

Frio County Emergency Services District #1
Annual Financial Report
For the Year Ended September 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Frio County Emergency Services District #1

Opinions

We have audited the accompanying financial statements of the governmental activities of Frio County Emergency Services District #1 as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Frio County Emergency Services District #1's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, of Frio County Emergency Services District #1, as of September 30, 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. 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 Frio County Emergency Services District #1, 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

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 Frio County Emergency Services District #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 Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Frio County Emergency Services District #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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Frio County Emergency Services District #1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information 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.

Ede & Company, LLC

Ede & Company, LLC

Uvalde, Texas
April 16, 2026

Frio County Emergency Services District #1

Management's Discussion and Analysis

As management of the Frio County Emergency Services District #1, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Frio County Emergency Services District #1 for the year ended September 30, 2025. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The assets of the Frio County Emergency Services District #1 exceeded its liabilities at the close of the 2025 year by \$3,317,021 (net position). Of this amount, \$3,317,021 (unassigned net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Frio County Emergency Services District #1's governmental funds reported combined ending fund balances of \$3,323,036. 100 percent of this total amount, \$3,323,036 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,323,036, or 486.77 percent of total general fund expenditures, and 101.41 percent of the general fund revenues.

Overview of the Financial Statements. This discussion and analysis are intended to serve as an introduction to the Frio County Emergency Services District #1's basic financial statements. The Frio County Emergency Services District #1's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Frio County Emergency Services District #1's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Frio County Emergency Services District #1 that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Frio County Emergency Services District #1 include administration and fire protection.

The government-wide financial statements can be found a listed in the table of contents of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Frio County Emergency Services District #1, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be reported in one category: 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 statement, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the 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 Frio County Emergency Services District #1 adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 8 and 9 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10-16 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain statistical supplementary information. Statistical and supplementary information can be found on page 18 of this report.

Financial Analysis of the District as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

The District's net position at fiscal year-end is \$3,317,021. This is a \$2,605,377 increase over last year's net position of \$711,644. The following table provides a summary of the District's net position at September 30:

	Summary of Net Position			
	Governmental Activities		Amount Change	%
	2025	2024		Change
Current and other assets	\$ 3,435,462	\$ 826,219	\$ 2,609,243	315.81%
Capital assets	343,430	443,810	(100,380)	-22.62%
Total assets	<u>3,780,917</u>	<u>1,272,053</u>	<u>2,508,863</u>	<u>197.23%</u>
Current liabilities	125,088	113,881	11,207	9.84%
Long-term liabilities	336,782	444,503	(107,721)	-24.23%
Total liabilities	<u>461,870</u>	<u>558,384</u>	<u>(96,514)</u>	<u>-17.28%</u>
Net position:				
Invested in capital assets, net of related debt	(101,074)	(104,520)	3,446	-3.30%
Unrestricted	3,418,095	816,164	2,601,931	318.80%
Total net position	<u>\$ 3,317,021</u>	<u>\$ 711,644</u>	<u>\$ 2,605,377</u>	<u>366.11%</u>

The District reported positive balances in net position for governmental activities. Net position increased \$2,605,377 for governmental activities.

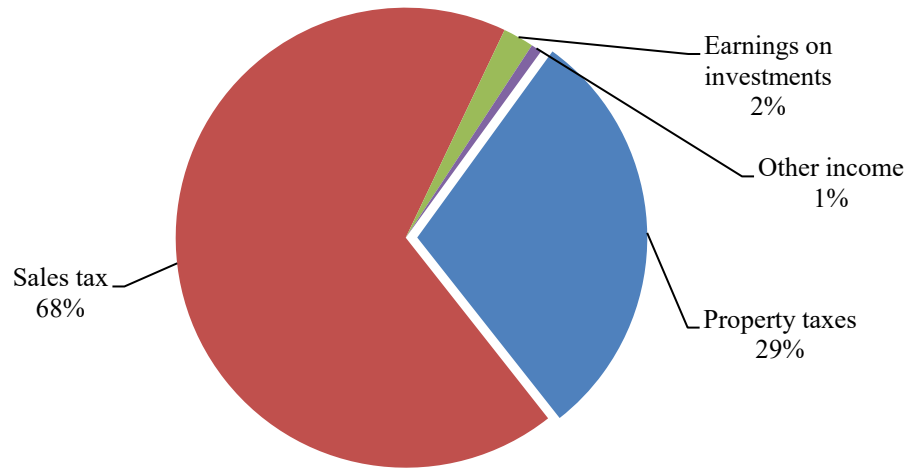
Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the District's changes in net position for the year ending September 30, 2025:

