

MINUTES OF THE PUBLIC HEARING AND REGULAR MEETING
OF THE BOARD OF COMMISSIONERS OF
GALVESTON COUNTY EMERGENCY SERVICES DISTRICT NO. 2

A public hearing and regular meeting of the Board of Commissioners of Galveston County Emergency Services District No. 2 ("District") was called for at 12:00 p.m. on May 19, 2026, at the Crystal Beach fire station, located at 930 Noble Carl Road, Crystal Beach, Texas 77650, pursuant to notice duly posted and published according to law.

At approximately 12:01 p.m., the public hearing was called to order. The roll was called of the duly constituted officers and members of the Board, to wit:

Kate Newberry	President
Tim Byrom	Vice President
Greg Fountain	Treasurer
Amee LeBlanc	Secretary/Assistant Treasurer

All of said Board members were present, thus constituting a quorum. Also present were Doug Saunders, District Manager; Georgia Osten, District Administrative Assistant; MaKayla Vidal, the District's accountant; Joshua Heinz of Benckenstein & Oxford, LLP, attorneys for the District; and, the individuals listed on the attendance log attached hereto as **Exhibit A**.

Upon establishing that a quorum was present, President Newberry directed the Board to public hearing Agenda Item No. 3, at which time the Board members and others in attendance said the U.S. and Texas pledges of allegiance.

The Board was then directed to public hearing Agenda Item No. 4 regarding the District's proposed taxation of goods-in-transit, as defined under Texas Tax Code §11.253(a)(2). After discussion with Mr. Heinz regarding the statutory requirements, President Newberry invited questions and comments from those in attendance regarding the District's proposed taxation of goods-in transit, and there was no response.

Accordingly, the public hearing was adjourned at approximately 12:05 p.m., and the regular meeting was called to order immediately thereafter.

Since a quorum had already been established, President Newberry asked for public comment as set forth in regular meeting Agenda Item No. 3, at which time Austin Smith advised that Crytal Beach VFD had been awarded a \$300,000 grant through the Texas A&M Forest Service to purchase a new tanker apparatus.

The Board then moved ahead to regular meeting Agenda Item No. 7, at which time Mike Brooks reviewed with the Board the District's fiscal year 2024-25 audit report, a copy of which is attached hereto as **Exhibit B**. Upon motion by Treasurer Fountain and seconded by Secretary/Assistant Treasurer LeBlanc, the Board members present unanimously accepted and approved the fiscal year 2024-25 audit report as submitted. Mr. Heinz will forward a copy of the audit report to the Galveston County Commissioners Court in accordance with Section 775.082 of the Texas Health & Safety Code.

The Board then moved back to regular meeting Agenda Item No. 4, at which time Vice President Byrom made a motion to approve and authorize the following matters listed under the consent agenda, which was seconded by Secretary/Assistant Treasurer LeBlanc and unanimously approved by the Board:

- a. Minutes of the April 15, 2026 Regular Meeting;
- b. Payment of District Bills and Accounts (**Exhibit C**)¹; and,
- c. VFDs' Monthly Expense Reimbursements (**Exhibit D**)².

The Board was then directed to Agenda Item No. 5, at which time Treasurer Fountain reviewed the financial information contained in the meeting packet, including the regular monthly Treasurer's Report, a copy of which is attached hereto as **Exhibit E**³.

¹ Check Nos. 4637-4670, plus the EFT payments and direct deposit/payroll expenses.

Being as there were no purchases/expenditures to consider under regular meeting Agenda Item No. 6, the Board moved along to regular meeting Agenda Item No. 8, at which time the Board reviewed and discussed the proposed Resolution to Tax Goods-In-Transit, a copy of which is attached hereto as **Exhibit F**. Upon motion by Treasurer Fountain and seconded by Vice President Byrom, the Resolution to Tax Goods-In-Transit was unanimously approved and adopted.

The Board was then directed to regular meeting Agenda Item No. 9, at which time Mr. Saunders reviewed with the Board the proposed Proclamation of Appreciation for the Moody Grant, a copy of which is attached hereto as **Exhibit G**. Upon motion by Vice President Byrom and seconded by Secretary/Assistant Treasurer LeBlanc, the Board unanimously approved and adopted the Proclamation of Appreciation.

Next, the Board's attention was directed to regular meeting Agenda Item No. 10, at which time Mr. Saunders reviewed with the Board the proposed EMS Fleet Coordinator position posting, a copy of which is attached hereto as **Exhibit H** (\$2.00/hour stipend position). Upon motion by Treasurer Fountain and seconded by Vice President Byrom, the Board unanimously approved and authorized the EMS Fleet Coordinator position posting.

President Newberry then directed the Board to regular meeting Agenda Item No. 11, at which time Mr. Saunders reviewed with the Board the proposed District open records request form, a copy of which is attached hereto as **Exhibit I**. Upon motion by Vice President Byrom

² Port Bolivar VFD - \$2,532.52 (April 2026); High Island VFD - \$6,386.93 (April 2026); and, Crystal Beach VFD - \$807.78 (April 2026).

³ Texas First Bank operating checking account (xx6680) - \$117,698.65 as of 4/30/2026 and \$177,008.19 as of 5/19/2026; Texas First Bank savings account (xx9804) - \$2,570.09 as of 4/30/2026 and 5/19/2026; Texas First Bank EMS billing checking account (xx7569) - \$10,326.78 as of 4/30/2026 and \$12,487.46 as of 5/19/2026; TexSTAR investment pool general fund account (xxxxxx1110) - \$2,091,234.68 as of 4/30/2026 and 5/19/2026; TexSTAR investment pool capital fund account (xxxxxx1890) - \$335,471.51 as of 4/30/2026 and 5/19/2026; and, TexSTAR investment pool emergency fund account (xxxxxx4140) - \$1,211,043.69 as of 4/30/2026 and 5/19/2026.

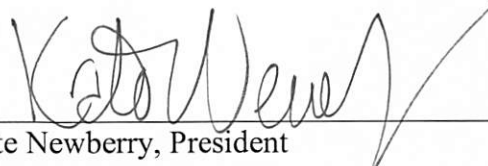
and seconded by Treasurer Fountain, the updated District open records request form was unanimously approved.

Thereafter, since there were no salvage/surplus items to consider under regular meeting Agenda Item No. 12, the Board moved along to regular meeting Agenda Item No. 13, at which time Mr. Saunders reviewed with the Board his monthly Manager's Report, a copy of which is attached hereto as Exhibit J.

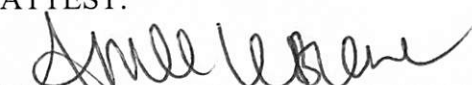
Since there was no report from counsel under regular meeting Agenda Item No. 14, the Board was directed to regular meeting Agenda Item No. 15, at which Mrs. Vidal reviewed the District's various monthly financial reports, copies of which are attached hereto as Exhibit K.

Then, under regular meeting Agenda Item No. 16, per the request from Mr. Saunders and Mrs. Vidal, Vice President Byrom made a motion to allow Koronis Revenue Services, as the District's new EMS billing service provider, view-only online access for the District Texas First Bank EMS billing checking account (xx7569). The motion was seconded by Secretary/Assistant Treasurer LeBlanc and unanimously approved by the Board.

Being as there were no other matters to come before the Board, the regular meeting was adjourned at approximately 1:23.



Kate Newberry, President
Date: 8/12/2026

ATTEST:


Amee LeBlanc, Secretary/Assistant Treasurer
Date: 8/12/2026

Exhibit A

GALVESTON COUNTY ESD 2

MEETING SIGN-IN SHEET

Meeting Type: *Public Hearing & Regular Meeting* Date: *May 19, 2026*

Guest Name

Do you wish to speak at the meeting?

Austin Smith

Yes

Jay Mather

No

Exhibit B

ANNUAL FINANCIAL REPORT

of the

Galveston County Emergency Services District No. 2

**For the Year Ended
September 30, 2025**

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Galveston County Emergency Services District No. 2

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of the
Galveston County Emergency Services District No. 2:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of Galveston County Emergency Services District No. 2 (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 accompanying financial statements 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Other Matters

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 for the general fund be presented to supplement the basic financial statements. Such information, 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.

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

BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
May 18, 2026

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

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Galveston County Emergency Services District No. 2

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2025

The purpose of the Management's Discussion and Analysis (the "MD&A") is to give the readers an objective and easily readable analysis of the financial activities of the Galveston County Emergency Services District No. 2 (the "District") for the year ended September 30, 2025. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Governmental Accounting Standards Board (GASB) Statement No. 34 establishes the content of the minimum requirements for MD&A. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

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

Government-Wide Statements

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

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

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

Galveston County Emergency Services District No. 2

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2025

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

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

The District adopts an annual unappropriated budget for its general fund. A budgetary comparison schedule has been provided to demonstrate compliance with this budget.

Galveston County Emergency Services District No. 2

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2025

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. For the District, assets exceed liabilities by \$5,263,194 as of year end. Restricted net position of \$54,973 represents the District's net pension asset, which is not available for general use. Unrestricted net position, \$4,138,712, may be used to meet the District's ongoing emergency service operations.

Statement of Net Position:

	Governmental Activities		\$ Change
	2025	2024	
Current and other assets	\$ 4,183,603	\$ 3,778,256	\$ 405,347
Long-term assets	1,674,708	1,575,841	98,867
Total Assets	5,858,311	5,354,097	504,214
Total Deferred Outflows	179,049	163,515	15,534
Current liabilities	352,901	266,745	86,156
Long-term liabilities	420,878	211,478	209,400
Total Liabilities	773,779	478,223	295,556
Total Deferred Inflows	387	-	387
Net Position:			
Net investment in capital assets	1,069,509	1,272,889	(203,380)
Restricted	54,973	-	54,973
Unrestricted	4,138,712	3,766,500	427,185
Total Net Position	\$ 5,263,194	\$ 5,039,389	\$ 223,805

Galveston County Emergency Services District No. 2

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2025

The overall condition of the District experienced increases in property and sales taxes due to continued growth within the District. Current assets represent property, sales tax, and EMS receivables as well as cash, which increased by \$405,347. Capital assets (net of accumulated depreciation) increased by \$43,894 due to the purchase of Stryker medical equipment and Motorola communications equipment, partially offset by current year depreciation. Current liabilities represent amounts owed for expenditures related to current year VFD and EMS operations. Current liabilities increased primarily due to the current portion of the new Stryker note payable and accrued interest. Long-term liabilities increased as a result of the District issuing a new note payable in the amount of \$381,539 to finance the purchase of Stryker medical equipment, which more than offset principal payments made during the year.

