



Montemayor Britton Bender Carey PC

CERTIFIED PUBLIC ACCOUNTANTS

**BASTROP COUNTY
EMERGENCY SERVICES DISTRICT #3**

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

BASTROP COUNTY EMERGENCY SERVICES DISTRICT #3

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	9-13



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 and Management
Bastrop County Emergency Services District #3

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Bastrop County Emergency Services District #3 (District), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In 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 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 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.

2110 Boca Raton Drive
Building B, Suite 102
Austin TX 78747
512.442.0380
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 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 Britton Bender Carey PC

December 23, 2025
Austin, Texas

**BASTROP COUNTY EMERGENCY SERVICES DISTRICT #3
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
SEPTEMBER 30, 2025**

The following is a narrative overview and analysis of the financial activities of Bastrop County Emergency Services District #3 (“the District”) for the fiscal year ended September 30, 2025. This discussion and analysis are intended to serve as an introduction to the District’s basic financial statements, which have the following components: (1) management’s discussion and analysis (MD&A), (2) government-wide and fund financial statements, (3) notes to the financial statements, and (4) required supplementary information.

Financial Highlights

- The District was approved by election of votes in Bastrop County in November 2024. The Bastrop County Commissioner’s Court appointed the initial five Board members and the first Board meeting was held in January 2025.
- The District did not have an ad valorem tax assessment for fiscal 2025.
- To fund start-up operations and enhance emergency medical services (EMS) in Bastrop County, the District obtained a Tax Anticipation Note through Government Capital.
- The District’s total assets at year-end were \$4,256,916, consisting of \$2,659,058 in current assets and \$1,597,858 in capital assets.
- The District’s total liabilities at year-end were \$5,508,435, including \$5,056,914 for an operating lease obligation and for notes payable.

Explanation of the Financial Statements

The MD&A is intended to serve as an introduction to the basic financial statements of the District. The basic financial statements are comprised of two components: 1) government-wide and fund financial statements, and 2) notes to the financial statements. This report also contains other required supplementary information in addition to the basic 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, deferred outflows, liabilities, and deferred inflows, with the difference between them 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 fiscal 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: uncollected property taxes).

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

Governmental Fund: The Governmental 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 Fund financial statements focus on current fiscal

**BASTROP COUNTY EMERGENCY SERVICES DISTRICT #3
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
SEPTEMBER 30, 2025**

year cash inflows and outflows, as well as balances of resources available for spending at the end of the fiscal year. Such information may be useful in evaluating the District's recent financing requirements.

Because the focus of the Governmental Fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the Governmental 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 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 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 and deferred outflows less liabilities and deferred inflows) was (\$1,251,519) as of the year ended September 30, 2025. Capital assets, including right-of-use (ROU) assets, and net of depreciation, amortization and related debt, accounted for \$546,161. Capital assets reflect the large investments in facilities and equipment that are necessary to provide adequate emergency services to the community. Additionally, the District received proceeds from debt of \$874,217 that were unspent at year-end and are restricted for capital asset purchases. The remaining balance of net position is (\$2,671,897). During fiscal 2025, the District used proceeds from a short-term tax anticipation note to fund its operations, in expectation of receiving ad valorem tax revenues starting in fiscal 2026. 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 financials of the District at September 30, 2025. As the District was created during the fiscal year, there is no presentation of prior year results.

<u>Assets</u>	<u>9/30/2025</u>
Current assets	\$2,659,058
Capital assets, net	<u>1,597,858</u>
Total assets	<u>4,256,916</u>

<u>Liabilities</u>	
Current liabilities	3,953,805
Long-term liabilities	<u>1,554,630</u>
Total liabilities	<u>5,508,435</u>

<u>Net position</u>	
Net investment in capital assets	546,161
Restricted	874,217
Unrestricted	<u>(2,671,897)</u>
Total net position	<u>(\$1,251,519)</u>

<u>Revenues</u>	<u>9/30/2025</u>
Program revenues:	
EMS service fees	\$111,600
General revenues:	
Interest and other	<u>42,882</u>
Total revenues	<u>154,482</u>

**BASTROP COUNTY EMERGENCY SERVICES DISTRICT #3
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
SEPTEMBER 30, 2025**

Expenses

Emergency services operations	\$1,244,258
Depreciation and amortization	5,319
Interest and debt issuance cost	<u>156,424</u>
Total expenses	<u>1,406,001</u>
Change in net position	(1,251,519)
Beginning net position	<u>0</u>
Ending net position	<u>(\$1,251,519)</u>

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 fiscal year-end.

