

# BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6

ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022



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# BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Bexar County Emergency Services District No. 6  
San Antonio, Texas

### **Report on 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. 6 (the District) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-5C and 26-27 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

ABIP, PC

San Antonio, Texas  
May 30, 2023

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# **BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

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

**September 30, 2022**

This section of Bexar County Emergency Services District No. 6 ("the District") annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year ended September 30, 2022. Please read it in conjunction with the District's basic financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities by \$10,653,308 (net position) at September 30, 2022. Of this amount, \$7,492,875 may be used to meet the District's ongoing obligations (unrestricted net position).
- The District's revenues were \$2,287,861 for the fiscal year, consisting primarily of ad valorem and sales taxes. The District's expenses were \$2,211,808 for the fiscal year, consisting primarily of emergency service payments to Bexar County Emergency Service District No. 2. As a result, the District's total net position increase from operations was \$76,053 before the restatement.
- As of September 30, 2022, the District's governmental funds reported a combined ending fund balance of \$7,320,538. This was a decrease of (\$51,700) before the restatement.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The District's Annual Financial Report consists of a series of financial statements and accompanying notes, with the primary focus being on the District as a whole. The statement of net position and the statement of activities are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status. The fund financial statements report the District's operations in more detail by providing information as to how services are financed in the short-term, as well as the remaining available resources for future spending. Additionally, the fund financial statements focus on major funds rather than fund types. The District was formed in 2004 as a subdivision of the State of Texas under Health and Safety Code 775.

#### **Government-Wide Financial Statements**

The statement of net position and the statement of activities – emergency services operating activities are reported in these statements.

The statement of net position and the statement of activities present a view of the District's financial operations as a whole, reflect all financial transactions, and provide information helpful in determining whether the District's financial health or position has improved or deteriorated as a result of the current year's activities. Both of these statements are prepared using the full accrual basis of accounting similar to that used by most private-sector companies. The statement of net position includes all assets and liabilities, both short and long-term. The statement of activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The two government-wide statements report the District's net position, which represent the difference between assets and liabilities. Over time, the increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating.

Additionally, the District's financial operating results are determined by the difference between the revenues and expenses. To assess the overall health of the District, consideration should be given to additional non-financial factors such as changes in the District's tax base.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide a detailed short-term view of the District's operations, focusing on its "major" fund. The District has two major funds for the fiscal year – the general fund and the fire and rescue special revenue fund.

Governmental funds – The accounting for the District's basic services is included in the governmental funds. The measurement focus and basis of accounting used for reporting continues to be the modified accrual basis which measures inflows and outflows of current financial resources and the remaining balances at year-end that are available for spending. Furthermore, under this basis of accounting, changes in net spendable assets are normally recognized only to the extent that they are expected to have a near-term impact, while inflows are recognized only if they are available to liquidate liabilities of the current period. Similarly, future outflows are typically recognized only if they represent a depletion of current financial resources. The District maintains two (2) governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and fire and rescue fund. The differences in the amounts reported between the fund statements and the government-wide statements are explained in the reconciliations provided on pages 11 and 13.

#### Notes to Financial Statements

The notes provide disclosures and additional information that are essential to a full understanding of the financial information presented in the government-wide and fund financial statements.

#### Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information on pages 26-28.

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position is summarized as follows:

	Governmental Activities	
	2022	2021
ASSETS		
Current assets	\$ 7,510,167	\$ 7,984,320
Capital assets, net	3,160,433	2,951,738
Total assets	<u>\$ 10,670,600</u>	<u>\$ 10,936,058</u>
LIABILITIES		
Current liabilities	\$ 17,292	\$ 345,685
Total liabilities	<u>17,292</u>	<u>345,685</u>
NET POSITION		
Net investment in capital assets	3,160,433	2,951,738
Unrestricted	<u>7,492,875</u>	<u>7,638,635</u>
Total net position	<u>10,653,308</u>	<u>10,590,373</u>
Total liabilities and net position	<u>\$ 10,670,600</u>	<u>\$ 10,936,058</u>