Statement of Activities:

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

	Governmental Activities		
	2025	2024	\$ Change
Revenues			
General revenues:			
Property taxes	\$ 1,596,819	\$ 1,462,769	\$ 134,050
Sales taxes	2,079,778	2,068,131	11,647
EMS revenue	344,749	445,421	(100,672)
Investment income	135,561	142,759	(7,198)
Other revenue	31,633	168,283	(136,650)
Total Revenues	<u>4,188,540</u>	<u>4,287,363</u>	<u>(98,823)</u>
Expenses			
Public safety	3,951,440	3,531,118	420,322
Interest and fiscal charges	13,295	10,080	3,215
Total Expenses	<u>3,964,735</u>	<u>3,541,198</u>	<u>423,537</u>
Change in Net Position	223,805	746,165	(522,360)
Beginning Net Position	<u>5,039,389</u>	<u>4,293,224</u>	<u>746,165</u>
Ending Net Position	<u>\$ 5,263,194</u>	<u>\$ 5,039,389</u>	<u>\$ 223,805</u>

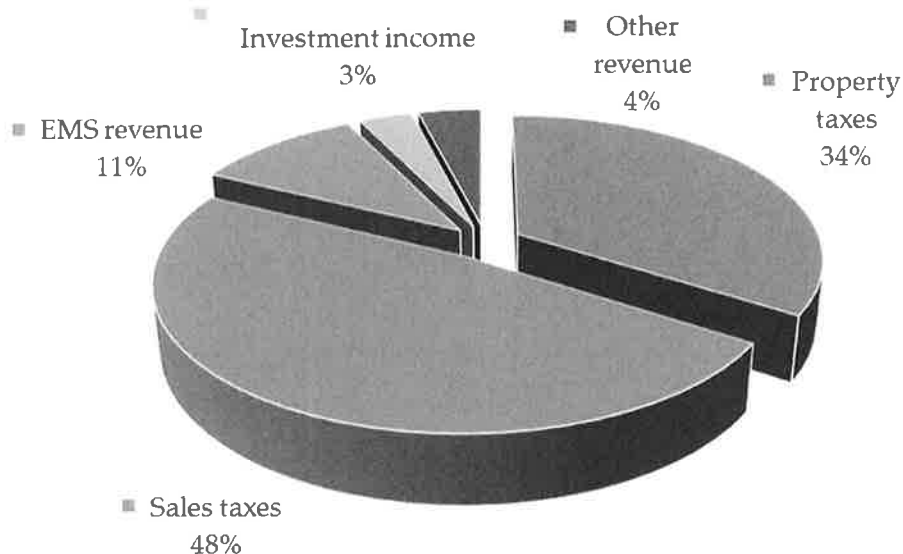
Galveston County Emergency Services District No. 2

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2025

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the District's activities.

GOVERNMENTAL REVENUES



The District reported an increase in net position of \$223,805. Property taxes showed the most significant increase of \$134,050, or 9%, reflecting higher assessed values within the District. Sales taxes increased by \$11,647, due to continued economic growth within the District. EMS revenue decreased by \$100,672, or 23%, as billing collections moderated following strong prior-year growth. Investment income decreased by \$7,198, or 5%, due to moderating interest rates compared to the elevated rates of the prior year. Other revenue decreased \$136,650 due to the non-recurrence of the charity care grant received in the prior fiscal year.

The District's largest current year expense relates to VFD and EMS service operations totaling \$3,591,440. This increase of \$420,322 over the prior year is due to growth in the District, increased demand for services, and the significant employee compensation adjustments approved by the Board in summer 2024 to support retention of full-time EMS personnel.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds – The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, the unassigned fund balance may

Galveston County Emergency Services District No. 2

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2025

serve as a useful measure of the District's net resources available for spending at the end of the year.

The District's general fund reflects an unassigned fund balance of \$1,152,254. There was an increase in fund balance of \$361,946 from the prior year. The most significant change in the general fund when compared to the prior year relates to the increase in EMS expenditures of \$298,494, primarily due to the Board-approved compensation increases for all employee positions implemented in summer 2024 to support retention of full-time EMS personnel. In addition, other revenue decreased \$136,650 due to the non-recurrence of the charity care grant received in the prior year. Property taxes increased by \$119,452 due to greater assessed values within the District.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund revenues were less than final budgeted revenues by \$349,991 for the year. Actual general fund expenditures were under the final budget by \$330,398. The net change in fund balance for the year was a positive \$361,946 for the year.

CAPITAL ASSETS

As of the end of the year, the Districts' governmental activities funds had invested \$1,619,735 in a variety of capital assets and infrastructure, net of accumulated depreciation. Current year additions of \$416,399 include Stryker medical equipment valued at \$381,539 and Motorola communications equipment valued at \$34,860. Additionally, the construction in progress balance of \$440,882 from the prior year was reclassified to depreciable vehicles upon completion of the pumper truck. More detailed information about the District's capital assets is presented in note IV.C to the financial statements.

LONG-TERM DEBT

The District's outstanding notes payable increased by \$302,247 from the prior year due to the issuance of a new note payable with Stryker Sales, LLC. in the amount of \$381,539, partially offset by principal payments of \$79,292. The total long-term debt was \$605,199 at the close of the fiscal year. More detailed information about the District's long-term liabilities is presented in note IV.D to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District is located in Galveston County, Texas. The District anticipates an increase in the overall property values in the county resulting in an increase in the assessed valuation of the District. The overall economic recovery and continued development within the District will continue to fuel increased sales tax receipts in the coming year.

Galveston County Emergency Services District No. 2

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2025

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning this report or requests for additional financial information should be directed to Greg Fountain, District Treasurer, P.O. Box 1698, Crystal Beach, Texas 77650.

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FINANCIAL STATEMENTS

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Galveston County Emergency Services District No. 2

STATEMENT OF NET POSITION

September 30, 2025

	Governmental Activities
<u>Assets</u>	
Cash	\$ 3,659,788
Taxes receivable	419,082
EMS receivable	98,602
Other assets	6,131
Total Current Assets	4,183,603
Net pension asset	54,973
Capital assets:	
Net depreciable capital assets	1,619,735
Total Noncurrent Assets	1,674,708
Total Assets	5,858,311
<u>Deferred Outflows of Resources</u>	
Pension outflows - TCDRS	179,049
Total Deferred Outflows of Resources	179,049
<u>Liabilities</u>	
Accounts payable	102,269
Accrued interest	11,766
Compensated absences, current	46,091
Long-term debt, current	192,775
Total Current Liabilities	352,901
Noncurrent liabilities:	
OPEB liability - TCDRS	3,333
Compensated absences, noncurrent	5,121
Long-term debt, noncurrent	412,424
Total Noncurrent Liabilities	420,878
Total Liabilities	773,779
<u>Deferred Inflows of Resources</u>	
OPEB inflows	387
<u>Net Position</u>	
Net investment in capital assets	1,069,509
Restricted for pensions	54,973
Unrestricted	4,138,712
Total Net Position	\$ 5,263,194

See Notes to Financial Statements.

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Galveston County
Emergency Services District No. 2
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2025

	<u>Governmental Activities</u>
<u>Expenses</u>	
Public safety - fire protection and emergency medical services	
General and administrative	\$ 359,883
Fire department services	141,936
Emergency medical services	3,449,621
Interest	13,295
Total Program Expenses	<u>3,964,735</u>
 <u>General Revenues</u>	
Property taxes	1,596,819
Sales taxes	2,079,778
EMS revenue	344,749
Investment income	135,561
Other revenue	31,633
Total General Revenues	<u>4,188,540</u>
Change in Net Position	<u>223,805</u>
 Beginning Net Position	<u>5,039,389</u>
 Ending Net Position	<u><u>\$ 5,263,194</u></u>

See Notes to Financial Statements.

Galveston County

Emergency Services District No. 2

BALANCE SHEET

September 30, 2025

	<u>General Fund</u>
<u>Assets</u>	
Cash	\$ 3,659,788
Taxes receivable	419,082
EMS receivable, net	98,602
Other assets	6,131
Total Assets	<u><u>4,183,603</u></u>
<u>Liabilities</u>	
Accounts payable	102,269
Total Liabilities	<u><u>102,269</u></u>
<u>Deferred inflows of resources</u>	
Unavailable revenue - property taxes	121,859
Unavailable revenue - EMS	65,625
Total Deferred Inflows of Resources	<u><u>187,484</u></u>
<u>Fund balance</u>	
Committed	2,741,596
Unassigned	1,152,254
Total Fund Balance	<u><u>3,893,850</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 4,183,603</u></u>

See Notes to Financial Statements.

Galveston County
Emergency Services District No. 2
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUND
September 30, 2025

Fund Balances - Total Governmental Funds	\$	3,893,850
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Adjustments for the Statement of Net Position:

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

Capital assets - net depreciable		1,619,735
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

Property taxes receivable		121,859
EMS receivable		65,625
Net pension asset		54,973

Deferred outflows (inflows) of resources represent a consumption (acquisition) of net position that applies to a future period and is not recognized as an outflow or inflow of resources (expense/expenditures) until then

Pension outflows		179,049
OPEB inflows		(387)

Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.

Compensated absences		(51,212)
Accrued interest		(11,766)
OPEB Liability - TCDRS		(3,333)
Note payable - Due in one year		(192,775)
Note payable - Due in more than one year		(412,424)

Net Position of Governmental Activities	\$	5,263,194
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See Notes to Financial Statements.

Galveston County

Emergency Services District No. 2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE

For the Year Ended September 30, 2025

	<u>General Fund</u>
Revenues	
Property taxes	\$ 1,566,655
Sales taxes	2,079,778
EMS revenue	333,045
Investment income	135,561
Other revenue	31,633
Total Revenues	<u>4,146,672</u>
Expenditures	
General and administrative	332,678
EMS expenses	3,080,755
Dues and subscriptions	3,750
Fire department	141,936
Professional and legal fees	73,712
Travel	16,130
Insurance	400
Capital outlay	431,827
Debt service	
Principal	79,292
Interest	5,785
Total Expenditures	<u>4,166,265</u>
<u>Other Financing Sources (Uses)</u>	
Note issuance	381,539
Total Other Financing Sources (Uses)	<u>381,539</u>
Net Change in Fund Balance	361,946
Beginning Fund Balance	<u>3,531,904</u>
Ending Fund Balance	<u><u>\$ 3,893,850</u></u>

See Notes to Financial Statements.

Galveston County

Emergency Services District No. 2

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

For the Year Ended September 30, 2025

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

Net change in fund balance	\$	361,946
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		416,399
Depreciation expense		(372,505)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		41,868
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest		(7,510)
Compensated absences		19,067
Pension expense		70,507
OPEB expense		(3,720)

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments		79,292
Issuance of note payable		(381,539)

	\$	223,805
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See Notes to Financial Statements.

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Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Galveston County Emergency Services District No. 2 (the "District") operates under Chapter 775 of V.T.C.A, Health and Safety Code. The District was formed on May 11, 2013 by a vote of the local citizens to support fire protection and emergency medical services for the benefit of the citizens and visitors of Bolivar Peninsula, Galveston County, Texas.

