COUNTY OF ROCKWALL
EMERGENCY SERVICES CORPORATION

ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2012

RUTHERFORD, TAYLOR & COMPANY, P.C.
Certified Public Accountants
2802 Washington Street
Greenville, Texas 75401
(903) 455-6252

TABLE OF CONTENTS

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
DIRECTORS AND OFFICERS
SEPTEMBER 30, 2012

Board of Directors

Lorie Grinnan .... County of Rockwall

Dennis Bailey .... County of Rockwall

David Sweet .... City of Rockwall

Dennis Lewis .... City of Rockwall

Bill Broderick .... City of Fate

Barry Brooks .... City of Heath

Steve Hatfield .... City of McLendon-Chisholm

Dana Lawson .... City of Mobile City

Doug Phillips .... City of Rowlett

Janet Nichol .... City of Royse City

Officers

Lorie Grinnan .... President

Seve Hatfield .... Vice President

Janet Nichol .... Secretary

David Peek .... Treasurer

RUTHERFORD,
TAYLOR &
COMPANY, P.C.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
County of Rockwall Emergency Services Corporation

Members of the Board:

We have audited the accompanying financial statements of the proprietary funds of the County of Rockwall Emergency Services Corporation (Corporation), as of and for the year ended September 30, 2012, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the proprietary funds of the County of Rockwall Emergency Services Corporation as of September 30, 2012, and the respective changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Audit Standards*, we have also issued our report dated August 26, 2013, on our consideration of the Corporation'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards,* and should be considered in in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements as a whole. The schedules identified as other supplementary information identified in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The supplementary 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.

August 26, 2013
Greenville, Texas

RUTHERFORD,
TAYLOR &
COMPANY, P.C.
Certified Public Accountants

2802 Washington Street | Greenville, Texas 75401 | (903) 455-6252 | Fax (903) 455-6667

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*

Board of Directors
County of Rockwall Emergency Services Corporation

Members of the Board:

We have audited the basic financial statements of the proprietary funds of the County of Rockwall Emergency Services Corporation (Corporation), as of and for the year ended September 30, 2012, which collectively comprise the basic financial statements of the Corporation, and have issued our report thereon, dated August 26, 2013. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of 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 determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information of the Corporation's management and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

August 26, 2013
Greenville, Texas

Financial Statement Findings (Section I)

NONE

Prior Year Findings (Section II)

NONE

Corrective Action Plans (Section III)

NONE

This section of the County of Rockwall Emergency Services Corporation's annual financial report presents our discussion and analysis of the Corporation's financial performance during the year ended September 30, 2012. Please read it in conjunction with the Corporation's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Corporation's total net assets were $ 990,929 at September 30, 2012.
- During the year, the District's expenses were $ 250,648 less than the $ 1,075,485 generated from charges for services and other revenues for business-type activities.
- During the year ended September 30, 2012, the Corporation refinanced $ 1.485 million in existing debt, and issued $ 410 thousand in new bonds, in order to upgrade the Firing Range.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this required supplementary section), the basic financial statements, and other supplementary information.

This discussion and analysis is intended to serve as an introduction to the County of Rockwall Emergency Service Corporation's basic financial statements. The Corporation's basic financial statements consist of two components; 1) fund financial statements and 2) notes to the financial statements. Because the Corporation is a special purpose government entity, the Corporation is not required to present government-wide financial statements. These basic financial statements are supplemented with other supplemental information that will enhance the reader's understanding of the financial operation of the Corporation.

The fund financial statements present the activities of the Corporation. 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. The Corporation uses fund accounting to ensure and reflect compliance with finance related legal requirements, such as the Texas' Statues or the Corporation's budget by-laws. The funds of the Corporation are classified as proprietary type funds (enterprise funds). Proprietary type funds are used to report activities in which the Corporation receives funds to provide for the expenses for operation much like an entity in business operates. These types of funds are enterprise funds and are accounted for on an accrual basis of accounting.

