



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

ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30, 2019**



BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2019

DISTRICT OFFICIALS

PRESIDENT

PAMELA A. KELLEY

VICE PRESIDENT

MARIE E. YATES

SECRETARY/TREASURER

DAN LAZAR

ATTORNEY

BURNS, ANDERSON, JURY & BRENNER, LLP



BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

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Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

District Commissioners
Bexar County Emergency Services District No. 10

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Bexar County Emergency Services District No. 10, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Bexar County Emergency Services District No. 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 audit opinions on the governmental activities and each major fund.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund and the aggregate remaining fund information of the primary government of Bexar County Emergency Services District No. 10, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows, thereof for the year 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.



Armstrong, Vaughan & Associates, P.C.

December 21, 2020

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, 2019. Please read it in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

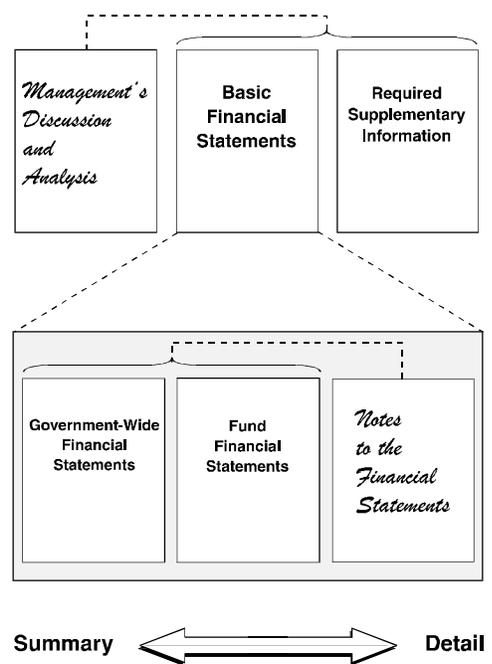
- The District’s total net position was \$33 thousand at September 30, 2019.
- During the year, the District’s expenses were \$15 thousand less than the \$2.3 million generated in taxes and other revenue for governmental activities.
- The District obtained a promissory note for the constructions of a new fire station in the amount of \$1.5 million and an equipment loan in the amount of \$1.7 million. Additionally, received a truck from Harmony VFD and took over the payments of the corresponding loan of \$27 thousand.
- The general fund reported a fund balance of \$2.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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 net position was \$33 thousand at September 30, 2019. (See Table A-1).

Table A-1
Bexar County Emergency Services District No. 10 Net Position
(In thousands dollars)

	Governmental Activities		Total Percentage Change
	2019	2018	2019 - 2018
Current Assets			
Cash and Cash Equivalents	\$ 2,717	\$ 18	14994.4%
Property Taxes Receivable	107	72	48.9%
Other Receivables	191	36	429.5%
Prepaid Items	8	8	-5.0%
Noncurrent Assets			
Land	120	15	703.0%
Buildings & Improvements	158	158	0.3%
Vehicles & Equipment	1,688	1,632	3.4%
Construction in Progress	239	-	100.0%
Less: Accumulated Depreciation	(540)	(374)	44.5%
Total Assets	<u>4,687</u>	<u>1,565</u>	199.5%
Deferred Outflows of Resources	17	-	100.0%
Current Liabilities			
Accounts Payable & Retainage Payable	155	13	1093.8%
Payroll Liabilities	41	39	5.6%
Accrued Interest Payable	29	32	-9.1%
Due within One Year	295	240	22.8%
Noncurrent Liabilities			
Long Term Debt, Net of Current	4,151	1,223	239.4%
Total Liabilities	<u>4,671</u>	<u>1,547</u>	202.0%
Net Position			
Unrestricted, (Deficit)	(119)	(190)	-37.5%
Investment in Property and Equipment	151	208	-27.3%
Total Net Position	<u>\$ 33</u>	<u>\$ 18</u>	81.1%

Changes in Net position. The District’s total revenues were \$2.3 million. All of the District’s revenue comes from taxes, EMS charges, grants, donations and miscellaneous.

The total cost of all programs and services was \$2.3 million.

Governmental Activities

- Property tax rates were assessed at \$0.096820 per \$100 valuation.

