



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

ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30, 2023**



BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2023

DISTRICT OFFICIALS

PRESIDENT	LEON NICKLES, JR.
VICE PRESIDENT	TODD STRZELCZYK
TREASURER	ALEJANDRO PENA
SECRETARY	DR. CHARLES NEIL
ASSISTANT TREASURER	JOHNNY LATKA
ATTORNEY	SANCHEZ & WILSON, PLLC



BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

TABLE OF CONTENTS

	<u>PAGE</u>
TITLE PAGE.....	i
DISTRICT OFFICIALS.....	ii
TABLE OF CONTENTS.....	iii

FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT.....	1
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	4
BASIC FINANCIAL STATEMENTS.....	10
STATEMENT OF NET POSITION.....	11
STATEMENT OF ACTIVITIES.....	13
BALANCE SHEET GOVERNMENTAL FUND.....	14
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION.....	15
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND.....	16
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES.....	17
NOTES TO BASIC FINANCIAL STATEMENTS.....	18
REQUIRED SUPPLEMENTARY INFORMATION.....	36
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND.....	37
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL.....	38
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM – SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS.....	39
SCHEDULE OF CONTRIBUTIONS.....	40
SUPPLEMENTARY INFORMATION.....	41
COMPARATIVE BALANCE SHEETS - GENERAL FUND.....	42





Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

District Commissioners
Bexar County Emergency Services District No. 12

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bexar County Emergency Services District No. 12, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of Bexar County Emergency Services District No. 12's primary government as listed in the table of contents.

Unmodified Opinions on the Governmental Activities and each Major Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Bexar County Emergency Services District No. 12, as of September 30, 2023, 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.

Adverse Opinion on the Reporting Entity

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on the Reporting Entity paragraph, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of St. Hedwig Volunteer Fire Department (the VFD) as of September 30, 2023, the changes in its financial position or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. In accordance with accounting principles generally accepted in the United States of America, Bexar County Emergency Services District No. 12 has issued separate reporting entity financial statements.

Basis for Adverse and Unmodified 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 Bexar County Emergency Services District No. 12 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 obtained is sufficient and appropriate to provide a basis for our adverse and unmodified opinions.

Matters Giving Rise to Adverse Opinion on the Reporting Entity

The financial statements referred to above include only the primary government of Bexar County Emergency Services District No. 12, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise Bexar County Emergency Services District No. 12's legal entity. The financial statements do not include financial data for St. Hedwig Volunteer Fire Department's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of Bexar County Emergency Services District No. 12's primary government.

Responsibilities of Management 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, 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 Bexar County Emergency Services District No. 12'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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 Bexar County Emergency Services District No. 12'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bexar County Emergency Services District No. 12's ability to continue as a going concern for a reasonable period of time.

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


Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of changes – net pension liability 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.

Supplementary Information

Our audit was conducted 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 individual fund 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Armstrong, Vaughan & Associates, P.C.

May 15, 2024

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, 2023. Please read it in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District’s total net position was \$1.7 million at September 30, 2023.
- During the year, the District’s expenses were \$15 thousand less than the \$4.0 million generated in total revenue for governmental activities.
- The general fund reported a fund balance this year of \$524 thousand. The decrease is primarily due to increase in expenses of emergency services.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

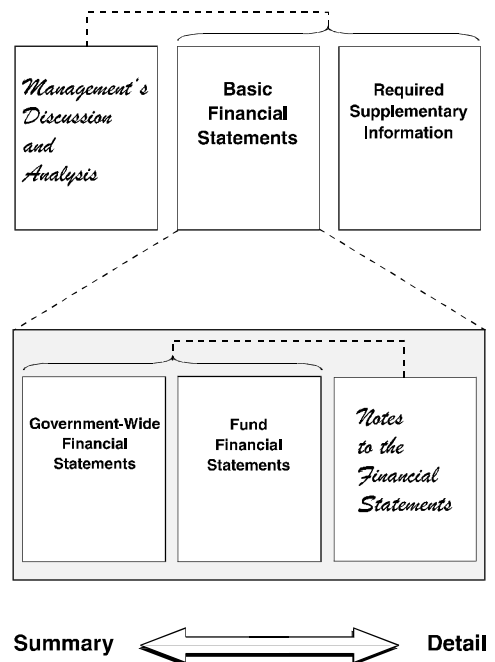


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of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

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements		
	Fund Statement	
<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 \$1.7 million at September 30, 2023. (See Table A-1)