Summary of Changes in NetPosition

	Governmental Activities		Amount Change	%
	2024	2024		Change
Revenues:				
General revenues				
Property taxes	\$ 964,713	\$ 821,690	\$ 143,023	17.41%
Sales tax	2,223,605			
Intergovernmental revenue	-	38,993	(38,993)	100.00%
Interest on investments	71,346	3,217	68,129	2117.78%
Other income	24,945	6,885	18,060	262.31%
Total revenues	<u>3,284,609</u>	<u>870,785</u>	<u>190,219</u>	<u>21.84%</u>
Expenses:				
Fire protection	422,383	395,678	26,705	6.75%
Administration	256,849	261,509	(4,660)	-1.78%
Total expenses	<u>679,232</u>	<u>657,187</u>	<u>22,045</u>	<u>3.35%</u>
Changes in net position	2,605,377	213,598	168,174	78.73%
Beginning net position	711,644	498,076	118,779	23.85%
Prior period adjustment	-	-	-	100.00%
Ending net position	<u><u>3,317,021</u></u>	<u><u>711,674</u></u>	<u><u>286,953</u></u>	<u><u>40.32%</u></u>

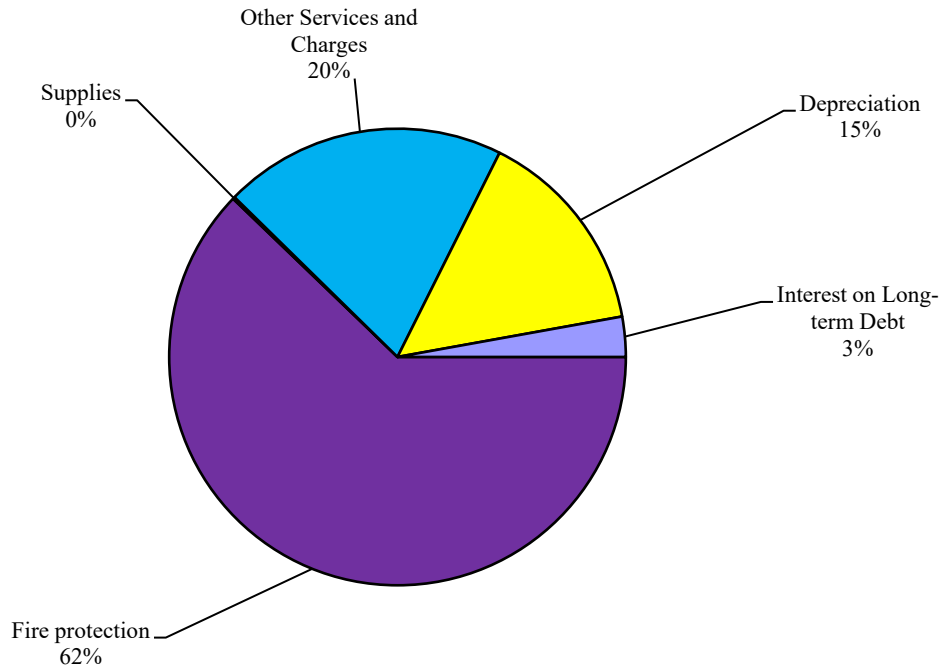
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the District's activities for the year of 2025.

Governmental Revenues - 2025



Total \$3,284,609

Governmental Functional Expenses - 2025



Total \$679,232

The graph shows the total governmental activities cost of \$679,232 for this year. Of this amount, fire protection with \$422,383 was the largest operating cost with 62% of the total cost for services, primarily funded by the District's taxing power.

Financial Analysis of the District's Funds

As noted earlier, the Frio County Emergency Services District #1 uses fund accounting to ensure and demonstrate 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, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As of the end of 2025, the District's governmental funds reported ending fund balances of \$3,323,036, an increase of \$2,594,259 in comparison with the prior year. 100% (\$3,323,036) constitutes unassigned fund balance, which is available for spending at the District's discretion. The general fund is the chief operating fund of the District. The general fund is the only governmental fund currently used by the District.

The fund balance of the Frio County Emergency Services District #1's general fund increased by \$2,594,259 during 2025. Key factors include:

- The District has a conservative attitude toward budgeting.
- The District began collecting sales tax.
- The District funded providers less than budgeted.

