

**BEXAR COUNTY
EMERGENCY SERVICES DISTRICT NO. 10**

ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30, 2015**

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BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2015

DISTRICT OFFICIALS

PRESIDENT	PAMELA A. KELLEY
VICE PRESIDENT	VACANT
SECRETARY/ TREASURER	DAN LAZAR
ASSISTANT TREASURER	MARIE E. YATES
MEMBER	JANICE GRAY
ATTORNEY	BURNS, ANDERSON, JURY & BRENNER, LLP

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BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

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INDEPENDENT AUDITOR'S REPORT

District Commissioners
Bexar County Emergency Services District No. 10

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Bexar County Emergency Services District No. 10, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Bexar County Emergency Services District No. 10's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit includes performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion on the reporting entity and unmodified audit opinions on the governmental activities and major fund of the primary government.

Basis for Adverse Opinion on the Reporting Entity

The financial statements referred to previously include only the primary government of Bexar County Emergency Services District No. 10, which consists of all funds and activities that comprise Bexar County Emergency Services District No. 10's legal entity. The financial statements do not include financial data for Bexar County Emergency Services District No. 10's legally separate component unit, which accounting principles generally accepted in the United States of America require to be reported with the financial data of Bexar County Emergency Services District No. 10's primary government.

Adverse Opinion on the Reporting Entity

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on the Reporting Entity paragraph, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Bexar County Emergency Services District No. 10, as of September 30, 2015, the changes in its financial position or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Bexar County Emergency Services District No. 10 has not issued separate reporting entity financial statements.

Basis for Qualified Opinions on the Governmental Activities and Major Fund

Because of inadequacies in the District's basic financial accounting records, we were unable to perform certain audit procedures on District Administrator reimbursements totaling \$1,994, public event expenses totaling \$770 and director compensation totaling \$1,425. We were unable to obtain sufficient appropriate audit evidence about the reasonableness and legitimacy of these expenses as of September 30, 2015. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinions on the Governmental Activities and Major Fund

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinions on the Governmental Activities and Major Fund paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of Bexar County Emergency Services District No. 10 as of September 30, 2015, and the respective change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Bexar County Emergency Services District No. 10's, financial statements. The comparative financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C." The signature is written in dark ink and is positioned above the printed name of the firm.

Armstrong, Vaughan & Associates, P.C.

May 24, 2017

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Bexar County Emergency Services District No. 10’s annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year ended September 30, 2015. Please read it in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

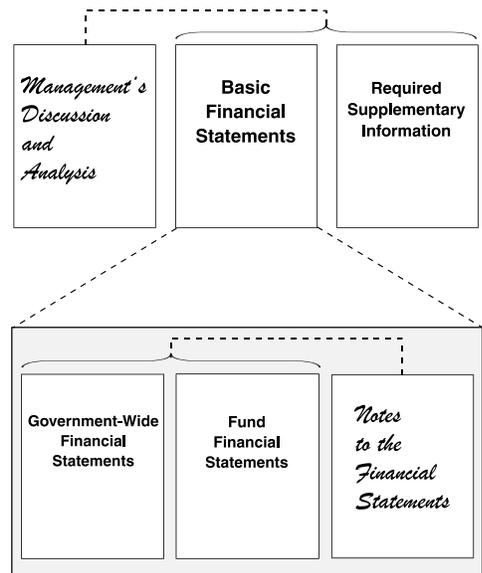
- The District’s total net position was \$87,058 at September 30, 2015.
- During the year, the District’s expenses were \$47,315 less than the \$171,085 generated in taxes and other revenue for governmental activities.
- The total cost of the District’s programs increased by \$48,475 from last year. The increase was a result of increased cost of fire protection related to the merge of Camelot Volunteer Fire Department and Gardendale Volunteer Fire Department.
- The general fund reported a fund balance this year of \$69,199.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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



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

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

Government-Wide Statements

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

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

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

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

Fund Financial Statements

The District has the following kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District’s combined net position was \$87,058 at September 30, 2015. (See Table A-1)

Table A-1
Bexar County Emergency Services District No. 7 Net Position
(In thousands dollars)

