

Bexar County Emergency Services District #8
Annual Financial Report
For the Year Ended September 30, 2017

	<u>Page</u>
Table of Contents	
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 8
Statement of Net Position and Governmental Funds Balance Sheet	9
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances	10
Notes to the Financial Statements	11 - 20
Required Supplementary Information	
Budgetary Comparison Statement - General Fund	21
Schedule of Changes in Net Pension Liability and Related Ratios	22
Schedule of Employer Contributions	23

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Independent Auditor's Report

Bexar County Emergency Services District #8
18515 Scenic Loop Road
Helotes, TX 78023

We have audited the accompanying financial statements of Bexar County Emergency Services District #8, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise Bexar County Emergency Services District #8's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit 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.

Basis for Qualified Opinion on Governmental Activities

We were unable to obtain adequate asset valuation supporting the Organization's property and equipment that were obtained from Grey Forest Area Volunteer Fire Department effective January 1, 2016; therefore we were unable to satisfy ourselves as to the fair value of \$152,435 included in the Statement of Net Position at September 30, 2017.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities of the Bexar County Emergency Services District #8, as of September 30, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bexar County Emergency Services District #8 as of September 30, 2017, and the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A, the financial statements referred to above include only the primary government of Bexar County Emergency Services District #8, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the District's legal entity. These primary government financial statements do not include financial data for the District's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the District's primary government. As a result, the primary government financial statements do not purport to, and do not present fairly the financial position of the reporting entity of the Bexar County Emergency Services District #8, as of September 30, 2017, the changes in its financial position or, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the reporting entity of the Bexar County Emergency Services District #8, as of and for the year ended September 30, 2017, and our report thereon, dated June 20, 2018, expressed an unmodified opinion on those financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ede & Company, LLC

Ede & Company, LLC
Certified Public Accountants
June 20, 2018

Bexar County Emergency Services District #8

Management's Discussion and Analysis

As management of the Bexar County Emergency Services District #8, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Bexar County Emergency Services District #8 for the year ended September 30, 2017. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The assets of the Bexar County Emergency Services District #8 exceeded its liabilities at the close of the 2017 year by \$901,956 (net position). Of this amount, \$901,956 (unassigned net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Bexar County Emergency Services District #8's governmental funds reported combined ending fund balances of \$737,273. 100 percent of this total amount, \$737,273 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$732,273, or 103.61 percent of total general fund expenditures, and 70.87 percent of the general fund revenues.

Overview of the Financial Statements. This discussion and analysis are intended to serve as an introduction to the Bexar County Emergency Services District #8's basic financial statements. The Bexar County Emergency Services District #8's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Bexar County Emergency Services District #8's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Bexar County Emergency Services District #8 that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Bexar County Emergency Services District #8 include administration and fire protection.

The government-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Bexar County Emergency Services District #8, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be reported in one category: governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Bexar County Emergency Services District #8 adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 9 and 10 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-20 of this report.

Financial Analysis of the District as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

The District's net position at fiscal year-end is \$901,956. This is a \$584,413 increase over last year's net position of \$317,543. The following table provides a summary of the District's net position at September 30:

Summary of Net Position				
	Governmental		Amount	%
	Activities		Change	Change
	2017	2016		
Current and other assets	\$ 777,883	\$ 453,094	\$ 324,789	71.68%
Capital assets	152,435	168,667	(16,232)	-9.62%
Total assets	<u>930,318</u>	<u>621,761</u>	<u>308,557</u>	<u>49.63%</u>
Deferred outflows-pension	<u>2,568</u>	<u>-</u>	<u>2,568</u>	<u>100.00%</u>
Current liabilities	<u>30,930</u>	<u>88,847</u>	<u>(57,917)</u>	<u>-65.19%</u>
Total liabilities	<u>30,930</u>	<u>88,847</u>	<u>(57,917)</u>	<u>-65.19%</u>
Net position:				
Invested in capital assets, net of related debt	152,435	168,667	(16,232)	-9.62%
Unrestricted	<u>749,521</u>	<u>364,247</u>	<u>385,274</u>	<u>105.77%</u>
Total net position	<u>\$ 901,956</u>	<u>\$ 532,914</u>	<u>\$ 369,042</u>	<u>69.25%</u>

The District reported positive balances in net position for governmental activities. Net position increased \$585,413 for governmental activities. The District's conservative attitude contributed to this increase.