- The District spent less than budgeted.

General Fund Budgetary Highlights

The District utilized an annual budget for 2025. Differences between the original operating budget and the final amended operating budget were \$62,302 or 6.58 percent of the original budget amount. The changes can be summarized as follows:

- The District increased the budget for fire protection and medical services.
- The District decreased the budget for administration.

Economic Factors and the Next Year's Budgets and Rates

The District has adopted a 2026 budget of \$913,650 with appropriations of \$2,592,191. This budget may be amended to reflect unanticipated changes that occur during the year. The District adopted a tax rate of .03/\$100 on a valuation of \$33,926,366.

Requests for Information

This financial report is designed to provide a general overview of the Frio County Emergency Services District #1's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District at P O Box 64, Bigfoot, TX 78005.

Frio County Emergency Services District #1
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2025

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	\$ 2,874,249	\$ -	\$ 2,874,249
Due from other governments	464,638	-	464,638
Taxes receivable	95,059	-	95,059
Prepayments	1,517	-	1,517
Capital assets			
Capital assets-net of accumulated depreciation	-	343,430	343,430
Total assets	\$ 3,435,463	343,430	3,778,893
LIABILITIES			
Accounts payable	17,367	-	17,367
Notes payable			
Due within one year	-	107,721	107,721
Due after one year	-	336,782	336,782
Total liabilities	17,367	444,503	461,870
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue - property taxes	95,059	(95,059)	-
FUND BALANCES/NET POSITION			
Fund balances:			
Unreserved	3,323,036	(6,015)	3,317,021
Total liabilities and fund balances	\$ 3,435,462	343,429	3,778,891
Net Position:			
Invested in capital assets, net of related debt		(101,074)	(101,074)
Unassigned		3,418,095	3,418,095
Total net position		\$ 3,317,021	\$ 3,317,021

The accompanying notes are an integral part of this statement.

Frio County Emergency Services District #1
Statement of Activities and Governmental Funds
Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2025

	General Fund	Adjustments	Statement of Activities
Revenues:			
Property taxes	\$ 957,041	\$ 7,672	\$ 964,713
Sales tax	2,223,605	-	2,223,605
Intergovernmental	-	-	-
Investment earnings	71,346	-	71,346
Proceeds from issuance of long-term debt	-	-	-
Other income	24,945	-	24,945
Total revenues	3,276,937	7,672	3,284,609
Expenditures/expenses:			
Operations of the district:			
Other services and charges	136,114	-	136,114
Supplies	1,070	-	1,070
Capital outlay	-	-	-
Depreciation	-	100,380	100,380
Principal on long-term debt	103,826	(103,826)	-
Interest on long-term debt	19,285	-	19,285
	260,295	(3,446)	256,849
Contracts with service providers:	422,383	-	422,383
Total expenditures/expenses	682,678	(3,446)	679,232
Excess (deficiency) of revenues over expenditures	2,594,259	11,118	2,605,377
Change in net position			
Fund balance/net position:			
Beginning of the year	728,777	(17,133)	711,644
Prior period adjustment	-	-	-
End of the year	\$ 3,323,036	\$ (6,015)	\$ 3,317,021

The accompanying notes are an integral part of this statement.

Frio County Emergency Services District #1

Notes to the Financial Statements

For the Year Ended September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Frio County Emergency Services District #1 was created by the voters of the District in a special election conducted as authorized by the Texas Health and Safety Code Chapter 775. The District is governed by a Board of Commissioners appointed by the County Judge.

The reporting entity is defined as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component units board of directors and either 1) the ability to impose will by the primary government, or 2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The District does not have any component units. The District is not a component unit of any other entity.

B. Government –wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers who goods or services provided by a given function or segment. Other items not properly included among program revenues are reported instead as general revenues.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

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 they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fund Accounting

The District uses funds and account groups to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

Frio County Emergency Services District #1

Notes to the Financial Statements

For the Year Ended September 30, 2025

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources.

Expendable assets are assigned to the various governmental funds according to the purpose for which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund.

D. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the statement of net position column of the government-wide statement of net position but are not reported in the general fund column.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold for equipment of \$5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

All capital assets are depreciated over their useful lives using the straight-line method.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

F. Fund Equity

The District reports fund balances for the governmental funds in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable classification represents assets that will be consumed or “must be maintained intact” and therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts and grants specify how fund resources can be used in the restricted classification. The nature of these two classifications precludes a need for a policy for the District Directors. However, the Directors have adopted fund balance policies for the three unrestricted classifications: committed, assigned, and unassigned.

