

ANNUAL FINANCIAL REPORT

of the

San Jacinto Emergency Services District

**For the Year Ended
December 31, 2025**

(This page intentionally left blank.)

San Jacinto Emergency Services District

TABLE OF CONTENTS

For the Year Ended December 31, 2025

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	7
<u>FINANCIAL STATEMENTS</u>	
Statement of Net Position	16
Statement of Activities	19
Balance Sheet	20
Reconciliation of the Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Change in Fund Balance	22
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance to the Statement of Activities	23
Notes to Financial Statements	25
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Budgetary Comparison Schedule – General Fund	45
Schedule of Changes in net pension asset/liability and related ratios	46
Schedule of Employer Contributions to pension plan	48
<u>SUPPLEMENTARY INFORMATION</u>	53

(This page intentionally left blank.)



INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of the
San Jacinto Emergency Services District:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of San Jacinto Emergency Services District (the "District") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise San Jacinto Emergency Services District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of San Jacinto Emergency Services District, as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Jacinto Emergency Services District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

San Jacinto Emergency Services District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about San Jacinto Emergency Services District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise San Jacinto Emergency Services District's basic financial statements. The Supplementary information schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, flowing script.

BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
May 15, 2026

(This page intentionally left blank.)

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

(This page intentionally left blank.)

San Jacinto Emergency Services District

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

The purpose of the Management's Discussion and Analysis (the "MD&A") is to give the readers an objective and easily readable analysis of the financial activities of the San Jacinto Emergency Services District (the "District") for the year ended December 31, 2025. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Governmental Accounting Standards Board (GASB) Statement No. 34 establishes the content of the minimum requirements for MD&A. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

The annual financial report is presented as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. The financial reporting model requires governments to present certain basic financial statements as well as a Management's Discussion and Analysis (MD&A) and certain other Required Supplementary Information (RSI). The basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities (net position) at December 31, 2025 by \$9,914,854. Of this amount, \$4,326,110 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$1,245,833 during the year.

Government-Wide Statements

The government-wide statements report information for the District as a whole. These statements include transactions and balances relating to all assets, including capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the District as an economic entity. The Statement of Net Position and the Statement of Activities report information on the District's activities that enable the reader to understand the financial condition of the District. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

San Jacinto Emergency Services District

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

The Statement of Net Position presents information on all of the District's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other non-financial factors, such as the District's operating performance need to be considered to assess the overall health of the District.

The Statement of Activities presents information showing how the District's net position changed during the most recent year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities present the District using one class of activity:

1. Governmental Activities – The District's emergency service operations are reported here.

The government-wide financial statements can be found after the MD&A within this report.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the District. They are usually segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The District's operations are reported using governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements.

San Jacinto Emergency Services District

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is considered to be a major fund.

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

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found after the financial statements within this report.

Other Information

In addition to basic financial statements, this MD&A, and accompanying notes, this report also presents certain Required Supplementary Information ("RSI"). The RSI that GASB Statement No. 34 requires includes a budgetary comparison schedule for the general fund. The RSI can be found after the notes to the financial statements within this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. For the District, assets exceeded liabilities by \$9,914,854 as of yearend. Unrestricted net position, \$4,326,110, may be used to meet the District's ongoing emergency service operations.

San Jacinto Emergency Services District

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

Statement of Net Position:

The following table reflects the condensed Statement of Net Position as of yearend:

	Governmental Activities	
	2025	2024
Current and other assets	\$ 8,009,905	\$ 6,779,146
Capital assets, net	5,588,744	5,225,629
Total Assets	13,598,649	12,004,775
Deferred Outflows of Resources	26,778	16,209
Other liabilities	-	552
Debt	-	15,295
Total Liabilities	-	15,847
Deferred Inflows of Resources	3,710,573	3,336,116
Net Position:		
Net investment in capital assets	5,584,578	5,210,213
Restricted	4,166	121
Unrestricted	4,326,110	3,458,687
Total Net Position	\$ 9,914,854	\$ 8,669,021

Current and other assets increased primarily due to the current year surplus. Capital assets increased due primarily to a new pumper tanker and other vehicles and equipment acquired. Debt decreased as a result of principal payments made during the current year.