Table A-1
Bexar County Emergency Services District No. 12 Net Position

	Governmental Activities		Total Percentage Change
	2023	2022	2023 - 2022
Current Assets	\$ 1,170,419	\$ 3,085,217	-62%
Noncurrent Assets			
Property and Equipment	5,355,738	4,367,593	23%
Less: Accumulated Depreciation	<u>(329,460)</u>	<u>(92,214)</u>	257%
TOTAL ASSETS	<u>6,196,697</u>	<u>7,360,596</u>	-16%
Deferred Outflows of Resources	299,358	150,297	99%
Current Liabilities	593,464	1,353,689	-56%
Noncurrent Liabilities	<u>4,231,057</u>	<u>4,491,329</u>	-6%
Total Liabilities	<u>4,824,521</u>	<u>5,845,018</u>	-17%
Deferred Inflows of Resources	1,163	10,298	-89%
Net Position			
Net Investment in Capital Assets	785,419	222,991	252%
Unrestricted	<u>884,952</u>	<u>1,432,586</u>	-38%
TOTAL NET POSITION	<u>\$ 1,670,371</u>	<u>\$ 1,655,577</u>	1%

Changes in Net position. The District’s total revenues were \$3.99 million. A significant portion, 53% comes from sales taxes, 35% comes from property taxes, and 12% comes from all other sources.

The total cost of all programs and services was \$3.97 million.

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 \$358 thousand.

Table A-2
Changes in District's Net Position

	Governmental Activities		Total Percentage Change
	2023	2022	2023 - 2022
General Revenues			
Property Taxes	\$ 1,381,892	\$ 1,023,662	35%
Sales Tax	2,120,203	1,788,922	19%
Interest Income	5,379	1,965	174%
Miscellaneous Income	221,404	65,524	238%
Charges for Services	259,798	262,051	-1%
Operating Grants and Contributions	-	20,000	-100%
Total Revenues	<u>3,988,676</u>	<u>3,162,124</u>	26%
Emergency Services	3,310,998	3,173,931	4%
General Government	520,556	323,040	61%
Interest on Long Term Debt	142,328	95,092	50%
Total Expenses	<u>3,973,882</u>	<u>3,592,063</u>	11%
Change in Net Position	14,794	(429,939)	-103%
Net Position at Beginning of Year	<u>1,655,577</u>	<u>2,085,516</u>	-21%
Net Position at End of Year	<u>\$ 1,670,371</u>	<u>\$ 1,655,577</u>	1%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$3.9 million. The increase in local revenues is a result of higher property appraisals, sales taxes, and deployment income. This is the fourth year the District has received deployment income.

General Fund Budgetary Highlights

The District budgeted \$3.9 million for expenditures. Actual expenditures were \$778 thousand more than budget amounts, primarily due to emergency services.

Revenues were \$117 thousand less than the final budget amount, caused primarily by deployment income, which was \$42 thousand less than budgeted and miscellaneous income which was \$71 thousand less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the District had invested \$5.0 million, net of depreciation, in a broad range of capital assets, including land buildings, vehicles and equipment (See Table A-3). More detailed information about the District's capital assets is presented in the notes to the financial statements.

Table A-3
Capital Assets

	Governmental Activities		Total Percentage Change
	2023	2022	2023 - 2022
Land	\$ 337,924	\$ 337,924	0%
Buildings and Improvements	696,253	248,476	180%
Vehicles	1,108,179	819,135	35%
Equipment	2,363,985	55,060	4193%
Construction In Progress	849,397	2,906,998	-71%
Total at Historical Cost	<u>5,355,738</u>	<u>4,367,593</u>	23%
Less: Accumulated Depreciation	<u>(329,460)</u>	<u>(92,214)</u>	257%
Totals	<u>\$ 5,026,278</u>	<u>\$ 4,275,379</u>	18%

Long Term Debt

At the end of the fiscal year 2023, the District had \$4.4 million in outstanding debt as shown on Table A-4. More detailed information about the District's debt is presented in the notes to the financial statements.

Table A-4
Long-Term Debt

	Governmental Activities		Total Percentage Change
	2023	2022	2023 - 2022
Notes Payable	<u>\$ 4,374,333</u>	<u>\$ 4,623,092</u>	-5%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value and increase in sales tax used for the 2024 budget preparation provides an anticipated revenue generation of \$3.9 million.
- General operating fund spending is expected to decrease per the 2024 budget. Expenditures are anticipated to decrease from the actual 2023 expenditures by \$793 thousands, mainly due to a lower budget for capital outlay expenditures.
- If these estimates are realized, the District's budgetary general fund balance is expected to remain the same.

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.



BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2023

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, 2023

	Governmental Activities
ASSETS	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 303,118
Cash and Cash Equivalents - Restricted for Capital Outlay	280,755
Property Tax Receivable	89,007
Sales Tax Receivable	307,212
Deployment Receivable	116,828
Prepaid Items	73,499
<i>Total Current Assets</i>	1,170,419
 <i>Noncurrent Assets:</i>	
<i>Property and Equipment:</i>	
Land	337,924
Buildings and Improvements	2,363,985
Vehicles	1,108,179
Equipment	696,253
Construction In Progress	849,397
Accumulated Depreciation	(329,460)
<i>Total Property and Equipment</i>	5,026,278
<i>Total Noncurrent Assets</i>	5,026,278
 TOTAL ASSETS	 6,196,697
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Related Outflows	299,358
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 299,358

The accompanying notes are an integral part of these statements.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
STATEMENT OF NET POSITION (CONT.)
SEPTEMBER 30, 2023

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 232,055
Payroll Liabilities	104,593
Due within One Year	256,816
<i>Total Current Liabilities:</i>	593,464

NonCurrent Liabilities:

Net Pension Liability	113,540
Due in more than One Year	4,117,517
<i>Total Noncurrent Liabilities</i>	4,231,057
TOTAL LIABILITIES	4,824,521

DEFERRED INFLOWS OF RESOURCES

Deferred Pension Related Inflows	1,163
TOTAL DEFERRED INFLOWS OF RESOURCES	1,163

NET POSITION

Net Investment in Capital Assets	785,419
Unrestricted	884,952
TOTAL NET POSITION	\$ 1,670,371

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, 2023

Functions and Programs	Expenses	Program Revenues		Net (Expenses), Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Primary Government:				
Governmental Activities:				
Emergency Services	\$ 3,310,998	\$ 259,798	\$ -	\$ (3,051,200)
General Administration	520,556	-	-	(520,556)
Interest on Long Term Debt	142,328	-	-	(142,328)
Total Governmental Activities	3,973,882	259,798	-	(3,714,084)
Total Primary Government	\$ 3,973,882	\$ 259,798	\$ -	(3,714,084)
General Revenues:				
General Property Taxes				1,381,892
Sales Tax				2,120,203
Interest Income				5,379
Miscellaneous Income				221,404
Total General Revenues				3,728,878
Change in Net Position				14,794
Net Position at Beginning of Year				1,655,577
Net Position at End of Year				\$ 1,670,371

The accompanying notes are an integral part of these statements.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2023

	General Fund	District 12 Fire & Rescue	Total
ASSETS			
Cash and Cash Equivalents	\$ 303,118	\$ 280,755	\$ 583,873
Property Taxes Receivable	89,007	-	89,007
Sales Tax receivable	307,212	-	307,212
Deployment Receivable	116,828	-	116,828
Prepaid Insurance	73,499	-	73,499
	\$ 889,664	\$ 280,755	\$ 1,170,419
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable	\$ 84,775	\$ 147,280	\$ 232,055
Payroll Liabilities	104,593	-	104,593
<i>Total Liabilities</i>	189,368	147,280	336,648
 <i>Deferred Inflows of Resources:</i>			
Unavailable Property Tax Revenue	89,007	-	89,007
Unavailable Deployment Reimbursement Revenue	86,798	-	86,798
<i>Total Deferred Inflows of Resources</i>	175,805	-	175,805
 <i>Fund Balance:</i>			
Nonspendable - Prepaid Items	73,499	-	73,499
Restricted for Capital Projects	-	133,475	133,475
Unassigned	450,992	-	450,992
<i>Total Fund Balance</i>	524,491	133,475	657,966
	\$ 889,664	\$ 280,755	\$ 1,170,419

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, 2023

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS	\$ 657,966
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.	89,007
Deployment Revenues in the Statement of Activities do not provide current financial resources and are deferred in the fund statements	86,798
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,026,278
Long-term notes payable are not due in the current period and therefore, are not reported in the funds.	(4,374,333)
Net pension assets (and related deferred outflows and inflows of resources) do not provide current financial resources and are not reported in the funds.	
Net Pension Asset (Liability)	(113,540)
Pension Related Deferred Inflows	(1,163)
Pension Related Deferred Outflows	299,358
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,670,371</u></u>

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, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
REVENUES			
Property Taxes	\$ 1,351,966	\$ -	\$ 1,351,966
Sales Tax	2,120,203	-	2,120,203
Deployment Income	211,664	-	211,664
Interest Income	5,379	-	5,379
Miscellaneous Income	221,404	-	221,404
TOTAL REVENUES	<u>3,910,616</u>	<u>-</u>	<u>3,910,616</u>
 EXPENDITURES			
Current:			
Emergency Services	3,467,549	5,102	3,472,651
Administrative	283,310	-	283,310
Capital Outlay	556,017	432,128	988,145
Debt Service:			
Principal	248,759	-	248,759
Interest	142,328	-	142,328
TOTAL EXPENDITURES	<u>4,697,963</u>	<u>437,230</u>	<u>5,135,193</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(787,347)</u>	<u>(437,230)</u>	<u>(1,224,577)</u>
Net Change in Fund Balance	<u>(787,347)</u>	<u>(437,230)</u>	<u>(1,224,577)</u>
Fund Balance at Beginning of Year	<u>1,311,838</u>	<u>570,705</u>	<u>1,882,543</u>
Fund Balance at End of Year	<u>\$ 524,491</u>	<u>\$ 133,475</u>	<u>\$ 657,966</u>