	Governmental Activities		Total Percentage Change 2015 - 2014
	2015	2014	
Current Assets:			
Cash and Cash Equivalents	\$ 69.2	\$ 24.6	181.3%
Property Taxes Receivable	17.9	18.4	-2.7%
TOTAL ASSETS	87.1	43.0	102.6%
TOTAL LIABILITIES	-	3.3	-100.0%
Unrestricted	87.1	39.7	119.4%
TOTAL NET POSITION	\$ 87.1	\$ 39.7	119.4%

Changes in Net position. The District’s total revenues were \$171,085. All of the District’s revenue comes from taxes, investments, and contributions from Gardendale Volunteer Fire Department.

The total cost of all programs and services was \$123,770.

Governmental Activities

- Property tax rates were assessed at \$0.1000 per \$100 valuation.

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

	Governmental Activities		Total Percentage Change
	2015	2014	2015 - 2014
General Revenues			
Property Taxes	\$ 103.6	\$ 94.3	9.9%
Operating Grant Contribution	67.5	-	100.0%
Investment Income	-	0.2	-100.0%
Total Revenues	<u>171.1</u>	<u>94.5</u>	81.0%
General Expenses			
General Administration	25.1	23.5	6.6%
Emergency Services	<u>98.7</u>	<u>51.8</u>	90.6%
Total Expenses	<u>123.8</u>	<u>75.3</u>	64.4%
Increase (Decrease) in Net Position	<u>\$ 47.3</u>	<u>\$ 19.2</u>	146.4%

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

- The cost of all *governmental* activities this year was \$123,770 and was financed 61% through taxes, and 39% through contributions from Gardendale Volunteer Fire Department.

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

	Net Cost of Services		Total Percentage Change
	2015	2014	2015 - 2014
General Administration	\$ 25.1	\$ 23.5	6.6%
Emergency Services	<u>98.7</u>	<u>51.8</u>	90.6%
	<u>\$ 123.8</u>	<u>\$ 75.3</u>	64.4%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$168,285. The increase in local revenues is a result of higher property appraisals and contributions from Gardendale Volunteer Fire Department.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget. Actual expenditures were \$6,230 less than budgeted amounts.

Revenues were \$73,285 more than budgeted amounts, as property tax collections and operating grant contributions were greater than expected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year end the District had no capital assets.

Long Term Debt

At year end the District had no outstanding long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2016 budget preparation has increased. The projected revenues for the 2016 budget preparation increased to \$643,750.
- General operating fund spending is expected to increase per the 2016 budget. Expenditures are anticipated to increase from the actual 2015 expenditures of \$123,770 to \$643,750. This is a 420% increase.

These indicators were taken into account when adopting the general fund budget for 2016. Amounts available for appropriation in the general fund budget are \$643,750, an increase of 280% over the final 2015 actual revenue of \$168,285. Property taxes will increase due to increased property values and the addition of new properties into the district. The District will adjust expenditures to finance programs the District currently offers.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide Bexar County Emergency Services District No. 10 citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Administrator by phone at (210) 661-3144.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2015

BASIC FINANCIAL STATEMENTS

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

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

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2015

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 69,199
Taxes Receivable	17,859
TOTAL ASSETS	87,058
 LIABILITIES	
	-
 NET POSITION	
Unrestricted	87,058
TOTAL NET POSITION	\$ 87,058

The accompanying notes are an integral part of these statements.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
STATEMENT OF ACTIVITIES
FOR YEAR ENDED SEPTEMBER 30, 2015

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses), Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary Government:				
Governmental Activities:				
General Administration	\$ 25,052	\$ -	\$ -	\$ (25,052)
Emergency Services	98,718	-	67,452	(31,266)
Total Governmental Activities	<u>123,770</u>	<u>-</u>	<u>67,452</u>	<u>(56,318)</u>
Total Primary Government	<u>\$ 123,770</u>	<u>\$ -</u>	<u>\$ 67,452</u>	<u>(56,318)</u>
General Revenues:				
General Property Taxes				103,632
Interest Income				<u>1</u>
Total General Revenues				<u>103,633</u>
Change in Net Position				47,315
Net Position at Beginning of Year				<u>39,743</u>
Net Position at End of Year				<u>\$ 87,058</u>

