

Montemayor Britton Bender Carey PC

CERTIFIED PUBLIC ACCOUNTANTS

COMAL COUNTY EMERGENCY SERVICES DISTRICT NO. 4

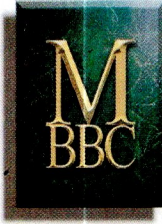
INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 2025

COMAL COUNTY EMERGENCY SERVICES DISTRICT NO. 4

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-6
Statement of Net Position and Governmental Funds Balance Sheet	7
Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances	8
Notes to Financial Statements	9-14
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	15



Montemayor Britton Bender Carey PC

CERTIFIED PUBLIC ACCOUNTANTS

Arturo Montemayor III CPA, President & CEO | Stacy Britton CPA, Shareholder | Sean Bender CPA, Shareholder
Danielle Guerrero, Shareholder | Sara Carey CPA, Shareholder

Board of Commissioners
Comal County Emergency Services District No. 4

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Comal County Emergency Services District No. 4 (District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our 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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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.

125 Rose Street
Suite 202
Buda TX 78610
512.422.7926
www.montemayor.team



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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 5 and on page 14 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.

Montemayor Brittan Bender Carey PC

May 18, 2026
Buda, Texas

COMAL COUNTY EMERGENCY SERVICES DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025

The following is a narrative overview and analysis of the financial activities of the Comal County Emergency Services District No. 4 (the District) for the year ended December 31, 2025. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The District's property tax rate was approved at \$0.0747 per \$100 of assessed valuation for October 1, 2025. The statutory limit, as established by the State of Texas constitution, is \$0.10 per \$100 of assessed valuation. Property tax revenues for the year were \$3,418,635, which represented a 23% increase over prior year.
- Sales tax revenues for the year were \$3,148,525.
- The District had an increase in net position of \$1,311,785 for the year.
- Current and other assets amounted to \$10,289,041 at December 31, 2025, which represented an increase of \$875,933 compared to the \$9,413,108 for current and other assets at December 31, 2024.
- Capital assets increased by \$1,047,272, due to additions of \$1,882,128, offset by depreciation and amortization expense of \$828,599 and a loss on disposal of \$6,257.
- The District's long-term liabilities decreased by \$147,278, as a result of principal payments of \$197,747, offset by acquisition of a lease of \$50,469.

Overview of the Financial Statements

This annual report consists of three parts-*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The *basic financial statements* include two kinds of statements that present different views of the District. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business reporting on a full accrual basis of accounting.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District has improved or deteriorated.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (example: property taxes assessed but uncollected as of 60 days after year-end).

Because the District's principal source of revenue is property and sales taxes, the government-wide financial statements are grouped into one function that is supported by taxes (governmental activities).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and account for resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund

COMAL COUNTY EMERGENCY SERVICES DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025

accounting to ensure and demonstrate compliance with finance-related legal or contractual requirements. The District has one fund, the General Fund.

Governmental Funds: The General Fund is 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, the governmental funds financial statements focus on current year cash inflows and outflows, as well as balances of resources available for spending at the end of the year. Such information may be useful in evaluating the District's recent 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 the General Fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's recent financing decisions. Both the Governmental Funds balance sheet and the Governmental Funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between Governmental Fund and government-wide financial statements.

Government-Wide Financial Analysis

Net position may serve as a useful indicator of the District's financial position. The District's net position (assets less liabilities and deferred inflows) was \$15,279,660 as of December 31, 2025. Capital assets, net of depreciation and related debt, accounted for \$9,074,856 or 59% of the total net position. Capital assets reflect the large investments in facilities and equipment that are necessary to provide adequate fire suppression and emergency medical response services to the community. The remaining balance of net position of \$6,204,804 is unrestricted and available to meet the District's ongoing obligations to citizens and creditors. Governmental activities account for all of the changes in net position at the government-wide reporting level because the District engages in no business-type activities. The tables below summarize the financial position of the District at December 31, 2025 and 2024 and the results of operations for the same year ended.