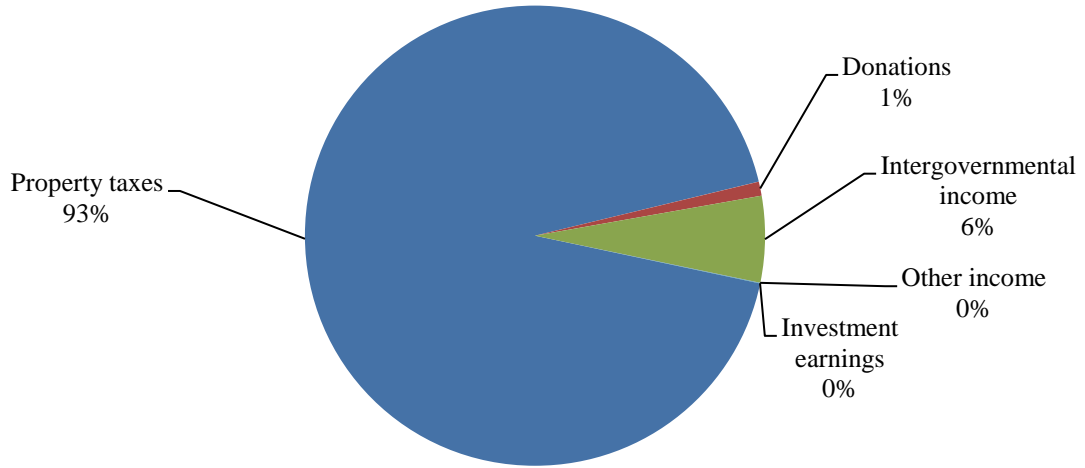
Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the District's changes in net position for the year ending September 30, 2017:

Summary of Changes in NetPosition

	Governmental Activities		Amount Change	% Change
	2017	2016		
Revenues:				
General revenues				
Property taxes	\$ 970,216	\$ 854,828	\$ 115,388	13.50%
Donations	10,325	-	10,325	100.00%
Intergovernmental revenue	63,430	39,140	24,290	62.06%
Other income	123	222,231	(222,108)	-99.94%
Interest on investments	380	92	288	313.04%
Total revenues	<u>1,044,474</u>	<u>1,116,291</u>	<u>(71,817)</u>	<u>-6.43%</u>
Expenses:				
General government	125,108	147,734	(22,626)	-15.32%
Emergency services	<u>601,823</u>	<u>810,080</u>	<u>(208,257)</u>	<u>-25.71%</u>
Total expenses	<u>726,931</u>	<u>957,814</u>	<u>(230,883)</u>	<u>-24.11%</u>
Changes in net position	317,543	158,477	159,066	100.37%
Beginning net position	532,914	374,437	158,477	42.32%
Prior period adjustment	<u>51,499</u>	-	<u>51,499</u>	<u>100.00%</u>
Ending net position	<u><u>901,956</u></u>	<u><u>532,914</u></u>	<u><u>369,042</u></u>	<u><u>69.25%</u></u>