The accompanying notes are an integral part of these statements.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2015

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 69,199
Property Taxes Receivable	<u>17,859</u>
TOTAL ASSETS	<u><u>\$ 87,058</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
<i>Total Liabilities:</i>	<u>\$ -</u>
<i>Deferred Inflows of Resources:</i>	
Unavailable Property Tax Revenue	<u>17,859</u>
<i>Total Deferred Inflows of Resources</i>	<u>17,859</u>
<i>Fund Balance:</i>	
Unassigned	<u>69,199</u>
<i>Total Fund Balance</i>	<u>69,199</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 87,058</u></u>

The accompanying notes are an integral part of these statements.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS \$ 69,199

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

Property taxes receivable are not available to pay current period
expenditures and, therefore, are deferred in the fund statements. 17,859

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 87,058

The accompanying notes are an integral part of these statements.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund
REVENUES	
Property Taxes	\$ 100,832
Operating Grant Contribution	67,452
Interest Income	1
TOTAL REVENUES	168,285
 EXPENDITURES	
Current:	
Administrative	25,052
Emergency Services	98,718
TOTAL EXPENDITURES	123,770
Net Change in Fund Balance	44,515
 Fund Balance at Beginning of Year	24,684
 Fund Balance at End of Year	\$ 69,199

The accompanying notes are an integral part of these statements.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 44,515
Amounts reported for governmental activities in the Statement of Activities are different because:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	<u>2,800</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 47,315</u></u>

The accompanying notes are an integral part of these statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bexar County Emergency Services District No. 10 (the "District") is a political subdivision of the State of Texas and was created by the Bexar County Commissioners' Court after a Public Election on May 13, 2008. The District was created to provide emergency services and promote public safety, welfare, health and convenience of persons residing in the District.

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

A. THE FINANCIAL REPORTING ENTITY

In evaluating how to define the government for financial purposes, management has considered all potential component units. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The District has one component unit, Gardendale Volunteer Fire Department (a Nonprofit Fire Department).

Gardendale Volunteer Fire Department (the "Department") is a local nonprofit fire department without powers of taxation, organized exclusively for the purpose of providing fire protection and emergency services to the area covered by the Bexar County Emergency Services District #10. The District has elected not to present a blended presentation of the Department's financial statements in the District's annual financial report.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2015

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

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

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

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

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes which were levied prior to September 30, 2014, and became due October 01, 2014 have been assessed to finance the budget of the fiscal year beginning October 01, 2014.

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

The government reports the following major governmental fund:

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

The District has no other governmental funds

D. CASH AND CASH EQUIVALENTS

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2015

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

E. INVESTMENTS

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

F. ACCOUNTS RECEIVABLE

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

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

G. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

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

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2015

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

H. FUND EQUITY

Fund balances in governmental funds are classified as follows:

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

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

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

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

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

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

I. NET POSITION

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

J. USE OF ESTIMATES

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

K. RECLASSIFICATIONS

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2015

NOTE 2 -- CASH AND CASH INVESTMENTS

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

1. Cash

At September 30, 2015, the carrying amount of the District's deposits in the bank were fully covered by federal deposit insurance.

2. Investments

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

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Audit procedures in this area, conducted as part of the audit of the basic financial statements, disclosed that the District had not complied with those provisions as the District has not adopted a formal investment policy.

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

The District had no investments at September 30, 2015.

NOTE 3 -- AD VALOREM (PROPERTY) TAXES

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

For fiscal year 2015, the assessed tax rate for the District was \$0.1000 per \$100 on an assessed valuation of \$99,982,185. Legally, the District may assess up to \$0.1000 per \$100 on assessed valuations. Total tax levy for fiscal year 2015 was \$99,982. As of September 30, 2015, the delinquent current taxes were \$11,681. An allowance for uncollectible property taxes has not been established as of September 30, 2015, as management considers all amounts to be collectible.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2015

NOTE 4 -- CONCENTRATION OF EXPENDITURES

For fiscal year 2015, the District paid the Gardendale Volunteer Fire Department \$99,088 for providing emergency services to the District, which were approximately 80.0% of the total expenditures of the District.