The following table summarizes the changes in the District's net position from its activities for the years ended September 30, 2022 and 2021:

	Governmental Activities	
	2022	2021
REVENUES:		
General revenues	\$ 2,287,861	\$ 1,807,895
Total revenues	<u>2,287,861</u>	<u>1,807,895</u>
EXPENSES:		
Public safety	2,053,715	1,637,661
General government	<u>158,093</u>	<u>152,718</u>
Total expenses	<u>2,211,808</u>	<u>1,790,379</u>
CHANGE IN NET POSITION	76,053	17,516
NET POSITION - BEGINNING	<u>10,590,373</u>	<u>10,572,857</u>
RESTATEMENT OF NET POSITION - BEGINNING	<u>(13,118)</u>	<u>-</u>
NET POSITION - ENDING	<u>\$ 10,653,308</u>	<u>\$ 10,590,373</u>

For the year ended September 30, 2022, the total expenses were \$2,211,808 including \$158,093 in general government expenses and public safety expenses of \$2,053,715. Net position at the end of the year was \$10,653,308.

#### Financial Analysis of the District's General Fund

The statement of revenues, expenditures and changes in fund balances on page 12 indicates a decrease in fund balance in the general fund of (\$391,432). The fund balance in the general fund at the end of the year was \$7,336,115. The primary cause of the decrease in fund balance was the construction of emergency service station 161 and 162.

#### General Fund Budgetary Highlights

Increased property tax collections exceeded final budgeted amounts by \$34,073. The District's sales tax collections also exceed final budgeted amounts by \$416,600. Total expenditures were less than final budgeted amounts by \$37,681 in the fiscal year.

The actual District transfers were less than the budgeted amount by \$421,593. This was due to less fire and rescue construction expenditures than was anticipated.

## Capital Assets

Capital assets consist of land, construction in progress, buildings, vehicles, and equipment. The District's investment in capital assets for its governmental activities as of September 30, 2022 was \$3,160,433. The following table shows the District's capital asset activity for the 2022 fiscal year with comparison for 2021. If more detailed information is desired on the District's capital asset activity please refer to the notes to the financial statements.

	Governmental Activities	
	2022	2021
Land	\$ 162,021	\$ 203,691
Construction in progress	882,496	2,189,924
Building and improvements	2,008,161	482,783
Vehicles	250,681	250,681
Equipment	<u>81,490</u>	<u>27,657</u>
Total capital assets	3,384,849	3,154,736
Less accumulated depreciation	<u>(224,416)</u>	<u>(202,998)</u>
Total capital assets - net	<u>\$ 3,160,433</u>	<u>\$ 2,951,738</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2022 property tax rate was \$0.10 per \$100 property valuation. The 2022 property tax rate did not change when the budget was adopted.

Bexar County ESD No. 6 renewed its Interlocal agreement with Bexar County ESD No. 6 Fire and Rescue in which the District would remit monthly payments for professional firefighting/emergency services plus any miscellaneous reimbursable expenses approved by the District's Board of Commissioners. This contract is valid for the 2023 fiscal year.

Delivery of services by professionally trained firefighters through one (1) Interlocal agreement allows the District to focus on services provided by the Bexar County ESD No. 2 in lieu of multiple volunteer fire departments.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our taxpayers, patrons 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 Commissioners at 2220 S. Loop 1604 East, San Antonio, Texas 78264 or call 210-626-9999.

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by the 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.

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**BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

**STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES**

**September 30, 2022**

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$ 3,067,840
Investments	4,091,213
Property tax receivable	172,337
Sales tax receivable	178,777
Capital assets, net:	
Land	162,021
Construction in progress	882,496
Office building	1,881,284
Vehicles	173,388
Equipment	61,244
Total capital assets, net	<u>3,160,433</u>
Total assets	<u>\$ 10,670,600</u>
LIABILITIES	
Bank overdraft	\$ 15,713
Accrued expenses	<u>1,579</u>
Total liabilities	<u>17,292</u>
NET POSITION	
Net investment in capital assets	3,160,433
Unrestricted	<u>7,492,875</u>
Total net position	<u>10,653,308</u>
Total liabilities and net position	<u>\$ 10,670,600</u>