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

	Governmental Activities		Total Percentage Change
	2019	2018	2019 - 2018
Program Revenues			
Charges for Service	\$ 1	\$ 6	-78.1%
Operating Grants and Contributions	11	123	-91.1%
Capital Grants and Contributions	108	7	1442.1%
General Revenues			
Property Taxes	1,230	834	47.5%
Sales Tax	996	-	100.0%
Miscellaneous Income	4	7	-47.3%
Total Revenues	2,350	976	140.7%
General Expenses			
General Administration	214	173	23.9%
Emergency Services	2,070	1,070	93.5%
Interest on Long Term Debt	51	42	20.6%
Total Expenses	2,335	1,285	81.7%
 Increase (Decrease) in Net Position	 \$ 14	 \$ (309)	 -104.4%

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 \$2.3 million and was financed 53% through property taxes, 43% through sales tax and 4% grants, charges for services, miscellaneous and interest income.

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

	Net Cost of Services		Total Percentage Change
	2019	2018	2019 - 2018
General Administration	\$ 214	\$ 173	23.9%
Emergency Services	1,950	933	109.0%
Interest on Long Term Debt	52	42	23.0%
	\$ 2,215	\$ 1,148	92.9%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$2.2 million, an increase of 130%. The increase in local revenues is a result of increased assessed values, and first year of sales tax collection.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget. Actual expenditures were \$618 thousand more than budgeted amounts primarily due to employee related costs.

Revenues were \$200 thousand more than budgeted amounts primarily due to the sales tax revenue came in at \$195 thousand over budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2019, the District invested a total of \$1.4 million, net of depreciation, in a broad range of capital assets, including land, buildings, vehicles and equipment. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Table A-4
Capital Assets
(In thousands dollars)

	Governmental Activities		Total Percentage Change
	2019	2018	2019 - 2018
Land	\$ 121	\$ 15	703.3%
Buildings & Improvements	159	159	0.3%
Vehicles & Equipment	1,688	1,632	3.4%
Construction in Progress	239	-	100.0%
Less: Accumulated Depreciation	(541)	(375)	44.4%
Totals	<u>\$ 1,665</u>	<u>\$ 1,431</u>	16.3%

Long Term Debt

At the end of the fiscal year 2019, the District had \$4.4 million in outstanding debt as shown on Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

Table A-5
Long-Term Debt
(In thousands dollars)

	Governmental Activities		Total Total Percentage Change
	2019	2018	2019 - 2018
Notes Payable	\$ 3,223	\$ -	100.0%
Capital Lease Obligations	1,223	1,337	141.0%
	<u>\$ 4,446</u>	<u>\$ 1,337</u>	232.5%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2019 budget preparation has increased. The projected revenues for the 2019 budget preparation increased to \$2.8 million. The 2019 property tax rate increase to \$0.10 per \$100 valuation.
- General operating fund spending increased per the 2019 budget. Expenditures are anticipated to increase from the actual 2019 expenditures of \$2.6 million to \$2.8 million. This is a 47.7% increase for increased employee costs and long term debt payments.
- In September 2020, Bexar County Emergency Services District No. 10 signed a 20-year promissory note for \$707,500 to build a station addition. The note has an interest rate of 3.45%. Payments of \$49,556 are due annually beginning September 1, 2021.
- In January 2020, Bexar County Emergency Services District No. 10 signed a 7-year promissory note for \$224,439 for the purchase of trucks and equipment. The note has an interest rate of 3.33%. Payments of \$36,473 are due annually beginning September 1, 2021.

These indicators were taken into account when adopting the general fund budget for 2019-2020. Amounts available for appropriation in the general fund budget are \$2.8, an increase of 109% over the final 2019 actual revenue of \$2.6 million. Property taxes will increase due to increased property values and the addition the addition of new properties into the district, as well as the continued collection of sales tax.

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.