During the fiscal year ending September 30, 2025, the District’s only Governmental Fund was the General Fund, and it reported ending current assets of \$2,659,058. The total ending unassigned fund balance was \$1,310,901, and it was available for spending at the District’s discretion. The ending restricted fund balance was \$874,217, which was restricted for capital asset purchases.

Purpose of Organization

The District operates under the provisions of Chapter 775 of the Health and Safety Code. The District was established to provide fund and oversee emergency medical services within its boundaries. The District oversees the service contract for emergency ambulance services and evaluates community needs within its service area.

General Fund Budget

As the District commenced operations during the year and will not set an ad valorem tax rate until fiscal year 2026, it did not adopt a budget for the fiscal 2025 year.

Capital Assets

The District’s capital assets at September 30, 2025, net of accumulated depreciation and amortization, amounted to \$1,597,858. The current year net increase reflected additions of \$1,448,935 for land, construction in progress, vehicles and equipment, offset by depreciation expense of \$3,933. Additionally, the District had additions for a right-of-use asset for office space for \$154,242, offset by amortization expense of \$1,386.

Debt

The District’s total debt at September 30, 2025 amounted to \$5,056,914, including an equipment loan, a tax anticipation note, and an operating lease obligation. The current portion of debt was \$3,502,284. Future Ad Valorem tax revenues and capital assets are pledged as collateral for the debt.

Economic Factors, Future Years’ Budgets and Tax Rates

Bastrop County continues to grow, which provides some property tax revenue growth to offset inflationary trends in operating costs. As with many local government entities, the growth provides funding to help offset inflationary trends with existing programs, but it often leaves little funds available for new or enhanced programs or services.

**BASTROP COUNTY EMERGENCY SERVICES DISTRICT #3
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
SEPTEMBER 30, 2025**

A tax rate of 10.0¢ per \$100 of assessed valuation is assessed for fiscal year 2026, which is the maximum tax rate available to the District. The District is paying close attention to the balance between debt service, operating cost and labor costs to provide the emergency services needed in the community.

In October 2025, the Board of Commissioners approved a recommendation to transition from a contracted EMS model to a District operated EMS model. The fiscal year 2025-26 budget includes start-up costs, a portion of which will be financed. The District has also purchased property for a regional EMS station and an administration and logistics facility. Planning for those facilities are underway and construction could begin as early as Q4 CY2026.

To facilitate the direct provision of EMS in Bastrop County, the District will obtain its Department of State Health Services provider license. The District has begun hiring a leadership team. Hiring of field supervisors, paramedics, and dispatchers bring the District total employee count to approximately 90.

In addition to ad valorem tax revenue, the District will bill for EMS services in future years.

In November 2025, an annexation election was held. Residents in the eligible territory and the District voted affirmatively to approve the annexation. The City of Elgin and its extraterritorial jurisdiction within Bastrop County will be part of the District as of January 1, 2026. This will increase the District's taxable value by approximately \$1.2 billion.

Requests for Information

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

Bastrop County Emergency Services District #3
PO Box 457
Bastrop, TX 78602

BASTROP COUNTY EMERGENCY SERVICES DISTRICT #3
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2025

	General Fund	Adjustments (Note 9)	Statement of Net Position
ASSETS			
Cash	\$2,483,315		\$2,483,315
EMS service fees receivable	27,900		27,900
Prepaid expenses	147,843		147,843
Capital assets:			
Land and construction in progress	-	467,068	467,068
Other capital assets, net of depreciation	-	977,934	977,934
Right of use asset- lease, net of amortization	-	152,856	152,856
	-		1,597,858
	\$2,659,058		4,256,916
LIABILITIES			
Accounts payable	\$306,116		306,116
Accrued payroll and benefits	19,981		19,981
Accrued interest payable	-	125,424	125,424
Long-term liabilities:			
Due within 1 year: loans payable and lease obligation	-	3,502,284	3,502,284
Due in more than 1 year:			
Loans payable	-	1,450,265	1,450,265
Lease obligation	-	104,365	104,365
	326,097		5,508,435
FUND BALANCES/NET POSITION			
FUND BALANCES			
Fund balance - nonspendable	147,843	(147,843)	
Fund balance - restricted for capital	874,217	(874,217)	
Fund balance - unassigned	1,310,901	(1,310,901)	
	2,332,961		
	\$2,659,058		
NET POSITION			
Net investment in capital assets		546,161	546,161
Restricted for capital		874,217	874,217
Unrestricted		(2,671,897)	(2,671,897)
			(\$1,251,519)

