CALDWELL COUNTY
EMERGENCY SERVICES DISTRICT NO. 3

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2025

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT NO. 3
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2025

DISTRICT OFFICIALS

PRESIDENT	BILL HAMILTON
VICE PRESIDENT	ROBERT MORENO
TREASURER	JOSIE MARTINEZ
ASSISTANT TREASURER	MARK JUNGERS
SECRETARY	DAVID MURDOCH

ATTORNEY	BURNS ANDERSON JURY & BRENNER, LLP
AUDITOR	MARGARET NIXON, CPA

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT NO. 3
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2025

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MARGARET NIXON, CPA
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

District Commissioners
Caldwell County Emergency Services District No. 3

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Caldwell County Emergency Services District No. 3, (the 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 major fund of Caldwell County Emergency Services District No. 3, as of September 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 Caldwell County Emergency Services District No. 3, 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

Caldwell County Emergency Services District No. 3's management is responsible for the preparation and fair presentation of these 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 these are conditions or events, considered in the aggregate, that raise substantial doubt about Caldwell County Emergency Services District No. 3'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

opinion. 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 risk of material misstatements 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 Caldwell County Emergency Services District No. 3'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 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 the 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 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.

Margaret Nixon, CPA
San Antonio, Texas
May 29, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Caldwell County Emergency Services District No. 3's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended September 30, 2025. Read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position was $1.53 million at September 30, 2025.
- During the year, the District's expenses were $153 thousand less than the $437 thousand generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs increased by $36 thousand. The increase was noticed in several categories such as IT Support and Payroll due to increased cost of services.
- The general fund reported a fund balance this year of $679 thousand, an increase of $163 thousand.

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 first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

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. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1, Required Components of the District's Annual Financial Report

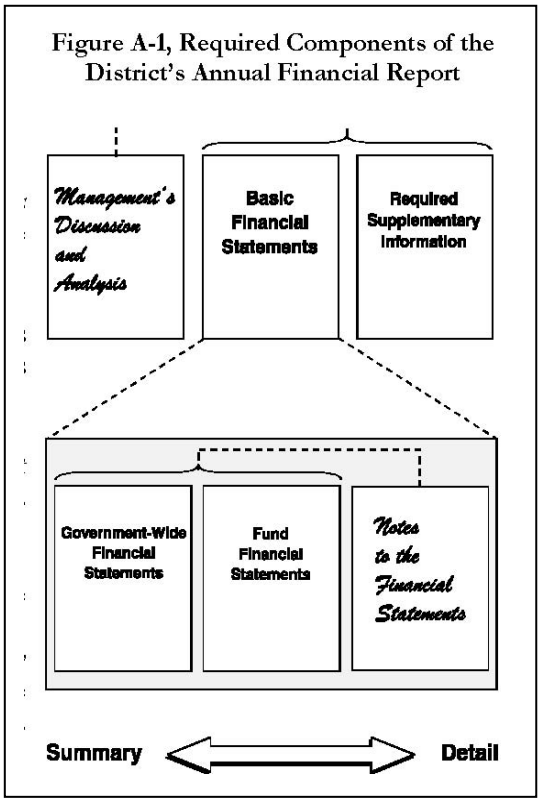

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements		
		Fund Statement
Type of Statements	Government-wide	Governmental Funds
Scope	Entire District's government (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary.
Required financial statements	• Statement of Net Position. • Statement of activities.	• Balance Sheet. • Statement of revenues, expenditures, and changes in fund balances.
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Only assets expected to be used-up and liabilities that become due during the year or soon thereafter, no capital assets included.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, deferred inflows of resources, and liabilities as applicable. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets, deferred outflows of resources, deferred inflows of resources and liabilities—is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as Emergency Services and general administration. Property and Sales taxes finance most of these activities.

Fund Financial Statements

The District has the following kinds of funds:

- *Governmental funds*—All of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's net position was $1.53 million at September 30, 2025. (See Table A-1 below).

Table A-1
Net Position

	Governmental Activities		Total Percentage Change
	2025	2024	2025 - 2024
Cash and Cash Equivalents	$ 640,812	$ 474,195	35.1%
Receivables	68,328	71,361	-4.3%
Prepaid Accounts	14,290	13,106	9.0%
Accrued Interest	2,972	-	
Capital Assets (net)	809,719	828,849	-2.3%
TOTAL ASSETS	1,536,121	1,387,511	10.7%
Current Liabilities	978	3,556	-72.5%
Payroll Liabilities	7,788	9,990	
TOTAL LIABILITIES	8,766	13,546	-35.3%
Net Investment in Capital Assets	809,719	828,849	
Unrestricted	717,636	545,116	31.6%
TOTAL NET POSITION	$ 1,527,355	$ 1,373,965	11.2%

Governmental Activities

- The District's total revenues were $437 thousand, an increase of $19 thousand.
- The total cost of all programs and services increased $36 thousand to $284 thousand. (See Table A-2 below).