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, 2019

	Primary Government
	Governmental Activities
ASSETS	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 2,716,970
Receivables (net of allowances for uncollectibles)	
Property Taxes	107,162
Sales Taxes	190,635
Prepaid Items	7,567
<i>Total Current Assets</i>	3,022,334
 <i>Property and Equipment:</i>	
Land	120,450
Buildings & Improvements	158,427
Vehicles & Equipment	1,687,898
Construction In Progress	239,322
Less: Accumulated Depreciation	(541,445)
<i>Total Property and Equipment</i>	1,664,652
TOTAL ASSETS	4,686,986
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Related Outflows	16,982
TOTAL DEFERRED OUTFLOWS OF RESOURCES	16,982
 LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	145,761
Retainage Payable	9,401
Payroll Liabilities	41,234
Accrued Interest Payable	29,097
Due within One Year	294,613
<i>Total Current Liabilities</i>	520,106
 <i>Noncurrent Liabilities:</i>	
Due in more than One Year	4,151,287
<i>Total Noncurrent Liabilities</i>	4,151,287
TOTAL LIABILITIES	4,671,393
 NET POSITION	
Unrestricted, (Deficit)	(118,718)
Net Investment in Property & Equipment	151,293
TOTAL NET POSITION	\$ 32,575

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, 2019

Functions and Programs	Expenses	Program Revenues			Primary Government Net (Expenses), Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Administration	\$ 214,382	\$ -	\$ -	\$ -	\$ (214,382)
Emergency Services	2,069,984	1,313	10,897	107,950	(1,949,824)
Interest on Long Term Debt	50,666	-	-	-	(50,666)
Total Governmental Activities	2,335,032	1,313	10,897	107,950	(2,214,872)
General Revenues:					
Property Taxes					1,230,446
Sales Taxes					995,350
Interest Income					3,236
Miscellaneous Income					688
Total General Revenues					2,229,720
Change in Net Position					14,848
Net Position at Beginning of Year					17,727
Net Position at End of Year					\$ 32,575

The accompanying notes are an integral part of these statements.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Special Revenue Fund Gardendale VFD	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 2,713,844	\$ 3,126	\$ 2,716,970
Property Taxes Receivable	107,162	-	107,162
Sales Tax Receivable	190,635	-	190,635
Prepaid Items	7,567	-	7,567
TOTAL ASSETS	\$ 3,019,208	\$ 3,126	\$ 3,022,334
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable	\$ 145,761	\$ -	\$ 145,761
Payroll Liabilities	41,234	-	41,234
Retainage Payable	9,401	-	9,401
<i>Total Liabilities</i>	<i>196,396</i>	<i>-</i>	<i>196,396</i>
 <i>Deferred Inflows of Resources:</i>			
Unavailable Property Tax Revenue	107,162	-	107,162
<i>Total Deferred Inflows of Resources</i>	<i>107,162</i>	<i>-</i>	<i>107,162</i>
 <i>Fund Balance:</i>			
Non-spendable			
Prepaid Items	7,567	-	7,567
Restricted for Capital Projects	2,520,033	-	2,520,033
Unassigned	188,050	3,126	191,176
<i>Total Fund Balance</i>	<i>2,715,650</i>	<i>3,126</i>	<i>2,718,776</i>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,019,208	\$ 3,126	\$ 3,022,334

The accompanying notes are an integral part of these statements.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS	\$ 2,718,776
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.	107,162
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,664,652
Long-term liabilities, including capital leases, are not due and payable in the current period and therefore, are not reported in the funds.	(4,445,900)
Net pension assets (and related deferred outflows and inflows of resources) do not provide current financial resources and are not reported in the funds.	
Pension Related Deferred Outflows	<u>16,982</u>
Accrued interest payable on long-term debt is not due and payable in the current period and, therefore, are not reported in the funds.	<u>(29,097)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 32,575</u></u>

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 FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Special Revenue Fund Gardendale VFD	Total Governmental Funds
REVENUES			
Property Taxes	\$ 1,194,970	\$ -	\$ 1,194,970
Sales Taxes	995,350	-	995,350
Charges for Services	1,313	-	1,313
Grants	8,840	-	8,840
Donations	4,557	-	4,557
Interest Income	3,236	-	3,236
Miscellaneous Income	690	-	690
TOTAL REVENUES	<u>2,208,956</u>	<u>-</u>	<u>2,208,956</u>
EXPENDITURES			
Current:			
Administrative	455,649	-	455,649
Emergency Services	1,573,324	-	1,573,324
Capital Outlay	400,396	-	400,396
Debt Service:			
Principal	4,957	113,892	118,849
Interest and Bond Fees	4,153	49,293	53,446
TOTAL EXPENDITURES	<u>2,438,479</u>	<u>163,185</u>	<u>2,601,664</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(229,523)	(163,185)	(392,708)
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Debt	3,227,487	-	3,227,487
Transfers In (Out)	(163,185)	163,185	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,064,302</u>	<u>163,185</u>	<u>3,227,487</u>
Net Change in Fund Balance	2,834,779	-	2,834,779
Fund Balance at Beginning of Year, Deficit	<u>(119,129)</u>	<u>3,126</u>	<u>(116,003)</u>
Fund Balance at End of Year	<u>\$ 2,715,650</u>	<u>\$ 3,126</u>	<u>\$ 2,718,776</u>