During the 2019 fiscal year, Peninsula Emergency Medical Services Inc. ("PEMSI") and the District announced an organizational restructuring to improve and enhance emergency medical services on the Bolivar Peninsula. PEMS was created through the dedicated efforts of the three local volunteer fire departments (High Island VFD, Crystal Beach VFD, Port Bolivar VFD) and has been the provider for ambulance services on the Bolivar Peninsula since 2012. Previously, the District contracted with PEMS to provide their ambulance service, as well as the Volunteer Fire Departments providing the fire protection. The District's Board of Commissioners and PEMS Board of Directors worked together to facilitate the District's assumption of providing emergency medical services to peninsula residents and visitors. Beginning in January of 2019, the District became the new provider of the ambulance service on the Bolivar Peninsula and all PEMS employees were retained by the District.

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

Considerations regarding the potential for inclusion of other entities, organizations or functions in the District's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

The Statement of Activities presents a comparison between direct expenses and program revenues of each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as taxes and investment earnings, are presented as general revenues.

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

The government reports the following governmental funds:

Governmental Funds

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

General Fund

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

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

C. Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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

1. Deposits and Investments

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

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

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

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

2. Fair Value

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

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables"

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

(i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the District.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Vehicles	5 to 15 years
Furniture and equipment	5 to 10 years
Buildings and improvements	15 to 30 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

7. Net Position Flow Assumption

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

8. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund Balance Policies

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

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing Board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

10. Long-Term Obligations

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

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

11. Compensated Absences

The liability for compensated absences reported in the government-wide fund statements consist of unpaid, accumulated paid time off ("PTO") balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or PTO of government-wide funds are recognized as an expense and liability of those funds as the benefits accrue to employees. Full-time employees who have completed three-hundred and sixty five days of continuous employment are entitled to begin accruing PTO at the rate of one-hundred and twenty hours per calendar year. Employees may carry over up to 40% (48) hours of paid time off with District Manager approval. Upon termination of employment, employees will be paid for unused PTO that was accrued during the calendar year of the termination of employment.

It is the District's policy to liquidate compensated absences with currently available expendable resources. Accordingly, the District's governmental funds recognize accrued compensated absences when it is paid.

12. 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.

13. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County & District Retirement System (TCDRS) and additions to/deductions from TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

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

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

An unappropriated budget is prepared by fund and function. The legal level of control is considered to be the fund level. Appropriations lapse at the end of the year. Several supplemental budget appropriations were made during the year.

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2025, the District had the following investments:

<u>Investments Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Days)</u>
External investment pools	\$ 3,461,269	24
Total value	<u>\$ 3,461,269</u>	
Portfolio weighted average maturity		24

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

Custodial Credit Risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District requires funds on deposit at the depository bank to be collateralized by securities when in excess of FDIC coverage. As of September 30, 2025, checking deposits were collateralized by an amount over and above the yearend balances.

The District invests in TexStar. At year end, the value of TexStar investments was \$2,825,733.

TexStar

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated AAAM by Standard &

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

Poor's. The District's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

B. Receivables

The following comprise receivable balances of the primary government at year end:

	General
Property Taxes	\$ 100,486
Sales Tax	318,596
EMS	668,951
Due from Emergicon	31,707
Allowance	(602,056)
	<u>\$ 517,684</u>

C. Capital Assets

The following is a summary of changes in capital assets for the year ended September 30, 2025:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Construction in progress	\$ 440,882	\$ -	\$ (440,882)	\$ -
Total capital assets not being depreciated	<u>440,882</u>	<u>-</u>	<u>(440,882)</u>	<u>-</u>
Capital assets, being depreciated:				
Vehicles	1,724,049	-	440,882	2,164,931
Equipment	705,706	416,399	-	1,122,105
Total capital assets being depreciated	<u>2,429,755</u>	<u>416,399</u>	<u>440,882</u>	<u>3,287,036</u>
Less accumulated depreciation				
Vehicles	(811,681)	(256,365)	-	(1,068,046)
Equipment	(483,115)	(116,140)	-	(599,255)
Total accumulated depreciation	<u>(1,294,796)</u>	<u>(372,505)</u>	<u>-</u>	<u>(1,667,301)</u>
Net capital assets being depreciated	<u>1,134,959</u>	<u>43,894</u>	<u>440,882</u>	<u>1,619,735</u>
Total Capital Assets	<u><u>\$ 1,575,841</u></u>	<u><u>\$ 43,894</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,619,735</u></u>

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

D. Long-Term Obligations

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Bonds, notes and other payables:					
Notes payable	\$ 302,952	\$ 381,539	\$ (79,292)	\$ 605,199	\$ 192,775
Total Governmental Activities	<u>\$ 302,952</u>	<u>\$ 381,539</u>	<u>\$ (79,292)</u>	<u>\$ 605,199</u>	<u>\$ 192,775</u>
Long-term liabilities due in more than one year				<u>\$ 412,424</u>	

The District issued a promissory note to finance a fire truck with Government Capital Corporation in the amount of \$301,776 with an interest rate of 2.49%. Payments are due in annual installments in the amount of \$64,938 through 2027. The note is secured by future property tax and underlying assets of the District.

The District entered into a note agreement with Stryker Sales, LLC. to purchase medical equipment in the amount of \$154,700 with an interest rate of 1.97%. Payments are due in quarterly installments in the amount of \$10,188 through 2027. The note is secured by future property tax and underlying assets of the District.

The District entered into a note agreement with Stryker Sales, LLC. to purchase medical equipment in the amount of \$381,539 with an interest rate of 2.49%. Payments are due in annual installments in the amount of \$82,101 through 2030. The note is secured by future property tax and underlying assets of the District.

Notes Payable

Year ending September 30,	Notes Payable		
	Principal	Interest	Total
2026	\$ 192,775	\$ 14,228	\$ 207,002
2027	177,896	9,897	187,792
2028	76,262	5,840	82,101
2029	78,161	3,941	82,101
2030	80,107	1,995	82,101
	<u>\$ 605,199</u>	<u>\$ 35,899</u>	<u>\$ 641,099</u>

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

E. Other Long-term Liabilities

The following is a summary of changes in the District's other long-term liabilities for the year ended. The District uses the general fund to liquidate compensated absences.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 70,279	\$ 83,092	\$ (102,159)	\$ 51,212	\$ 46,091
Total Governmental Activities	<u>\$ 70,279</u>	<u>\$ 83,092</u>	<u>\$ (102,159)</u>	<u>\$ 51,212</u>	<u>\$ 46,091</u>
Long-term liabilities due in more than one year					<u>\$ 5,121</u>

V. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past year.

B. Contingent Liabilities

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

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

C. Fire Protection and EMS Services

On April 1, 2014, the District entered into agreements with the Crystal Beach, High Island, and Port Bolivar Volunteer Fire Departments as well as the Peninsula Emergency Medical Services, Inc. ("PEMSI") to provide fire protection and prevention services and emergency services to the residents of the District. The District reviews and approves the funding

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

budget for each contracted entity prior to the start of the fiscal year. Amounts paid to each entity under this agreement for the current year totaled, \$32,820, \$78,411, and \$30,705, respectively.

D. Emergency Fund

The District has established separate savings accounts which is reserved for emergencies. As of year end, the accounts contained \$2,741,596 and is committed within fund balance.

E. Defined Benefit Pension Plan

1. Plan Description

The District provides retirement, disability, and death benefits for all its eligible employees through a nontraditional defined benefit pension plan in the statewide Texas County & District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 870 nontraditional defined contribution benefit plans. TCDRS, in the aggregate, issues a comprehensive annual financial report ("ACFR") on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

2. Benefits Provided

The plan provisions are adopted by the District within the options available in Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

3. Funding Policy

The District has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

The District contributed using the ADCR of 9.59% for calendar years 2025 and 2024, respectively.

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

4. Contributions

	<u>9/30/2025</u>
Actuarially determined employer contributions	\$ 224,230
Contributions in relation to the actuarially determined contributions	\$ 224,230
Contribution deficiency (excess)	-
Annual covered employee payroll	\$ 2,338,169
Employer contributions as a % of covered employee payroll	9.6%

The required contribution rates for fiscal year 2025 were determined as part of the December 31, 2024 actuarial valuation.

Additional information as of the latest actuarial valuation, December 31, 2024, also follows:

Valuation Date	<u>12/31/2024</u>
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of payroll, closed
Amortization Period in years	20.0 years
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Investment Rate of Return	7.50%
Salary Increases	4.7 % including inflation

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

Employees covered by benefit terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Active members	32
Inactive members currently receiving benefits	8
Total	40

5. Net Pension Liability (Asset)

The District's Net Pension Liability (Asset) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	4.7% average per year, varies by age and service
Investment Rate of Return	7.5%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table.

Actuarial assumptions used in the December 31, 2024, valuation were based on the results of an actuarial experience study updated every four years, except where required to be different by GASB 68.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected minus inflation) (2)
US Equities	Dow Jones U.S. Total Stock Market Index	13%	4.75%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25%	7.75%
Global Equities	MSCI World (net) Index	4%	4.75%
International Equities – Developed	MSCI World Ex USA (net) Index	6%	4.75%
Investment - Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index (3)	4%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2%	4.10%
Commodities	Bloomberg Commodities Index	2%	
Master Limited Partnerships (MLPs)	Alerian MLP Index	2%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6%	5.70%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6%	3.25%
Cash Equivalents	90-day U.S. Treasury	2%	0.60%

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

(2) Geometric real rates of return in addition to assumed inflation of 2.2%, per Cliffwater's 2024 capital market assumptions.

(3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

Discount Rate:

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

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 12/31/23	\$ -	\$ -	\$ -
Changes for the year:			
Service Cost	317,579	-	317,579
Interest on total pension liability ⁽¹⁾	24,108	-	24,108
Effect of economic/demographic gains or losses	981	-	981
Effect of assumptions changes or inputs	-	-	-
Benefit payments and refunds	(751)	(751)	-
Administrative expense	-	(216)	216
Member contributions	-	156,005	(156,005)
Net investment income (loss)	-	7,818	(7,818)
Employer contributions	-	213,726	(213,726)
Other ⁽²⁾	-	20,308	(20,308)
Net changes	341,917	396,890	(54,973)
Balance at 12/31/24	<u>\$ 341,917</u>	<u>\$ 396,890</u>	<u>\$ (54,973)</u>

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Relates to allocation of system-wide items.

Sensitivity of the net pension liability (asset) to changes in the discount rate

The following presents the net pension liability of the District, calculated using the discount rate of 7.60%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate:

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

1% Decrease 6.60%	Current Single Rate Assumption 7.60%	1% Increase 8.60%
\$ 11,217	\$ (54,973)	\$ (107,364)

Pension Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2025, the District recognized pension expense of \$152,538.

