

**BEXAR COUNTY
EMERGENCY SERVICES DISTRICT NO. 12**

ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30, 2019**

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BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2019

DISTRICT OFFICIALS

PRESIDENT	LEON NICKLES, JR.
VICE PRESIDENT	TODD STRZELCZYK
TREASURER	DIANA HARDIN
SECRETARY	ALEJANDRO PENA
ATTORNEY	SANCHEZ & WILSON, PLLC

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BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

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Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

District Commissioners
Bexar County Emergency Services District No. 12

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Bexar County Emergency Services District No. 12, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Bexar County Emergency Services District No. 12's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the primary government of Bexar County Emergency Services District No. 12, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information as listed in the table of contents 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 inquires 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.

Other Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Bexar County Emergency Services District No. 12's, financial statements. The comparative financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparative financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative financial statements are fairly stated, in all material respects, in relation to the financial statements as a whole.



Armstrong, Vaughan & Associates, P.C.

May 27, 2020

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Bexar County Emergency Services District No. 12’s annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year ended September 30, 2019. Please read it in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

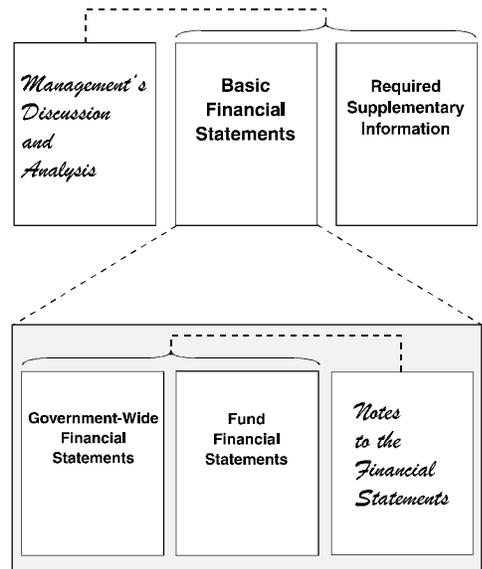
- The District’s total net position was \$513 thousand at September 30, 2019.
- During the year, the District’s expenses were \$385 thousand less than the \$1.2 million generated in taxes for governmental activities.
- The total cost of the District’s programs increased by approximately \$483 thousand or 147% from last year. The increase was a result of increased emergency service costs.
- The general fund reported a fund balance this year of \$475 thousand. The increase is primarily due to sales taxes. This is the first year the District has collected sales taxes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

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

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



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Summary ↔ Detail

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

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements		
	Fund Statement	
<i>Type of Statements</i>	Government-wide	Governmental Funds
<i>Scope</i>	Entire District's government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary.
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus.
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.

Government-Wide Statements

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

The two government-wide statements report the District’s net position and how they have changed. Net position—the difference between the District’s assets and liabilities—is one way to measure the District’s financial health or *position*.

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

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

Fund Financial Statements

The District has the following kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District’s net position was \$513 thousand at September 30, 2019. (See Table A-1)

Table A-1
Bexar County Emergency Services District No. 12 Net Position
(In thousands dollars)

	Governmental Activities		Total Percentage Change 2019 - 2018
	2019	2018	
Cash and Cash Equivalents	\$ 396	\$ 119	233%
Property Taxes Receivable	39	32	22%
Sales Tax Receivable	174	-	100%
Prepaid Items	3	-	100%
TOTAL ASSETS	<u>612</u>	<u>151</u>	305%
Accounts Payable and Accrued Liabilities	99	23	330%
TOTAL LIABILITIES	<u>99</u>	<u>23</u>	330%
Unrestricted	513	128	301%
TOTAL NET POSITION	<u>\$ 513</u>	<u>\$ 128</u>	301%

Changes in Net position. The District’s total revenues were \$1.2 million. A significant portion, 55% comes from property taxes, 40% comes from sales taxes, 3% comes from Miscellaneous income, and 1% comes from grants and contributions.

The total cost of all programs and services was \$813.3 thousand.

Governmental Activities

- Property tax rates remained the same as the prior year at \$0.010000 per \$100 valuation. Assessed values of property increased resulting in increased tax revenues of \$325.2 thousand. On May 6, 2017 voters approved the annexation of the Loan Oak VFD area into the District, which increased their tax base.