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 FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 2,834,779

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	400,396	
Depreciation	<u>(166,927)</u>	233,469

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

Property Taxes Not Available for Current Period		35,476
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The issuance of long-term debt (e.g. notes payable and capital leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt and related items.

Proceeds from Debt Issuance	(3,227,487)	
Principal Repayments	<u>118,849</u>	(3,108,638)

Net Pension liabilities (and related deferred outflows of resources) do not consume current financial resources are not reported in the funds.

16,982

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Accrued Interest		<u>2,780</u>
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CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 14,848

The accompanying notes are an integral part of these statements.



NOTES TO BASIC FINANCIAL STATEMENTS

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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. Blended component units, although legally separate entities are, in substance, part of the government’s operations; thus, data from these units are to be combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

The District has one component unit, Gardendale Volunteer Fire Department (a Nonprofit Fire Department). The relationship between the Department and the District is such that it meets the criteria, as set forth in GASB Statement Nos. 14, 39, 61 and 80 for inclusion as a blended component unit in the reporting entity.

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 No. 10. The District appoints the Board of Commissioners as the directors of the nonprofit. The District has elected to present a blended presentation of those financial statements of the Department in the District’s 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.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONT.)

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 *major governmental funds*.

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

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

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

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes which were levied prior to September 30, 2018, and became due October 1, 2018 have been assessed to finance the budget of the fiscal year beginning October 1, 2018.

Expenditures generally are recorded when an expense is incurred; however, expenditures related to compensated absences and claims and judgments are recorded only when the liability has matured and payment is due. The government reports the following major governmental fund:

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

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

D. CASH AND CASH EQUIVALENTS

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

E. INVESTMENTS

State statutes authorize the District to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d); or, (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Inter-local 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.

The District reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

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

G. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. At September 30, 2019, prepaid items totaled \$7,567 for prepaid insurance.

H. CAPITAL ASSETS

Capital assets, which include land; buildings and improvements; and vehicles and equipment, are reported in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$1,000 or more and a useful life greater than one year. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	15 - 29
Vehicles & Equipment	7 - 17

Land is not depreciated.

Property and equipment that is titled to Gardendale Volunteer Fire Department is currently insured by Bexar County Emergency Services District No. 10.

I. 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.

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue not expected to be available for the current period are reflected as deferred inflows. 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.

J. COMPENSATED ABSENCES

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

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

K. LONG TERM OBLIGATIONS

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

In the fund type financial statements, governmental fund types the face amount of debt issued is reported as other financing sources.

L. PENSIONS

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

In December 2018, Bexar County Emergency Services District No. 10 approved to participate in the statewide Texas County and District Retirement Systems (TCERS) effective January 1, 2019. The TCERS retirement is in a nontraditional, defined benefit pension plan.

M. FUND EQUITY

Fund balances in governmental funds are classified as follows:

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

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

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

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

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

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

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

N. NET POSITION

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

O. USE OF ESTIMATES

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

P. RECLASSIFICATIONS

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

NOTE 2 -- CASH AND CASH INVESTMENTS

1. Cash

At September 30, 2019, the carrying amount of the District's deposits in the bank was not fully covered by federal deposit insurance. The District was under secured at Frost bank by \$2,463,844.

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.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

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

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

The District had no investments at September 30, 2019.

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District 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 rating agencies are designed to give an indication of credit risk. At year end, the District was not 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 uncollateralized, 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 District's name.