The accompanying notes are an integral part of these statements.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (1,224,577)

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

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	988,145	
Depreciation	<u>(237,246)</u>	750,899

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. The changes are as follows:

Property Taxes Not Available for Current Period	29,927	
Deployment Income Not Available for Current Period	<u>48,134</u>	78,061

The issuance of long-term debt (e.g. notes payable) 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. This is the net effect of these differences in the treatment of long-term debt and related items.

Principal Repayments		248,759
----------------------	--	---------

The governmental funds report pension contributions as expenditures when paid. However, the statement of activities records pension expense based on the actuarial projected cost of the plan. This amount represents the difference between amounts paid into the plan and the actuarial cost.

<u>161,652</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 14,794

NOTES TO BASIC FINANCIAL STATEMENTS

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

As required by generally accepted accounting principles, these financial statement present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; thus, data from these units, if any existed, would be combined with data of the primary government. Each blended component unit, on the other hand, is reported in a separate column in the government-wide financial statement to emphasize it is legally separate from the government.

The St. Hedwig Volunteer Fire Department (VFD), a nonprofit corporation, was incorporated in Texas as a 501(c)4 in 1957. The VFD was organized to provide first response to fire and medical emergency call in St. Hedwig, Texas (Bexar County), coordinating with surrounding fire departments for fire and medical protection. The Board of Directors' are not appointed by the District. The VFD meet the criteria for fiscally dependence upon the District and the District is able to impose a financial burden or benefit on the VFD, as well. Therefore, the VFD meets the criteria of a blended component unit, as described above, however the VFD is not presented in the government-wide or fund financial statements. The District plans to assist the VFD in preparing financial statements in the future and include them as part of the District's annual report in the future.

The District also has a component unit present, District 12 Fire and Rescue (a Non-Profit Department). The relationship between the Department and the District is such that it meets the criteria, as set forth in GASB Statement Nos. 14, 39, 61, and 80 for inclusion as a blended component unit in the reporting entity.

District 12 Fire and Rescue (the "Department") is a local nonprofit fire department without powers of taxation, organized exclusively for the purpose of providing fire protection and emergency services to the area covered by the Bexar County Emergency Services District No. 12. Bexar County Emergency Services District No. 12 appoints its Board of Commissioners as the directors of the Department. The Component unit is reflected as a blended component unit in the special revenue fund on these financial statements. The Department was incorporated in Texas as 501(c)3 in December of 2020.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2023

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

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 and District 12 Fire and Rescue Fund meets the criteria of a *major governmental fund*.

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, 2022, and became due October 01, 2022 have been assessed to finance the budget of the fiscal year beginning October 01, 2022.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2023

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

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

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 funds:

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 12 Fire & Rescue Fund is a non-profit corporation, created to serve portions of Bexar County Emergency Services District No. 12, Inc.'s service area. This Corporation is considered a blended component unit.

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.

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.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2023

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

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, 2023, prepaid items totaled \$73,499 for prepaid insurance.

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 \$1,000 or more and a useful life greater than one year. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20-50
Vehicles	6
Equipment	5-10

Land and construction in progress are not depreciated.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2023

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.

J. DEFERRED INFLOWS AND OUTFLOWS 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 assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District currently has pension deferred outflows of resources.

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

Property tax revenues and deployment revenues are recognized when they become both measurable and available in the fund statements. Available means when due or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue not expected to be available for the current period are reflected as deferred inflows. Deployment revenues not reimbursed within 60 days of year end are reflected as deferred inflows. Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. Unavailable revenues from property tax and deployment reimbursements are deferred and recognized as inflow of resources in the period the amounts becomes available.

K. COMPENSATED ABSENCES

The District does not offer paid time off or sick time. As a result, there is no liability reported in the government-wide statements.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2023

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

L. PENSIONS

The net pension liability, deferred inflows and outflows of resources related to pensions and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS), and additions to and deductions from TCERS's fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. 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.

N. 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.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2023

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

O. 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.

P. 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.

Q. INTERFUND TRANSACTIONS

Legally authorized transfers, if any, are treated as interfund transfers and are included in the results of operations of Governmental Funds.