<u>Assets</u>	<u>2025</u>	<u>2024</u>
Current and other assets	\$10,289,041	\$9,413,108
Capital assets, net of accumulated depreciation and amortization	<u>9,644,166</u>	<u>8,596,894</u>
Total assets	<u>19,933,207</u>	<u>18,010,002</u>
<u>Liabilities</u>		
Current liabilities	110,261	6,481
Long-term liabilities	<u>569,310</u>	<u>716,588</u>
Total liabilities	<u>679,571</u>	<u>723,069</u>
<u>Deferred inflows of resources</u>	<u>3,973,976</u>	<u>3,319,058</u>
<u>Net position</u>		
Net investment in capital assets	9,074,856	7,880,306
Unrestricted	<u>6,204,804</u>	<u>6,087,569</u>
Total net position	<u>\$15,279,660</u>	<u>\$13,967,875</u>
<u>General revenues</u>	<u>2025</u>	<u>2024</u>
Property taxes	\$3,418,635	\$2,789,129
Sales taxes	3,148,525	3,090,983
Interest and other	<u>279,165</u>	<u>292,033</u>
Total revenues	<u>6,846,325</u>	<u>6,172,145</u>
<u>Expenses</u>		
Public safety	5,425,029	4,924,344
General and administration	81,252	85,547
Interest	<u>28,259</u>	<u>33,330</u>
Total expenses	<u>5,534,540</u>	<u>5,043,221</u>

COMAL COUNTY EMERGENCY SERVICES DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025

Change in net position	1,311,785	1,128,924
Net position- beginning	13,967,875	12,838,951
Net position- ending	<u>\$15,279,660</u>	<u>\$13,967,875</u>

The District's total revenues were \$6,846,325, which represented an increase of \$674,180 over the prior year. The bulk of the District's revenues, or 96%, come from property and sales taxes. Total expenses for the year were \$5,534,540, which represented an increase of \$491,319, or 10%, over the prior year.

Financial Analysis of the Governmental Fund

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

During the year ending December 31, 2025, the District's only Governmental Fund was the General Fund, and it reported ending fund balance of \$6,153,120, an increase of \$141,176 from \$6,011,944 as of December 31, 2024. The District had committed fund balances of \$600,000 and an unassigned ending fund balance of \$5,553,120, which was available for spending at the District's discretion.

General Fund Budgetary Highlights

General Fund revenues were \$602,266 or 10%, over budget, due higher than anticipated property taxes, sales tax and interest and other income. Expenses for the General Fund were \$340,665 less than budget, due primarily to expenses for general, administration and capital outlay being less than budgeted. Additionally, the budgeted expenditures of \$200,000 for contingency were not used. The District acquired a right-of-use (ROU) asset related to a lease, which resulted in an other financing source of \$50,469.

Capital Assets

The District's capital assets at December 31, 2025, net of accumulated depreciation, totaled \$9,644,166. The current year increase of \$1,047,272 reflected capital outlay of \$1,882,128, offset by depreciation and amortization expense of \$828,599 and a loss on disposal of \$6,257. Capital assets include rolling apparatus, buildings and improvements, equipment, and deposits on construction in progress. Additionally, the District has a lease for a ROU asset.

Long-Term Debt

The District's long-term debt at December 31, 2025 amounted to \$569,310 from a loan and a lease. The current portion of the long-term debt was \$217,040. The fire station is pledged as collateral on the loan. Activity during the year ended December 31, 2025 consisted of \$197,747 in principal payments and interest expense of \$28,269.

Economic Factors, Future Years' Budgets and Tax Rates

The October 1, 2025 property tax levy increased 15% over the previous year. Additionally, the District collects sales tax revenues. The total earned in 2025 was \$3,148,525, which represented an increase of 2% over the prior year. Sales tax collections for the first four months of 2026 decreased 2% from the same period for 2025.

The District considers many factors when approving budgets for the next year's activities. With increased tax revenues, the District's budget for operating expenses is expected to increase a proportional amount to support increased services.