Investment securities are exposed to custodial credit 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 District's name. At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Rate

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2019

NOTE 3 -- AD VALOREM (PROPERTY) TAXES

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

For fiscal year 2019, the assessed tax rate for the District was \$0.096820 per \$100 on an assessed valuation of \$1,260,203,081. Legally, the District may assess up to \$0.1000 per \$100 on assessed valuations. Total tax levy for fiscal year 2019 was \$1,220,128. As of September 30, 2019, the current delinquent current taxes were \$47,683.

NOTE 4 -- RECEIVABLES

The following is a summary of the gross property taxes and other receivables and the related allowances for uncollectible accounts:

<u>Assets</u>	<u>Amount Receivable</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Accounts</u>
<i>Taxes:</i>			
Property Taxes	\$ 107,162	\$ -	\$ 107,162
Sales Taxes	190,635	-	190,635
	<u>\$ 297,797</u>	<u>\$ -</u>	<u>\$ 297,797</u>

NOTE 5 -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 is as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments and Disposals</u>	<u>Ending Balance</u>
Land	\$ 15,000	\$ 105,450	\$ -	\$ 120,450
Buildings & Improvements	158,427	-	-	158,427
Vehicles & Equipment	1,632,274	55,624	-	1,687,898
Construction in Progress	-	239,322	-	239,322
Less: Accumulated Depreciation	(374,518)	(166,927)	-	(541,445)
	<u>\$ 1,431,183</u>	<u>\$ 233,469</u>	<u>\$ -</u>	<u>\$ 1,664,652</u>

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

Land and Construction in Progress are not depreciated.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2019

NOTE 6 -- SHORT TERM NOTE PAYABLE

In September 2018, the District issued a maintenance tax and revenue anticipation note in advance of property tax collections, depositing the proceeds in the General Fund. The note has a principal balance of \$126,250 due March 19, 2019 with an interest rate of 4.0%. The note was necessary to fund the District's maintenance and operations after operating funds were exhausted. The District did not begin collecting the property tax revenue until December 2018. Short-term note payable activity for the year ended September 30, 2019 is as follows:

	Balance 10/1/2018	Additions	Reductions	Balance 9/30/2019	Due Within One Year
Maintenance Tax &					
Revenue Anticipation Note	\$ 126,250	\$ -	\$ (126,250)	\$ -	\$ -
	<u>\$ 126,250</u>	<u>\$ -</u>	<u>\$ (126,250)</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7 -- LONG TERM DEBT

In June 2019, the District signed a promissory note for 10 years for the purchase of a Custom Compressed Air Foam Pumper and a Custom Tandem Axle Tanker. The original balance was \$1.7 million with a 3.79% interest rate and the annual payment will be \$116,090. Additionally, the loan is secured by rights to future ad valorem tax and revenue and all other income received by the District.

In October 2018, the District signed a promissory note for 20 years for the construction of a new Fire House. The original amount borrowed was \$1.5 million at an interest rate of 4.42%. The annual payment will be \$207,409. Additionally, the loan is secured by future sales and use tax.

The District took over the payments of a 2016 Ford F250 Brush Truck. The interest rate is 5.6% and the loan was for \$27,487. The annual payments are for \$6,500 through June 2023.

In August 2013, the Gardendale Volunteer Fire Department signed a long-term capital lease for a 2013 KME Pumper truck and related equipment. The lease has an original financed balance of \$290,000 over 17 years with an interest rate of 3.5%.

In October 2015, the Gardendale Volunteer Fire Department signed a long-term capital lease for a 2005 Pumper truck and related equipment. The lease has an original financed balance of \$223,500 over 10 years with an interest rate of 4.44%.

In January 2018, the Gardendale Volunteer Fire Department signed a long-term capital lease for a two 2018 Pumper trucks and related equipment. The lease has an original financed balance of \$929,000 over 10 years with an interest rate of 3.58%.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2019

NOTE 7 -- LONG TERM DEBT (CONT.)