From time to time, the District Directors may commit fund balances by a majority vote in a scheduled meeting. The Commissioner's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Commissioner's commitments cannot exceed the amount of fund balance that is greater than the sum of nonspendable and restricted fund balances since that practice would commit funds that the District does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions (rainy day funds), and other purposes determined by the Directors.

Frio County Emergency Services District #1
Notes to the Financial Statements
For the Year Ended September 30, 2025

The District Directors may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Directors may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Directors by majority vote in a scheduled meeting.

When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

G. Reconciliation of Government-wide and General Fund Financial Statements

**Reconciliation of General Fund Balance to
Net Position of Governmental Activities
September 30, 2025**

Total Fund Balances - Governmental Funds	\$ 3,323,036
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Amounts reported in governmental activities in the statement of net position are different because:

Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds. In addition, long-term liabilities, including bonds payable, are not due 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 decrease net position.	(104,520)
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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 other adjustments is to increase net position.	103,826
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The 2025 depreciation expense increased accumulated depreciation. The net effect to the current year's depreciation is to decrease net position.	(100,380)
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Other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include eliminating interfund transactions. The net effect of these reclassifications is to decrease net position.	<u>95,059</u>
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Net Position of Governmental Activities	\$ <u><u>3,317,021</u></u>
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Frio County Emergency Services District #1
Notes to the Financial Statements
For the Year Ended September 30, 2025

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities**

Net Change in Governmental Fund Balances	\$	2,594,259
 Amounts reported for the governmental activities in the statement of activities are different because:		
 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 in the government-wide statements. The net effect of removing the 2025 capital outlays and principal payments on debt is to increase net position.		
		103,826
 Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of the current year's depreciation is to decrease net position.		
		(100,380)
 Other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. The net effect of these adjustments is to decrease net position.		
		7,672
 Change in Net Position of Governmental Activities	 \$	 <u>2,605,377</u>

NOTE 2 – DEPOSITS AND INVESTMENTS

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.

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 not participating in foreign currency transactions.

District Policies and Legal and Contractual Provisions Governing Investments

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

Frio County Emergency Services District #1
Notes to the Financial Statements
For the Year Ended September 30, 2025

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.

Statutes authorize the entity to invest in (1) obligations of Use U.S. Treasury, certain U.S. agencies, and the State of Texas. (2) certificates of deposit, (3) certain municipal securities. (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances. (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Frio County Emergency Services District #1 is in substantial compliance with the requirements of the Act and with local policies.

Additional polices and contractual provisions governing deposits and investments for Frio County Emergency Services District #1 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 to depository bank certificates of deposits and state sponsored investment pools.

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. All of 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 investments in both depository bank certificates of deposits and state sponsored investment pools.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires the investment portfolio to have maturities of less than two years 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 not investing in foreign currencies.

Frio County Emergency Services District #1
Notes to the Financial Statements
For the Year Ended September 30, 2025

NOTE 3 - PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable before January 31 of the following year. All unpaid taxes become delinquent February 1 of the following year. The appraisal of property within the District is the responsibility of the Frio County Appraisal District, which is required to assess all property within the District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. The total assessed value at January 1, 2024, upon which the fiscal 2025 levy was based was \$3,239,042,633.

NOTE 4 – CAPITAL ASSETS

Summary by category of changes in general fixed assets:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets being depreciated:</i>	\$ 912,692	\$ -	\$ -	\$ 912,692
Total capital assets being depreciated	<u>912,692</u>	<u>-</u>	<u>-</u>	<u>912,692</u>
Less accumulated depreciation for:				
Furniture and equipment	(468,882)	(100,380)	-	(569,262)
Total accumulated depreciation	(468,882)	(100,380)	-	(569,262)
Total capital assets being depreciated, net	<u>443,810</u>	<u>(100,380)</u>	<u>-</u>	<u>343,430</u>
Governmental activities capital assets, n \$	<u><u>443,810</u></u>	<u><u>(100,380)</u></u>	<u><u>-</u></u>	<u><u>343,430</u></u>

Depreciation for the year is \$100,380.

NOTE 5 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions injuries to employees and natural disaster. During the year ended September 30, 2025, the District contracted with various insurance companies for liability, property, and crime damage.