Table A-2
Changes in District’s Net Position
(In thousands dollars)

	Governmental Activities		Total Percentage Change
	2019	2018	2019 - 2018
General Revenues			
Property Taxes	\$ 662	\$ 337	96%
Sales Tax	483	-	100%
Investment Income	2	1	243%
Miscellaneous Income	38	-	100%
Operating Grants and Contributions	14	-	100%
Total Revenues	<u>1,199</u>	<u>338</u>	255%
Emergency Services	722	292	1141%
General Government	<u>91</u>	<u>38</u>	16%
Total Expenses	<u>813</u>	<u>330</u>	147%
Change in Net Position	<u>\$ 385</u>	<u>\$ 8</u>	4838%

Table A-3 presents the cost of each of the District’s largest functions, as well as each function’s net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by local tax dollars.

- The cost of all *governmental* activities this year was \$799.8 thousand and was financed almost completely through taxes.

Table A-3
Net Cost of Selected District Functions
(In thousands dollars)

	Net Cost of Services		Total Percentage Change
	2019	2018	2019 - 2018
Emergency Services	\$ (708.8)	\$ (292.2)	142.6%
General Administration	<u>(91.0)</u>	<u>(37.7)</u>	141.4%
	<u>\$ (799.8)</u>	<u>\$ (329.9)</u>	142.4%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$1.2 million. The increase in local revenues is a result of higher property appraisals, and sales taxes. This is the first year the District has received sales tax revenue.

General Fund Budgetary Highlights

The District budgeted \$598 thousand for expenditures. Actual expenditures were \$215 thousand more than budget amounts. The most significant variances resulted from emergency services.

Revenues were \$595 thousand more than the final budget amount, caused primarily by sales taxes.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District currently has no capital assets and no long term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2020 budget preparation provides an anticipated revenue generation of \$653.2 thousand.
- General operating fund spending is expected to increase per the 2020 budget. Expenditures are anticipated to increase from the actual 2019 expenditures of \$813.3 thousand to \$1.3 million.
- If these estimates are realized, the District's budgetary general fund balance is expected to increase less than 1% by the close of 2020.

FACTORS AFFECTING FINANCIAL CONDITION

The Insurance Service Office, Inc. (ISO) collects information on municipal fire-protection efforts in communities throughout the United States to help establish an appropriate fire insurance premium for residential and commercial properties based on fire-protection services. Using this information, municipal entities are assigned a Public Protection Classification from 1 to 10. Class 1 generally represents superior property fire protection, and Class 10 indicates that the area's fire-suppression program doesn't meet ISO's minimum criteria. Bexar County Emergency Services District No. 12 was given an ISO Protection Class 5 rating.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide Bexar County Emergency Services District No. 12 citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Administrator by phone at (210) 416-9852.

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BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2019

BASIC FINANCIAL STATEMENTS

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

- Government – wide financial statements
- Fund financial statements:
 - Governmental funds

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2019

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 396,339
Property Tax Receivable	38,522
Sales Tax Receivable	173,671
Prepaid Items	3,335
TOTAL ASSETS	611,867
 LIABILITIES	
Accounts Payable	98,568
TOTAL LIABILITIES	98,568
 NET POSITION	
Unrestricted	513,299
TOTAL NET POSITION	\$ 513,299

The accompanying notes are an integral part of these statements.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
STATEMENT OF ACTIVITIES
FOR YEAR ENDED SEPTEMBER 30, 2019

Functions and Programs	Expenses	Program Revenues	Operating	Net (Expenses),
		Charges for	Grants and	Revenues and
		Services	Contributions	Changes in
				Net Position
Primary Government:				
Governmental Activities:				
Emergency Services	\$ 722,336	\$ -	\$ 13,494	\$ (708,842)
General Administration	90,986	-	-	(90,986)
Total Governmental Activities	\$ 813,322	\$ -	\$ 13,494	\$ (799,828)
General Revenues:				
General Property Taxes				662,279
Sales Tax				482,536
Interest Income				2,351
Miscellaneous Income				37,866
Total General Revenues				1,185,032
Change in Net Position				385,204
Net Position at Beginning of Year				128,095
Net Position at End of Year				\$ 513,299

The accompanying notes are an integral part of these statements.