FINANCIAL ANALYSIS OF THE CORPORATION AS A WHOLE

Please refer to Table A-1 during the following discussion. Total assets decreased 16.4% from the prior year. The annual depreciation of capital assets contributed to the noted decrease.

Liabilities also decreased in the current year. The 32.5% decrease reflects the Corporation's use of available resources to retire outstnading debt of the Corporation.

The increase in net assets is the result of increases in fixed assets and reduction in debt. The 10.5% increase reflects the $ 250,648 change in net assets from operating and non-operating revenues and expenses. Net assets are divided into three components: 1) Invested in Capital Assets, net of related debt, which reflects net assets unavailable to meet currenly maturing obligations and provide for operations, 2) Restricted, which are funds that have a legal restriction placed upon them, and 3) Unrestricted, which are balances available to meet future operating expenses and obligations. The largest component is the value of the capital assets, less related debt. The unavailable balances will continue to increase as debt is retired more quickly than the assets depreciate. The unrestricted balace reflects the ending financial position of available funds.

The Corporation's total net position were $ 990,929 at September 30, 2012.

Table A-1

Net Position

	2012	2011	Total Percentage Change 2011 - 2012
Assets			
Cash and Investments	$ 20,033	$ 400,460	-95.00%
Other Assets	23,278	23,468	-0.81%
Capital Assets	2,506,700	2,624,848	-4.50%
Total Assets	$ 2,550,011	$ 3,048,776	-16.36%
Liabilities			
Current Liabilities	$ 379,082	$ 753,495	-49.69%
Noncurrent Liabilities	1,180,000	1,555,000	-24.12%
Total Liabilities	$ 1,559,082	$ 2,308,495	-32.46%
Net Position			
Invested in Capital Assets, Net of Related Debt	$ 695,222	$ 722,794	-3.81%
Unrestricted	295,707	174,169	69.78%
Total Net Position	$ 990,929	$ 896,963	10.48%

CHANGES IN NET POSITION

Table A-2 on the following page presents the changes in net position for the year. The change in net position reflects the revenues and expenses of the Corporation and the resulting change in net position for the year. The various changes in the types of revenues and expenses are presented in the table.

Charges for services decreased $ 126,243. The decrease reflects reduced costs related to emergency services in the Corporation service area.

Operating expenses reflect a 12.3% decrease. The decreases also reflect reduced costs related to emergency services in the Corporation service area.

Non-operating revenues decreased, while expenses increased. The Corporation had no funds in interest bearing accounts during the year. Interest expense increased during the year as unamortized bond issuance costs for the refinanced bonds were reflected as a current year expense.

Table A-2

Changes in Net Position

Ambulance Services	2012	2011	Percentage Change 2011 - 2012
Operating Revenues:			
Charges for Services	$ 1,075,485	$ 939,764	14.44%
Total Operating Revenues	$ 1,075,485	$ 939,764	14.44%
Operating Expenses:			
Administrative Costs	$ 5,988	$ 3,875	54.53%
Ambulance Services	470,756	464,536	1.34%
Ambulance Consulting	13,230	13,230	0.00%
Emergency Management Services	154,753	106,958	44.69%
Firing Range	140,657	96,836	45.25%
Total Operating Expenses	$ 785,384	$ 685,435	14.58%
Non-operating Revenues (Expenses):			
Interest Expense	$ (39,453)	$ (97,647)	-59.60%
Net Non-operating Revenues (Expenses)	$ (39,453)	$ (97,647)	59.60%
Increase (Decrease) in Net Position	$ 250,648	$ 156,682	-59.97%
Net Position - Beginning (October 1)	$ 740,281	$ 583,599	-26.85%
Net Position - Ending (September 30)	$ 990,929	$ 740,281	-33.86%

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Corporation has invested in capital assets and used long term obligations to fund the capital assets. The following information presents the capital assets at year end and the related liabilities outstanding.