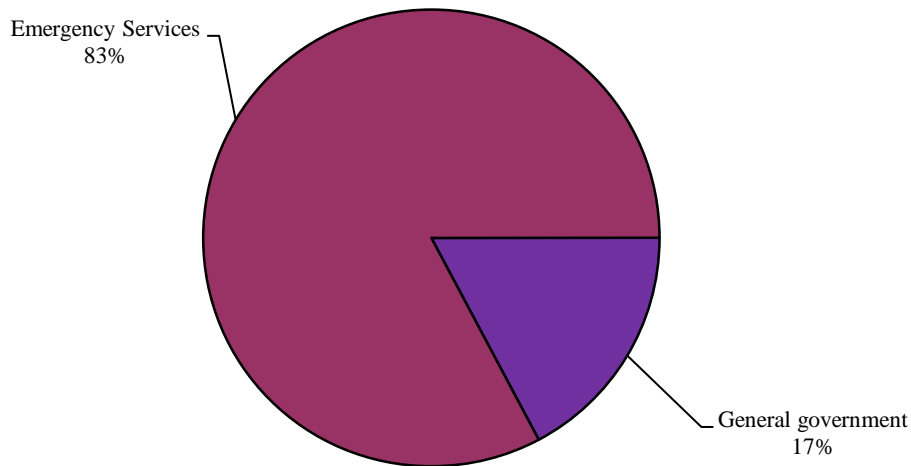
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the District's activities for the year of 2017.

Governmental Revenues - 2017



Total \$1,044,474

Governmental Functional Expenses - 2017



Total \$726,931

The graph shows the total governmental activities cost of \$726,931 for this year. Of this amount, Emergency Services with \$601,823 was the largest operating cost with 83% of the total cost for services, primarily funded by the District's taxing power.

Financial Analysis of the District's Funds

As noted earlier, the Bexar County Emergency Services District #8 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As of the end of 2017, the District's governmental funds reported ending fund balances of \$777,883, an increase of \$329,790 in comparison with the prior year. 100% (\$737,273) constitutes unreserved fund balance, which is available for spending at the District's discretion. The general fund is the chief operating fund of the District. The general fund is the only governmental fund currently used by the District.

The fund balance of the Bexar County Emergency Services District #8's general fund increased by \$329,790 during 2017. Key factors include:

- The District has a conservative attitude toward budgeting.

General Fund Budgetary Highlights

The District utilized an annual budget for 2017. Differences between the original operating budget and the final amended operating budget were \$0 or 0 percent of the original budget amount. The changes can be summarized as follows:

- The District did not amend its budget.

Economic Factors and the Next Year's Budgets and Rates

The District has adopted a 2018 budget of \$1,151,288 with appropriations of \$1,151,288. This budget may be amended to reflect unanticipated changes that occur during the year. The District adopted a tax rate of .09923/\$100 on a valuation of \$1,031,988,375.

Requests for Information

This financial report is designed to provide a general overview of the Bexar County Emergency Services District #8's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District at 18515 Scenic Loop Road, Helotes, TX 78023.

Bexar County Emergency Services District #8
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2017

	General Fund	Adjustments	Statement of Net Assets
ASSETS			
Cash	\$ 754,298	\$ -	\$ 754,298
Taxes receivable	11,374	-	11,374
Due from other governments	2,139	-	2,139
Prepaid expenses	10,072	-	10,072
Capital assets (net of accumulated depreciation)			
Equipment	-	152,435	152,435
Total assets	\$ 777,883	152,435	930,318
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension	-	2,568	2,568
Total deferred outflows of resources	-	2,568	2,568
LIABILITIES			
Accounts payable	11,898	-	11,898
Payroll liabilities	17,338	-	17,338
Net pension liability	-	1,694	1,694
Total liabilities	29,236	1,694	30,930
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue - property taxes	11,374	(11,374)	-
Deferred inflows - pension	-	-	-
Total deferred inflow of resources	11,374	(11,374)	-
FUND BALANCES/NET POSITION			
Fund balances:			
Unassigned	737,273	(737,273)	-
Total liabilities and fund balances	\$ 777,883	(737,273)	-
Net Position:			
Net investment in capital assets		152,435	152,435
Unrestricted		749,521	749,521
Total net position		\$ 901,956	\$ 901,956

The accompanying notes are an integral part of this statement.