A summary of long-term debt outstanding as of September 30, 2019, is as follows:

<u>Governmental Activities</u>	<u>Balance</u> 10/1/2018	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> 9/30/2019	<u>Due Within</u> <u>One Year</u>
<i>Notes Payable:</i>					
Equipment Loan #8680	\$ -	\$ 1,700,000	\$ -	\$ 1,700,000	\$ 142,979
Elmendorf Station	-	1,500,000	-	1,500,000	28,253
Truck Loan #730150	-	27,487	(4,957)	22,530	5,234
<i>Total Notes Payable</i>	<u>-</u>	<u>3,227,487</u>	<u>(4,957)</u>	<u>3,222,530</u>	<u>176,466</u>
<i>Capital Lease Obligations</i>					
Pumper Lease #7179	186,218	-	(19,892)	166,326	20,776
Pumper Lease #6378	222,043	-	(15,102)	206,941	15,649
Pumper Lease #8080	929,000	-	(78,897)	850,103	81,722
<i>Total Capital Lease Oblig.</i>	<u>1,337,261</u>	<u>-</u>	<u>(113,891)</u>	<u>1,223,370</u>	<u>118,147</u>
Total Long Term Debt	<u>\$ 1,337,261</u>	<u>\$ 3,227,487</u>	<u>\$ (118,848)</u>	<u>\$ 4,445,900</u>	<u>\$ 294,613</u>

The annual requirements to amortize notes payable outstanding as of September 30, 2019, including the interest payments, are as follows:

<u>Fiscal Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 176,466	\$ 154,324	\$ 330,790
2021	204,965	125,868	330,833
2022	213,155	117,725	330,880
2023	221,443	109,255	330,698
2024	224,030	99,471	323,501
2025-2029	1,260,252	357,249	1,617,501
2030-2034	411,444	169,010	580,454
2035-2039	510,775	68,219	578,994
	<u>\$ 3,222,530</u>	<u>\$ 1,201,121</u>	<u>\$ 4,423,651</u>

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2019

NOTE 7 -- LONG TERM DEBT (CONT.)

Future minimum lease payments are shown in the table below:

Fiscal Year Ending <u>September 30</u>	Future Lease <u>Payments</u>
2020	\$ 163,156
2021	163,156
2022	163,156
2023	163,156
2024	163,156
2025-2030	<u>641,955</u>
	1,457,735
Less: Interest	<u>(234,365)</u>
	<u><u>\$ 1,223,370</u></u>

The following is an analysis of the vehicles and equipment under capital lease as of September 30, 2019:

	<u>2013 Pumper</u>	<u>2005 Pumper</u>	<u>2018 Pumps</u>	<u>Total</u>
Cost Basis of Vehicles & Equipment Leased	\$ 290,000	\$ 223,500	\$ 929,000	\$ 1,442,500
Less: Accumulated Depreciation	<u>(104,456)</u>	<u>(88,971)</u>	<u>(146,833)</u>	<u>(340,260)</u>
Net Basis of Vehicles & Equipment	<u><u>\$ 185,544</u></u>	<u><u>\$ 134,529</u></u>	<u><u>\$ 782,167</u></u>	<u><u>\$ 1,102,240</u></u>

NOTE 8 – EMPLOYEE’S RETIREMENT SYSTEM

Bexar County Emergency Service District #10 (BCESD #10) began participation in the Texas County & District Retirement System (TCDRS) as January 1, 2019, and therefore did not have any participating employees as of the TCERS measurement date, December 31, 2018. A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 as follows:

1. BCESD #10 participates in TCERS, which is a statewide, agent-multiple-employer, public employee system.
2. 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.
 - The plan provides retirement, disability and survivor benefits.
 - TCERS is a savings-based plan. For the BCESD #10 plan, 5% of each employee’s pay is deposited into his or her TCERS 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 (current match is 100%) and is then converted to a lifetime annuity.
 - There are no automatic COLA’s. Each year, BCESD #10 may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 8 – EMPLOYEE’S RETIREMENT SYSTEM (CONT.)

- Benefit terms are established under the TCDRS Act. They may be amended as of January 1 or each year, but must remain in conformity with the Act.
- 3. As of the measurement date (December 31, 2018), BCESD #10 had no employees covered in TCDRS.
- 4. BCESD 10’s contribution rate is calculated annually on actuarial basis, although the employer may elect to contribute at a higher rate. The District contributions 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 5%. The actuarially determined employer contribution rate for 2019 was 2.12%. Contributions to the pension plan for the District were for \$16,982 for the fiscal year ended September 30, 2019.
- 5. The most recent comprehensive annual financial report for TCDRS can be found at the following link: www.tcdrs.org.