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

BASTROP COUNTY EMERGENCY SERVICES DISTRICT #3
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Adjustments (Note 9)	Statement of Activities
EXPENDITURES/EXPENSES:			
EMS service contract	\$925,825		\$925,825
Professional services	135,367		135,367
Payroll and related	82,925		82,925
Computer supplies and maintenance	27,853		27,853
Small equipment and furniture	23,752		23,752
Rent	18,693	(1,010)	17,683
Insurance	8,738		8,738
Other	22,115		22,115
Depreciation and amortization		5,319	5,319
Capital outlay	1,448,935	(1,448,935)	-
Acquisition of lease obligation	154,242	(154,242)	-
Debt service			
Debt issuance costs	31,000		31,000
Interest expense	-	125,424	125,424
Principal payments	-		-
	<u>2,879,445</u>		<u>1,406,001</u>
 PROGRAM REVENUES:			
EMS service fees	<u>111,600</u>		<u>111,600</u>
 GENERAL REVENUES:			
Interest	40,882		40,882
Other	2,000		2,000
	<u>42,882</u>		<u>42,882</u>
	<u>154,482</u>		<u>154,482</u>
 REVENUE OVER EXPENDITURES/EXPENSES	 <u>(2,724,963)</u>		 <u>(1,251,519)</u>
 OTHER FINANCING SOURCES:			
Acquisition of right of use asset- lease	154,242	(154,242)	-
Proceeds from debt	4,903,682	(4,903,682)	-
	<u>5,057,924</u>		<u>-</u>
 Net change in fund balance/net position	 2,332,961		 (1,251,519)
Beginning fund balance/net position	-		-
Ending fund balance/net position	<u>\$2,332,961</u>		<u>(\$1,251,519)</u>

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

BASTROP COUNTY EMERGENCY SERVICES DISTRICT #3

NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

The Bastrop County Emergency Services District #3 (the District) is a political subdivision established under Chapter 775 of the Texas Health and Safety Code to provide local emergency services, which can include emergency medical services (EMS) and fire protection services. The District was approved by the voters in November 2024, and began operations in January 2025. The District is an EMS-only District and is responsible for funding and overseeing EMS operations in Bastrop County.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

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 Statement of Activities demonstrates how the District used its revenue.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District’s government activities. Direct expenses are those specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the Statement of Activities. Expenditures are recognized in the accounting period in which the liability is incurred. Program revenues include fees paid for EMS services. Interest and taxes associated with the current fiscal year are considered susceptible to accrual and have been recognized in the current fiscal year. All other revenue is considered measurable and available only when cash is received by the District.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are presented 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.

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.

BASTROP COUNTY EMERGENCY SERVICES DISTRICT #3

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NET POSITION

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net position invested in capital assets consists of capital assets, net of accumulated depreciation and amortization, 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.

FUND BALANCES

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.

Restricted fund balances include amounts that can only be spent for specific purposes stipulated by external resource providers. 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.

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 for assets with a useful life of one year or more. The District does not possess any infrastructure. Improvements are capitalized. 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 as follows:

Vehicles	7-10 years
Equipment	3-7 years

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.

BASTROP COUNTY EMERGENCY SERVICES DISTRICT #3

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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: CAPITAL ASSETS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated:</u>				
Land	\$0	\$426,969	\$0	\$426,969
Construction in progress	<u>0</u>	<u>40,099</u>	<u>0</u>	<u>40,099</u>
	<u>0</u>	<u>467,068</u>	<u>0</u>	<u>467,068</u>
<u>Capital assets being depreciated/amortized:</u>				
Vehicles	0	793,851	0	793,851
Equipment	0	188,016	0	188,016
ROU asset- lease	<u>0</u>	<u>154,242</u>	<u>0</u>	<u>154,242</u>
	<u>0</u>	<u>1,136,109</u>	<u>0</u>	<u>1,136,109</u>
<u>Accumulated depreciation/amortization:</u>				
Vehicles	0	0	0	0
Equipment	0	(3,933)	0	(3,933)
ROU asset- lease	<u>0</u>	<u>(1,386)</u>	<u>0</u>	<u>(1,386)</u>
	<u>0</u>	<u>(5,319)</u>	<u>0</u>	<u>(5,319)</u>
	<u>\$0</u>	<u>\$1,597,858</u>	<u>\$0</u>	<u>\$1,597,858</u>