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, 2023, the District's deposits were covered by the federally insured limits.

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, 2023

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, 2023.

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, 2023 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 2023, the assessed tax rate for the District was \$.1000 per \$100 on an assessed valuation of \$1,344,597,066. Total tax levy for fiscal year 2023 was \$1,344,597. As of September 30, 2023, the delinquent current taxes were \$38,483.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2023

NOTE 4 -- CAPITAL ASSETS

Capital asset activity for the District for the year ended September 30, 2023 is as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments and Disposals</u>	<u>Ending Balance</u>
Land	\$ 337,924	\$ -	\$ -	\$ 337,924
Equipment	248,476	447,777	-	696,253
Vehicles	819,135	289,044	-	1,108,179
Buildings and Improvements	55,060	2,308,925	-	2,363,985
Construction in Progress	2,906,998	251,324	(2,308,925)	849,397
Totals at Historical Cost	<u>4,367,593</u>	<u>3,297,070</u>	<u>(2,308,925)</u>	<u>5,355,738</u>
Total Accumulated Depreciation	<u>(92,214)</u>	<u>(237,246)</u>	<u>-</u>	<u>(329,460)</u>
Net Capital Assets	<u>\$ 4,275,379</u>	<u>\$ 3,059,824</u>	<u>\$ (2,308,925)</u>	<u>\$ 5,026,278</u>

The entire depreciation expense is recorded in the Emergency Services function.

Land and construction in progress are not depreciated.

NOTE 5 -- NOTES PAYABLE

On August 27, 2021, the District entered into a loan agreement with Government capital for \$3,350,000 to build a new fire station. The loan will be paid in annual installments from August 27, 2022 to August 27, 2041. The loan payments are \$221,545 per year and the note carries a 2.85% interest rate. The loan is secured by ad valorem taxes and the property.

On May 20, 2022, the District entered into a loan agreement with Government capital for \$1,400,000 to acquire new firefighting equipment. The loan will be paid in annual installments from May 26, 2023 to May 26, 2032. The loan payments are \$169,996 per year and the note carries a 3.695% interest rate. The loan is secured by the equipment.

A summary of long term debt outstanding as of September 30, 2023, is as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Loan #9603	\$ 3,223,092	\$ -	\$ (130,493)	\$ 3,092,599	\$ 134,179
Loan #9948	1,400,000	-	(118,266)	1,281,734	122,637
Net Pension Liability	116,966	-	(3,426)	113,540	-
<i>Total</i>	<u>\$ 4,740,058</u>	<u>\$ -</u>	<u>\$ (252,185)</u>	<u>\$ 4,487,873</u>	<u>\$ 256,816</u>

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2023

NOTE 5 -- NOTES PAYABLE (CONT.)

The Annual requirements to amortize notes payable outstanding as of September 30, 2023, including the interest payments, are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 256,816	\$ 134,725	\$ 391,541
2025	265,137	126,404	391,541
2026	273,734	117,807	391,541
2027	282,614	108,927	391,541
2028	291,788	99,754	391,542
2029-2033	1,437,519	350,194	1,787,713
2034-2038	937,944	169,782	1,107,726
2039-2041	628,781	35,856	664,637
Total Debt Payments	<u>\$ 4,374,333</u>	<u>\$ 1,143,449</u>	<u>\$ 5,517,782</u>

NOTE 6 – FUTURE COMMITMENTS TO THE COMPONENT UNIT (ST. HEDWIG VFD)

On May 17, 2017, the Component Unit (VFD) signed a note payable with Leasing 2, Inc. for the purchase of a Sutphen Custom Pumper for \$710,062. The note was for a term of 15 years, requires annual payments in the amount of \$64,090 and the interest rate was 3.67%. The equipment is collateral for the note.

On May 13, 2019, the Component Unit (VFD) signed a note payable with Leasing 2, Inc. for the purchase of a Steele Freightliner for \$477,000. The note was for a term of 15 years, the interest rate was 4.4% and requires an annual payment of \$44,106.

On September 3, 2020, the Component Unit (VFD) signed a note payable with Government Capital Corporation, Inc. for the purchase of a Peirce Enforcer for \$1,700,000. The note was for a term of 10 years, the interest rate was 2.695% and requires an annual payment of \$196,202.

The District entered into a contract with Marksman General Contractors LLC in the prior year for construction services for the station 192 TIPS for \$845,000. The remaining balance to finish as of September 30, 2023 was \$92,664.60.