Capital Assets

At September 30, 2012, the Corporation had invested $ 2,879,886 in a broad range of capital assets, including buildings and equipment. (See Table A-3)

Table A-3

Capital Assets

	2012	2011	Total Percentage Change 2011 - 2012
Buildings and Improvements	$ 2,569,983	$ 2,569,983	0.00%
Infrastructure	307,774	307,774	0.00%
Equipment	2,129	2,129	0.00%
Totals at Historical Cost	$ 2,879,886	$ 2,879,886	0.00%
Total Accumulated Depreciation	(373,186)	(255,038)	46.33%
Net Capital Assets	$ 2,506,700	$ 2,624,848	-4.50%

Long Term Debt

At year-end, the Corporation had $ 1,555,000 in debt outstanding as shown in Table A-4. More detailed information about the Corporation's debt is presented in the notes to the basic financial statements.

Table A-4

Long Term Debt

	2012	2011	Percentage Change 2011 - 2012
Bonds Payable	$ 1,555,000	$ 1,925,000	-19.22%
Total Debt Payable	$ 1,555,000	$ 1,925,000	-19.22%

BUDGET, ECONOMIC ENVIRONMENT AND RATES

At this time, the County of Rockwall Emergency Services Corporation is not aware of any decisions or conditions that would impact the Corporation's operations through 2013.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Corporation's finances and to demonstrate the Corporation's accountability for the funds it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to David Peek, Treasurer for the Corporation.

BASIC FINANCIAL STATEMENTS

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2012

	Enterprise Fund
ASSETS	
Current Assets:	
Cash and Investments	$ 20,033
Accounts Receivable	5,000
Total Current Assets	$ 25,033
Non-Current Assets:	
Capital Assets:	
Buildings and Improvements, Net	2,250,222
Infrastructure, Net	256,478
Debt Issuance Cost (Net of Amortization)	18,278
Total Non-Current Assets	$ 2,524,978
Total Assets	**$ 2,550,011**
LIABILITIES	
Current Liabilities:	
Accrued Interest Payable	$ 4,082
Current Portion of Bonds Payable	375,000
Total Current Liabilities	$ 379,082
Non-Current Liabilities:	
Bonds Payable, less Current Portion	1,180,000
Total Non-Current Liabilities	$ 1,180,000
Total Liabilities	**$ 1,559,082**
NET POSITION	
Invested in Capital Assets, Net of Related Debt	$ 695,222
Unrestricted	295,707
Total Net Position	**$ 990,929**

The accompanying notes are an integral part of this statement.

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION

STATEMENT OF REVENUES, EXPENSES AND CHANGES

IN FUND NET POSITION - PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2012

		Enterprise Fund
OPERATING REVENUES		
Charges for Services	$	1,075,485
Total Operating Revenues	$	1,075,485
OPERATING EXPENSES		
Administrative Costs	$	5,988
Ambulance Services		470,756
Ambulance Consulting		13,230
Emergency Management Services		154,753
Firing Range		18,041
Amortization		4,468
Depreciation		118,148
Total Operating Expenses	$	785,384
Net Operating Revenue (Expenses)	**$**	**290,101**
NON-OPERATING REVENUE (EXPENSES)		
Interest Expense	$	(39,453)
Net Non-Operating Revenue (Expenses)	$	(39,453)
Change in Net Position	**$**	**250,648**
Net Position - Beginning (October 1)		740,281
Total Net Position - Ending (September 30)	**$**	**990,929**

The accompanying notes are an integral part of this statement.