NOTE 9 -- TRANSFERS

During the year ended September 30, 2019, the Bexar County Emergency Services District No. 10 transferred \$163,185 to the Gardendale Volunteer Fire Department to cover capital lease payments.

NOTE 10 -- RELATED PARTIES

Two of the four Gardendale Volunteer Fire Department board members are related (father and son).

NOTE 11 -- LITIGATION

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

NOTE 12 -- SUBSEQUENT EVENTS

In September 2020, Bexar County Emergency Services District No. 10 signed a 20-year promissory note for \$707,500 to build a station addition. The note has an interest rate of 3.45%. Payments of \$49,556 are due annually beginning September 1, 2021.

In January 2020, Bexar County Emergency Services District No. 10 signed a 7-year promissory note for \$224,439 for the purchase of trucks and equipment. The note has an interest rate of 3.33%. Payments of \$36,473 are due annually beginning September 1, 2021.

NOTE 13 -- SERVICE PROVIDER

Gardendale Volunteer Fire Department currently allows the Bexar County Emergency Services District No. 10 to use its property and equipment. The district will continue to pay for the liability insurance on the assets.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2019

NOTE 14 -- 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, 2019, were \$24,472.

NOTE 15 -- DEFICIT FUND BALANCE

As of September 30, 2019, the Primary Government had a deficit unrestricted net position of \$118,718 on the Statement of Net Position. The deficit is the result of large capital expenditures in the current fiscal year. The deficit is expected to be resolved through expenditure reduction and revenue increases from sales tax and property tax collections in the next fiscal year.

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, 2019

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ 1,158,320	\$ 1,158,320	\$ 1,194,970	\$ 36,650
Sales Tax	800,000	800,000	995,350	195,350
Grants	29,500	29,500	8,840	(20,660)
Donations	15,000	15,000	4,557	(10,443)
Charges for Services	6,000	6,000	1,313	(4,687)
Interest Income	-	-	3,236	3,236
Miscellaneous Income	-	-	690	690
TOTAL REVENUES	<u>2,008,820</u>	<u>2,008,820</u>	<u>2,208,956</u>	<u>200,136</u>
EXPENDITURES				
Current:				
Administrative	333,655	333,655	455,649	(121,994)
Emergency Services	1,486,787	1,086,391	1,573,324	(486,933)
Capital Outlay	-	400,396	400,396	-
Debt Service:				
Principal	-	-	4,957	(4,957)
Interest	-	-	4,153	(4,153)
TOTAL EXPENDITURES	<u>1,820,442</u>	<u>1,820,442</u>	<u>2,438,479</u>	<u>(618,037)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	188,378	188,378	(229,523)	(417,901)
OTHER FINANCING SOURCES (USES)				
Proceeds from Issuance of Debt	3,227,487	3,227,487	3,227,487	-
Transfers In (Out)	(162,155)	(162,155)	(163,185)	(1,030)
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,065,332</u>	<u>3,065,332</u>	<u>3,064,302</u>	<u>(1,030)</u>
Net Change in Fund Balance	3,253,710	3,253,710	2,834,779	(418,931)
Fund Balance - Beginning,(De ficit)	<u>(119,129)</u>	<u>(119,129)</u>	<u>(119,129)</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 3,134,581</u>	<u>\$ 3,134,581</u>	<u>\$ 2,715,650</u>	<u>\$ (418,931)</u>

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
 SCHEDULE OF CONTRIBUTIONS
 SEPTEMBER 30, 2019

	<u>2019</u>
Actuarially Determined Contribution	\$ 16,982
Contributions in Relation to the Actuarially Determined Contribution	<u>16,982</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>
 Covered Payroll	 \$ 798,217
 Contributions as a Percentage of Covered Payroll	 2.13%

Note: The schedule above reflects the changes in the net pension liability for the current year. GASB Statement No. 68 requires 10 fiscal years of data to be provided in this schedule. The District will build the schedule over the 10-year period beginning September 30, 2019 as data become available.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SEPTEMBER 30, 2019

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

It is recommended that actual expenditures do not exceed appropriations; however, actual expenditures exceeded appropriations for the year ended September 30, 2019 due to employee costs.