At September 30, 2025, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual economic experience	\$ 858	\$ -
Differences between projected and investment earnings	5,357	-
Contributions subsequent to the measurement date	172,834	-
Total	\$ 179,049	\$ -

The District reported \$172,834 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2026.

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

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

Year ended December 31:		
2025	\$	1,462
2026		1,462
2027		1,462
2028		1,463
2029		123
Thereafter		243
	\$	<u>6,215</u>

F. Other Postemployment Benefits

The District also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas County and District Retirement System (TCDRS) effective January 1, 2024. This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB). Retired employees are insured for \$5,000.

The GTLF is a separate trust administered by the TCDRS Board of Trustees. TCDRS issues a publicly available comprehensive annual financial report (ACFR) that includes financial statements and required supplementary information for the GTLF. This report is available at www.tcdrs.org. TCDRS' ACFR may also be obtained by writing to the Texas County & District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The District contributions to the GTLF for the years ended September 30, 2025, were \$0, which equaled the contractually required contributions for the year.

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

Employees covered by benefit terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>32</u>
Total	32

Schedule of Contribution Rates (RETIREE-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2024	0.0%	0.0%	100.0%
2025	0.0%	0.0%	100.0%

Total OPEB Liability

The District's Postemployment Benefits Other Than Pensions Liability for the Group Term Life Fund (GTLF OPEB) will be measured as of December 31, 2024, and the Total OPEB Liability will be determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Actuarial cost method	Entry Age Level Percent of Salary
Amortization method	Straight-Line amortization over Tenure
Investment rate of return	4.08%
Discount rate	20 Year Bond GO Index at 12/31/24
Salary increases	0.40% - 5.25%
Mortality	100% - 160% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and females.

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 4.08%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate published by bondbuyer.com as of December 26, 2024.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower 3.08% or 1-percentage-point higher 5.08% than the current rate:

1% Decrease 3.08%	Current Single Rate 4.08%	1% Increase 5.08%
\$ 3,867	\$ 3,333	\$ 2,898

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/23	\$ -
Changes for the year:	
Service Cost	3,644
Interest	119
Difference between expected and actual experience	-
Changes of assumptions	(430)
Benefit payments	-
Net changes	3,333
Balance at 12/31/24	\$ 3,333

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the District recognized OPEB expense of \$3,720.

Galveston County Emergency Services District No. 2

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

At September 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Changes in assumptions	\$ -	\$ (387)
Total	\$ -	\$ (387)

The District reported \$0 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2026.

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

Year ended December 31:

2025	\$	(43)
2026		(43)
2027		(43)
2028		(43)
2029		(43)
Thereafter		(172)
	\$	<u>(387)</u>

G. Subsequent Events

There were no material subsequent events through May 18, 2026, the date the financial statements were issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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Galveston County
Emergency Services District No. 2
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,566,655	\$ 66,655
Sales taxes	1,850,000	1,850,000	2,079,778	229,778
EMS revenue	250,000	250,000	333,045	83,045
Investment income	60,000	60,000	135,561	75,561
Other revenue	695,313	836,663	31,633	(805,030)
Total Revenues	4,355,313	4,496,663	4,146,672	(349,991)
Expenditures				
Administrative				
General and administrative	611,920	775,320	332,678	442,642
EMS expenses	2,727,500	2,726,750	3,080,755	(354,005)
Dues and subscriptions	7,450	7,450	3,750	3,700
Fire department	2,500	2,500	141,936	(139,436)
Professional and legal fees	102,600	106,700	73,712	32,988
Travel	19,000	19,500	16,130	3,370
Insurance	6,400	6,400	400	6,000
Capital outlay	807,943	801,043	431,827	369,216
Debt Service				
Principal	-	-	79,292	(79,292)
Interest	70,000	51,000	5,785	45,215
Total Expenditures	4,355,313	4,496,663	4,166,265	330,398
Net Change in Fund Balance	\$ -	\$ -	361,946	\$ 361,946
Beginning Fund Balance			3,531,904	
Ending Fund Balance			\$ 3,893,850	

Notes to Required Supplementary Information:

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

Galveston County

Emergency Services District No. 2

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

For the Year Ended September 30, 2025

	<u>12/31/2024</u>
Total pension liability	
Service cost	\$ 317,579
Interest (on the Total Pension Liability)	24,108
Differences	981
Benefit payments, including refunds of participant contributions	(751)
Net change in total pension liability	<u>341,917</u>
Total pension liability - beginning	<u>-</u>
Total pension liability - ending (a)	<u>\$ 341,917</u>
Plan fiduciary net position	
Contributions - employer	\$ 213,726
Contributions - members	156,005
Net investment income (loss)	7,818
Benefit payments, including refunds of participant contributions	(751)
Administrative expenses	(216)
Other	20,308
Net change in plan fiduciary net position	<u>396,890</u>
Plan fiduciary net position - beginning	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ 396,890</u>
Fund's net pension liability (asset) - ending (a) - (b)	<u><u>\$ (54,973)</u></u>
 Plan fiduciary net position as a percentage of the total pension liability (asset)	 116.08%
Covered payroll	\$ 2,228,638
Fund's net position as a percentage of covered payroll	-2.47%

Galveston County
Emergency Services District No. 2
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN
For the Year Ended September 30, 2025

	<u>9/30/2025</u>
Actuarially determined employer contributions	\$ 224,230
Contributions in relation to the actuarially determined contributions	\$ 224,230
Contribution deficiency (excess)	-
Annual covered employee payroll	\$ 2,338,169
Employer contributions as a % of covered employee payroll	9.6%

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Amortization Period	20.0 years
Asset Valuation Method	5 years, smoothed value
Inflation	2.50%
Salary Increases	4.7% average over career including inflation
Retirement Age	The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

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Galveston County

Emergency Services District No. 2

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

Years Ended:

	<u>12/31/2024</u>
Total OPEB liability	
Service cost	\$ 3,644
Interest	119
Changes of assumptions	<u>(430)</u>
Net changes	<u>3,333</u>
Total OPEB liability - beginning	<u>-</u>
Total OPEB liability - ending	<u><u>\$ 3,333</u></u>
 Covered payroll	 \$ 2,228,638
Total OPEB Liability as a percentage of covered payroll	0.15%

Notes to schedule:

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

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

Exhibit C

Galveston County Emergency Services No. 2

Check Detail

April 16 - May 19, 2026

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	CLR	AMOUNT
6680 Checking Texas First						
04/20/2026	Expense		EMS Technology Solutions LLC	EMS TECHNOLOGY S/PURCHASE 143542 EMS TECHNOLOGY S/PURCHASE 143542639 Galveston County E	R	-830.00
				EMS TECHNOLOGY S/PURCHASE 143542 EMS TECHNOLOGY S/PURCHASE 143542639 Galveston County E		830.00
04/21/2026	Expense		EMS Technology Solutions LLC	EMS TECHNOLOGY S/PURCHASE 143600 EMS TECHNOLOGY S/PURCHASE 143600082 Galveston County E	R	-830.00
				EMS TECHNOLOGY S/PURCHASE 143600 EMS TECHNOLOGY S/PURCHASE 143600082 Galveston County E		830.00
04/24/2026	Expense		EMS Technology Solutions LLC	EMS TECHNOLOGY S/PURCHASE 143695 EMS TECHNOLOGY S/PURCHASE 143695541 Galveston County E	R	-830.00
				EMS TECHNOLOGY S/PURCHASE 143695 EMS TECHNOLOGY S/PURCHASE 143695541 Galveston County E		830.00
04/27/2026	Expense			Shred-it USA LLC/Collection TFB	R	-114.68
				Shred-it USA LLC/Collection TFB		114.68
04/27/2026	Expense			ALLIED DELTA DIC/BILLPAY B260901 ALLIED DELTA DIC/BILLPAY BXXXXXXXX360747 GALVESTON COU	R	-964.68
				ALLIED DELTA DIC/BILLPAY B260901 ALLIED DELTA DIC/BILLPAY BXXXXXXXX360747 GALVESTON COU		964.68
04/29/2026	Expense			SOUTHERN BROADBA/PURCHASE 409 68 SOUTHERN BROADBA/PURCHASE 409 684 7021 Galveston Count	R	-89.00
				SOUTHERN BROADBA/PURCHASE 409 68 SOUTHERN BROADBA/PURCHASE 409 684 7021 Galveston Count		89.00
04/30/2026	Expense			HEALTH CARE SERV/OBPPAYMT 311308 HEALTH CARE SERV/OBPPAYMT XXXXXX5634 PENINSULA EMERGEN	R	-
				HEALTH CARE SERV/OBPPAYMT 311308 HEALTH CARE SERV/OBPPAYMT XXXXXX5634 PENINSULA EMERGEN		17,037.60
05/12/2026	Check	4637	AT&T Mobility			-897.51
				Acct. 287327593524 Inv. 04232026		897.51
05/12/2026	Check	4638	Joshua C. Heinz			-1,000.00
				Atty Fee		1,000.00
05/12/2026	Check	4639	Galveston County Auditor			-1,736.28
				CI-0001914 - Feb. '26		1,736.28
05/12/2026	Check	4640	American Welding & Gas			-205.05
				0010998085		205.05
05/12/2026	Check	4641	Teleflex LLC			-598.00
				Inv. 9510268827		598.00
05/12/2026	Check	4642	Stryker - Flex Financial			-
				Agreement #975-8204063-002		10,188.26
						10,188.26
05/12/2026	Check	4643	Waukesha-Pearce Industries			-864.17
				Account 203978 Inv. 3110379		864.17
05/12/2026	Check	4644	HdL Companies			-155.00
				SIN062049		155.00

Galveston County Emergency Services No. 2

Check Detail

April 16 - May 19, 2026

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	CLR	AMOUNT
05/12/2026	Check	4645	AT&T Mobility	SEI 062135268		-599.94 599.94
05/12/2026	Check	4646	Southeast Texas HR	Inv. 6721	C	-875.00 875.00
05/12/2026	Check	4647	United Data Technologies, Inc.	Cust. 2001, Inv. 5042026074	C	-374.00 374.00
05/12/2026	Check	4648	Galveston Central Appraisal District	Q3		-3,807.03 3,807.03
05/12/2026	Check	4649	High Island VFD	April '26 Reimbursement		-6,386.93 6,386.93
05/12/2026	Check	4650	Siddons-Martin	Inv. 308-0000059456		11,220.82 11,220.82
05/12/2026	Check	4651	Classic Ford	Cust. 4267956, Inv. 189331FS		-335.14 335.14
05/12/2026	Check	4652	Active 911	Inv. 678958		-305.98 305.98
05/12/2026	Check	4653	Crystal Beach VFD	April '26 Reimbursement		-807.78 807.78
05/12/2026	Check	4654	Port Bolivar VFD	April '26 Reimbursement		-2,532.52 2,532.52
05/19/2026	Check	4655	Visa	HP, Amazon Koza, 5.11 Lil Johns Adobe, Intuit Primo, Amazon 911 Emergency 13P Bolivar - Undine, Frontier Waste Ultimate Coatings Amazon - EMS Week Credit Vouchers		-4,561.07 122.58 969.45 312.00 169.43 413.44 35.21 335.30 975.00 1,244.25 -15.59
05/19/2026	Check	4656	Visa	Direct TV Amazon Safe-D - Reverse Fraud HP Frontier Pest		-656.71 179.98 34.23 323.70 23.80 95.00
05/19/2026	Check	4657	Benckenstein & Oxford, L.L.P.	Inv. 51738		-1,000.00 1,000.00
05/19/2026	Check	4658	UVC Powersports			