The overall net position of the District increased due to revenues exceeding expenses by \$1,245,833 during the current year.

San Jacinto Emergency Services District

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

Statement of Activities:

The following table provides a summary of the District's changes in net position:

	Governmental Activities	
	2025	2024
Revenues		
Program revenues:		
Intergovernmental revenues	\$ 34,660	\$ -
Capital grants and contributions	211,866	152,739
General revenues:		
Property taxes	3,413,163	2,995,675
Sales taxes	635,100	506,199
Other income	72,488	12,003
Investment income	200,511	219,091
Insurance recoveries	90,835	103,044
Total Revenues	4,658,623	3,988,751
Expenses		
Fire protection and EMS services	1,919,752	1,970,600
Administration	607,028	407,958
Salaries and benefits	182,808	123,789
Depreciation	701,425	575,949
Interest	1,777	789
Total Expenses	3,412,790	3,079,085
Change in Net Position	1,245,833	909,666
Beginning Net Position	8,669,021	7,759,355
Ending Net Position	\$ 9,914,854	\$ 8,669,021

The District reported an increase in net position of \$1,245,833. This is primarily due to higher property tax, sales tax, and investment revenue as compared to the prior year.

San Jacinto Emergency Services District

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, fund accounting is used to ensure compliance with finance-related legal requirements.

Governmental Funds – The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

The District's general fund reflects a fund balance of \$3,847,520. There was an increase in the fund balance of \$825,047 over the prior year. This increase is attributed to revenues exceeding expenditures for the year.

CAPITAL ASSETS

As of the end of the year, the District's governmental activities funds had invested \$5,584,578 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34.

Major capital asset events during the current year include the following:

- New Pumper Tanker Truck for \$484,400
- 2 Channel VHF Simucast System for \$170,958
- 4 Ram 1500s for \$191,088 in total

More detailed information about the District's capital assets is presented in note IV. C to the financial statements.

DEBT

At the end of the current year, the District had total debt outstanding of \$0. During the year, the District made principal payments on debt obligations totaling \$15,295. More detailed information about the District's long-term liabilities is presented in note IV. D to the financial statements.

San Jacinto Emergency Services District

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund revenues were more than final budgeted revenues by \$649,082 during the year. Actual general fund expenditures were under the final budget by \$425,130. The positive revenue variance was primarily due to actual property and sales tax revenues exceeding budget due to growth within the District.

The positive expenditure variance was due to several expense functions being under budget. Other financing sources were over the budget by \$90,835 due to insurance recoveries being over budget. These variances were the primary reasons for a net positive overall variance of \$1,165,047.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District is located in San Jacinto County, Texas. The overall continued development within the District is expected to continue to fuel increased property and sales tax receipts in the coming year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning this report or requests for additional financial information should be directed to San Jacinto County Emergency Services District, P.O. Box 637, Coldspring, Texas 77331.

(This page is intentionally left blank.)

FINANCIAL STATEMENTS

San Jacinto
Emergency Services District
STATEMENT OF NET POSITION (Page 1 of 2)
December 31, 2025

	Governmental Activities
<u>Assets</u>	
Current Assets	
Cash	\$ 3,472,739
Investments	488,730
Receivables:	
Property taxes	3,925,411
Sales taxes	123,025
Total Current Assets	8,009,905
Non-Current Assets	
Net pension asset	4,166
Capital assets, net of accumulated depreciation	
Capital assets - non-depreciable	959,323
Capital assets - net depreciable	4,625,255
Total Non-Current Assets	5,588,744
Total Assets	13,598,649
<u>Deferred Outflows of Resources</u>	
Pension contributions	19,742
Pension change in assumptions	1,002
Pension investment returns	21
Pension experience vs. assumptions	6,013
Total Deferred Outflows of Resources	26,778
See Notes to Financial Statements.	

San Jacinto
Emergency Services District
STATEMENT OF POSITION (Page 2 of 2)
December 31, 2025

	Governmental Activities
<u>Liabilities</u>	
Current Liabilities	
Accounts payable	\$ -
Total Current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
<u>Deferred Inflows of Resources</u>	
Unavailable revenue - property tax collections related to next year	1,508,413
Unavailable revenue - receivable for next year property tax	2,202,160
Total Deferred Inflows of Resources	<u>3,710,573</u>
<u>Net Position</u>	
Net investment in capital assets	5,584,578
Restricted for pension	4,166
Unrestricted	4,326,110
Total Net Position	<u><u>\$ 9,914,854</u></u>

See Notes to Financial Statements.

