, the employer should reflect these contributions, adjusted as outlined in Appendix D of this report.*

*(4) Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.*

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
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**O. OTHER INFORMATION (continued)**

<b>Schedule of Deferred Inflows and Outflows of Resources</b>						
	<b>Original Amount</b>	<b>Date Established</b>	<b>Original Recognition Period (1)</b>	<b>Amount Recognized in 12/31/2024 Expense(1)</b>	<b>Balance of Deferred Inflows 12/31/2024</b>	<b>Balance of Deferred Outflows 12/31/2024</b>
Investment	\$6,581	12/31/2024	5	\$1,316	\$0	5265
Economic/	\$ 31,998	12/31/2024	12.0	2,667	-	29331
	\$ -	12/31/2023	13.0	-	\$	-
Employer contributions made subsequent to measurement date (2)	-----Employer Determined-----					

*(1) Investment (gains)/losses are recognized in pension expense over a period of five years, economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active, inactive, and retired members.*

*(2) Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as deferred outflows as outlined in Appendix D of this report.*

**GASB 75 Other postemployment benefit (OPEB) obligations**

**Plan Description**

NCESD #1 participates in the retiree Group Term Life program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple- employer, public employee retirement system. All full and part- time non - temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan.

The plan provides a \$5,000 post- retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program. The OPEB benefit is a fixed \$5,000 lump- sum benefit. No future increases are assumed in the \$5,000 benefit amount. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of ( or opt into) coverage as of Jan. 1 each year. The District's contribution rate for the retirees GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$5,000.

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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

**Other postemployment benefit (OPEB) obligations (Continued)**

	2024
Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	0
Active employees	44
Total	45

***Actuarial assumptions***

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	Does not apply
Salary increases	increases do not effect benefits, but are used in the allocation of costs under the
Discount rate*	4.08%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality rates – service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 135% and female rates multiplied by 120% and projected with 100% of the MP- 2021 Ultimate scale after 2010.
Mortality rates – disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 160% and female rates multiplied by 125% with a 3 year set-forward for both males and females. The rates are projected with 100% of the MP-2021 Ultimate scale after 2010.

Note: The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

***Changes in the OPEB Liability***

Changes in the OPEB liability for the District is summarized in the following table:

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**NOTE 10 Other postemployment benefit (OPEB) obligations (continued)**

	Changes in the OPEB Liability
	Total OPEB Liability (a)
Balance at 12/31/2023	\$ 206
Changes for the year:	
Service cost	1,753
Interest on Total OPEB Liability	64
Changes of benefit terms	-
Difference between expected and actual experience	545
Changes in assumptions or other inputs	(646)
Benefit payments	-
Net changes	1,716
Balance at 12/31/2024	\$ 1,922

Sensitivity of the OPEB liability to changes in the discount rate:

The following presents the OPEB liability of the District, calculated using the discount rate of 4.08%, as well as what the District's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current rate:

Sensitivity of the OPEB Liability to Changes in the Discount Rate			
	1% Decrease Discount Rate 3.08%	Discount Rate 4.08%	1% Increase in Discount Rate 5.08%
Town's net pension liability	\$ 2,741	\$ 1,922	\$ 1,374

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the fiscal year ending September 30, 2025, the District recognized OPEB expense of \$1,811 and the calculation of the expense is summarized in the following table:

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Schedule of OPEB Expense

Service cost	\$ 1,753
Interest on total OPEB liability	64
Changes in benefit terms	-
Employer administrative costs	-
Recognition of deferred outflows/inflows of resources:	-
Differences between expected and actual experience *	42
Changes in assumptions or other inputs **	(48)
Administrative Expense	-
Total pension expense	<u>\$ 1,811</u>

\*In the year of implementation, the beginning of year liability is rolled back from the measurement date, so there will be no experience loss / (gain).