COMAL COUNTY EMERGENCY SERVICES DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025

Requests for Information

This financial report is designed to provide a general overview of the finances of the District for all parties with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Comal County Emergency Services District No. 4
353 Rodeo Drive
Spring Branch, Texas 78070
(830) 228-4215

COMAL COUNTY EMERGENCY SERVICES DISTRICT NO. 4
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2025

ASSETS	<u>General Fund</u>	<u>Adjustments (Note 10)</u>	<u>Statement of Net Position</u>
Cash and cash equivalents	\$557,303		\$557,303
Due from Comal County Tax Assessor-Collector	1,976,676		1,976,676
Short-term investments	5,106,922		5,106,922
Property tax receivable	1,999,258		1,999,258
Sales tax receivable and other	648,882		648,882
Capital assets:			
Land and CIP	0	772,650	772,650
Other capital assets, net of depreciation	<u>0</u>	8,871,516	<u>8,871,516</u>
Total capital assets	<u>0</u>		<u>9,644,166</u>
Total assets	<u>\$10,289,041</u>		<u>19,933,207</u>
LIABILITIES			
Accounts payable	\$110,261		110,261
Long-term liabilities:			
Due within 1 year	0	217,040	217,040
Due in more than 1 year	<u>0</u>	352,270	<u>352,270</u>
Total liabilities	<u>110,261</u>		<u>679,571</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent period	3,973,976		3,973,976
Delinquent property taxes	<u>51,684</u>	(51,684)	<u>0</u>
Total deferred inflows of resources	<u>4,025,660</u>		<u>3,973,976</u>
FUND BALANCES/NET POSITION			
FUND BALANCES			
Committed	600,000	(600,000)	
Unassigned	<u>5,553,120</u>	(5,553,120)	
Total fund balances	<u>6,153,120</u>		
Total liabilities, deferred inflows and fund balances	<u>\$10,289,041</u>		
NET POSITION			
Net investment in capital assets		9,074,856	9,074,856
Unrestricted		6,204,804	<u>6,204,804</u>
Total net position			<u>\$15,279,660</u>

The accompanying notes are an integral part of this financial statement presentation.

COMAL COUNTY EMERGENCY SERVICES DISTRICT NO. 4

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2025

EXPENDITURES/EXPENSES:	<u>General Fund</u>	<u>Adjustments (Note 10)</u>	<u>Statement of Activities</u>
Current service operations:			
Public safety service provider contract	\$4,567,192		\$4,567,192
General and administration	104,233		104,233
Loss on disposal	0	6,257	6,257
Depreciation and amortization	0	828,599	828,599
Capital outlay	1,882,128	(1,882,128)	0
Debt service:			
Interest	28,259		28,259
Principal payments	<u>197,747</u>	(197,747)	<u>0</u>
Total expenditures	<u>6,779,559</u>		<u>5,534,540</u>
 GENERAL REVENUES:			
Property taxes	3,442,576	(23,941)	3,418,635
Sales taxes	3,148,525		3,148,525
Interest and other	<u>279,165</u>		<u>279,165</u>
Total general revenues	<u>6,870,266</u>		<u>6,846,325</u>
REVENUES OVER/(UNDER) EXPENDITURES	90,707		1,311,785
 OTHER FINANCING SOURCES:			
Acquisition of right of use asset - lease	<u>50,469</u>	<u>(50,469)</u>	<u>0</u>
CHANGE IN FUND BALANCE/NET POSITION	141,176		1,311,785
BEGINNING FUND BALANCE/NET POSITION	<u>6,011,944</u>		<u>13,967,875</u>
ENDING FUND BALANCE/NET POSITION	<u>\$6,153,120</u>		<u>\$15,279,660</u>

The accompanying notes are an integral part of this financial statement presentation.