Bexar County Emergency Services District #8
Statement of Activities and Governmental Funds
Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2017

	General Fund	Adjustments	Statement of Activities
Revenues:			
Property taxes	\$ 967,105	\$ 3,111	\$ 970,216
Donations	10,325		10,325
Intergovernmental income	63,430		63,430
Other income	123	-	123
Investment earnings	380	-	380
Total revenues	<u>1,041,363</u>	<u>3,111</u>	<u>1,044,474</u>
Expenditures/expenses:			
General government:			
Personnel	39,000	-	39,000
Other services and charges	81,802	-	81,802
Supplies	4,306	-	4,306
	<u>125,108</u>	<u>-</u>	<u>125,108</u>
Emergency services:			
Personnel	439,418	(874)	438,544
Other services and charges	130,947	16,232	147,179
Supplies	16,100	-	16,100
	<u>586,465</u>	<u>15,358</u>	<u>601,823</u>
Total expenditures/expenses	<u>711,573</u>	<u>15,358</u>	<u>726,931</u>
Excess (deficiency) of revenues over expenditures	329,790	(12,247)	317,543
Fund balance/net position:			
Beginning of the year	355,984	176,930	532,914
Prior period adjustment	51,499	-	51,499
End of the year	<u>\$ 737,273</u>	<u>\$ 164,683</u>	<u>\$ 901,956</u>

The accompanying notes are an integral part of this statement.

Bexar County Emergency Services District #8

Notes to Financial Statements

September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bexar County Emergency Services District #8 was created by the voters of the District in a special election conducted May 13, 2006 as authorized by the Texas Health and Safety Code Chapter 775. The District is governed by a five member Board of Commissioners appointed by the County Judge.

Reporting Entity: The reporting entity is defined as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component units board of directors and either 1) the ability to impose will by the primary government, or 2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The District has one component unit, District 8 Fire and Rescue. District 8 Fire and Rescue (the Department) is a local nonprofit fire department without powers of taxation, organized exclusively for the purpose of providing fire protection and emergency services to the area covered by the Bexar County Emergency Services District #8. Bexar County Emergency Services District #8 appoints its Board of Commissioners as the directors of the Department. The District has elected not to present a blended presentation of those financial statements in the District's annual report. Copies of District 8 Fire and Rescue's financial statements for the year ended September 30, 2017 can be obtained from the District's management. The District is not a component unit of any other entity.

Government-wide and Fund Financial Statements: The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole excluding any fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and District general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenue directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the District's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund financial statements are provided for governmental funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation. The financial statements of the Bexar County Emergency Services District #8 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the primary standard-setting body for establishing governmental accounting and financial reporting principles.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in the statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Bexar County Emergency Services District #8
Notes to Financial Statements
September 30, 2017

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Fund Types and Major Funds

Governmental Funds

The District reports the following major governmental funds:

General Fund – reports as the primary fund of the District. This fund is used to account for all financial resources not reported in other funds.

Capital Assets and Depreciation. The District’s property, plant, equipment, and infrastructure with useful lives of over one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The District maintains infrastructure asset records consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The costs of normal maintenance and repairs that do not add to asset value or extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years for depreciable assets are as follows:

Buildings	5 - 50
Improvements, other than buildings	2 - 50
Furniture, machinery, and equipment	3 - 30

Bexar County Emergency Services District #8
Notes to Financial Statements
September 30, 2017

Reconciliation of Government-wide and Governmental Fund Financial Statements

Total fund balances - Governmental Funds	\$	737,273
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in governmental funds. The net effect of including the beginning balances for capital assets (net of depreciation), long-term debt in the governmental activities, and other capital asset adjustments is to increase net position.</p>		168,667
<p>Current year capital outlays and long-term debt payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government wide financial statements. The net effect of including the 2017 capital outlays, debt payments, and changes to other long-term liabilities is to increase net position.</p>		-
<p>Included in the items related to debt is the recognition of the District's net pension liability required by GASB 68 in the amount of \$1,694 a Deferred Resource Outflow related to pension in the amount of \$2,568, and a Deferred Resource Inflow related to pension in the amount of \$0.</p>		874
<p>The 2017 depreciation expense increased accumulated depreciation. The net effect of recognizing the current year's depreciation is to decrease net position.</p>		(16,232)
<p>Other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include adjusting tax revenue, and eliminating unearned revenue.</p>		<u>11,374</u>
Net position of governmental activities.	\$	<u><u>901,956</u></u>