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

**BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

**STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES**

**For the year ended September 30, 2022**

	GOVERNMENTAL ACTIVITIES
EXPENSES:	
Public safety	\$ 2,053,715
General government	<u>158,093</u>
Total expenses	<u>2,211,808</u>
GENERAL REVENUES:	
Property tax	1,178,907
Sales tax	950,100
Interest income	41,647
Gain on sale of assets	<u>117,207</u>
Total general revenues	<u>2,287,861</u>
Change in net position	76,053
NET POSITION - BEGINNING	<u>10,590,373</u>
RESTATEMENT OF NET POSITION - BEGINNING	<u>(13,118)</u>
NET POSITION - ENDING	<u><u>\$ 10,653,308</u></u>

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



**BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

**BALANCE SHEET – GOVERNMENTAL FUNDS**

**September 30, 2022**

	GENERAL FUND	FIRE AND RESCUE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$ 3,067,704	\$ 136	\$ 3,067,840
Investments	4,091,213	-	4,091,213
Property taxes receivable, net	172,337	-	172,337
Sales tax receivable	178,777	-	178,777
Total assets	<u>\$ 7,510,031</u>	<u>\$ 136</u>	<u>\$ 7,510,167</u>
LIABILITIES			
Bank overdraft	\$ -	\$ 15,713	\$ 15,713
Accrued expenses	1,579	-	1,579
Total liabilities	<u>1,579</u>	<u>15,713</u>	<u>17,292</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - property taxes	<u>172,337</u>	<u>-</u>	<u>172,337</u>
FUND BALANCES			
Unassigned	<u>7,336,115</u>	<u>(15,577)</u>	<u>7,320,538</u>
Total fund balances	<u>7,336,115</u>	<u>(15,577)</u>	<u>7,320,538</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,510,031</u>	<u>\$ 136</u>	<u>\$ 7,510,167</u>

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

**BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES**

**September 30, 2022**

Fund balance - governmental funds	\$ 7,320,538
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not spendable current financial resources and, therefore, are not reported in the balance sheet of governmental	3,160,433
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Property taxes deferred in the funds are recognized as revenue in the governmental activities.	<u>172,337</u>
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Net position - governmental activities	<u><u>\$ 10,653,308</u></u>
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The accompanying notes are an integral part of the financial statements.

**BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS**

**For the year ended September 30, 2022**

	GENERAL FUND	FIRE AND RESCUE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property tax revenue	\$ 1,163,973	\$ -	\$ 1,163,973
Sales tax revenue	950,100	-	950,100
Interest	<u>41,640</u>	<u>7</u>	<u>41,647</u>
Total revenues	<u>2,155,713</u>	<u>7</u>	<u>2,155,720</u>
EXPENDITURES			
Current			
Public safety	-	1,962,095	1,962,095
General government	110,944	43,900	154,844
Capital outlay	<u>-</u>	<u>280,837</u>	<u>280,837</u>
Total expenditures	<u>110,944</u>	<u>2,286,832</u>	<u>2,397,776</u>
Excess (deficiency) of revenues over (under) expenditures	2,044,769	(2,286,825)	(242,056)
OTHER FINANCING SOURCES AND (USES)			
Proceeds from sale of assets	190,356	-	190,356
Transfer in	-	2,626,557	2,626,557
Transfer out	<u>(2,626,557)</u>	<u>-</u>	<u>(2,626,557)</u>
Total other financing sources and (uses)	<u>(2,436,201)</u>	<u>2,626,557</u>	<u>190,356</u>
Net change in fund balance	(391,432)	339,732	(51,700)
FUND BALANCES - BEGINNING	7,740,665	(259,433)	7,481,232
RESTATEMENT OF FUND BALANCE	<u>(13,118)</u>	<u>(95,876)</u>	<u>(108,994)</u>
FUND BALANCES - BEGINNING AS RESTATED	<u>7,727,547</u>	<u>(355,309)</u>	<u>7,372,238</u>
FUND BALANCES - ENDING	<u><u>\$ 7,336,115</u></u>	<u><u>\$ (15,577)</u></u>	<u><u>\$ 7,320,538</u></u>