NOTE 4: DEPOSITS

At September 30, 2025, the carrying amount and the bank balance of the District’s cash deposits were \$2,483,315. All of the District’s deposits were fully collateralized with securities held by the pledging financial institution.

BASTROP COUNTY EMERGENCY SERVICES DISTRICT #3

NOTES TO FINANCIAL STATEMENTS

NOTE 5: DEBT

<u>Loans</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
Tax anticipation loan	\$3,131,000	2026	7.75%	\$0	\$3,131,000	\$0	\$3,131,000
Fire apparatus	<u>1,772,682</u>	2030	4.75%	<u>0</u>	<u>1,772,682</u>	<u>0</u>	<u>1,772,682</u>
	<u>\$4,903,682</u>			<u>\$0</u>	<u>\$4,903,682</u>	<u>\$0</u>	<u>\$4,903,682</u>
Lease obligation	<u>\$154,242</u>	2028	3.73%	<u>\$0</u>	<u>\$154,242</u>	<u>\$1,010</u>	<u>\$153,232</u>

At year-end, \$874,217 in proceeds from the fire apparatus loan had not been spent. The unspent balance is included in restricted net position/fund balance at year-end and is excluded from the calculation of net investment in capital assets. All loans are secured by the underlying asset (property or equipment) acquired or by pledged tax revenues. The loan agreements have provisions that change the timing of repayment of outstanding amounts to become immediately due if the District defaults on its required payments.

The ROU asset is for an office lease through August 2028. The District also pays common area maintenance costs of \$3,672 per month, which are excluded from the calculation of the lease obligation and included in rent expense in the statement of activities. Maturities of loans payable and the lease obligation as of years ending September 30 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$3,502,284	\$331,896	\$3,834,180
2027	391,324	72,781	464,105
2028	404,457	54,738	459,195
2029	370,578	36,041	406,619
2030	<u>388,181</u>	<u>18,439</u>	<u>406,620</u>
	<u>\$5,056,824</u>	<u>\$513,895</u>	<u>\$5,570,719</u>

NOTE 6: BUDGET

As the District began operations during fiscal year 2025 and did not have any tax revenues, it did not adopt a budget for the General Fund for fiscal year 2025.

NOTE 7: RISK MANAGEMENT

The District is exposed to various risks of loss including torts, general liability, property damage, injuries to employees and natural disasters. The District insures against risk through the purchase of commercial insurance policies.

BASTROP COUNTY EMERGENCY SERVICES DISTRICT #3

NOTES TO FINANCIAL STATEMENTS

NOTE 8: COMMITMENTS

The District has an agreement with an engineering firm to provide professional services related to site improvement plans. The remaining commitment under the agreement at September 30, 2025 was approximately \$129,000.

NOTE 9: ADJUSTMENTS TO CONVERT FUND STATEMENTS TO GOVERNMENT-WIDE

Fund balance - general fund	\$2,332,961
Capital assets not reported in the fund financial statements	1,597,858
Long-term liabilities not reported in the fund financial statements	(5,056,914)
Accrued interest payable on long-term debt not reported in the fund financial statements	<u>(125,424)</u>
Net position - governmental activities	<u>(\$1,251,519)</u>
Net change in fund balance - general fund	\$2,332,961
Proceeds from debt and lease acquisition recognized as other financing source income in the fund financial statements	(5,057,924)
Depreciation and amortization expense not recognized in the fund financial statements	(5,319)
Long-term debt and ROU asset-lease principal payments recognized as expenditures in the fund financial statements	1,010
Change in accrued interest not reported in the fund financial statements	(125,424)
Capital outlays recognized as expenditures in the fund financial statements	<u>1,603,177</u>
Change in net position - governmental activities	<u>(\$1,251,519)</u>