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2012

		Enterprise Fund
Cash Flows from Operating Activities:		
Cash Received from Entities	$	1,061,633
Cash Payments for Goods and Services		(1,031,835)
Net Cash Provided by (Used for) Operating Activities	$	29,798
Cash Flows from Capital and Other Related Financing Activities:		
Principal Paid on Bonds	$	(370,000)
Interest Paid on Bonds		(40,225)
Net Cash Provided by (Used for) Capital and Other Related Financing Activities	$	(410,225)
Net Increase (Decrease) in Cash and Investments	$	(380,427)
Cash and Investments - Beginning (October 1)		400,460
Cash and Investments - Ending (September 30)	**$**	**20,033**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Net Operating Revenue (Expenses)	$	290,101
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation		118,148
Amortization		4,468
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivables		(4,477)
Increase (Decrease) in Amounts Due to Other Governments		(9,375)
Net Cash Provided by (Used for) Operating Activities	**$**	**29,798**

The accompanying notes are an integral part of this statement.

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The Board of Directors (Board) constitutes an on-going entity, and is the level of government which has governance responsibilities over all activities related to providing emergency services within the jurisdiction of the Corporation. Members of the Board are appointed by the governing bodies of the sponsoring local governments, have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters. The Corporation is not included in any other governmental "Reporting Entity" as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units presented.

2. Basis of Presentation

The accounts of the Corporation are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenue and expenses. The fund type utilized by the Corporation is described below:

a. Proprietary fund types include the following –

The *Enterprise Fund* is used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) the governing body has decided periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989 and continue to follow new FASB pronouncements unless they conflict with GASB guidance.

3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the balance sheet. Fund equity is identified as net position.

4. Budget

The Board adopts an annual budget for the Corporation's activities. The Budget is adopted under a basis consistent with GAAP. The Board approves amendments to the annual budget as prepared by the Treasurer of the Corporation.

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

A. Summary of Significant Accounting Policies (Continued)

5. Property, Plant and Equipment

Additions to the plant, property and equipment are recorded at cost or, if contributed property, at its estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of capital assets is recovered by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings & Improvements	20-45 years
Infrastructure	10-30 years
Equipment	5-10 years

6. Cash and Cash Equivalents

Cash and Cash Equivalents are comprised of deposits in financial institutions including time deposits. For the purpose of the statement of cash flows, a cash equivalent is considered any highly liquid investment with a maturity of three months or less. Restricted assets are not included.

B. Capital Assets

The following schedule presents changes in capital assets during the year ended September 30, 2012:

	Beginning Balances	Additions and Reclassifications	Retirements	Ending Balances
Buildings and Improvements	$ 2,569,983	$ -	$ -	$ 2,569,983
Infrastructure	307,774	-	-	307,774
Equipment	2,129	-	-	2,129
Totals at Historical Cost	$ 2,879,886	$ -	$ -	$ 2,879,886
Less Accumulated Depreciation for:				
Buildings and Improvements	$ 211,872	$ 107,889	$ -	$ 319,761
Infrastructure	41,037	10,259	-	51,296
Equipment	2,129	-	-	2,129
Total Accumulated Depreciation	$ 255,038	$ 118,148	$ -	$ 373,186
Net Capital Assets	$ 2,624,848	$ (118,148)	$ -	$ 2,506,700

C. Deposits, Securities and Investments

The Corporation's funds are deposited and invested under the terms of a depository contract with American National Bank of Texas. The contract requires the depository to pledge approved securities in an amount significant to protect the Corporation's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At September 30, 2012, all Corporation cash deposits were covered by FDIC insurance or by pledged collateral held by the depository bank. The Corporation's deposits appear to have been secured at all times throughout the fiscal year.

The Corporation's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The Corporation appears to be in compliance with the requirements of the Act.

State statutes and local policy authorize the Corporation to invest in the following types of investment goods:

a. obligations of the U.S. or its agencies or instrumentalities,
b. obligations of the State of Texas or its agencies,
c. obligations guaranteed by the U.S. or State of Texas or their agencies or instrumentalities,
d. obligations of other states, agencies or political subdivisions having a national investment rating of "A" or greater,
e. guaranteed or securitized certificates of deposit issued by a bank domiciled in the State of Texas, or
f. fully collateralized repurchase agreements.

