



**WILF & HENDERSON, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

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**Communication with Those Charged with Governance**

April 9, 2026

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

Members of the Board:

We have audited the financial statements of the governmental activities of Smith County Emergency Services District, No. 1 (District) for the year ended September 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 14, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note B to the financial statements. During the current fiscal year, the District implemented **GASB Statement No. 101, *Compensated Absences***. This Statement establishes recognition and measurement guidance for employee leave benefits and requires entities to recognize a liability for compensated absences that are attributable to services already rendered and that are probable of resulting in payment or time off. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of outstanding property tax receivable and deferred revenue is based on the amount of collectible taxes. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The estimate for GASB Statement 87, which required a lessee government to recognize 1) a lease liability and 2) an intangible asset representing the lessee's right to use the leased asset or a lessor government to recognize 1) a lease receivable and 2) deferred inflow of resources. We evaluated the key factors and assumptions used to develop these estimates in determining that it was reasonable in relation to the financial statements as a whole, if applicable.

The estimate for GASB Statement 96, which required a government to recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. We evaluated the key factors and assumptions used to develop these estimates in determining that it was reasonable in relation to the financial statements as a whole, if applicable.

The estimate for **GASB Statement No. 101, *Compensated Absences***, which is a liability based on employees' earned but unused leave that is expected to result in future payments or other forms of settlement. This estimate requires management to make assumptions regarding employee leave balances, future usage patterns, termination and retirement rates, and applicable payout provisions under current policies or contractual agreements. Because these assumptions involve significant judgment and are subject to change due to factors such as employee turnover, policy amendments, or collective bargaining agreements, the resulting liability may differ materially from actual amounts ultimately paid. We evaluated the key factors and assumptions used to develop these estimates in determining that it was reasonable in relation to the financial statements as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated April 9, 2026.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Smith County Emergency Services District, No. 1 auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis and the Budget Comparison Schedule, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing this information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the other information, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applies in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

We would also like to express our appreciation for the cooperation and assistance received from you and from the personnel during the course of our audit

Restriction on Use

This information is intended solely for the use of the District's trustees, management, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.



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