COMAL COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

The Comal County Emergency Services District No. 4 (District) is responsible for fire and rescue services in the northwestern areas of Comal County, Texas. The Board of Commissioners (the Board), a five-member group, has governance responsibilities over all activities related to emergency service operations within the jurisdiction of the District. The Board is appointed by the Commissioner's Court of Comal County, Texas and has the exclusive power and duty to govern. The District receives funding from local property and sales taxes.

The District has no employees. The governing Board is responsible for managing the day to day financial and operational functions of the District. The District has jointly contracted (along with Comal County Emergency Services District No. 1 and No. 5) with Bulverde Spring Branch Emergency Services (BSBES) to provide all services within its jurisdiction. The District does not have any component units.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to U.S. generally accepted accounting principles applicable to governments promulgated by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The following is a summary of the significant accounting policies.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The District is considered a special purpose government under GASB Statement No. 34. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements to be prepared on the modified accrual basis of accounting is met with the "General Fund" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's activities. The District services are supported primarily by property and sales taxes. The Statement of Activities demonstrates how the District used revenue.

NET POSITION/FUND BALANCE

Net position represents the difference between assets and liabilities. The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

The 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 District can establish limitations on the use of resources through either a commitment or an assignment. When both unassigned and committed or assigned funds are available for expenditure, committed or assigned funds are used first.

COMAL COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Committed fund balances include amounts that can only be used for specific purposes determined by a formal action of the Board or adoption of an ordinance. Limitations imposed by commitments remain in place until formal Board action is taken to remove the limitation. Amounts in the assigned fund balances are intended to be used by the District for specific purposes but do not meet the criteria to be committed. Assignments are generally temporary and do not require Board action to be taken to remove the assignment.

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 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 District considers all revenues available if they are collectible within 60 days after year-end. Expenditures are recognized in the accounting period in which the liability is incurred. Interest and tax revenues associated with the current year are considered susceptible to accrual and have been recognized as revenues in the current year. All other revenue is considered measurable and available only when cash is received by the District.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 these estimates.

CASH AND CASH EQUIVALENTS

The District considers cash and cash equivalents to be cash in demand accounts, certificates of deposit, savings accounts, and other investments with an original maturity of 3 months or less.

CAPITAL ASSETS

All capital assets are recorded at historical cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$5,000.

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset's life are recorded as expenses. Depreciation is calculated on a straight-line basis. Estimated useful lives are 5-8 years for rolling apparatus, 3-10 years for equipment and 40 years for building and improvements.

COMAL COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DEFERRED INFLOWS OF RESOURCES

The statement of financial position and governmental funds balance sheet report a separate section for deferred inflows of resources representing an acquisition of net position that applies to a future period and is not recognized as an inflow of resources or revenue until that time. The District has one type of item which qualifies for reporting in this category- property taxes. The collection of taxes from the October 1, 2025 levy are considered deferred inflows of resources until the subsequent calendar year in the statement of financial position and in the governmental funds balance sheet. Unavailable revenue for delinquent taxes is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow in the period that they become available.

LEASES

The District determines if an arrangement is or contains a lease at inception. Upon inception, the present value of the minimum lease payments is included in right-of-use (ROU) assets and lease liabilities in the government-wide statement of financial position and recorded as lease expenditures and other financing sources in the fund financial statements. Amortization of the ROU asset is recognized on a straight-line basis over the lease term in the government wide financial statements. Lease payments are recognized as principal and interest payments in the fund financial statements. For short term leases of 12 months or less, the lease payments are recognized as rent expense is incurred in both the government wide and fund financial statements.

NOTE 3: DEPOSITS

At December 31, 2025, the bank balance of the District's cash deposits was \$562,540 and the carrying value was \$557,303. All of the District's deposits were fully collateralized by Federal Deposit Insurance Corporation coverage or by securities held by the pledging financial institution. The District has adopted an investment strategy to pursue limited investment risk, the objectives of which are safety of principal, maintenance of liquidity, and maximization of yield. The District is authorized to invest in money market mutual funds, certificates of deposit, commercial paper, public investment pools and governmental obligations or repurchase agreements.