**NOTE 10 Other postemployment benefit (OPEB) obligations (continued)**

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

	Schedule of Deferred Outflows and	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 503	\$ -
Changes in assumptions and other inputs	26	596
Contributions subsequent to the measurement date	Employer Determined	N/A
Total	\$ 529	\$ 596

\$28 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**NUECES COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Net Deferred Outflows/(Inflows) of Resources

<u>Year ended December 31</u>	<u>Amount</u>
2025	\$ (6)
2026	(6)
2027	(6)
2028	(6)
2029	(6)
Thereafter	<u>(37)</u>
Total	<u><u>\$ (67)</u></u>

**NOTE 10 SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through February 12, 2026, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Nueces County Emergency Services District No. 1  
 Budgetary Comparison Schedule - General Fund  
 Budget (GAAP Basis) and Actual  
 Year ended September 30, 2025

Revenues:	Actual	Budget	Budget Amended	Variance Favorable (Unfavorable)
Property Taxes	\$ 4,940,757	\$ 4,753,593	\$ 4,753,593	\$ 187,164
Interest Income	84,898	-	-	84,898
Intergovernmental Rev. & Grants	-	-	-	0
EMS Income	695,051	600,000	600,000	95,051
Miscellaneous Revenue	330,729	-	-	330,729
Total Revenues	<u>\$ 6,051,435</u>	<u>\$ 5,353,593</u>	<u>\$ 5,353,593</u>	<u>\$ 697,842</u>
Expenditures:				
Advertising	571	-	-	(571)
Building Maintenance	145,004	80,000	80,000	(65,004)
Bank Charges	125	-	-	(125)
Bunker Gear	13,595	20,000	20,000	6,405
Computers	-	15,000	15,000	15,000
Comm. Equip. / Supplies	12,804	10,000	10,000	(2,804)
Dispatching	-	-	-	0
Dues and Subscriptions	37,587	30,000	30,000	(7,587)
Equipment Rental	5,367	3,000	3,000	(2,367)
Fuel / Gas	84,648	120,000	120,000	35,352
Insurance General	478,587	200,000	200,000	(278,587)
Legal / Accounting	89,098	70,000	70,000	(19,098)
Public Relations	5,591	15,000	15,000	9,409
Medical Expense	555,865	632,000	632,000	76,135
Miscellaneous	665	4,000	4,000	3,335
Office Expense	47,931	25,000	25,000	(22,931)
EMS Supplies	202,437	100,000	100,000	(102,437)
Comm/ CC Radio	33,174	10,000	10,000	(23,174)
Uniforms	29,429	25,000	25,000	(4,429)
Fire Equipment	-	10,000	10,000	10,000
Training	72,138	25,000	25,000	(47,138)
Incentives	18,330	20,000	20,000	1,670
SCBA	8,042	12,000	12,000	3,958
Tax Collection Fee	93,441	90,000	90,000	(3,441)
Taxes Other	1,746	2,500	2,500	754
Utilities	139,235	150,000	150,000	10,765
Wages / Salaries	2,965,071	2,821,000	2,821,000	(144,071)
Payroll Tax Expense	245,184	213,152	213,152	(32,032)
Retirement Expenditure	8,703	-	-	(8,703)
Retirement TCDRS	346,427	400,000	400,000	53,573
TCDRS Life Insurance	1,999	-	-	(1,999)
Truck maintenance	318,334	120,000	120,000	(198,334)
Fire Equipment	17,309	10,000	10,000	(7,309)
Foam	16,376	20,000	20,000	3,624
ESD Special	11,960	50,000	50,000	38,040
Capital Outlay	559,871	50,000	50,000	(509,871)
Total Expenditures	<u>\$ 6,566,644</u>	<u>\$ 5,352,652</u>	<u>\$ 5,352,652</u>	<u>\$ (1,213,992)</u>
Excess of Revenues over expenditures	<u>(515,209)</u>	<u>941</u>	<u>941</u>	
Transfers In (Out)	<u>500,000</u>	<u>0</u>	<u>0</u>	
Fund Balance October 1, 2024	<u>\$ 1,360,589</u>	<u>\$ 1,360,589</u>	<u>\$ 1,360,589</u>	
Fund Balance September 30, 2025	<u><u>\$ 1,345,380</u></u>	<u><u>\$ 1,361,530</u></u>	<u><u>\$ 1,361,530</u></u>	

Nueces County Emergency Services District No. 1  
 Budgetary Comparison Schedule - Debt Service Fund  
 Budget (GAAP Basis) and Actual  
 Year ended September 30, 2025