Table A-2
Changes in District's Net Position

	Governmental Activities		Total Percentage Change
	2025	2024	2025 - 2024
General Revenues			
Total General Revenues	$ 437,091	$ 417,615	5%
Total Revenues	437,091	417,615	5%
General Expenses			
General Administration	154,143	87,909	75.3%
Emergency Services	129,558	160,030	-19.0%
Total Expenses	283,701	247,939	14.4%
Increase (Decrease) in Net Position	$ 153,390	$ 169,676	-9.6%

Table A-3 reflects the cost of each of the District's largest functions, as well as each function's net cost (total cost less fees generated by the activities).

- The net cost reflects what was funded by local tax dollars. The cost of all governmental activities this year was $284. (See Table A-3 below).

Table A-3
Net Cost of Selected District Functions

	Governmental Activities		Total Percentage Change
	2025	2024	2025 - 2024
General Expenses			
General Administration	$ 154,143	$ 87,909	75.3%
Emergency Services	129,558	160,030	-19.0%
Total Expenses	$ 283,701	$ 247,939	14.4%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues for the general fund totaled $428 thousand, an increase of $20. Expenditures decreased from $493 thousand to $265 thousand primarily due to capital outlays not incurred as anticipated.

General Fund Budgetary Highlights

Revenues exceeded expectations by $24, primarily from an increase in sales tax. Expenditures were less than the budget by $162 thousand. Overall, fund balance increased $186 thousand more than anticipated.

CAPITAL ASSETS

Capital Assets. At the end of fiscal year 2025, the District has invested a total of $984 thousand in land, vehicles, and equipment. (see table A-4 below).

Table A-4
Capital Assets

	Governmental Activities		Total Percentage Change
	2025	2024	2025 - 2024
Land	$ 255,867	$ 255,867	0.0%
Vehicles and Equipment	333,176	298,918	11.5%
Furniture and Equipment	8,464	8,464	0.0%
Construction in Progress	386,851	392,272	-1.4%
Less Accumulated Depreciation	(174,639)	(126,672)	37.9%
Net Capital Assets	$ 809,719	$ 828,849	-2.3%

Detailed information about the District's capital assets is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The property tax rate for the 2026 budget preparation remained the same at $.1 per $100 valuation. However, a slight increases in property valuations and estimated increase in sales tax, is expected to generate $9 thousand more local tax revenues. General fund expenditures are expected to increase to $410 thousand with most of the increase going to Martindale VFD service contract. The ESD will continue to seek funding and conduct feasibility studies for a new fire station.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide Caldwell County Emergency Services District No, 3 citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Administrator by phone at 512-694-8044 or by mail to P.O. Box 356, Martindale, Texas 78655.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT NO. 3
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2025

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board (GASB). The sets of statements include:

- Government – wide financial statements

- Fund financial statements:
  - Governmental funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT NO. 3
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 640,812
Property Taxes Receivable	38,242
Sales Taxes Receivable	29,004
Prepaid Expenses	14,290
Accrued Interest	2,972
Other Receivables	1,082
Total Current Assets	726,402
Noncurrent Assets	
Property and Equipment	
Property and Equipment (net of accumulated depreciation)	809,719
Total Noncurrent Assets	809,719
TOTAL ASSETS	1,536,121
LIABILITIES AND NET POSITION	
Liabilities	
Current Liabilities	
Accounts Payable	978
Payroll Liabilities	7,788
Total Current Liabilities	8,766
TOTAL LIABILITIES	8,766
Net Position	
Net Investment in Capital Assets	809,719
Unrestricted Net Assets	717,636
TOTAL NET POSITION	1,527,355
TOTAL LIABILITIES AND NET POSITION	$ 1,536,121

The accompanying notes are an integral part of these financial statements.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT NO. 3
STATEMENT OF ACTIVITIES
FOR YEAR ENDED SEPTEMBER 30, 2025

Functions and Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net Revenue (Expense): Total Government Activities
Governmental Activities				
General Administration	$ (154,143)	$ -	$ -	$ (154,143)
Emergency Services	(129,558)	-	-	(129,558)
Total Governmental Activities	$ (283,701)	$ -	$ -	(283,701)
General Revenues				
Property Taxes				269,060
Sales Tax				163,021
Other Income				5,010
Total General Revenues				437,091
Change in Net Position				153,390
Net Position at Beginning of Year				1,373,965
Net Position at End of Year				$ 1,527,355