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BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2019

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 396,339
Property Taxes Receivable	38,522
Sales Tax receivable	173,671
Prepaid Insurance	<u>3,335</u>
 TOTAL ASSETS	 <u>\$ 611,867</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
<i>Liabilities:</i>	
Accounts Payable	<u>\$ 98,568</u>
<i>Total Liabilities</i>	<u>98,568</u>
 <i>Deferred Inflows of Resources:</i>	
Unavailable Property Tax Revenue	<u>38,522</u>
<i>Total Deferred Inflows of Resources</i>	<u>38,522</u>
 <i>Fund Balance:</i>	
Nonspendable	3,335
Unassigned	<u>471,442</u>
<i>Total Fund Balance</i>	<u>474,777</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 611,867</u>

The accompanying notes are an integral part of these statements.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS \$ 474,777

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

Property taxes receivable assets are not available to pay current period
expenditures and, therefore, are deferred in the funds statements. 38,522

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 513,299

The accompanying notes are an integral part of these statements.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund
REVENUES	
Property Taxes	\$ 656,148
Sales Tax	482,536
Contribution/Grants	13,494
Interest Income	2,352
Miscellaneous Income	37,866
TOTAL REVENUES	1,192,396
 EXPENDITURES	
Current:	
Emergency Services	722,336
Professional Services	22,292
Administrative	68,694
TOTAL EXPENDITURES	813,322
 Net Change in Fund Balance	379,074
 Fund Balance at Beginning of Year	95,703
 Fund Balance at End of Year	\$ 474,777

The accompanying notes are an integral part of these statements.

NOTES TO BASIC FINANCIAL STATEMENTS

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bexar County Emergency Services District No. 12 is a political subdivision of the State of Texas and was created by the Bexar County Commissioners' Court after a Public Election on May 13, 2006. The District was created to provide emergency services and promote public safety, welfare, health and convenience of persons residing in the District.

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

A. THE FINANCIAL REPORTING ENTITY

In evaluating how to define the government for financial purposes, management has considered all potential component units. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the foregoing criteria, the District has no component units identified that would require inclusion in this report.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Separate **fund financial statements** are provided for governmental funds. The General Fund meets the criteria of a *major governmental fund*.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes which were levied prior to September 30, 2018, and became due October 01, 2018 have been assessed to finance the budget of the fiscal year beginning October 01, 2018.

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

The government reports the following major governmental fund:

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

The District has no other governmental funds

D. CASH AND CASH EQUIVALENTS

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

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

E. INVESTMENTS

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

F. ACCOUNTS RECEIVABLE

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

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

G. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. At September 30, 2019, the District had no prepaid items.

H CAPITAL ASSETS

Capital assets, which include land; buildings and improvements; and equipment and vehicles, are reported in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$500 or more for equipment, while computer equipment is defined as an asset with a cost of \$1,000 or more. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The District currently has no capital assets.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

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

I LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities. The District currently has no long term debt obligations.

J. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period, while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. Unavailable revenues from property tax are deferred and recognized as inflow of resource in the period the amount becomes available.

K. FUND EQUITY

Fund balances in governmental funds are classified as follows:

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

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

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

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

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

The District has not adopted a policy determining the order of availability.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

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

L. NET POSITION

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

M. USE OF ESTIMATES

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

N. RECLASSIFICATIONS

Certain reclassifications have been made to the prior periods presented to conform to the current presentation. These reclassifications had no effect on fund equity.

NOTE 2 -- CASH AND CASH INVESTMENTS

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

1. Cash

As of September 30, 2019, the District's deposits in bank were fully covered by a combination of federal deposit insurance and pledged securities from the District's depository.

2. Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 2 -- CASH AND CASH INVESTMENTS (CONT.)

2. Investments (Continued)

The Public Funds Investment Act (“Act”) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District had no investments at September 30, 2019.

3. Analysis of Specific Deposits and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the specific investment risks at year end and if so, the reporting of certain related disclosures. The District has analyzed its investment risks and determined that for the year ending September 30, 2019 the District was not exposed to any significant risks.

NOTE 3 -- AD VALOREM (PROPERTY) TAXES

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

For fiscal year 2019, the assessed tax rate for the District was \$.1000 per \$100 on an assessed valuation of \$657,281,127. Total tax levy for fiscal year 2019 was \$657,281. As of September 30, 2019, the delinquent current taxes were \$21,596.

NOTE 4 -- CONCENTRATION OF EXPENDITURES

For fiscal year 2019, the District paid the St. Hedwig Volunteer Fire Department \$722,336 for providing emergency services to the District, which combined were approximately 89% of the total expenditures of the District.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2019

NOTE 5 -- RECEIVABLES

The following is a summary of the gross property taxes receivable and the related allowances for uncollectible amounts:

<u>Assets</u>	<u>Amount Receivable</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivable</u>
<i>Taxes:</i>			
Property Taxes	\$ 38,522	\$ -	\$ 38,522
Sales Taxes	173,671	-	173,671
	<u>\$ 212,193</u>	<u>\$ -</u>	<u>\$ 212,193</u>

NOTE 6 -- SERVICE PROVIDER AGREEMENT

The District is currently engaged with St. Hedwig Volunteer Fire Department (a nonprofit fire department) designating the Department as the District’s agent for providing fire protection and first responder services within the boundaries of the District. The District provides monthly reimbursement of qualified expenditures to the Department based on approved expenditures and budgets by the District’s Board of Directors.