Revenues:	Actual	Budget	Budget Amended	Variance Favorable (Unfavorable)
Property taxes, including penalty and interest	\$ 866,022	\$ 842,020	\$ 842,020	\$ 24,020 0
Total Revenues	\$ 866,022	\$ 842,020	\$ 842,020	24,002
Expenditures:				
Principal Payments	665,482	842,020	842,020	176,538
Interest Payments	176,538	-	-	(176,538)
Total Expenditures	\$ 842,020	\$ 842,020	\$ 842,020	0
Excess of Revenues over (under) expenditures	\$ 24,002	\$ 0	\$ 0	
Transfers In (Out)	0	0	0	
Net Change in Fund Balance	24,002	0	0	
Fund Balance October 1, 2024	\$ 94,949	\$ 94,949	\$ 94,949	
Prior Period Adjustment	0	0	0	
Fund Balance September 30, 2025	\$ 118,951	\$ 94,949	\$ 94,949	

Nueces County Emergency Services District No. 1  
 Budgetary Comparison Schedule - Capital Projects Fund  
 Budget (GAAP Basis) and Actual  
 Year ended September 30, 2025

Revenues:	Actual	Budget	Budget Amended	Variance Favorable (Unfavorable)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Interest	\$ 75	\$ -	\$ -	\$ 75
Other Income	-	-	-	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	\$ 75	\$ 0	\$ 0	\$ 75
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Expenditures:				
Capital Outlay	0	-	-	0
Other	-	-	-	0
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	\$ 0	\$ -	\$ -	\$ 0
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Excess of Revenues over (under) expenditures	\$ 75	\$ -	\$ -	
	<u>          </u>	<u>          </u>	<u>          </u>	
Noncurrent Loans	0	-	-	
	<u>          </u>	<u>          </u>	<u>          </u>	
Transfers In (Out)	0	-	-	
	<u>          </u>	<u>          </u>	<u>          </u>	
Net Change in Fund Balance	75	-	-	
	<u>          </u>	<u>          </u>	<u>          </u>	
Fund Balance October 1, 2024	\$ 2,421	\$ 2,421	\$ 2,421	
	<u>          </u>	<u>          </u>	<u>          </u>	
Fund Balance September 30, 2025	\$ 2,496	\$ 2,421	\$ 2,421	
	<u>          </u>	<u>          </u>	<u>          </u>	



NUECES COUNTY EMERGENCY SERVICES DISTRICT #1  
SCHEDULE OF PENSION CONTRIBUTIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Fiscal Year Ended September 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 280,210	\$ 163,439	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to actuarially determined contribution	(280,210)	(163,439)	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,395,399	\$ 1,284,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	11.70%	12.72%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

NUECES COUNTY EMERGENCY SERVICES DISTRICT #1  
NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

**Valuation Date:** Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	16.0 years (based on contribution rate calculated in 12/31/2024 valuation)
Asset Valuation Method	5-yr smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.5%, 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.

**Other Information:** Employer contributions reflect that the current service matching rate was increased to 110%.

NUECES COUNTY EMERGENCY SERVICES DISTRICT #1  
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Plan Year Ended December 31,							
	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>								
Service cost	\$ 1,753	\$ 170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest (on the total OPEB liability)	64	6	-	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	545	-	-	-	-	-	-	-
Change of assumptions	(646)	30	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-	-	-
<b>Net Change in Total OPEB Liability</b>	<u>1,716</u>	<u>206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total OPEB Liability - Beginning</b>	<u>206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 1,922</u></u>	<u><u>\$ 206</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>Covered Payroll</b>	\$ 2,870,134	\$ 680,886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	0.07%	0.03%						

NUECES COUNTY EMERGENCY SERVICES DISTRICT #1  
NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

**Valuation Date:** 31, two years prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry age level percent of salary.
Amortization Method	Straight-line amortization of expected working life.
Remaining Amortization Period	NA
Asset Valuation Method	NA
Inflation	NA
Salary Increases	NA
Investment Rate of Return	4.08%, based on 20-year Bond GO Index published by bondbuyer.com as of December 26, 2024.
Retirement Age	NA
Mortality	See Tables 3 in the Milliman Valuation Report

**Other Information:** There were no benefit changes during the year.

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