The Future minimum obligations and the net present value of the minimum note payments as of September 30, 2023 were as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 232,401	\$ 71,996	\$ 304,397
2025	239,583	64,814	304,397
2026	246,996	57,401	304,397
2027	254,648	49,749	304,397
2028	262,567	41,830	304,397
2029-2033	978,642	86,852	1,065,494
2034	42,454	1,561	44,015
Total Debt Payments	<u>\$ 2,257,291</u>	<u>\$ 374,203</u>	<u>\$ 2,631,494</u>

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2023

NOTE 7 -- EMPLOYEE'S RETIREMENT SYSTEM

Texas County and District Retirement System

Plan Description

The District participates as one of over 830 plans in the nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). TCDRS is an agency created by the state of Texas and administered in accordance with the TCDRS Act as an agent multiple-employer retirement system for County and District employees in the State of Texas. The Board of Trustees of TCDRS is responsible for the administration and management of the system. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at PO Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the District, within the options available in the State statutes governing TCDRS. Members can retire at age 60 and above with 8 or more years of service or with 20 years regardless of age or when the sum of their age and years of service equals 75 or more. A member is vested after 10 years but must leave his accumulated contributions in the plan. Members who withdraw their personal contributions in a partial lump sum are entitled to any amounts contributed by the employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so 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.

Contributions

The District has elected the annually determined contribution rate 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 District is actuarially determined annually. The District contributed using the actuarially determined rate of 14.54% for the months of the accounting year 2022, and 12.40% for the months of the accounting year in 2023.

The contribution rate payable by the employee members for 2022 and 2023 is the rate of 7% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2023

NOTE 7 -- EMPLOYEE RETIREMENT SYSTEM (CONT.)

Benefits Provided

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the District, within the options available in the state statutes governing TCDRS.

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the District-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

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

	2021	2022
Active employees	28	29
Inactive Employees Entitled to but Not Yet Receiving Benefits	3	13
Inactive Employees or Beneficiaries Currently Receiving Benefits	-	-
	31	42

Net Pension Liability

The District’s Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2023

NOTE 7 -- EMPLOYEE RETIREMENT SYSTEM (CONT.)

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Real Rate of Return	5.00%
Inflation	2.50%
Investment Rate of Return*	7.50%

*Presented net of pension plan investment expense, including inflation

Depositing Members	135% of the RP-2010 Active Employee Mortality Table for males and 120% of the RP-2010 Active Employee Mortality Table for females, projected with 100% of the MP-2021 Ultimate scale after 2010.
Service Retirees, Beneficiaries and Non-Depositing Members	135% of the RP-2010 Healthy Annuitant Mortality Table for males and 120% of the RP-2010 Healthy Annuitant Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled Retirees	160% of the RP-2010 Disabled Annuitant Mortality Table for males and 125% of the RP-2010 Disabled Annuitant Mortality Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010.

Actuarial Assumptions are reviewed annually. Updated mortality assumptions were adopted in 2017. All other actuarial assumptions that determine the total pension liability as of December 31, 2021 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68.

The long-term expected rate of return on pension plan investments is 7.50%. 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 TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS’ investment consultation, Cliffwater LLC. The number shown are based on the January 2021 information for a 10 year time horizon.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2023

NOTE 7 -- EMPLOYEE RETIREMENT SYSTEM (CONT.)

Actuarial Assumptions (Cont.)

Note that the valuation assumption for long-term expected return is reassessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in March 2021. See Milliman's TCDRS Investigation of Experience report for the period of January 1, 2017 – December 31, 2020 for more details.

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	Target Allocation	Geometric Real Rate of Return (Expected Minus Inflation)
US Equities	11.50%	4.95%
Global Equities	2.50%	4.95%
Int'l Equities - Developed Markets	5.00%	4.95%
Int'l Equities - Emerging Markets	6.00%	4.95%
Investment-Grade Bonds	3.00%	2.40%
Strategic Credit	9.00%	3.39%
Direct Lending	16.00%	6.95%
Distressed Debt	4.00%	7.60%
REIT Equities	2.00%	4.15%
Master Limited Partnerships (MLPs)	2.00%	5.30%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.95%
Hedge Funds	6.00%	2.90%
Cash Equivalents	2.00%	0.20%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability 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.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2023

NOTE 7 -- EMPLOYEE RETIREMENT SYSTEM (CONT.)