Galveston County Emergency Services No. 2

Check Detail

April 16 - May 19, 2026

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	CLR	AMOUNT
				Deal 15116		14,958.74
						14,958.74
05/19/2026	Check	4659	Frazer			-768.21
				H00002837		768.21
05/19/2026	Check	4660	Savvik Buying Group			-380.00
				Inv. 3393		380.00
05/19/2026	Check	4661	GCM, The Big Store			-16.26
				Account 2007		16.26
05/19/2026	Check	4662	Savvik Buying Group			-142.00
				Inv. 3401		142.00
05/19/2026	Check	4663	Vidal Accounting, PLLC			-2,310.00
				Inv. 00141		2,310.00
05/19/2026	Check	4664	O'Reilly Automotive, Inc.			-225.08
				5882-138803,138637,140908		225.08
05/19/2026	Check	4665	American Welding & Gas			-376.80
				Inv. 0080369033		376.80
05/19/2026	Check	4666	Bound Tree Medical, LLC			-7,979.51
				Account 222792		7,979.51
05/19/2026	Check	4667	UVC Powersports			-2,150.00
				Extended Warranty		2,150.00
05/19/2026	Check	4668	Yates Auto & Truck Repair			-2,944.23
				0072277, 0072261		2,944.23
05/19/2026	Check	4669	Total Reporting Arcpoint			-125.00
				Inv. 8589 - Crawford, Clayton		125.00
05/19/2026	Check	4670	ERF Data Solutions			-1,215.00
				Inv. 03-02032026-2 RMS Set up & Custom Dashboard		1,215.00

Exhibit D



Port Bolivar Volunteer Fire Department

PO Box 675 Port Bolivar, Texas 77650 1806 Broadway
Ph: 409-684-1984 Fax: 409-684-1003 pbvfd@att.net

Date: 04/30/2026.

Attention: ESD 2 Board

Port Bolivar Volunteer Fire Department is requesting from the ESD #2 Board Reimbursement for our April 2026 bills totaling \$ 2,532.52.

Company	Description	Cost	Paid By	Code
AT&T	Internet/Phone	\$196.42 ✓	CK #1542	2800
AT&T Mobility	Internet/Phone FirstNet	\$42.03 ✓	CK #1544	2800
Entergy	Inside Lights	\$210.79 ✓	CK #1540	2800
Entergy	Outside Lights	\$118.15 ✓	CK #1541	2800
Frontier Waste BAYOU	Trash	\$252.50 ✓	CK #1545	2800
BeenVerified	Background Checks	\$31.78 ✓	Credit Card	4600
Colonial Life	Insurance INV# 63896620401078	\$323.61 ✓	ACH Payment	2400
Amazon	Carburetor for Water Pump on back of brush truck	\$59.49 ✓	Credit Card	4900



Port Bolivar Volunteer Fire Department

PO Box 675 Port Bolivar, Texas 77650 1806 Broadway
Ph: 409-684-1984 Fax: 409-684-1003 pbvfd@att.net

Certification of Expense Request FY 2025-2026

Acting in my capacity as Treasurer, on behalf of the **Port Bolivar Volunteer Fire Department**, we certify that the following expense reimbursement request of \$ 2,532.52 for the month of April 2026 bills are true and correct to the best of our knowledge and have been procured in accordance with state and federal guidelines governing expenditures of public funds and have been authorized for submission to the Galveston County Emergency Services District #2 by the **Port Bolivar Volunteer Fire Department Board of Directors**.

Printed Name: John B. Williams, Treasurer

Signature: _____

Date: _____

Printed Name: William Weeks, President / Malcolm Comeaux, Chief

Signature: _____

Date: _____

Port Bolivar VFD 2025-2026

April '26

Revised 3.17.26

Revised 4.15.26

	BUDGET 2025-26	Prior Month	ACTUAL		Total	Remaining Budget
			Current Month April '26			
2000 - Accounting & Software	\$ 2,000.00	\$ 850.50		\$ 850.50	\$ 1,149.50	
2300 - Office Supplies & Equipment				\$ -	\$ -	
2400 - Insurance	\$ 6,500.00	\$ 1,294.44	\$ 323.61	\$ 1,618.05	\$ 4,881.95	
2500 - Travel Expenses				\$ -	\$ -	
2550 - Fire Prevention	\$ 1,750.00	\$ 300.00		\$ 300.00	\$ 1,450.00	
2700 - Dues/Subscriptions/License/Public Rel	\$ 1,300.00	\$ 503.20		\$ 503.20	\$ 796.80	
2800 - Utilities/Alarm Services	\$ 12,500.00	\$ 7,678.93	\$ 819.89	\$ 8,498.82	\$ 4,001.18	
4000 - Firefighting Equipment/Maint/Repair	\$ 10,000.00	\$ 3,568.55	\$ 1,297.75	\$ 4,866.30	\$ 5,133.70	
4200 - Fuel	\$ 4,000.00	\$ 1,906.09		\$ 1,906.09	\$ 2,093.91	
4210 - Oxygen/Breathing Air	\$ 3,775.00	\$ 3,775.00		\$ 3,775.00	\$ -	
4300 - Radio Usage	\$ 3,795.00	\$ 3,795.00		\$ 3,795.00	\$ -	
4500 - Training	\$ 5,000.00			\$ -	\$ 5,000.00	
4600 - Medical Exams/Background Checks	\$ 500.00	\$ 190.68	\$ 31.78	\$ 222.46	\$ 277.54	
4700 - Building Maintenance				\$ -	\$ -	
4800 - Uniforms/Personnel Costs	\$ 500.00			\$ -	\$ 500.00	
4900 - Vehicle Maint. & Repair	\$ 2,225.00	\$ 167.44	\$ 59.49	\$ 226.93	\$ 1,998.07	
	<u>\$ 53,845.00</u>		<u>\$ 2,532.52</u>			\$ 27,282.65



High Island Volunteer Fire Rescue
P.O. Box 144
High Island, Texas 77623

INVOICE

DATE MAY 1, 2026
INVOICE # 2026-04

Galveston County ESD #2
930 Nobel Carl Dr
Crystal Beach, TX 77650

SALESPERSON	JOB	PAYMENT TERMS	DUE DATE
		Due on receipt	
LINE ITEM	DESCRIPTION	UNIT PRICE	LINE TOTAL
2000	Crystal Larson – CPA- HIVFD 2025 Taxes (Ch# 3257)	1,950.00	1,950.00
2800	Fastwyre Broadband – EFT – HIVFD phones/fax/internet	276.36	2,226.36
2800	Entergy - EFT – HIVFD - Electrical	412.78	2,639.14
2800	Frontier Waste Solutions - EFT – HIVFD – Dumpster	237.13	2,876.27
2800	Voxtelesys – EFT – Phone service	13.83	2,890.10
2800	Dish – # EFT - Station Cable	119.42	3,009.52
4700	Frontier Pest control (debit) Building Mnt.	185.00	3,194.52
4200	Galveston County Auditor/check #3260(Feb/26)	212.12	3,406.64
4900	Stratton's # 3255 Vehicle Mnt.	21.98	3,428.62
4900	FirePenny – # 3258 Vehicle Mnt.	722.24	4,150.86
4900	Stratton's – # 3259 Vehicle Mnt.	621.23	4,772.09
4700	Nederland Lawnmower - # 3256 – Building Mnt.	600.80	5,372.89
4000	Battery Clearance – Debit – Firefighting Mnt.	934.09	6,306.98
2000	Q-Books – EFT (April)	79.95	6,386.93
TOTAL			6,386.93

Make all checks payable to High Island Volunteer Fire Rescue
Thank you for your business!

HIGH ISLAND



Volunteer Fire/Rescue

P.O. Box 144, 2041 7th Street
High Island, Texas 77623
Phone (409) 286-5811 Fax (409) 286-5424

May 01, 2026

Galveston County ESD # 2
PO Box 1709
Crystal Beach, Texas 77650

Ref: Certification of expense reimbursement request

I, Dawn L. Blashill, acting in my capacity as Treasurer, on behalf of High Island Volunteer Fire Rescue, Inc.

do certify that the expense reimbursement request that is submitted for the amount of
\$ 6,386.93 is true and correct to the best of my knowledge and has been processed in accordance
with State and Federal guidelines governing expenditure of public funds and has been authorized for
submission to the Galveston County ESD # 2 by the High Island Volunteer Fire Rescue Inc. Board of
Directors.

Dawn L. Blashill
Signature

5/01/26
Date

High Island VFD 2025-2026

April '26

Revised 4.15.26

	BUDGET 2024-25	ACTUAL		Total	Remaining Budget
		Prior Month	Current Month Apr. '26		
2000 - Accounting & Software	\$ 2,700.00	\$ 479.70	\$ 2,029.95	\$ 2,509.65	\$ 190.35
2300 - Office Supplies & Equipment					\$ -
2400 - Insurance	\$ 6,000.00	\$ 4,160.00		\$ 4,160.00	\$ 1,840.00
2500 - Travel Expenses				\$ -	\$ -
2550 - Fire Prevention	\$ 750.00			\$ -	\$ 750.00
2700 - Dues/Subscriptions/License/Public Rel	\$ 678.77	\$ 678.77		\$ 678.77	\$ -
2800 - Utilities/Alarm Services	\$ 13,500.00	\$ 6,133.45	\$ 1,059.52	\$ 7,192.97	\$ 6,307.03
4000 - Firefighting Equipment/Maint/Repair	\$ 20,000.00	\$ 2,080.53	\$ 934.09	\$ 3,014.62	\$ 16,985.38
4200 - Fuel	\$ 4,500.00	\$ 1,317.76	\$ 212.12	\$ 1,529.88	\$ 2,970.12
4210 - Oxygen/Breathing Air				\$ -	\$ -
4300 - Radio Usage	\$ 3,000.00	\$ 2,959.80		\$ 2,959.80	\$ 40.20
4500 - Training	\$ 5,000.00			\$ -	\$ 5,000.00
4600 - Medical Exams/Background Checks	\$ 321.23			\$ -	\$ 321.23
4700 - Building Maintenance	\$ 6,000.00	\$ 1,957.36	\$ 785.80	\$ 2,743.16	\$ 3,256.84
4800 - Uniforms/Personnel Costs	\$ 2,000.00			\$ -	\$ 2,000.00
4900 - Vehicle Maint. & Repair	\$ 10,000.00	\$ 5,710.42	\$ 1,365.45	\$ 7,075.87	\$ 2,924.13
	<u>\$ 74,450.00</u>		<u>\$ 6,386.93</u>		\$ 42,585.28



INVOICE

Crystal Beach Fire & Rescue
930 Noble Carl Dr.
Crystal Beach, Texas 77650

DATE APRIL 2026

TO Galveston County ESD #2
930 Noble Carl Dr.
Crystal Beach, TX 77650

SALESPERSON

JOB

PAYMENT TERMS

DUE DATE

Due on receipt

LINE ITEM	DESCRIPTION	UNIT PRICE	LINE TOTAL
2000	Quick Books		\$ 39.90 ✓
4000	MES		767.88 ✓

TOTAL **\$807.78**



Crystal Beach Fire Department

P.O.Box 1350
930 Noble Carl Drive
Crystal Beach, TX 77650

5-1-2026

Galveston County ESD #2

PO Box 1709

Crystal Beach, Texas

Ref: Certification of expense reimbursement request.