The District does not use encumbrances.



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 Sheets – General Fund
- Comparative Statements of Revenues, Expenditures and Changes in Fund Balances – General Fund
- Comparative Balance Sheets – Special Revenue Fund
- Comparative Statements of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Fund

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
 COMPARATIVE BALANCE SHEETS - GENERAL FUND
 SEPTEMBER 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 2,713,844	\$ 15,201
Property Taxes Receivable	107,162	71,686
Sales Tax Receivable	190,635	-
Other Receivables	-	36,328
Prepaid Items	7,567	7,567
TOTAL ASSETS	\$ 3,019,208	\$ 130,782
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 145,761	\$ 12,752
Payroll Liabilities	41,234	39,223
Retainage	9,401	126,250
<i>Total Liabilities</i>	196,396	178,225
 <i>Deferred Inflows of Resources:</i>		
Unavailable Property Tax Revenue	107,162	71,686
<i>Total Deferred Inflows of Resources</i>	107,162	71,686
 <i>Fund Balance:</i>		
Non-spendable		
Prepaid Items	7,567	7,567
Restricted for Capital Projects	2,520,033	-
Unassigned, (Deficit)	188,050	(126,696)
<i>Total Fund Balance</i>	2,715,650	(119,129)
 TOTAL LIABILITIES, DEFERRED INFLOWS AND RESOURCES AND FUND BALANCES		
	\$ 3,019,208	\$ 130,782

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - GENERAL FUND
 FOR YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
REVENUES		
Property Taxes	\$ 1,194,970	\$ 819,716
Sales Tax revenue	995,350	-
Grants	8,840	96,452
Donations	4,557	34,038
Charges for Services	1,313	6,000
Interest Income	3,236	
Miscellaneous Income	690	6,337
TOTAL REVENUES	2,208,956	962,543
EXPENDITURES		
<i>Current:</i>		
Administrative	455,649	170,331
Emergency Services	1,573,324	1,022,371
Capital Outlay	400,396	24,209
Debt Service		
Principal	4,957	-
Interest and Bond Fees	4,153	1,250
TOTAL EXPENDITURES	2,438,479	1,218,161
Excess (Deficiency) of Revenues Over (Under) Expenditures	(229,523)	(255,618)
OTHER FINANCING SOURCES (USES)		
Proceeds from Sale of Capital Assets	-	85,000
Proceeds from Issuance of Debt	3,227,487	-
Transfers In (Out)	(163,185)	(51,001)
TOTAL OTHER FINANCING SOURCES (USES)	3,064,302	33,999
Net Change in Fund Balance	2,834,779	(221,619)
Fund Balance - October 1, (Deficit)	(119,129)	102,490
Fund Balance - September 30, (Deficit)	\$ 2,715,650	\$ (119,129)

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
 COMPARATIVE BALANCE SHEETS – SPECIAL REVENUE FUND
 SEPTEMBER 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 3,126	\$ 3,126
TOTAL ASSETS	\$ 3,126	\$ 3,126
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ -	\$ -
<i>Total Liabilities</i>	-	-
 <i>Fund Balance:</i>		
Unassigned	3,126	3,126
<i>Total Fund Balance</i>	3,126	3,126
 TOTAL LIABILITIES AND FUND BALANCE	\$ 3,126	\$ 3,126

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 10
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES – SPECIAL REVENUE FUND
 FOR YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
REVENUES		
Miscellaneous Income	\$ -	\$ -
TOTAL REVENUES	-	-
 EXPENDITURES		
Current:		
Capital Outlay	-	929,000
Debt Service:		
Principal	113,892	33,621
Interest	49,293	17,380
TOTAL EXPENDITURES	163,185	980,001
Excess (Deficiency) of Revenues Over (Under) Expenditures	(163,185)	(980,001)
 OTHER FINANCING SOURCES (USES)		
Proceeds from Capital Lease	-	929,000
Transfers In (Out)	163,185	51,001
TOTAL OTHER FINANCING SOURCES (USES)	163,185	980,001
Net Change in Fund Balance	-	-
 Fund Balance - October 1	3,126	3,126
 Fund Balance - September 30	\$ 3,126	\$ 3,126