NOTE 5 -- SERVICE PROVIDER AGREEMENT

The District is currently engaged with Gardendale Volunteer Fire Department (a nonprofit fire department) designating the Department as the District's agent for providing fire suppression and extinguishment and certain emergency services within the boundaries of the District. The District provides monthly reimbursement of qualified expenditures to the Department based on approved expenditures and budgets by the District's Board of Directors. Title and ownership of all assets of the Department are to remain with the Department until dissolution of the entity. The Department plans to transfer the title of all non in-debt assets to the District in 2017.

NOTE 6 -- CONTINGENT LIABILITIES

Litigation -

Management is not aware of any pending or threatened litigation against the District that will have a material effect on the financial statements. However, there is an open investigation of the former District Administrator.

NOTE 7 -- SUBSEQUENT EVENT

The Gardendale Volunteer Fire Department operations for fire suppression and extinguishment and certain emergency services moved to the District on October 1, 2016.

NOTE 8 -- RISK MANAGEMENT

The Bexar County Emergency Services District No. 10, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To cover this risk the District contracts with the Volunteer Firemen's Insurance Services (VFIS) of Texas to provide insurance coverage for Property/Casualty and Workers Compensation. VFIS is a multi-employer group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by VFIS. Liability by the District is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2015, were \$1,235.

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REQUIRED SUPPLEMENTARY INFORMATION

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

- Budgetary Comparison Schedule – General Fund

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Taxes	\$ 95,000	\$ 95,000	\$ 100,832	\$ 5,832
Operating Grant Contribution	-	-	67,452	67,452
Interest	-	-	1	1
TOTAL REVENUES	<u>95,000</u>	<u>95,000</u>	<u>168,285</u>	<u>73,285</u>
EXPENDITURES				
Current:				
Administrative	26,350	26,350	25,052	1,298
Emergency Services	103,650	103,650	98,718	4,932
TOTAL EXPENDITURES	<u>130,000</u>	<u>130,000</u>	<u>123,770</u>	<u>6,230</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,000)	(35,000)	44,515	79,515
Fund Balance - Beginning	<u>24,684</u>	<u>24,684</u>	<u>24,684</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (10,316)</u>	<u>\$ (10,316)</u>	<u>\$ 69,199</u>	<u>\$ 79,515</u>

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SEPTEMBER 30, 2015

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

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level. Actual expenditures did not exceed appropriations for the year ended September 30, 2015.

The District does not use encumbrances.

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SUPPLEMENTARY INFORMATION

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

Such statements and schedule include:

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
 COMPARATIVE BALANCE SHEETS - GENERAL FUND
 SEPTEMBER 30, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 69,199	\$ 24,577
Property Taxes Receivable	17,859	18,466
TOTAL ASSETS	\$ 87,058	\$ 43,043
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ -	\$ 3,300
<i>Total Liabilities</i>	-	3,300
 <i>Deferred Inflows of Resources:</i>		
Unavailable Property Tax Revenue	17,859	15,059
<i>Total Deferred Inflows of Resources</i>	17,859	15,059
 <i>Fund Balance:</i>		
Unassigned	69,199	24,684
<i>Total Fund Balance</i>	69,199	24,684
 TOTAL LIABILITIES, DEFERRED INFLOWS AND RESOURCES AND FUND BALANCES		
	\$ 87,058	\$ 43,043

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - GENERAL FUND
 FOR YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
REVENUES		
Taxes	\$ 100,832	\$ 87,822
Operating Grant Contribution	67,452	-
Interest Income	1	195
TOTAL REVENUES	168,285	88,017
 EXPENDITURES		
<i>Current:</i>		
Administrative	25,052	23,545
Emergency Services	98,718	51,750
TOTAL EXPENDITURES	123,770	75,295
Net Change in Fund Balance	44,515	12,722
Fund Balance - October 1	24,684	11,962
Fund Balance - September 30	\$ 69,199	\$ 24,684

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