(This page is intentionally left blank.)

San Jacinto

Emergency Services District

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

	<u>Governmental Activities</u>
<u>Expenses</u>	
Public safety - fire protection & EMS	
Fire protection and emergency medical services	\$ 1,919,752
Administration	607,028
Salaries and benefits	182,808
Depreciation	701,425
Interest	1,777
Total Program Expenses	<u>3,412,790</u>
<u>Program revenues</u>	
Intergovernmental revenues	34,660
Capital grants and contributions	211,866
Total Program Revenues	<u>246,526</u>
<u>General revenues</u>	
Property taxes	3,413,163
Sales taxes	635,100
Other income	163,323
Investment income	200,511
Total General Revenues	<u>4,412,097</u>
Change in Net Position	<u>1,245,833</u>
Beginning Net Position	<u>8,669,021</u>
Ending Net Position	<u><u>\$ 9,914,854</u></u>

See Notes to Financial Statements.

San Jacinto Emergency Services District

BALANCE SHEET

December 31, 2025

	<u>General Fund</u>
<u>Assets</u>	
Cash	\$ 3,472,739
Investments	488,730
Receivables:	
Property taxes	3,925,411
Sales taxes	123,025
Total Assets	<u><u>\$ 8,009,905</u></u>
 <u>Deferred Inflows of Resources</u>	
Unavailable revenue - property tax collections related to next year	1,508,413
Unavailable revenue - property tax receivable	2,653,972
Total Deferred Inflows of Resources	<u><u>4,162,385</u></u>
 <u>Fund Balance</u>	
Unassigned	3,847,520
Total Fund Balance	<u><u>\$ 3,847,520</u></u>

See Notes to Financial Statements

San Jacinto Emergency Services District

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET December 31, 2025

Total fund balance	\$	3,847,520
--------------------	----	-----------

Amounts reported for governmental activities in the Statement of Net Position:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, non-depreciable		959,323
Capital assets, net depreciable		4,625,255

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

Delinquent property taxes receivable		451,812
Net pension asset		4,166

Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense / expenditure) until then.

Pension contributions		19,742
Pension experience vs. assumptions		1,002
Pension investment returns		21
Pension experience		6,013

Net Position of Governmental Activities	\$	9,914,854
--	-----------	------------------

See Notes to Financial Statements.

San Jacinto

Emergency Services District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE

For the Year Ended December 31, 2025

	General Fund
Revenues	
Property taxes	\$ 3,381,908
Sales taxes	635,100
Intergovernmental revenue	34,660
Capital grants and contributions	211,866
Other income	72,488
Investment income	200,511
Total Revenues	4,536,533
Expenditures	
Current (public safety):	
Emergency medical services	742,046
Fire protection services	744,940
Administration	628,472
Salaries and benefits	186,853
Capital outlay:	
Public safety	1,482,386
Debt service:	
Principal	15,295
Interest	2,329
Total Expenditures	3,802,321
Excess (Deficiency) of Revenues Over (Under) Expenditures	734,212
Other Financing Sources (Uses)	
Insurance recoveries	90,835
Total Other Financing Sources (Uses)	90,835
Net Change in Fund Balance	825,047
Beginning Fund Balance	3,022,473
Ending Fund Balance	\$ 3,847,520

See Notes to Financial Statements.

San Jacinto

Emergency Services District

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balance	\$	825,047
----------------------------	----	---------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		1,060,495
Depreciation		(701,425)

Revenue in the Statement of Activities that does not provide current financial resources are not reported as revenue in the funds.		31,255
--	--	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest		552
Pension (expense)/income		14,614

The issuance of long-term debt provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments		15,295
Net Change in Net Position	\$	<u>1,245,833</u>

See Notes to Financial Statements.

(This page is intentionally left blank.)

San Jacinto Emergency Services District

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements and Reporting Entity

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government.