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

**BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

**RECONCILIATION OF CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS  
TO CHANGE IN NET POSITION – GOVERNMENTAL ACTIVITIES**

**September 30, 2022**

Net change in fund balances - governmental funds	\$ (51,700)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are not reported as expenses in the statement of activities.	280,837
Depreciation of capital assets is not reported in the funds.	(94,869)
Loss on disposals of capital assets is not reported in the funds.	(73,149)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	<u>14,934</u>
Change in net position - governmental activities	<u>\$ 76,053</u>

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

# **BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

## **NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2022**

### (1) Summary of significant accounting policies

The financial statements of Bexar County Emergency Services District No. 6 (the "District") have been prepared in conformity with generally accepted accounting principles applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

#### Reporting entity

The Board of Commissioners ("Board"), a five-member group has governance responsibilities over all activities related to fire emergency service operations within the jurisdiction of the District. The Board is appointed by the County of Bexar, Texas and has the exclusive power and duty to govern the District. The District receives funding from local government sources and must comply with the requirements of those funding entities.

#### Blended component units

In evaluating the District as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the District may be financially accountable and, as such, should be included within the District's financial statements. The District (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the District.

The Bexar County Emergency Service District No. 6 Fire and Rescue ("Fire and Rescue") – Board members of Fire and Rescue are the same as the Board of Commissioners of the District. Although it is legally separated from the District, Fire and Rescue is reported as if it were part of the primary government because its primary purpose is to provide fire and rescue services on behalf of the District.

#### Basis of presentation, basis of accounting

##### Basis of presentation

Government-wide statements: The statement of net position and the statement of activities include the financial activities of the overall government. Governmental activities generally are financed through property and sales tax revenue.

The statement of activities presents two significant functions: public safety for the purpose of emergency fire services and general government which has an administration purpose. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines and charges paid for goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including property taxes, sales taxes, interest earnings, and miscellaneous income are presented as general revenues.

# **BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

## **NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2022**

### (1) Summary of significant accounting policies (continued)

#### Basis of presentation, basis of accounting (continued)

Fund financial statements: The fund financial statements provide information about the District's major governmental funds:

General fund – this is the District's operating fund. It accounts for all financial resources of the District.

Fire and rescue fund – blended component unit that provides fire and rescue services on behalf of the District.

#### Measurement focus, basis of accounting, and financial statement presentation

Government-wide financial statements: These financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes and grants and contributions. On an accrual basis, revenue from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants and contributions is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds financial statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected. Revenues from local sources consist primarily of property taxes. Property tax revenue is recognized when received. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are measurable and available. Expenditures are recorded when the related fund liability is incurred. Capital asset acquisitions and retirement on long term borrowings are reported as expenditures in governmental funds.

#### Financial statement amounts

##### Cash and cash equivalents

The District considers cash and cash equivalents to be cash on hand, demand deposits, and other short-term investments with maturities of 3 months or less.

##### Investments

Investments are stated at fair value and categorized by using the fair value hierarchy established by generally accepted accounting principles. The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described on the following page:

# **BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

## **NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2022**

### (1) Summary of significant accounting policies (continued)

Financial statement amounts (continued)

Investments (continued)

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Property taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period. Receivables are shown net of an allowance for uncollectibles. As of September 30, 2022, the District reported \$62,655 in allowance for uncollected taxes.

Receivables and payables

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

# BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6

## NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022

### (1) Summary of significant accounting policies (continued)

#### Financial statement amounts (continued)

##### Capital assets

Land, buildings, and equipment are reported in the applicable governmental activities column in the government-wide financial statements of the District. Capital assets are defined as assets with a cost of \$5,000 or more. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at acquisition cost at the time of the donation rather than estimated fair market value. Capital assets are depreciated using the straight-line method over the estimated useful life. Estimated useful lives are as follows:

<u>ASSET</u>	<u>YEARS</u>
Building and improvements	10-20 years
Vehicles	10 years
Machinery and equipment	5 years

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities in the statement of net position.