The accompanying notes are an integral part of these financial statements.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT NO. 3
BALANCE SHEET
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund
ASSETS	
Cash and Cash Equivalents	$ 640,812
Property Taxes Receivable	38,242
Sales Taxes Receivable	29,004
Prepaid Expenses	14,290
Accrued Interest	2,972
Other Receivables	1,082
Total Assets	726,402
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
Liabilities	
Accounts Payable	978
Payroll Liabilities	7,788
Total Liabilities	8,766
Deferred Inflows of Resources	
Unavailable Property Tax Revenue	38,242
Fund Balance	
Unassigned	679,394
Total Fund Balance	679,394
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 726,402

The accompanying notes are an integral part of these financial statements.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT NO. 3
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

TOTAL FUND BALANCE - GOVERNMENTAL FUND	$	679,394
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		809,719
Property Taxes Receivable on the Statement of Net Position that do not provide current financial resources are reported as deferred revenue in the funds.		38,242
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	$	1,527,355

The accompanying notes are an integral part of these financial statements.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund
REVENUES	
Property Taxes	$ 259,932
Sales Tax	163,021
Other Income	5,009
Total Revenues	427,962
EXPENDITURES	
Current:	
Emergency Services	98,154
Administrative	154,143
Capital Outlays	12,276
Total Expenditures	264,573
Net Change in Fund Balance	163,389
Fund Balance at Beginning of Year	516,004
Fund Balance at End of Year	$ 679,394

The accompanying notes are an integral part of these financial statements.

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT NO. 3
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$	163,389
Amounts reported for governmental activities in the Statement of Activities are different because:		
Govermental funds report capital outlays as expenditures; however, in the statement of Activites the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation.		(19,130)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. The change of property tax receivable reported in the statement of activities does not provide current financial resources and, therefore, is not reported as revenue in the governmental fund.		9,131
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	$	153,390

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Caldwell County Emergency Services District No. 3 is a political subdivision of the State of Texas and was created by the Caldwell County Commissioners' Court after a Public Election in May 2015. The District was created to provide emergency services and promote public safety, welfare, health and convenience of persons residing in the District.

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

A. THE FINANCIAL REPORTING ENTITY

In evaluating how to define the government for financial purposes, management has considered all potential component units. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The District has no component units. Blended component units, although legally separate entities are, in substance, part of the government's operations; thus, data from these units are to be combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

The District has no component units. However, the District provides funding to the Martindale Volunteer Fire Department, allows the VFD to use District equipment and provides oversight of the VFD.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the District. Governmental activities are supported mainly by property taxes.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds. The General Fund meets the criteria of a ***major governmental fund***. The District has no other governmental funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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. Revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue and charges for services. Property taxes are recognized in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues.* Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes which were levied prior to September 30, 2024, and became due October 1, 2024 have been assessed to finance the budget of the fiscal year beginning October 1, 2024.

Expenditures generally are recorded when an expense is incurred; however, expenditures related to compensated absences and claims and judgments are recorded only when the liability has matured and payment is due.

The government reports the following major governmental fund:

The General Fund is the general operating fund of the District and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes and investment of idle funds. Primary expenditures are for general administration, emergency services and management.

D. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the District.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

E. INVESTMENTS

State statutes authorize the District to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d); or, (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. The District has all its monies in interest bearing checking accounts, savings accounts, money market accounts or certificates of deposit.

The District reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

F. ACCOUNTS RECEIVABLE

Accounts receivable are reported net of allowances for uncollectible accounts. The allowance account represents management's estimate of uncollectible accounts based on historical trends.

Property taxes are levied based on taxable value at January 1 and become due October 1 and past due after the following January 31. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property taxes receivable for prior year's levy is shown net of the allowance for doubtful accounts.

G. CAPITAL ASSETS

Capital assets, which include land; buildings and improvements; and equipment and vehicles, are reported in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of $500 or more. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Estimated Life
Vehicles and Equipment	3-12 years

Land, construction in progress and assets in progress are not depreciated.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

H. UNAVAILABLE REVENUE/UNEARNED REVENUE

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenues not expected to be available for the current period are reflected as unavailable revenue (a deferred inflow of resources).

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues, if any, received in advance of expenses/expenditures are reflected as unearned revenue.

I. DEFERRED INFLOWS OF REVENUES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under a modified basis of accounting. Unavailable revenues from property tax are deferred and recognized as an inflow of resources in the period the amounts become available.