San Jacinto Emergency Services District (the "District") operates under Chapter 775, "Emergency Services Districts" of V.T.C.A, Health and Safety Code. The District was converted from a Rural Fire Prevention District in August 2001. The District is a duly organized emergency services district, created to protect life and property from fire and to conserve natural and human resources.

As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the District's financial reporting entity. The District has adopted Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity*. No other entities have been included in the District's reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the District's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

B. Basis of Presentation Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the District as a whole. These statements include all activities of the primary government. Governmental activities are normally supported by property and sales taxes and intergovernmental revenues.

San Jacinto Emergency Services District

NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2025

The Statement of Activities presents a comparison between general government expenses and general revenues of the District's governmental activities. Expenses, such as those used to fund the principal operations of District, are presented as general government expenses. Revenues, such as taxes and investment earnings, are presented as general revenues.

The fund financial statements provide information about the government's funds. Separate statements for each fund category are presented.

The government reports the following governmental funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed.

General Fund

The general fund is used to account for the operations of the District's emergency service operations and all other financial transactions not properly includable in other funds. The principal sources of revenue are related to property taxes and sales taxes. Expenditures include all costs associated with the daily operations and contractual obligations of the District.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if

San Jacinto Emergency Services District

NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2025

they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the District reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940 are reported using the pools' share price.

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the District is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

San Jacinto Emergency Services District

NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2025

2. Property Taxes

General property taxes are levied on or as soon after September 1 as possible and become payable October 1 or when levied and become delinquent as of February 1. At the time of each tax levy each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on that property. The tax assessor/collector of San Jacinto County bills and collects the property taxes for the District. The current tax rate to finance general governmental services for the ended December 31, 2025 was \$0.1000 per \$100.

3. Capital Assets

Capital assets, which include land, machinery and equipment, vehicles and buildings, are reported in the applicable governmental activities columns in the government-wide financial statements. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of item or increase its estimated useful life. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Vehicles	5 to 7 years
Machinery and equipment	5 years
Buildings	30 years

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. An example is a deferred charge on refunding reported in the government-wide

San Jacinto Emergency Services District

NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2025

statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

5. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

6. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

7. Fund Balance

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of

San Jacinto Emergency Services District

NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2025

decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (board of commissioners) has by resolution authorized the treasurer to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

8. Long-Term Obligations

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Assets acquired under the terms of leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

9. Estimates

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

San Jacinto Emergency Services District

NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2025

10. Fair Value

The District has applied Governmental Accounting Standards Board (“GASB”) Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

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.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term assets, such as property tax receivable, are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

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.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “Revenue in the Statement of Activities that does not provide current financial resources are not reported as revenue in the funds.”

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. The budget is prepared using the same method of accounting as for financial reporting and serves as a planning tool. Encumbrance accounting is not utilized.

A budget is prepared by fund and function. Appropriations lapse at the end of the year.

San Jacinto Emergency Services District

NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2025

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of December 31, 2025, the District had the following investments:

Investments Type	Carrying Value	Weighted Average Maturity (Years)
Certificates of deposit	\$ 488,730	0.35
External investment pools	3,265,783	0.12
Total carrying value	<u>\$ 3,754,513</u>	
Portfolio weighted average maturity		0.15

Applicable state laws and regulations allow the District to invest its funds in direct or indirect obligations of the United States, the State, or any county, city, school district, or other political subdivision of the State. Funds may also be placed in certificates of deposit of state or national banks or savings and loan associations (depository institutions) domiciled within the State. Related state statutes and provisions included in the District's bond resolutions require that all funds invested in depository institutions be guaranteed by federal depository insurance and/or be secured in the manner provided by law for the security of public funds.

Custodial Credit Risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District requires funds on deposit at the depository bank to be collateralized by securities when in excess of FDIC coverage. As of December 31, 2025, checking deposits and certificates of deposit were collateralized by an amount over and above the yearend balances.

The District invests in Texas CLASS. At year end, the value of Texas CLASS investments was \$3,265,783.