##### Management's use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the District to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

##### Deferred inflows and outflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one (1) item that qualifies for reporting in this category and is reported under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. Accordingly, this item, unavailable revenues, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

##### Fund balances

The District adopted GASB 54, Governmental Accounting Standards Board Statement Number 54 (GASB 54) "*Fund Balance Reporting and Governmental Fund Type Definitions*". The statement provides guidance for fund balance categories and classifications and governmental fund type definitions. GASB 54 changed the way we look at cash balances, specifically reporting what cash balances, by major governmental fund type, are or are not available for public purposes.



# **BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

## **NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2022**

### (1) Summary of significant accounting policies (continued)

Financial statement amounts (continued)

Fund balances (continued)

Five categories of fund balances were created and defined by GASB 54. These five categories are as follows:

- Non-spendable - These funds are not available for expenditures based on legal or contractual requirements. An example might be inventories or prepaid expenditures.
- Restricted - These funds are governed by externally enforceable restrictions.
- Committed - Fund balances in this category are limited by the government's highest level of decision making (in this case the board). Any changes of this designation must be done in the same manner that it was implemented. For example, if funds are committed by resolution, the commitment could only be released with another resolution.
- Assigned - For funds to be assigned, there must be an intended use which can be established by the board or an official delegated by the council, such as an administrator or finance director. For example, during the budget process, the board decided to use some existing fund balance to support activities in the upcoming year.
- Unassigned - This classification is the default for all funds that do not fit into the other categories.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

Restricted amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year.

Implementation of new accounting principle

The District adopted the provisions of GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District has no leases under the new accounting principle.

# BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6

## NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022

### (2) Deposits and investments

*Cash deposits and cash equivalents.* At September 30, 2022, the carrying amount of the District's deposits (cash on hand, demand deposits, and short-term investments) was \$3,052,127 including an overdraft of (\$15,713). At September 30, 2022, the bank balance was \$3,077,507. The District's cash deposits at September 30, 2022 were fully collateralized.

*Custodial credit risk—deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District'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 pledged securities. 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 up to \$250,000.

*Custodial credit risk—investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law requires settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis. The District's investment policy requires that securities be registered in the name of the District. All safekeeping receipts for investment instruments are held in accounts in the District's name, and all securities are registered in the name of the District. The District's investments were not exposed to custodial credit risk.

*Interest rate risk.* In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investments to less than 12 months.

*Concentration of credit risk.* The District diversifies its investments in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity or in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. At year end, the District was not exposed to concentration of credit risk.

### Public funds investment pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Governmental Code, and are subject to the provisions of the Public Funds Investment Act ("the Act"), Chapter 2256 of the Texas Governmental Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to 1) have an advisory board composed participants in the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District maintains an account with the Texas Local Government Investment Pool (TexPool). Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State of Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. As of September 30, 2022, TexPool and TexPool Prime was rated AAAM by Standard & Poor's Investor Services.

# BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6

## NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022

### (2) Deposits and investments (continued)

#### The Public Funds Investment Act

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act (the 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, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

#### Fair value measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

Certificates of deposit assets are recorded at amortized cost as fair value of these instruments are not recognized until maturity. A breakdown of the District's cash, cash equivalents, and investments at September 30, 2022 is shown below:

	CARRYING AMOUNT	LEVEL 1	AMORTIZED COST	WEIGHTED AVERAGE MATURITY (DAYS)	RATING	RATING AGENCY
Included in cash and cash equivalents:						
Checking accounts	\$ 3,067,840	\$ 3,067,840	\$ -	N/A	N/A	
Included in investments:						
TexPool	2,320,400	-	2,320,400	24	AAAm	Standard & Poor's
TexPool Prime	1,770,813	-	1,770,813	14	AAAm	Standard & Poor's
Total investments	4,091,213	-	4,091,213			
Total cash and investments	<u>\$ 7,159,053</u>	<u>\$ 3,067,840</u>	<u>\$ 4,091,213</u>			