Discount Rate Sensitivity Analysis

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:

	Discount Rate 6.60%	Discount Rate 7.60%	Discount Rate 8.60%
Total Pension Liability	\$ 709,040	\$ 578,419	\$ 476,231
Fiduciary Net Position	464,879	464,879	464,879
Net Pension Liability	\$ 244,161	\$ 113,540	\$ 11,352

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the District recognized pension expense of \$74,618. Also as of September 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows & Inflows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 82,490	\$ -
Changes in Actuarial Assumptions	-	1,163
Differences Between Projected and Actual Investment Earnings	40,711	-
Contributions Subsequent to the Measurement Date	176,157	-
	\$ 299,358	\$ 1,163

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2023

NOTE 7 -- EMPLOYEE RETIREMENT SYSTEM (CONT.)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Deferred outflows of resources in the amount of \$176,157 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Amortization of Deferred Outflows and Inflows:

For the Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2023	\$ 19,813
2024	19,815
2025	19,507
2026	21,956
2027	10,095
Thereafter	30,852
	\$ 122,038

Changes in Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2022:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2021	\$ 262,070	\$ 145,074	\$ 116,996
Charges for the year:			
Service Cost	191,904	-	191,904
Interest on Total Pension Liability	34,502	-	34,502
Change in Annuity Purchase Rates	-	-	-
Difference Between Expected and Actual Experience	89,943	-	89,943
Changes of Assumptions	-	-	-
Refund of Contributions	-	-	-
Contributions - Employer	-	207,508	(207,508)
Contributions - Employee	-	103,677	(103,677)
Net Investment Income	-	(35,042)	35,042
Benefit Payments	-	-	-
Administrative Expense	-	(272)	272
Other Charges	-	43,934	(43,934)
Net Charges	316,349	319,805	(3,456)
Balance at December 31, 2022	\$ 578,419	\$ 464,879	\$ 113,540

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2023

NOTE 7 -- EMPLOYEE RETIREMENT SYSTEM (CONT.)

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 at www.tcdrs.com.

NOTE 8 -- GROUP TERM LIFE FUND

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); this insurance is for active employees who are making deposits into the TCDRS system or have made the last deposit within the past two years. The total group term life fund contributions in fiscal year 2022 was \$320. As of September 30, 2023, the District is no longer contributing to the group term life fund and contributions for fiscal year 2023 was \$0.

NOTE 9 -- COMPONENT UNIT PAYMENTS

During the year ended September 30, 2023, Bexar County Emergency Services District #12 paid \$225,798 to the St. Hedwig Fire Department to cover notes payable payments.

NOTE 10 -- RELATED PARTIES

The Operations Director, Fire Chief, and St. Hedwig VFD's Treasurer are all related.

NOTE 11 -- CONTINGENT LIABILITIES

Litigation

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

NOTE 12 -- 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, 2023, were \$64,095.

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
- Schedule of Changes – Net Pension Liability and Related Ratios
- Notes to Schedule of Changes – Net Pension Liability and related Ratios

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, 2023

	Budget Amounts		Actual	Variance	2022
	Original	Final		Favorable (Unfavorable)	
REVENUES					
Property Taxes	\$ 1,350,045	\$ 1,346,360	\$ 1,351,966	\$ 5,606	\$ 1,011,166
Sales Tax	1,920,000	2,129,536	2,120,203	(9,333)	1,788,922
Deployment Income	71,000	253,400	211,664	(41,736)	291,894
Contribution/Grants	-	-	-	-	20,000
Interest	1,000	5,400	5,379	(21)	1,966
Miscellaneous Income	1,000	292,581	221,404	(71,177)	65,524
TOTAL REVENUES	<u>3,343,045</u>	<u>4,027,277</u>	<u>3,910,616</u>	<u>(116,661)</u>	<u>3,179,472</u>
EXPENDITURES					
Current:					
Emergency Services	2,421,018	3,057,927	3,467,549	(409,622)	2,657,719
Administrative	225,525	305,888	283,310	22,578	255,899
Capital Outlay	-	637,461	556,017	81,444	3,183,074
Debt Service:					
Principal	554,174	332,574	248,759	83,815	126,908
Interest	142,328	142,328	142,328	-	95,092
TOTAL EXPENDITURES	<u>3,343,045</u>	<u>4,476,178</u>	<u>4,697,963</u>	<u>(221,785)</u>	<u>6,318,692</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>-</u>	<u>(448,901)</u>	<u>(787,347)</u>	<u>105,124</u>	<u>(3,139,220)</u>
Net Change in Fund Balance	<u>-</u>	<u>(448,901)</u>	<u>(787,347)</u>	<u>(338,446)</u>	<u>(3,139,220)</u>
Fund Balance - Beginning	<u>1,311,838</u>	<u>1,311,838</u>	<u>1,311,838</u>	<u>-</u>	<u>4,451,058</u>
Fund Balance - Ending	<u><u>\$ 1,311,838</u></u>	<u><u>\$ 862,937</u></u>	<u><u>\$ 524,491</u></u>	<u><u>\$ (338,446)</u></u>	<u><u>\$ 1,311,838</u></u>

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SEPTEMBER 30, 2023

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.

It is recommended that actual expenditures do not exceed the budget. Actual expenditures exceeded the budget by \$338,446 for the year ended September 30, 2023 due to cost associated with emergency services.