Texas CLASS

Texas CLASS (Texas Cooperative Liquid Assets Securities System Trust) was established in 1996, and was created as an investment pool for its Participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. According to State Code, entities may pool any of their funds, or funds under their control, in order to preserve principal, to maintain the liquidity of the funds, and to maximize yield. The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the "Participants"), Public Trust Advisors LLC (PTA) as Program Administrator, and Wells Fargo Bank Texas, N.A. as Custodian. Texas CLASS invests

San Jacinto Emergency Services District

NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2025

only in securities allowed by the Texas Public Funds Investment Act. The pool is governed by a board of trustees, elected annually by its participants. Texas CLASS is rated 'AAAm' by Standard and Poor's Ratings Services. The District's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

B. Receivables

The following comprise receivable balances of the District at year end:

		General Fund
Property taxes	\$	3,925,411
Sales taxes		123,025
Total	\$	4,048,436

December 31, 2025

34

San Jacinto Emergency Services District

NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2025

governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

The District held a line of credit with People State Bank with a maximum line of \$136,000. The line of credit bears an interest rate of 2.50% and is secured by two of the District's certificates of deposit. The line of credit was paid in full on January 23, 2025.

E. Defined Benefit Pension Plan

1. Plan Description

The District provides retirement, disability, and death benefits for all its eligible employees through a nontraditional defined benefit pension plan in the statewide Texas County & 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 656 nontraditional defined contribution benefit 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.

2. Benefits Provided

The plan provisions are adopted by the District within the options available in Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contribution to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

San Jacinto Emergency Services District

NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2025

3. Funding Policy

The District has elected the annually determined contribution rate (ADCR) 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 ADCR of 16.05% for calendar year 2025.

The District adopted the rate of 7% as the contribution rate payable by the employee members for calendar year 2025. The District may change the employee contribution rate and the employer contribution rate within the options available in the TCDRS Act.

4. Contributions

The required contribution rates for fiscal year 2025 were determined as part of the December 31, 2024 actuarial valuation. Additional information as of the latest actuarial valuation also follows:

Valuation Date	<u>12/31/2024</u>
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of payroll, closed
Amortization Period in years	17.1 years
Asset Valuation Method	5-year Smoothed Fund
Actuarial Assumptions:	
Investment Rate of Return (gross) *	7.5%
Projected Salary Increases *	4.70%
* Includes Inflation at stated-rate Cost-of Living Adjustments	2.5%
	0.0%

San Jacinto Emergency Services District

NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2025

Employees covered by benefit terms

At the December 31, 2025, the following employees were covered by the benefit terms:

Active employees	2
Total	2

Actuarial assumptions:

The Total Pension Liability in the December 31, 2025 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	0 - 5% per year depending on experience
Investment Rate of Return	7.60%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2014 Combined Healthy Mortality Table.

Actuarial assumptions used in the December 31, 2024, valuation were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68.

The long-term expected rate of return on pension plan investments is 7.50% gross of administrative expenses. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

San Jacinto Emergency Services District

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2025

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected minus inflation) (2)
US Equities	Dow Jones U.S. Total Stock Market Index	13%	5.35%
Global Equities	MSCI World (net) Index	4%	5.15%
International Equities – Developed	MSCI World Ex USA (net)	6.00%	4.75%
International Equities – Emerging	MSCI Emerging Markets (net)	0.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.55%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.70%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.85%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	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%
Commodities	Bloomberg Commodities Index	2.00%	1.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (5)	6.00%	5.75%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index(5)	25.00%	8.15%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.60%
Cash Equivalents	90-Day U.S. Treasury	2.00%	1.10%

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

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.35% per Cliffwater's 2025 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.

Discount Rate:

The discount rate used to measure the Total Pension Liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term

San Jacinto Emergency Services District

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2025

expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability (Asset).

Changes in the Net Pension Liability (Asset):

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset)(a) – (b)
Balance at 12/31/23	\$ 61,506	\$ 61,628	\$ (121)
Changes for the year:			
Service Cost	11,338	-	11,338
Interest on total pension liability ⁽¹⁾	5,536	-	5,536
Effect of economic/demographic gains or losses	-	-	6,411
Administrative expense	-	(48)	48
Member contributions	-	5,933	(5,933)
Net investment income	-	6,697	(6,697)
Employer contributions	-	13,653	(13,653)
Other ⁽²⁾	-	1,096	(1,096)
Net changes	23,286	27,330	(4,045)
Balance at 12/31/24	<u>\$ 84,792</u>	<u>\$ 88,958</u>	<u>\$ (4,166)</u>

(1) Reflects the change 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 of the net pension liability (asset) to changes in the discount rate

The following presents the net pension liability (asset) of the District, calculated using the discount rate of 7.6%, as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

1% Decrease 6.60%	Current Single Rate Assumption 7.60%	1% Increase 8.60%
\$ 9,359	\$ (4,166)	\$ (15,384)

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the internet at www.tcdrs.com.