J. FUND EQUITY

Fund balances in governmental funds are classified as follows:

Nonspendable – Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted – Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed – Represents amounts that can only be used for a specific purpose because of a formal action by the District Commissioners. Committed amounts cannot be used for any other purpose unless the District Commissioners removes those constraints through the same formal action.

Assigned – Represents amounts which the District intends to use for a specific purpose but do not meet the criteria of restricted or committed. The District Commissioners are the only entities that may make assignments at this time.

Unassigned – Represents the residual balance that may be spent on any other purpose of the District.

When funds may be spent from multiple categories, the District spends restricted resources first, followed by committed, assigned and unassigned.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

L. NET POSITION

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their 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.

M. USE OF ESTIMATES

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

NOTE 2 – CASH AND CASH INVESTMENTS

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledge securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash

   At September 30, 2025, the carrying amount of the District's deposits in the bank were $644 thousand. All deposits were covered under the limits of federal deposit insurance coverage.

   The District had no investments as of September 30, 2025.

NOTE 3 – AD VALOREM (PROPERTY) TAXES

The District has contracted with the Caldwell County Tax Assessor-Collector to collect taxes on its behalf. Current year taxes become delinquent February 1. Current year delinquent taxes not paid by July 1 are turned over to attorneys for collection action.

For fiscal year 2025, the assessed tax rate for the District was $0.1 per $100 on an assessed valuation of $243,200,180. An allowance for uncollectible property taxes has not been established as of September 30, 2025, as management considers all amounts to be collectible.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025 was as follows:

Governmental Activities	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance
Land	$ 255,867	$ -	$ -	$ 255,867
Vehicles and Equipment	298,918	34,258	-	333,176
Furniture and Equipment	8,464	-	-	8,464
Construction in Progress	392,272	-	(5,421)	386,851
Less Accumulated Depreciation	(126,672)	(47,967)	-	(174,639)
Governmental Capital Assets, Depreciation Net of Accumulated Depreciation	$ 828,849	$ (13,709)	$ (5,421)	$ 809,719

Land and Construction in Progress are not depreciated.

NOTE 5 -- SERVICE PROVIDER

The District contracts with Martindale VFD to provide fire and rescue services to the area. The District provides monthly payments to MVFD as incurred. All capital assets purchased by MVFD with District funds are titled in the District's name and reported in these financial statements. The agreement has no expiration date but can be terminated by either party with 90 day notice.

For fiscal year 2025, the District paid the MVFD $98 thousand for emergency services.

NOTE 6 -- LITIGATION

The District is not aware of any pending or likely litigation that would have a significant impact on these financial statements.

NOTE 7 -- COMMITMENTS

The District has the following contract as of September 30, 2025.

- Architectural design of a new fire station for $165 thousand of which $30 remains outstanding, which is related to the management of the actual construction cost, when and if construction occurs.

NOTE 8 – RISK MANAGEMENT

The Caldwell County Emergency Services District No. 3, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To cover this risk the District contracts with VFIS. Contributions are set annually by VFIS. Liability by the District is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2025, were $17,581.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT NO. 3
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budget Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Property Taxes	$ 259,434	$ 259,434	$ 259,932	$ 498
Sales Tax	145,000	145,000	163,021	18,021
Other Income	-	-	5,009	5,009
TOTAL REVENUES	404,434	404,434	427,962	23,528
EXPENDITURES				
Current				
Emergency Services				
Martindale VFD	164,363	159,748	98,154	61,594
Administrative				
Payroll	84,820	84,820	76,339	8,481
Professional Fees	22,400	22,400	18,368	4,032
Repairs and Maintenance	19,195	23,810	25,194	(1,384)
Insurance and Bond	19,077	19,077	17,581	1,496
Tax Collections	7,489	7,489	7,230	259
Dues and Subscriptions	3,275	3,275	4,538	(1,263)
Training	2,000	2,000	2,837	(837)
Utilities	2,250	2,250	2,056	194
Loan Interest	10,000	10,000	-	10,000
Capital Outlays	91,911	91,911	12,276	79,635
TOTAL EXPENDITURES	426,780	426,780	264,573	162,207
Net Change of Fund Balance	(22,346)	(22,346)	163,389	185,735
Fund Balance - October 1	516,004	516,004	516,004	-
Fund Balance - September 30	$ 493,658	$ 493,658	$ 679,393	$ 185,735

CALDWELL COUNTY EMERGENCY SERVICES DISTRICT NO, 3
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEPTEMBER 30, 2025

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The District maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District's Board and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund.

Actual expenditures may not legally exceed appropriations at the fund level.