The District's short-term investments consisted of deposits in TexPool and TexPool Prime, local government investment pools in the State of Texas. The State Comptroller of Public Accounts oversees TexPool and TexPool Prime. The pool seeks to maintain a \$1.00 value per share as required and must maintain a dollar weighted average maturity not to exceed 60 days.

At December 31, 2025, the TexPool and the TexPool Prime portfolios had weighted average maturities of 39 and 52 days, respectively. TexPool investments consist exclusively of U.S. Government securities, repurchase agreements collateralized by U.S. Government securities, and AAA-rated no-load money market mutual funds. TexPool is rated AAAM by Standard & Poor's. TexPool investments are carried at amortized cost, which approximates fair value.

NOTE 4: 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. The District maintains commercial insurance coverage for these types of risks.

COMAL COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

NOTE 5: PROPERTY TAXES

The District has the authority to levy a tax to a maximum of \$0.10 per \$100 of value. Ad valorem taxes are levied each October 1 on the assessed valuation of all taxable property in the District. The tax rate for the October 2025 levy was \$0.0747 per \$100 of value. Taxes are due upon receipt of the bill and are delinquent if not paid before the first day of February in the year following levy. On January 1 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties and interest ultimately imposed. Taxes are billed and collected by the Comal County Tax Assessor-Collector. The collection of taxes from the October 1, 2025 levy are considered deferred inflows of resources until the subsequent calendar year. No allowance for doubtful accounts is considered necessary at year-end.

NOTE 6: CAPITAL ASSETS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$766,650	\$0	\$0	\$766,650
Deposits on CIP	<u>20,948</u>	<u>6,000</u>	<u>(20,948)</u>	<u>6,000</u>
	<u>787,598</u>	<u>6,000</u>	<u>(20,948)</u>	<u>772,650</u>
Capital assets being depreciated:				
Rolling apparatus	5,645,045	229,496	0	5,874,541
Equipment	1,243,579	137,258	(313,230)	1,067,607
Buildings and improvements	5,209,592	1,479,853	0	6,689,445
ROU asset - lease	<u>0</u>	<u>50,469</u>	<u>0</u>	<u>50,469</u>
	<u>12,098,216</u>	<u>1,897,076</u>	<u>(313,230)</u>	<u>13,682,062</u>
Less accumulated depreciation:				
Rolling apparatus	(2,963,587)	(548,822)	0	(3,512,409)
Equipment	(716,226)	(128,306)	306,973	(537,559)
Building and improvements	(609,107)	(147,288)	0	(756,395)
ROU asset - lease	<u>0</u>	<u>(4,183)</u>	<u>0</u>	<u>(4,183)</u>
	<u>(4,288,920)</u>	<u>(828,599)</u>	<u>306,973</u>	<u>(4,810,546)</u>
Net capital assets being depreciated	<u>7,809,296</u>	<u>1,068,477</u>	<u>(6,257)</u>	<u>8,871,516</u>
Total capital assets	<u>\$8,596,894</u>	<u>\$1,074,477</u>	<u>(\$27,205)</u>	<u>\$9,644,166</u>

COMAL COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

NOTE 7: GENERAL FUND BALANCE CLASSIFICATIONS

Committed-equipment	\$300,000
Committed-building	300,000
Unassigned	<u>5,553,120</u>
	<u>\$6,153,120</u>

NOTE 8: LONG-TERM LIABILITIES

<u>Loans</u>	<u>Original</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
Station 4	\$2,500,000	2028	3.69%	\$716,588	\$0	\$193,564	\$523,024
<u>Leases</u>							
ROU asset	<u>50,469</u>	2028	3.60%	<u>0</u>	<u>50,469</u>	<u>4,183</u>	<u>46,286</u>
	<u>\$2,550,469</u>			<u>\$716,588</u>	<u>\$50,469</u>	<u>\$197,747</u>	<u>\$569,310</u>

Maturities at December 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$217,040	\$20,966	\$238,006
2027	225,035	12,972	238,007
2028	<u>127,235</u>	<u>4,683</u>	<u>131,918</u>
	<u>\$569,310</u>	<u>\$38,621</u>	<u>\$607,931</u>

The District's loan is secured by the underlying asset acquired. The ROU asset-lease is for a lease that is through October 2028.