San Jacinto Emergency Services District

NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2025

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ending December 31, 2025, the District recognized pension expense of \$5,126.

At December 31, 2025, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 21
Changes in actuarial assumptions	1,002
Investment gains	6,013
Contributions subsequent to the measurement date	19,742
Total	\$ 26,778

The District reported \$19,742 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending December 31, 2025.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2026	\$ 658
2027	1,388
2028	167
2029	401
2030	648
Thereafter	3,774
	\$ 7,036

V. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District

San Jacinto Emergency Services District

NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2025

carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three fiscal years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

C. Subsequent Events

On February 2, 2026, the District acquired three firetrucks for a total cost of \$1,653,500.

There were no other material subsequent events through May 16, 2026 the date the financial statements were available to be issued.

(This page is intentionally left blank.)

REQUIRED SUPPLEMENTARY INFORMATION

(This page is intentionally left blank.)

San Jacinto

Emergency Services District

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 3,106,379	\$ 3,106,379	\$ 3,381,908	\$ 275,529
Sales tax	200,000	200,000	635,100	435,100
Intergovernmental revenues	15,500	17,624	34,660	17,036
Capital grants and contributions	-	563,448	211,866	(351,582)
Other income	-	-	72,488	72,488
Investment earnings	-	-	200,511	200,511
Total Revenues	<u>3,321,879</u>	<u>3,887,451</u>	<u>4,536,533</u>	<u>649,082</u>
Expenditures				
Emergency medical services	743,200	743,200	742,046	1,154
Fire protection services	829,876	930,443	744,940	185,503
Administration	483,428	503,718	628,472	(124,754)
Salaries and benefits	177,227	182,706	186,853	(4,147)
Capital outlay	1,412,648	1,849,759	1,482,386	367,373
Debt service - principal	14,335	16,460	15,295	1,165
Debt service - interest	1,165	1,165	2,329	(1,164)
Total Expenditures	<u>3,661,879</u>	<u>4,227,451</u>	<u>3,802,321</u>	<u>425,130</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(340,000)</u>	<u>(340,000)</u>	<u>734,212</u>	<u>1,074,212</u>
Other Financing Sources				
Insurance recoveries	-	-	90,835	90,835
Total other financing sources	<u>-</u>	<u>-</u>	<u>90,835</u>	<u>90,835</u>
Net Change in Fund Balance	<u>\$ (340,000)</u>	<u>\$ (340,000)</u>	<u>825,047</u>	<u>\$ 1,165,047</u>
Beginning Fund Balance			<u>3,022,473</u>	
Ending Fund Balance			<u>\$ 3,847,520</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

San Jacinto Emergency Services District

SCHEDULE OF CHANGES IN NET PENSION ASSET/LIABILITY

For The Year Ended:

	12/31/24	12/31/23	12/31/22	12/31/21
Total pension liability				
Service cost	\$ 11,338	\$ 9,960	\$ 9,969	\$ 9,936
Interest (on the Total Pension Liability)	5,536	4,263	3,290	2,377
Differences between expected and actual experience	6,411	1,150	(445)	(429)
Changes of assumptions	-	-	-	96
Net change in total pension liability	23,285	15,373	12,814	11,980
Total pension liability - beginning	61,507	46,134	33,320	21,340
Total pension liability - ending (a)	\$ 84,792	\$ 61,507	\$ 46,134	\$ 33,320
Plan fiduciary net position				
Contributions - employer	\$ 13,653	\$ 8,170	\$ 7,145	\$ 6,254
Contributions - members	5,933	3,570	3,134	3,134
Net investment income (loss)	6,697	4,988	(2,961)	5,552
Administrative expenses	(48)	(32)	(26)	(19)
Other	1,096	609	1,477	272
Net change in plan fiduciary net position	27,331	17,305	8,769	15,192
Plan fiduciary net position - beginning	61,628	44,324	35,558	20,366
Plan fiduciary net position - ending (b)	\$ 88,958	\$ 61,628	\$ 44,327	\$ 35,558
Fund's net pension (asset)/ liability - ending (a) - (b)	\$ (4,166)	\$ (121)	\$ 1,807	\$ (2,238)
 Plan fiduciary net position as a percentage of the total pension liability				
	104.91%	100.20%	96.08%	106.72%
Covered employee payroll	\$ 84,751	\$ 51,000	\$ 44,767	\$ 44,767
Fund's net position as a percentage of covered employee payroll	-4.92%	-0.24%	4.04%	-5.00%