Weighted average maturity

20

# BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6

## NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022

### (3) Capital assets

Capital asset activity for the year ended September 30, 2022 was as follows:

	BEGINNING BALANCE AS RESTATED	RECLASS AND ADDITIONS	RECLASS AND DELETIONS	ENDING BALANCE
Capital assets, not being depreciated				
Land	\$ 203,691	\$ -	\$ (41,670)	\$ 162,021
Construction in progress	2,285,800	227,004	(1,630,308)	882,496
Capital assets, not being depreciated	2,489,491	227,004	(1,671,978)	1,044,517
Capital assets, being depreciated				
Buildings and improvements	482,783	1,630,308	(104,930)	2,008,161
Vehicles	250,681	-	-	250,681
Equipment	27,657	53,833	-	81,490
Total capital assets, being depreciated	761,121	1,684,141	(104,930)	2,340,332
Less accumulated depreciation:				
Building and improvements	(143,591)	(56,737)	73,451	(126,877)
Vehicles	(52,225)	(25,068)	-	(77,293)
Equipment	(7,182)	(13,064)	-	(20,246)
Total accumulated depreciation	(202,998)	(94,869)	73,451	(224,416)
Total capital assets, being depreciated - net	558,123	1,589,272	(31,479)	2,115,916
Total capital assets, net	\$ 3,047,614	\$ 1,816,276	\$ (1,703,457)	\$ 3,160,433

Depreciation was charged to the functions of public safety for \$91,620 and general government for \$3,249.

### (4) Risk management

Subject to limitations of Sovereign and Governmental Immunity, the District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District carries commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

### (5) Retirement plan

The District began participation in the Texas County & District Retirement System (TCDRS) as of March 1, 2018, however, the net pension asset determined by the plan as of the TCERS measurement date, December 31, 2021 was \$328. A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

The District participates in TCERS, which is a statewide, agent multiple-employer, public employee retirement system. A brief description of benefit terms:

- All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

# BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6

## NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022

### (5) Retirement plan (continued)

- The plan provides retirement, disability and survivor benefits.
- TCDRS is a savings-based plan. For the District plan, 4% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest per year on beginning of year balances. At retirement, the account is matched at an employer set percentage(s) (current match is 200%) and is then converted to a lifetime annuity.
- There are no automatic COLAs. Each year, the District may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
- Benefit terms are established under the TCDRS Act. They may be amended as of January 1 each year, but must remain in conformity with the Act.
- As of the measurement date (December 31, 2021), the District had one (1) employee covered in TCDRS.
- The District's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The District's contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the District and are currently 4%. The actuarially determined employer contribution rate for 2021 and 2022 was 10.69%, and 7.50%, respectively. Contributions to the pension plan from the District were \$701 for the fiscal year ended September 30, 2022.
- The most recent annual comprehensive financial report for TCDRS can be found at the following link, [www.tcdrs.org](http://www.tcdrs.org).

### (6) Fund balance deficit

At September 30, 2022, the Fire and Rescue Fund reported a fund balance deficit of \$15,577. This deficit is primarily due to timing between construction costs and general fund transfers. Future transfers from the general fund are expected to resolve the deficit.

### (7) Restatement of fund balance and net position

The District recognized the below restatements to the beginning fund balances and net position for the fiscal year ended September 30, 2022:

	GENERAL FUND	FIRE AND RESCUE	STATEMENT OF NET POSITION
Beginning - October 1, 2021	\$ 7,740,665	\$ (259,433)	\$ 10,590,373
Restatements			
Accounts payable not recognized in the prior year	(13,118)	(95,876)	(108,994)
Capital assets restated	-	-	95,876
Total restatement	(13,118)	(95,876)	(13,118)
Beginning, as restated - October 1, 2021	\$ 7,727,547	\$ (355,309)	\$ 10,577,255

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL ON A GAAP BASIS – GENERAL FUND**