The District does not use encumbrances.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
 REQUIRED SUPPLEMENTARY INFORMATION
 TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
 SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
 LAST THREE CALENDAR YEARS

Total Pension Liability			
	2020	2021	2022
Service Cost	\$ 34,173	\$ 77,624	\$ 191,904
Interest on Total Pension Liability	2,762	8,970	34,502
Change in Annuity Purchase Rates	-	137,694	-
Difference Between Expected and Actual Experience	175	3,101	89,943
Changes of Assumptions	3,886	(5,243)	-
Refund of Contributions	(143)	(929)	-
Benefit Payments	-	-	-
Net Change in Total Pension Liability	40,853	221,217	316,349
Total Pension Liability - Beginning	-	40,853	262,070
Total Pension Liability - Ending	<u>\$ 40,853</u>	<u>\$ 262,070</u>	<u>\$ 578,419</u>
Plan Fiduciary Net Position			
	2020	2021	2022
Contributions - Employer	\$ 13,890	\$ 29,672	\$ 207,508
Contributions - Employee	25,722	54,804	103,677
Net Investment Income	81	18,540	(35,042)
Other	1,168	2,377	43,934
Refund of Contributions	(143)	(929)	-
Benefit Payments	-	-	-
Administrative Expense	(30)	(78)	(272)
Net Change in Plan Fiduciary Net Position	40,688	104,386	319,805
Plan Fiduciary Net Position - Beginning	-	40,688	145,074
Plan Fiduciary Net Position - Ending	<u>\$ 40,688</u>	<u>\$ 145,074</u>	<u>\$ 464,879</u>
Net Pension Liability (Asset) - Ending	\$ 165	\$ 116,996	\$ 113,540
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.60%	55.36%	55.36%
Covered Payroll	\$ 428,707	\$ 913,401	\$ 1,481,097
Net Pension Liability as a Percentage of Covered Payroll	0.04%	12.81%	7.67%

Note: The schedule above reflects the changes in the net pension liability for the current and previous two years. GASB Statement No. 68 requires 10 fiscal years of data to be provided in this schedule. The District will build the schedule over the 10-year period beginning December 31, 2020 as data become available.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
 SCHEDULE OF CONTRIBUTIONS
 LAST FOUR FISCAL YEARS

Schedule of Contributions:

For Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 13,890	\$ 13,890	\$ -	\$ 428,707	3.24%
2021	\$ 29,594	\$ 29,672	\$ (78)	\$ 913,401	3.25%
2022	\$ 207,508	\$ 207,508	\$ -	\$ 1,481,097	14.01%
2023	\$ 241,858	\$ 241,858	\$ -	\$ 1,825,020	13.25%

This schedule is presented to illustrate the requirements for 10 years. The District will build this schedule over the 10-year period beginning December 31, 2020 as data becomes available.

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	15.1 years (based on contribution rate calculated in 12/31/22 valuation)
Asset Valuation Method	5 year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.5%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% pf RP-2010 Healthy Annuitant Mortality Table for males and 120% of the RP-2010 Healthy Annuitant Mortality Table for females, both projected with 100% of the SMP-2021 Ultimate scale after 2010.
Changes in Plan Provisions	2015, 2019: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Assumptions Reflected in the Schedule	2015, 2016, 2017, 2018, 2019, 2020 and 2021: No changes in plan provisions 2022: Employer contributions reflect that the member contribution rate was increased to 7% and the current service matching rate was increased to 250% for future benefits and the prior service matching rate was increased to 100%.

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 12
 COMPARATIVE BALANCE SHEETS - GENERAL FUND
 SEPTEMBER 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 303,118	\$ 1,384,456
Property Taxes Receivable	89,007	59,080
Sales Tax Receivable	307,212	316,544
Other Receivable	116,828	109,397
Prepaid Insurance	73,499	40,365
TOTAL ASSETS	\$ 889,664	\$ 1,909,842
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 84,775	\$ 272,739
Retainage Payable	-	141,726
Payroll Liabilities	104,593	85,795
<i>Total Liabilities</i>	189,368	500,260
 <i>Deferred Inflows of Resources:</i>		
Unavailable Property Tax Revenue	89,007	59,080
Unavailable Deployment Reimbursement Revenue	86,798	38,664
<i>Total Deferred Inflows of Resources</i>	175,805	97,744
 <i>Fund Balance:</i>		
Nonspendable - Prepaid Items	73,499	40,365
Unassigned	450,992	1,271,473
<i>Total Fund Balance</i>	524,491	1,311,838
TOTAL LIABILITIES, DEFERRED INFLOWS AND RESOURCES AND FUND BALANCES	\$ 889,664	\$ 1,909,842