Notes to schedule:

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

<u>12/31/20</u>	<u>12/31/19</u> ¹
\$ 9,151	\$ 8,735
1,507	708
(381)	7
1,613	-
<u>11,890</u>	<u>9,450</u>
<u>9,450</u>	<u>-</u>
\$ 21,340	\$ 9,450
\$ 6,254	\$ 6,254
3,134	3,134
1,021	(10)
(15)	(7)
279	323
<u>10,672</u>	<u>9,694</u>
9,694	-
<u>\$ 20,366</u>	<u>\$ 9,694</u>
<u>\$ 974</u>	<u>\$ (244)</u>

95.44%	102.58%
\$ 44,767	\$ 44,767
2.18%	-0.55%

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

	<u>12/31/2025</u>	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Actuarially determined employer contributions	\$ 19,742	\$ 13,653	\$ 8,170	\$ 7,145
Contributions in relation to the actuarially determined contribution	\$ 19,742	\$ 13,653	\$ 8,170	\$ 7,145
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 123,001	\$ 84,750	\$ 51,000	\$ 44,767
Employer contributions as a percentage of covered payroll	16.05%	16.11%	16.02%	15.96%

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Notes	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
-------	--

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	17.1 years

Asset Valuation Method	5 years smoothed market
------------------------	-------------------------

Inflation	2.50%
-----------	-------

Salary Increases	Varies by age and service. 4.7% average over career.
------------------	--

Investment Rate of Return	7.50%, net of investment expenses, including inflation
---------------------------	--

Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
----------------	---

Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
-----------	--

Notes No changes in plan provisions.

<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
\$ 6,254	\$ 6,254	\$ 6,254
<u>\$ 6,254</u>	<u>\$ 6,254</u>	<u>\$ 6,254</u>
\$ -	\$ -	\$ -
\$ 44,767	\$ 44,767	\$ 44,768
13.97%	13.97%	13.97%

(This page is intentionally left blank.)

SUPPLEMENTARY INFORMATION

(This page is intentionally left blank.)

San Jacinto
Emergency Services District
SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2025

SCHEDULE OF GENERAL GOVERNMENTAL EXPENDITURES

Administrative expenses	\$ 460,544
Salaries and benefits	186,853
Appraisal district	118,928
Contract ambulance	651,480
First responders	90,566
Insurance	40,000
Tax assessor collector	9,000
Volunteer fire departments:	
Insurance, training, and other	351,837
980 North VFD	29,980
Bear Creek VFD	62,059
Cape Area VFD	23,231
Camilla VFD	29,493
Coldspring VFD	40,326
Oakhurst VFD	32,633
Point Blank VFD	50,187
Punkin-Evergreen VFD	48,396
Shepherd VFD	76,798
TOTAL	\$ 2,302,311

SCHEDULE OF PROPERTY TAXES RECEIVABLE

Property valuations	\$ 3,710,569,000
2024 tax rate (per \$100 appraised value)	0.100
TAX LEVY	\$ 3,710,569

TAXES RECEIVABLE, BY YEARS

2013 & prior	\$ 26,749
2014	7,701
2015	9,723
2016	10,325
2017	12,471
2018	18,346
2019	22,394
2020	26,439
2021	36,869
2022	55,988
2023	85,480
2024	139,331
2025	3,473,595
TOTAL TAXES RECEIVABLE	\$ 3,925,411