On May 6, 2017, the District held a duly called and properly noticed election on the proposition of adding a tract of land (“Defined Territory”) containing the Lone Oak volunteer Fire Department Service Area to the District and assuming its proportionate share of the outstanding debts and taxes. The voters of the District and the Defined Territory voted and approved the annexation of the tract land, effective May 12, 2017.

NOTE 7 -- CONTINGENT LIABILITIES

Litigation

The District is not aware of any pending or threatened litigation.

NOTE 8 -- RISK MANAGEMENT

The Bexar County Emergency Services District No. 12, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To cover this risk the District contracts with the Volunteer Firemen’s Insurance Services (VFIS) of Texas to provide insurance coverage for Property/Casualty and Workers Compensation. VFIS is a multi-employer group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by VFIS. Liability by the District is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2019, were \$3,926.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 9 -- SUBSEQUENT EVENT

The District's ongoing profitability may experience instability and estimates included in the financial statements may change due to current political and economic conditions as a result of public health concerns related to the novel coronavirus, or COVID-19. The duration and intensity of these impacts and resulting disruption to which these events effect the District's business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

REQUIRED SUPPLEMENTARY INFORMATION

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

- Budgetary Comparison Schedule – General Fund

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ 597,611	\$ 597,611	\$ 656,148	\$ 58,537
Sales Tax	-	-	482,536	482,536
Contribution/Grants	-	-	13,494	13,494
Interest	320	320	2,352	2,032
Miscellaneous Income	-	-	37,866	37,866
TOTAL REVENUES	<u>597,931</u>	<u>597,931</u>	<u>1,192,396</u>	<u>594,465</u>
EXPENDITURES				
Current:				
Emergency Services	520,301	520,301	722,336	(202,035)
Professional Services	31,500	31,500	22,292	9,208
Administrative	46,130	46,130	68,694	(22,564)
TOTAL EXPENDITURES	<u>597,931</u>	<u>597,931</u>	<u>813,322</u>	<u>(215,391)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	379,074	379,074
Fund Balance - Beginning	<u>95,703</u>	<u>95,703</u>	<u>95,703</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 95,703</u>	<u>\$ 95,703</u>	<u>\$ 474,777</u>	<u>\$ 379,074</u>

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SEPTEMBER 30, 2019

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The District maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District’s Board and as such is a good management control device.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level. Actual expenditures did not exceed appropriations for the year ended September 30, 2019.

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SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Balance Sheet – General Fund
- Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
 COMPARATIVE BALANCE SHEETS - GENERAL FUND
 SEPTEMBER 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 396,339	\$ 118,864
Property Taxes Receivable	38,522	32,392
Sales Tax Receivable	173,671	-
Prepaid Insurance	3,335	-
TOTAL ASSETS	\$ 611,867	\$ 151,256
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 98,568	\$ 23,161
<i>Total Liabilities</i>	98,568	23,161
 <i>Deferred Inflows of Resources:</i>		
Unavailable Property Tax Revenue	38,522	32,392
<i>Total Deferred Inflows of Resources</i>	38,522	32,392
 <i>Fund Balance:</i>		
Nonspendable	3,335	-
Unassigned	471,442	95,703
<i>Total Fund Balance</i>	474,777	95,703
 TOTAL LIABILITIES, DEFERRED INFLOWS AND RESOURCES AND FUND BALANCES		
	\$ 611,867	\$ 151,256

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - GENERAL FUND
 FOR YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
REVENUES		
Property Taxes	\$ 656,148	\$ 327,142
Sales Tax	482,536	-
Contributions/Grants	3,494	-
Interest Income	2,352	549
Miscellaneous Income	47,866	-
TOTAL REVENUES	1,192,396	327,691
 EXPENDITURES		
<i>Current:</i>		
Emergency Services	722,336	292,197
Professional Services	22,292	23,052
Administrative	68,694	14,654
TOTAL EXPENDITURES	813,322	329,903
Net Change in Fund Balance	379,074	(2,212)
Fund Balance - October 1	95,703	97,915
Fund Balance - September 30	\$ 474,777	\$ 95,703

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