I, Stacey Cole acting in my capacity as Treasurer, on behalf of Crystal Beach Volunteer Fire Department

Rescue, do certify that the expense reimbursement request that is submitted of the amount of \$ 807.78

Is true and correct to the best of my knowledge, and has been processed in accordance with State and Federal Guidelines governing expenditures of public funds and has been authorized for submission to the Galveston County ESD #2 by Crystal Beach Volunteer Fire and Rescue, Board of Directors.

Stacey Cole
Signature

5-4-26
Date

Crystal Beach VFD 2025-2026

April '26

Revised 4.15.26

	BUDGET 2024-25	Prior Month	ACTUAL		Total	Remaining Budget
			Current Month April '26			
2000 - Accounting & Software	\$ 4,800.00	\$ 3,010.66	\$ 39.90	\$ 3,050.56	\$ 1,749.44	
2300 - Office Supplies & Equipment					\$ -	
2400 - Insurance	\$ 3,525.89	\$ 3,525.89		\$ 3,525.89	\$ -	
2500 - Travel Expenses				\$ -	\$ -	
2510 - Mileage reimbursement/tolls				\$ -	\$ -	
2550 - Fire Prevention				\$ -	\$ -	
2700 - Dues/Subscriptions/License/Public Rel	\$ 1,700.00	\$ 1,189.40		\$ 1,189.40	\$ 510.60	
2800 - Utilities/Alarm Services				\$ -	\$ -	
4000 - Firefighting Equipment/Maint/Repair	\$ 8,000.00	\$ 6,693.10	\$ 767.88	\$ 7,460.98	\$ 539.02	
4200 - Fuel				\$ -	\$ -	
4210 - Oxygen/Breathing Air	\$ 2,000.00			\$ -	\$ 2,000.00	
4300 - Radio Usage	\$ 3,000.00	\$ 3,000.00		\$ 3,000.00	\$ -	
4500 - Training	\$ 11,474.11			\$ -	\$ 11,474.11	
4600 - Medical Exams/Background Checks	\$ 500.00			\$ -	\$ 500.00	
4700 - Building Maintenance				\$ -	\$ -	
4800 - Uniforms/Personnel Costs	\$ 1,000.00			\$ -	\$ 1,000.00	
4900 - Vehicle Maint. & Repair	\$ 3,000.00	\$ 80.00		\$ 80.00	\$ 2,920.00	
	<u>\$ 39,000.00</u>		<u>\$ 807.78</u>			\$ 20,693.17

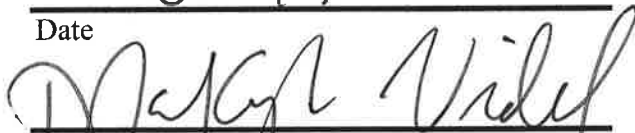
Exhibit E

Galveston County Emergency Services District No. 2
19-May-26

	4/30/2026	5/19/2026
	Balance	Balance
Texas First Bank		
Operating/Checking (xxxx6680)	\$ 117,698.65	\$ 177,008.19
Savings (Acct. No. xxx9804)	\$ 2,570.09	\$ 2,570.09
EMS Billing (Acct. No. xxxx7569)	\$ 10,326.78	\$ 12,487.46
	\$130,595.52	\$192,065.74
TexSTAR (Investment Co-Op)		
General Fund (Acct. No. xxxxxx1110)	\$ 2,091,234.68	\$ 2,091,234.68
Capital Fund (Acct. No. xxxxxx1890)	\$335,471.51	\$335,471.51
Emergency Fund (Acct. No. xxxxxx4140)	\$1,211,043.69	\$1,211,043.69
	\$3,637,749.88	\$3,637,749.88
TOTALS	\$3,768,345.40	\$3,829,815.62


Treasurer, GCESD2

05-19-2026
Date


Accountant, GCESD2

5-19-2026
Date

Exhibit F

RESOLUTION TO TAX GOODS-IN-TRANSIT

THE STATE OF TEXAS §
§
COUNTY OF GALVESTON §

WHEREAS, the 82nd Texas Legislature, in Special Session, enacted Senate Bill 1, which amended Texas Tax Code § 11.253 regarding exemptions from taxation for certain tangible personal property stored temporarily at a public warehouse facility in this state under a contract of bailment by a public warehouse operator ("goods-in-transit"), which property may have been subject to taxation in the past; and

WHEREAS, Texas Tax Code § 11.253 (j-1), as amended, allows the governing body of a taxing unit, after conducting a public hearing, to provide for the taxation of such goods-in-transit; and

WHEREAS, the Board of Commissioners of Galveston County Emergency Services District No. 2 (the "District"), having conducted a public hearing as required by Section 1-n(d), Article VIII, Texas Constitution, and Texas Tax Code § 11.253(j-1), has determined that it is in the best interests of the District to tax such goods-in-transit;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF GALVESTON COUNTY EMERGENCY SERVICES DISTRICT NO. 2 THAT:

The goods-in-transit, as defined in Tex. Tax Code § 11.253(a)(2), as amended by Senate Bill 1, enacted by the 82nd Texas Legislature, in Special Session, shall remain subject to taxation by the District.

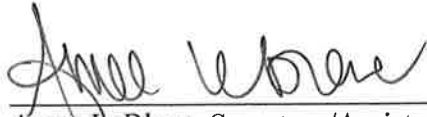
ADOPTED this 19th day of May 2026.

**GALVESTON COUNTY EMERGENCY
SERVICES DISTRICT NO. 2**



Kate Newberry, President
Board of Commissioners

ATTEST:



Amee LeBlanc, Secretary/Assistant Treasurer
Board of Commissioners

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
§
COUNTY OF GALVESTON §

The undersigned officer of the Board of Commissioners of Galveston County Emergency Services District No. 2 hereby certifies as follows:

1. The Board of Commissioners of Galveston County Emergency Services District No. 2 convened in a regular meeting on the 19th day of May 2026, at the District's administrative office, located at the Crystal Beach fire station, 930 Noble Carl Dr., Crystal Beach, Texas 77650, and the roll was called of the duly constituted officers and members of the Board, to wit:

Kate Newberry	-	President
Tim Byrom	-	Vice President
Amee LeBlanc	-	Secretary/Assistant Treasurer
Greg Fountain	-	Treasurer

and all of said Commissioners were present, except Commissioner(s) N/A, thus constituting a quorum. Whereupon, among other business, the following was transacted at the meeting:

RESOLUTION TO TAX GOODS-IN-TRANSIT

was introduced for the consideration of the Board. It was then duly moved and seconded that the Resolution be adopted, and, after due discussion, the motion, carrying with it the adoption of the Resolution, prevailed and carried by majority of the Board.

2. A true, full and correct copy of the Resolution adopted at the meeting described in the above paragraph is attached to this certificate; the Resolution has been duly recorded in the Board's minutes of the meeting; the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein, each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Resolution would be introduced and considered for adoption at the meeting, and each of the officers and members consented, in advance, to the holding of the meeting for such purpose; the meeting was open to the public as required by law; and public notice of the time, place and subject to the meeting was given as required by Chapter 551 of the Government Code.

SIGNED AND SEALED this 19th day of May 2026.


Amee LeBlanc, Secretary/Assistant Treasurer
Board of Commissioners

THE STATE OF TEXAS

§

§

COUNTY OF GALVESTON

§

This instrument was acknowledged before me on this 19th day of May 2026, by Amee LeBlanc, Secretary/Assistant Treasurer of the Board of Commissioners of Galveston County Emergency Services District No. 2, on behalf of said District.



Notary Public, State of Texas

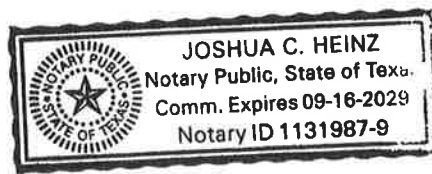


Exhibit G

STATE OF TEXAS

§

§

COUNTY OF GALVESTON

§

PROCLAMATION

WHEREAS, Galveston County Emergency Services District No. 2 has been awarded a generous grant in the amount of \$176,000.00 from the Moody Foundation; and

WHEREAS, these vital grant funds will be utilized to purchase and maintain emergency equipment and apparatus utilized by Galveston County Emergency Services District No. 2's Special Operations Response Team for marine and beach emergency medical events; and this project aims to create a safer beach environment through the establishment of a dedicated beach patrol rescue unit , investment in essential rescue vehicles, outfitting personnel with modern equipment, and facilitating ongoing training in order to significantly enhance the safety and rescue operations at our beach.

WHEREAS, Galveston County Emergency Services District No. 2 is deeply committed to partnering with the Moody Foundation to ensure the safety and well-being of the District's residents and visitors;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Commissioners of Galveston County Emergency Services District No. 2 do hereby recognize and celebrate the receipt of these grant funds and commend the Moody Foundation for its commitment and dedication to the betterment of the District and all of Bolivar Peninsula.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the District
to be affixed this _____ day of May, 2026.

Kate Newberry, President
GCESD No. 2 Board of Commissioners

Exhibit H

Galveston County Emergency Services District #2

Position Title: Fleet Coordinator

Position Number: #008

Reports To: GCESD #2 District Manager

PAY GRADE: Stipend

Date Created: 5/19 / 24

Approved by: GCESD-2 Board

PAY STEP: \$2.00 per hour total hours per pay period. __ **Date Revised:** 05/19/26 **DS** **FLSA STATUS:** __ Exempt XX Exempt

POSITION SUMMARY The EMS fleet coordinator position assist with daily maintenance and repair issues with ambulances, support vehicles, emergency warning devices and generators within Galveston County Emergency Medical Services. The fleet coordinator will ensure EMS ambulances and equipment is working order and repairs are done as timely and feasible as possible while maintaining budget conscious decisions.