Bexar County Emergency Services District #8
Notes to Financial Statements
September 30, 2017

Net change in fund balance - total governmental funds \$ 329,790

Amounts reported for *governmental activities* in the statement of activities are different because:

Current year capital outlays and long-term debt payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2017 capital outlays, debt payments, recognizing liabilities associated with maturing long-term debt, and interest, and other adjustments is to decrease net position. -

Current year changes due to GASB 68 was to increase net position. 874

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position. (16,232)

Other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. The net effect of these reclassifications and recognitions is to increase net position. 3,111

Change in net assets of governmental activities. \$ 317,543

Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Fund Equity. The District reports fund balances for the governmental funds in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable classification represents assets that whole be consumed or “must be maintained intact” and therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts and grants specify how fund resources can be used in the restricted classification. The nature of these two classifications precludes a need for a policy for the District Commissioners. However, the Commissioners have adopted fund balance policies for the three unrestricted classifications: committed, assigned, and unassigned.

Bexar County Emergency Services District #8
Notes to Financial Statements
September 30, 2017

From time to time, the District Commissioners may commit fund balances by a majority vote in a scheduled meeting. The Commissioner's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Commissioner's commitments cannot exceed the amount of fund balance that is greater than the sum of nonspendable and restricted fund balances since that practice would commit funds that the District does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions (rainy day funds), and other purposes determined by the Commissioners.

The District Commissioners may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Commissioners may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Commissioners by majority vote in a scheduled meeting.

When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County District Retirement System (TCDRS) and additions to/deductions from TDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE B - CASH AND INVESTMENTS

At year-end, the carrying amount of the district's deposits was \$754,298 and the bank balance was \$762,073.

The District's depository agreement requires collateralization of all demand deposits and time deposits (certificates of deposit). State statutes require that the collateral be governmental securities. All of the pledged collateral for the District's demand deposits and time deposits are U. S. Government Securities. This collateral is held by banks other than the District's depository and is pledged to the District. Collateral cannot be released without the permission of the District. At year-end, all of the District's deposits were covered by federal depository insurance or collateral pledged by the District's depository.

All highly liquid investments with maturities of three months or less when purchased are considered cash equivalents.

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not participating in foreign currency transactions.

Bexar County Emergency Services District #8
Notes to Financial Statements
September 30, 2017

NOTE C - PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable before January 31 of the following year. All unpaid taxes become delinquent February 1 of the following year. The appraisal of property within the District is the responsibility of the Bexar County Appraisal District, which is required to assess all property within the District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. The total assessed value at January 1, 2016, upon which the fiscal 2017 levy was based was \$958,884,440.

General property taxes are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation. The combined tax rate to finance general government service for the year ended September 30, 2017, was \$.1 per \$100 of assessed valuation.

Current tax collections for the year ended September 30, 2017, were 99.09% of the tax levy.

NOTE D – CAPITAL ASSETS

Schedule of Changes in General Fixed Asset
FYE 9/30/17

	Beginning			Ending
	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
<i>Capital assets being depreciated:</i>				
Equipment	\$ 184,818	\$ -	\$ -	\$ 184,818
Total capital assets being depreciated	<u>184,818</u>	<u>-</u>	<u>-</u>	<u>184,818</u>
Less accumulated depreciation for:				
Equipment	<u>16,151</u>	<u>16,232</u>	<u>-</u>	<u>32,383</u>
Total accumulated depreciation	<u>16,151</u>	<u>16,232</u>	<u>-</u>	<u>32,383</u>
Total capital assets being depreciated, net	<u>168,667</u>	<u>(16,232)</u>	<u>-</u>	<u>152,435</u>
Governmental activities capital assets, net	<u>\$ 168,667</u>	<u>\$ (16,232)</u>	<u>\$ -</u>	<u>\$ 152,435</u>

Bexar County Emergency Services District #8
Notes to Financial Statements
September 30, 2017

NOTE E - PENSION PLAN

A. Plan Description

Bexar County Emergency Services District #8 provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The board of trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public retirement system consisting of 677 non-traditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at Post Office Box 2034, Austin, TX 78768-2034.