NOTE 9: RELATED PARTY TRANSACTIONS

The District contracts with BSBES under a joint service provider agreement with Comal County Emergency Services District No. 1 (ESD1) and Comal County Emergency Services District No. 5 (ESD5), for emergency and administrative services. BSBES is a not-for-profit corporation. Two District commissioners, two ESD1 commissioners and two ESD5 commissioners serve as voting members of the 7-member board of BSBES. Payments of \$4,652,968 were made to BSBES during the year, for services provided under the public safety service contract and for the reimbursement of capital expenditures.

COMAL COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

NOTE 10: ADJUSTMENTS TO CONVERT FUND STATEMENTS TO GOVERNMENT-WIDE STATEMENTS

Fund balance - governmental funds	\$6,153,120
Increase net position for capital assets not reported in the fund financial statements	9,644,166
Delinquent taxes receivables deferred in the fund financial statements and not in the government-wide financial statements	51,684
Long-term liabilities not reported in the fund statements	<u>(569,310)</u>
Net position - government-wide	<u>\$15,279,660</u>
Net change in fund balance - governmental funds	\$141,176
Acquisition of ROU asset- lease recognized as other financing source not reported in the government-wide financial statements	(50,469)
Change in delinquent taxes recognized as revenue in the fund financial statements	(23,941)
Depreciation and amortization expense not recognized in the fund financial statements	(828,599)
Loss on disposal not recognized in the fund financial statements	(6,257)
Long-term debt and ROU asset-lease principal payments recognized as expenditures in the fund financial statements	197,747
Capital outlays recognized as expenditures in the fund financial statements	<u>1,882,128</u>
Change in net position - governmental activities	<u>\$1,311,785</u>

NOTE 11: BUDGET VARIANCES

Total General Fund revenues were \$602,266, or 10%, over budget due to higher than anticipated property and sales taxes and interest income. Expenses were \$340,665, or 5%, lower than budget, primarily due to lower than anticipated general, administrative and capital outlay expenses. Additionally, budgeted expenditures of \$200,000 for contingency were not incurred and the District has an unbudgeted other financing source of \$50,469 from the acquisition of a ROU asset for a lease.

COMAL COUNTY EMERGENCY SERVICES DISTRICT NO. 4

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED DECEMBER 31, 2025

	Original & Final <u>Budget</u>	<u>Actual</u>	Favorable/ (Unfavorable) <u>Variance</u>
GENERAL REVENUES			
Property taxes	\$3,288,000	\$3,442,576	\$154,576
Sales taxes	2,880,000	3,148,525	268,525
Interest and other	<u>100,000</u>	<u>279,165</u>	<u>179,165</u>
	<u>6,268,000</u>	<u>6,870,266</u>	<u>602,266</u>
EXPENDITURES			
Current service operations:			
Public safety service provider contract	4,567,192	4,567,192	0
General and administration	191,000	104,233	86,767
Contingency	200,000	0	200,000
Capital outlay	1,942,026	1,882,128	59,898
Debt service	<u>220,006</u>	<u>226,006</u>	<u>(6,000)</u>
	<u>7,120,224</u>	<u>6,779,559</u>	<u>340,665</u>
REVENUES OVER/(UNDER) EXPENDITURES	(852,224)	90,707	261,601
OTHER FINANCING SOURCES			
Acquisition of ROU asset - lease	<u>0</u>	<u>50,469</u>	<u>50,469</u>
CHANGE IN FUND BALANCE	(852,224)	141,176	993,400
BEGINNING FUND BALANCE	<u>6,011,944</u>	<u>6,011,944</u>	<u>0</u>
ENDING FUND BALANCE	<u>\$5,159,720</u>	<u>\$6,153,120</u>	<u>\$993,400</u>

See independent auditor's report.