Frio County Emergency Services District #1
Notes to the Financial Statements
For the Year Ended September 30, 2024

NOTE 6 – LONG-TERM DEBT

The following is a summary of long-term debt transactions of the District for the year ended September 30, 2025:

	Balance October 1, 2024	Issued	Payments	Balance September 30, 2025
Notes Payable TBI-ML-000090263	\$ 242,784	\$ -	\$ 32,190	\$ 210,594
Notes Payable FirstBank Southwest-8116048	129,113	-	30,878	98,235
Notes Payable Government Capital Corporation	176,432	-	40,758	135,674
Total	\$ 548,329	\$ -	\$ 103,826	\$ 444,503

Long-term debt payable at September 30, 2024, is comprised of the following:

Notes Payable #ML000090263 TBI, NA, Interest Rate 2.477%, Matures July 28, 2031, Amount Issued: \$334,761, Amount Outstanding \$274,196. Annual payment is 34,816.

Notes Payable 8116048 FirstBank Southwest, Interest Rate 3.05%, Matures April 5, 2028, Amount Issued: \$291,046, Amount Outstanding \$159,077. Annual payment is \$38,204.

Notes Payable Government Capital Corporation, Interest Rate 5.29%, Matures December 26, 2027, Amount Issued: \$222,663, Amount Outstanding \$222,663. Annual payment is \$50,02.

The annual requirements for long-term debt obligations are summarized as follows:

Year Ending September 30	Principal	Interest	Total Requirement
2026	107,722	15,390	123,112
2027	111,779	11,332	123,111
2028	115,842	7,104	122,946
2029	35,500	2,704	38,204
2030	36,379	1,825	38,204
2031-2036	37,280	923	38,203
TOTALS	444,502	39,278	483,780

Frio County Emergency Services District No. 1
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended September 30, 2025

	Original Budget	Revised Budget	Total Actual	Variance
<u>REVENUES</u>				
Property taxes	\$ 736,857	941,685	957,041	15,356
Sales tax	-	722,710	2,223,605	1,500,895
Investment income	-	75,000	71,346	(3,654)
Proceeds from issuance of long-term debt	-	-	-	-
Other income	-	-	24,945	24,945
Total revenue	<u>736,857</u>	<u>1,739,395</u>	<u>3,276,937</u>	<u>1,537,542</u>
<u>EXPENDITURES</u>				
Fire protection & medical services:				
Contracts with service providers	<u>580,000</u>	<u>663,731</u>	<u>422,383</u>	<u>241,348</u>
Administration:				
Supplies				
Postage	149	150	99	51
Office supplies	2,500	2,500	971	1,529
	<u>2,649</u>	<u>2,650</u>	<u>1,070</u>	<u>1,580</u>
Other services and charges				
Legal Fees	15,000	15,000	17,607	(2,607)
Audit	10,000	10,000	9,885	115
Business administrator	24,000	24,000	24,250	(250)
Communication	-	-	2,219	(2,219)
Dues & Subscriptions	1,200	1,200	1,008	192
Insurance	1,800	1,800	1,360	440
Tax appraisal fees	28,000	28,000	24,416	3,584
Tax collection fees	1,430	1,000	-	1,000
Training/travel	5,000	5,000	2,066	2,934
Sales tax HDL fees	15,000	15,000	19,800	(4,800)
Sales tax consulting fees	-	25,000	20,800	4,200
Consultant	-	-	11,753	(11,753)
TCPA fee	-	15,000	-	15,000
Website	2,000	2,000	950	1,050
Contingency	261,000	200,000	-	200,000
	<u>364,430</u>	<u>343,000</u>	<u>136,114</u>	<u>206,886</u>
Capital outlay				
Equipment	-	-	-	-
Debt service				
Principal on long-term debt	-	-	19,285	(19,285)
Interest on long-term debt	-	-	103,826	(103,826)
	<u>-</u>	<u>-</u>	<u>123,111</u>	<u>(123,111)</u>
Total expenditures	<u>947,079</u>	<u>1,009,381</u>	<u>682,678</u>	<u>326,703</u>
Excess of revenues over expenditures	(210,222)	730,014	2,594,259	1,864,245
Other financing sources/uses				
Proceeds from issuance of long-term debt	-	-	-	-
Fund balance, beginning	728,777	728,777	728,777	-
Prior period adjustment	-	-	-	-
Fund balance, ending	<u>\$ 518,555</u>	<u>\$ 1,458,791</u>	<u>\$ 3,323,036</u>	<u>\$ 1,864,245</u>

(Unaudited)