ESSENTIAL FUNCTIONS

- Scheduled repairs and maintenance as needed.
- Performs small repairs and maintenance within capabilities.
- Ensures vehicles meet state and federal licensing requirements.
- Performs detailed inspections and quality control over vehicle cleanliness and condition.
- Maintains daily, monthly, and yearly expenditure logs.
- Recommends changes and updates to fleet capabilities and specifications.
- Assist or performs transferring or moving vehicles from EMS stations to different facilities for repairs.
- Available to assist crews concerning vehicle information and instructions.
- Coordinates with crews and shift supervisors on scheduled repairs and minimizes out of service time.
- Coordinates with mechanical facilities of cost of labor and parts cost to ensure standard labor rate charges.
- Maintains daily supply of lubricants, antifreeze oil, fuses, bulbs, and misc. parts.
- Maintains tools needed to perform in-house repairs.
- Ensures fire extinguishers on ambulances or inspected.
- Provides training to new hires on proper ways to perform daily checks of ambulances and support

PHYSICAL DEMANDS AND WORKING CONDITIONS

The work is typically performed while sitting, standing, walking, stooping, bending, or crouching. The employee may be required to lift heavy objects up to and over 100 pounds and distinguish between shades of color. The work is typically performed in an outdoor area where the employee may be exposed to extreme temperatures hot and cold and should be comfortable around water with surf conditions.

MINIMUM QUALIFICATIONS

- Certified / Licensed Paramedic or EMT for the State of Texas
- High School Diploma or equivalent
- Valid Driver's License
- Efficient in Operative IQ and data entry on various software platforms
- Provide monthly reports to District Manager and Board
- Willing to work overtime as needed and approved by District Manager
-

Qualified interested persons are requested to send a short resume detailing their experience and qualifications to:

By postal mail service: Doug Saunders – District Manager at Galveston County ESD #2, PO Box 1575, Crystal Beach TX 77650

By email to: dsaunders@gcesd2.org deadline is June 02.2026

Exhibit I

Galveston County Emergency Services District No. 2

OPEN RECORDS REQUEST

Requests may be in writing as listed during normal business hours

-In person at 930 Noble Carl Drive Crystal Beach, TX 77650

Submit a written request
Galveston County ESD #2
PO Box 1575
Crystal Beach, TX 77650

By submission of this document, I am requesting information stated below. I have provided specifics as to what information I am seeking. I understand some documents are subject to non-disclosure under the Texas Government Code, Chapter 552, The Texas Public Information Act, and other related laws. The information that I am requesting is described below.

PLEASE LEGIBLY PRINT ALL INFORMATION.

Specify what information is requested. If information is requested via email the email will be printed and attached to form.

Requestor Name: _____

Mailing Address: _____

City, State, Zip; _____

Signature: _____ Daytime Phone#: _____

I understand that this request will be processed as soon as possible, and that release or other response will be processed within 10 business days. If I have any questions, I may call 409-684-2005.

FOR OFFICE USE ONLY

Response Due:

Rec'd (Date/Time/ Initials)

Released: Y or N

Released/Mailed Date:

Forward to legal Date:

Legal Review By:

Exhibit J



District Manager's Report

*** High Island ISD held a school safety meeting on May 18. The District and Dr. Walker will be recognized by the United Nations for a construction method that adds pea gravel to interior walls for ballistic protection.**

***JW 2026: 7 calls for service**

***JW 2027 plans focus on redefining normal and welcoming Jeep clubs back to the Peninsula.**

***Crystal Beach VFD was notified of a \$300,000 Texas Forest Service grant for a new tanker. CBVFD also requested tanker funding in the 2026–2027 capital budget.**

EMS

May 17th to 23rd is EMS week, full time employees will receive soft shell vest with Logo and name

- **Currently have three full time positions open due to Sales tax revenue decrease. The positions will remain open and filled with part-time personal and overtime until further review. Staffing model will include Supervisor on Med unit and operating a Squad response on slower days if needed (Mon/Tuesday)**

Billing

- 50% completion of EMS billing transition to Koronis Revenue Services

YTD Gross

\$639,739

Net

\$211,419

April

Gross

\$121,603

Net

\$25,975

April Sales Tax
-29.1 change from projected

Galveston Co Esd 2 - Sales Tax Net Payment Trend

FISCAL YEAR						Change: FY '26/'25			
	2022	2023	2024	2025	2026	Month		Year-to-Date	
	\$	\$	\$	\$	\$	\$	%	\$	YTD %
Oct	\$ 117,066	\$ 177,658	\$ 155,773	\$ 211,443	\$ 166,132	\$ (45,311)	-21.4%	\$ (45,311)	-21.4%
Nov	\$ 151,542	\$ 194,435	\$ 166,475	\$ 207,050	\$ 152,464	\$ (54,586)	-26.4%	\$ (99,897)	-23.0%
Dec	\$ 99,595	\$ 120,151	\$ 122,678	\$ 141,080	\$ 108,804	\$ (32,276)	-22.9%	\$ (132,173)	-23.6%
Jan	\$ 101,927	\$ 124,958	\$ 115,927	\$ 122,158	\$ 81,206	\$ (40,952)	-33.5%	\$ (173,126)	-25.4%
Feb	\$ 135,313	\$ 144,979	\$ 149,682	\$ 342,579	\$ 119,544	\$ (223,035)	-65.1%	\$ (396,161)	-38.7%
Mar	\$ 105,667	\$ 108,675	\$ 112,033	\$ 109,986	\$ 75,972	\$ (34,014)	-30.9%	\$ (430,174)	-37.9%
Apr	\$ 90,388	\$ 140,554	\$ 110,681	\$ 89,572	\$ 90,092	\$ 520	0.6%	\$ (429,655)	-35.1%
May	\$ 202,047	\$ 198,865	\$ 232,079	\$ 148,995	\$ 171,169	\$ 22,174	14.9%	\$ (407,481)	-29.7%
Jun	\$ 164,321	\$ 149,802	\$ 146,099	\$ 175,537					
Jul	\$ 181,097	\$ 189,738	\$ 173,994	\$ 150,288					
Aug	\$ 222,516	\$ 277,435	\$ 292,913	\$ 243,256					
Sep	\$ 211,253	\$ 248,693	\$ 193,551	\$ 236,629					
YEAR	\$ 1,782,732	\$ 2,075,941	\$ 1,971,885	\$ 2,178,573	\$ 965,383				
YoY Change		16.4%	-5.0%	10.5%	na				

SALES TAX SNAPSHOT

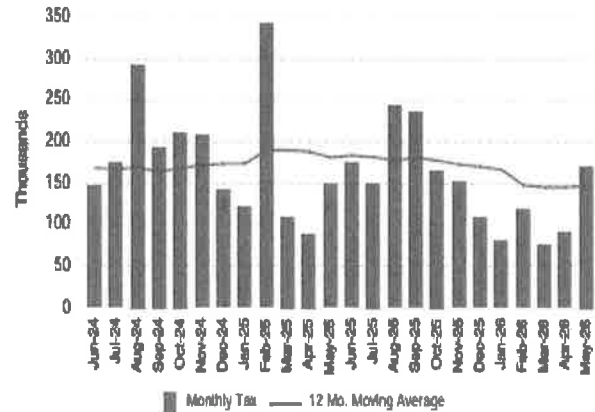
Galveston Co Esd 2

May-26

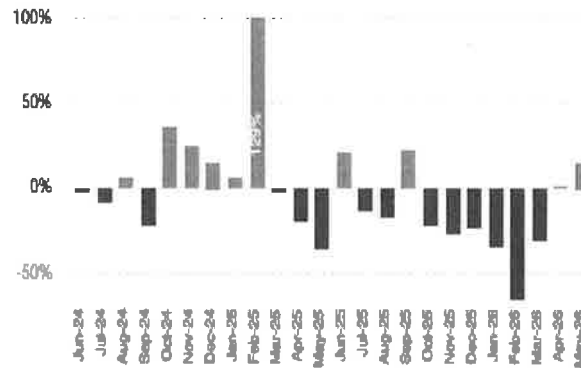
Sales Tax Net Payments

FY Mo.	FY2025	FY2026	YoY % Change
Oct	\$ 211,443	\$ 166,132	-21.4%
Nov	\$ 207,050	\$ 152,464	-26.4%
Dec	\$ 141,080	\$ 108,804	-22.8%
Jan	\$ 122,158	\$ 81,206	-33.5%
Feb	\$ 342,579	\$ 119,544	-65.1%
Mar	\$ 108,886	\$ 75,872	-30.8%
Apr	\$ 89,572	\$ 90,092	0.6%
May	\$ 148,995	\$ 171,169	14.9%
Jun	\$ 175,537		
Jul	\$ 150,288		
Aug	\$ 243,256		
Sep	\$ 236,629		
FYTD	\$ 1,372,864	\$ 965,383	-29.7%
FY Total	\$ 2,178,573		

Sales Tax Net Payments Trend



Sales Tax Net Payments Change - YoY



Top 10 Taxpayers

Rank	Company	FYTD Collections	% Total
1	GCM THE BIG STORE INC.		
2	AMAZON.COM SERVICES LLC (MARKETPLACE)		
3	SEASIDE LUMBER LLC		
4	STINGAREE OPERATING LLC		
5	US LBM OPERATING CO. 3009 LLC		
6	BBC OPCO LLC		
7	TIAS OCEAN GRILL INC		
8	J. D. FIELDS & COMPANY INC.		
9	FRONTIER K2 LLC		
10	CB ISLAND LIQUOR LLC		
Top 10 Companies		\$ 347,687	35.3%
3039 Other Large Companies		\$ 605,702	61.6%
Small Companies/Other		\$ 27,888	2.8%
Single Local Tax Rate (SLT)		\$ 2,499	0.3%
Total		\$ 983,786	100.0%

Industry Segment Collections Trend - YoY % Chg

SEGMENT	Dec	Jan	Feb	Mar	Apr	May
Retail Trade	-21.7%	-16.5%	-79.8%	1.1%	12.2%	0.6%
Lodging, Food Svcs	33.7%	-45.1%	106.3%	8.5%	20.3%	-14.6%
Wholesale Trade	-53.3%	-65.5%	-62.3%	-69.8%	-77.4%	-142.3%
Admin, Support, Waste Mgmt	-5.0%	-27.1%	6.0%	178.4%	89.7%	16.9%
Construction	-35.4%	-15.0%	-81.0%	-87.1%	129.1%	-58.6%
All Others	-61.5%	-35.0%	-40.6%	-5.7%	10.8%	-2.3%
Total Collections	-23.1%	-34.2%	-66.2%	-32.0%	0.3%	14.5%