**For the year ended September 30, 2022**

	Budgeted Amounts Original	Budgeted Amounts Final	GAAP Basis Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES:				
Property tax revenue	\$ 1,129,900	\$ 1,129,900	\$ 1,163,973	\$ 34,073
Sales tax revenue	535,500	535,500	950,100	414,600
Interest earnings	<u>1,500</u>	<u>1,500</u>	<u>41,640</u>	<u>40,140</u>
Total revenues	<u>1,666,900</u>	<u>1,666,900</u>	<u>2,155,713</u>	<u>488,813</u>
EXPENDITURES:				
General government	<u>148,625</u>	<u>148,625</u>	<u>110,944</u>	<u>37,681</u>
Total expenditures	<u>148,625</u>	<u>148,625</u>	<u>110,944</u>	<u>37,681</u>
Excess of revenue over (under) expenditures	<u>1,518,275</u>	<u>1,518,275</u>	<u>2,044,769</u>	<u>526,494</u>
Other financing sources (uses)				
Proceeds from sale of assets	-	193,956	190,356	(3,600)
Transfer out	<u>(2,245,665)</u>	<u>(3,048,150)</u>	<u>(2,626,557)</u>	<u>421,593</u>
	<u>(2,245,665)</u>	<u>(2,854,194)</u>	<u>(2,436,201)</u>	<u>417,993</u>
Net change in fund balance	(727,390)	(1,335,919)	(391,432)	944,487
FUND BALANCE - BEGINNING	7,740,665	7,740,665	7,740,665	-
RESTATEMENT OF FUND BALANCES	<u>-</u>	<u>-</u>	<u>(13,118)</u>	<u>(13,118)</u>
FUND BALANCE - ENDING	<u>\$ 7,013,275</u>	<u>\$ 6,404,746</u>	<u>\$ 7,336,115</u>	<u>\$ 931,369</u>

**BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL ON A GAAP BASIS –  
FIRE AND RESCUE SPECIAL REVENUE FUND**

**For the year ended September 30, 2022**

	Budgeted Amounts Original	Budgeted Amounts Final	GAAP Basis Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES:				
Interest earnings	\$ 100	\$ 100	\$ 7	\$ (93)
Total revenues	<u>100</u>	<u>100</u>	<u>7</u>	<u>(93)</u>
EXPENDITURES:				
Current				
Public safety	1,939,237	1,939,237	1,962,095	(22,858)
General government	38,250	39,370	43,900	(4,530)
Capital outlay	<u>373,000</u>	<u>1,233,100</u>	<u>280,837</u>	<u>952,263</u>
Total expenditures	<u>2,350,487</u>	<u>3,211,707</u>	<u>2,286,832</u>	<u>924,875</u>
Excess of revenue over (under) expenditures	<u>(2,350,387)</u>	<u>(3,211,607)</u>	<u>(2,286,825)</u>	<u>924,782</u>
Other financing sources (uses)				
Transfer in	<u>2,245,665</u>	<u>3,048,150</u>	<u>2,626,557</u>	<u>(421,593)</u>
Net change in fund balance	(104,722)	(163,457)	339,732	503,189
FUND BALANCE - BEGINNING	(259,433)	(259,433)	(259,433)	-
RESTATEMENT OF FUND BALANCE	<u>-</u>	<u>-</u>	<u>(95,876)</u>	<u>95,876</u>
FUND BALANCE - ENDING	<u>\$ (364,155)</u>	<u>\$ (422,890)</u>	<u>\$ (15,577)</u>	<u>\$ 503,189</u>

**BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 6**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**September 30, 2022**

Budgetary information

Budgets for the District are prepared in conformity with general accepted accounting principles (GAAP). The District legally adopts budgets for the general fund and the fire and rescue special revenue fund. All annual appropriations lapse at fiscal year end. At a minimum, the District is required to present the original and final budgets for revenues and expenditures compared to actual revenues and expenditures for the general fund and the fire and rescue special revenue fund.

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## **OTHER INFORMATION**

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners  
Bexar County Emergency Services District No. 6  
San Antonio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Bexar County Emergency Services District No. 6 (the District) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 30, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in black ink that reads "ABIP, PC".

San Antonio, Texas  
May 30, 2023