At September 30, 2012, the Corporation had no temporary investments.

GASB Statement No. 40 requires a determination as to whether the Corporation was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year end, the Corporation was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollaterized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Corporation's name.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Corporations' name. At year end, the Corporation was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the Corporation was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the Corporation was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the Corporation was not exposed to foreign currency risk.

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

D. Long - Term Obligations

Changes in Long-Term Obligations

The following schedule presents changes in long-term obligations for the year ended September 30, 2012:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion of Debt
Bonds Payable	$ 1,925,000	$ -	$ 370,000	$ 1,555,000	$ 375,000
Totals	$ 1,925,000	$ -	$ 370,000	$ 1,555,000	$ 375,000

Bonds

The following series of debt are outstanding at September 30, 2012.

Description	Interest Rate	Original Amount	Outstanding Balance
Contract Revenue Bonds, Series 2012	2.1%	$ 1,930,000	$ 1,555,000

Maturity requirements on outstanding bonds at September 30, 2012 are as follows:

Year Ending September 30	Principal	Interest	Total Requirements
2013	$ 375,000	$ 32,655	$ 407,655
2014	385,000	24,780	409,780
2015	395,000	16,695	411,695
2016	400,000	8,400	408,400
2017	-	-	-
Totals	$ 1,555,000	$ 82,530	$ 1,637,530

There are a number of limitations and restricted contained in the bond covenants. The Corporation appears to be in compliance with all significant limitations and restrictions at year end.

E. Litigation

The Corporation does not appear to be involved in any litigation as of September 30, 2012.

F. Risk Management

The Corporation 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. During fiscal year 2012, the Corporation purchased commercial insurance to cover these liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance for each of the past three fiscal years.

G. Lease

The Corporation entered into a long term lease agreement with the City of Rockwall, Texas to obtain access to the land upon which the firing range complex was constructed. The lease terms require an annual payment of $ 636. The lease began during the 2007 year and is in effect for 40 years which computes to an end date in the 2047 year.

H. Subsequent Events

Corporation Management has evaluated subsequent events through August 26, 2013, which is the date the financial statements were available to be issued. There do not appear to be any events occurring after year end that could have a material effect on the financial statements at September 30, 2012 as presented.

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF ROCKWALL EMERGENCY SERVICES CORPORATION
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
OPERATING REVENUES				
Charges for Services	$ 1,074,605	$ 1,074,605	$ 1,075,485	$ 880
Total Operating Revenues	$ 1,074,605	$ 1,074,605	$ 1,075,485	$ 880
OPERATING EXPENSES				
Administrative Costs	$ 4,600	$ 4,600	$ 5,988	$ (1,388)
Ambulance Services	488,986	488,986	470,756	18,230
Ambulance Consulting	-	-	13,230	(13,230)
Emergency Management Services	204,753	204,753	154,753	50,000
Firing Range	19,241	19,241	18,041	1,200
Amortization	-	-	4,468	(4,468)
Depreciation	-	-	118,148	(118,148)
Total Operating Expenses	$ 717,580	$ 717,580	$ 785,384	$ (67,804)
Net Operating Revenue (Expense)	$ 357,025	$ 357,025	$ 290,101	$ (66,924)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	$ -	$ -	$ -	$ -
Interest Expense	40,425	40,425	(39,453)	(79,878)
Net Nonoperating Revenues (Expenses)	$ 40,425	$ 40,425	$ (39,453)	$ (79,878)
Change in Net Assets	$ 397,450	$ 397,450	$ 250,648	$ (146,802)
Net Assets - Beginning (October 1)	740,281	740,281	740,281	-
Net Assets - Ending (September 30)	**$ 1,137,731**	**$ 1,137,731**	**$ 990,929**	**$ (146,802)**
SUPPLEMENTARY INFORMATION:				
Debt Principal Payments	$ 370,000	$ 370,000	$ 370,000	$ -