EMS Calls for Service

24

Patient Transports by area

Patient Count

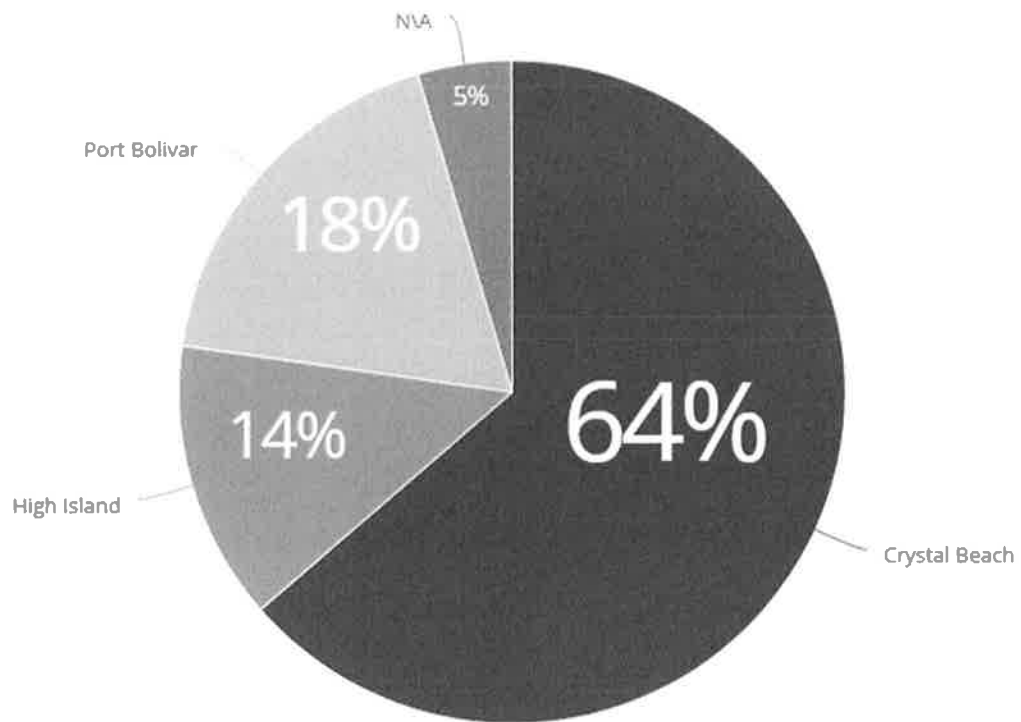


Exhibit K

Galveston County Emergency Services No. 2

Budget vs. Actuals: Profit and Loss

October 2025 - April 2026

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
1000 Property Tax Collections	1,557,280.46	1,600,000.00	-42,719.54	97.33 %
1001 Grant Income	176,600.00		176,600.00	
1002 Sales Tax Revenue	794,214.34	1,900,000.00	-1,105,785.66	41.80 %
1004 Emergency Service Billing	184,508.55	250,000.00	-65,491.45	73.80 %
1010 Other Revenue	2,254.72	0.00	2,254.72	
1020 Interest Income - Bank	76,487.59	75,000.00	1,487.59	101.98 %
Total Income	\$2,791,345.66	\$3,825,000.00	\$ -1,033,654.34	72.98 %
GROSS PROFIT	\$2,791,345.66	\$3,825,000.00	\$ -1,033,654.34	72.98 %
Expenses				
200 Administrative Expenses - ESD				
2000 Auditing		13,000.00	-13,000.00	
2010 Accountant Fees	10,885.00	20,000.00	-9,115.00	54.43 %
2110 Software Services	8,852.47	18,600.00	-9,747.53	47.59 %
2200 Legal Fees	11,296.00	25,000.00	-13,704.00	45.18 %
2210 Professional Fees Other	9,868.91	30,000.00	-20,131.09	32.90 %
2420 Insurance-Liability		6,000.00	-6,000.00	
2450 Bond	2,500.00	400.00	2,100.00	625.00 %
2500 Travel/Conferences	4,260.98	3,000.00	1,260.98	142.03 %
2510 Mileage reimbursement/tolls	6,923.10	12,000.00	-5,076.90	57.69 %
2610 Payroll Taxes	9,814.59	18,900.00	-9,085.41	51.93 %
2630 Salary & Hourly Employees	118,005.20	221,000.00	-102,994.80	53.40 %
2650 Employee Medical/Benefits	5,500.00	9,200.00	-3,700.00	59.78 %
2660 Retirement	12,742.39	21,100.00	-8,357.61	60.39 %
2700 Dues & Subscriptions	2,500.00	2,500.00	0.00	100.00 %
2800 Utilities	23,243.15	38,000.00	-14,756.85	61.17 %
2900 Collections County & CAD	11,126.51	17,500.00	-6,373.49	63.58 %
4000 Fire Hydrant Maintenance		4,000.00	-4,000.00	
4050 ESD Fire Equipment/Repair	17,343.34	40,000.00	-22,656.66	43.36 %
Total 200 Administrative Expenses - ESD	254,861.64	500,200.00	-245,338.36	50.95 %
3010 Crystal Beach VFD	18,906.83	39,000.00	-20,093.17	48.48 %
3020 High Island VFD	31,631.09	74,450.00	-42,818.91	42.49 %
3030 Port Bolivar VFD	26,636.85	53,550.00	-26,913.15	49.74 %
3040 EMS				
42110 Software Services	21,005.57	25,000.00	-3,994.43	84.02 %
42210 Professional Fees - Other	2,595.00	3,000.00	-405.00	86.50 %
42250 Medical Director Fees	9,000.00	18,000.00	-9,000.00	50.00 %
42300 Office Supplies/Equipment	2,963.58	3,000.00	-36.42	98.79 %
42310 Station Supplies	11,350.00	22,000.00	-10,650.00	51.59 %
42330 Medical Supplies	26,968.06	60,000.00	-33,031.94	44.95 %
42430 Insurance - Auto/Boat	59,621.00	70,000.00	-10,379.00	85.17 %
42440 Insurance Workers Comp	54,935.00	53,000.00	1,935.00	103.65 %
42500 Travel	1,944.36	2,500.00	-555.64	77.77 %

Galveston County Emergency Services No. 2

Budget vs. Actuals: Profit and Loss

October 2025 - April 2026

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
42610 Payroll Tax Expenses	90,563.20	165,000.00	-74,436.80	54.89 %
42630 Salary & Hourly Employees	1,136,685.97	2,000,000.00	-863,314.03	56.83 %
42640 Payroll Services	6,246.36	10,000.00	-3,753.64	62.46 %
42650 Employee Medical/Benefits	128,453.38	240,000.00	-111,546.62	53.52 %
42660 Retirement	107,368.77	200,000.00	-92,631.23	53.68 %
42700 Dues/Subscriptions/Licenses/Public Rel	2,112.94	2,000.00	112.94	105.65 %
42730 Public Relations	5,172.08	3,000.00	2,172.08	172.40 %
42740 Good of the Department	60.00	3,000.00	-2,940.00	2.00 %
42800 Utilities	7,307.15	13,000.00	-5,692.85	56.21 %
44000 EMS Equipment/Maint/Repair	6,280.41	12,500.00	-6,219.59	50.24 %
44100 Special Operations Rescue Equip Maint/Repairs	10,660.25	12,500.00	-1,839.75	85.28 %
44200 Fuel	8,857.83	40,000.00	-31,142.17	22.14 %
44210 Oxygen	3,510.46	6,000.00	-2,489.54	58.51 %
44300 Radio Usage	4,080.00	3,500.00	580.00	116.57 %
44500 Training	13,419.46	20,000.00	-6,580.54	67.10 %
44600 Medical Exams/Background Checks	102.50	1,500.00	-1,397.50	6.83 %
44800 Uniforms	4,826.37	12,500.00	-7,673.63	38.61 %
44900 Vehicle Maint. & Repair	15,957.47	50,000.00	-34,042.53	31.91 %
46000 Port B Rent/Utilities	11,363.76	15,000.00	-3,636.24	75.76 %
Total 3040 EMS	1,753,410.93	3,066,000.00	-1,312,589.07	57.19 %
5001 Capital Expenses				
5010 Rescue/Medical/Fire Apparatus	271,847.57	162,005.48	109,842.09	167.80 %
5021 Fire Department Equipment	27,299.69	27,000.00	299.69	101.11 %
5022 CB Fire Truck	64,937.64	64,937.64	0.00	100.00 %
5025 EMS Equipment/Accessories	56,899.81	147,601.45	-90,701.64	38.55 %
5050 Other Capital	3,689.95	4,000.00	-310.05	92.25 %
5060 New Ambulance & Remounts	153,113.05	200,000.00	-46,886.95	76.56 %
5070 ESD Small Equipment	1,593.73	8,600.00	-7,006.27	18.53 %
Total 5001 Capital Expenses	579,381.44	614,144.57	-34,763.13	94.34 %
Total Expenses	\$2,664,828.78	\$4,347,344.57	\$ -1,682,515.79	61.30 %
NET OPERATING INCOME	\$126,516.88	\$ -522,344.57	\$648,861.45	-24.22 %
NET INCOME	\$126,516.88	\$ -522,344.57	\$648,861.45	-24.22 %

Galveston County Emergency Services No. 2

Balance Sheet

As of Apr 30, 2026

	TOTAL
Assets	
Current Assets	
Bank Accounts	
6680 Checking Texas First	107,202.49
6681 Savings - Texas First Bank	2,570.09
6682 - TexStar Capital	335,471.51
6682 - TexStar Emergency	1,211,043.69
6682 - TexStar Savings Account	2,091,234.68
6683 Texas First - Billing Rev. Acc.	10,326.78
Total for Bank Accounts	\$3,757,849.24
Accounts Receivable	
1100 Grant Receivable	500.00
Total for Accounts Receivable	\$500.00
Other Current Assets	
1110 Property Taxes Receivable	92,315.92
1111 Deferred Portion of Taxes Rec.	-91,695.25
1112 Deferred Ambulance Billings	-53,920.99
1120 Sales Tax Receivable	318,596.04
1125 Other Assets	5,370.62
1126.1 Allowance for EMS receivables	-485,288.90
1126 EMS Receivable	540,471.09
1127 Cash with Agent	43,102.46
12100 Inventory Asset	260.00
Total for Other Current Assets	\$369,210.99
Total for Current Assets	\$4,127,560.23
Total for Assets	\$4,127,560.23
Liabilities and Equity	
Liabilities	
Current Liabilities	
Other Current Liabilities	
1700 Accrued Expenses	9,727.23
Total for Other Current Liabilities	\$9,727.23
Total for Current Liabilities	\$9,727.23
Total for Liabilities	\$9,727.23
Equity	
32000 General Fund Balance	3,991,316.12
Net Income	126,516.88
Total for Equity	\$4,117,833.00
Total for Liabilities and Equity	\$4,127,560.23