B. Benefits Provided

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

C. Contributions

The contribution rates for employees is 4%, 5% 6% or 7% of compensation as adopted by the governing body of the district. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees. Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annually basis.

Employees of the district were required to contribute 7% of their annual gross earnings during the fiscal year. The district's contribution to TCDRS for the year ended September 30, 2017 were \$23,325 and were equal to the required contribution.

D. Net Pension Liability

The district's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Real rate of return	5.0%
Inflation	3.0%
Long-term investment return	8.0%

The annual salary increase rates assumed for individual members vary by length of service and by the entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.

Bexar County Emergency Services District #8
Notes to Financial Statements
September 30, 2017

NOTE E – CONTINUED

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS’ investment consultant, Cliffwater LLC. The numbers shown are based on January 2017 information for a 7 – 10 year tune horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-yr time horizon; the most recent analysis was performed in 2013.

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities - Developed	MSCI World EX USA (net)	10.00%	4.70%
International Equities - Emerging	MSCI EM Standard (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U. S. Aggregate Bond Index	3.00%	60.00%
High Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S & P/LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates distressed Securities Index	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REIT; Index + 33%		
	FRSE EPRA/NAREIT Global Real Estate Fund	2.00%	3.85%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%

Bexar County Emergency Services District #8
Notes to Financial Statements
September 30, 2017

NOTE E – CONTINUED

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2015	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	33,142	-	33,142
Interest on total pension liability	1,316	-	1,316
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	29	-	29
Effect of assumptions changes or inputs	-	-	-
Refund of Contributions	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	-	-
Member contributions	-	14,702	(14,702)
Net investment income	-	-	-
Employer contributions	-	17,601	(17,601)
Other	-	489	(489)
Balances as of December 31, 2016	\$ 34,487	\$ 32,792	\$ 1,695

Sensitivity Analysis

The following presents the net pension liability of the district, calculated using the discount rate of 8.10%, as well as what the Bexar County Emergency District #8 net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1percentage point higher (9.10%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Total pension liability	\$ 42,728	\$ 34,487	\$ 28,096
Fiduciary net position	32,792	32,792	32,792
Net pension liability/(Asset)	\$ 9,936	\$ 1,695	\$ (4,696)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at www/tcdrs.org.

Bexar County Emergency Services District #8
Notes to Financial Statements
September 30, 2017

NOTE E – CONTINUED

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the current year, the district recognized pension expense of 22,450.

As of December 31, 2016, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 26
Changes in assumptions	-	-
Net difference between projected and actual earnings	-	1,042
Contributions made subsequent to measurement date	N/A	1,500

Amounts currently reported a deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:		
2017	\$	263
2018		263
2019		263
2020		263
2021		3
Thereafter		13

NOTE F – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters for which the government carries commercial insurance. There were no instances where settlements exceeded insurance coverage in any of the three previous years.

NOTE G – PRIOR PERIOD ADJUSTMENTS

During the year, the District made several prior period adjustments to correct errors from prior years. These included correcting accounts payable erroneously recorded in a prior year of \$13,122, unearned revenue not reversed in a prior year of \$9,988, and old adjustments to cash of \$28,389.

Bexar County Emergency Services District No. 8
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended September 30, 2017

	Original Budget	Revised Budget	Total Actual	Variance
<u>REVENUES</u>				
Property taxes	\$ 898,710	\$ 898,710	\$ 967,105	\$ 68,395
Donations	-	-	10,325	10,325
Intergovernmental income	40,000	40,000	63,430	23,430
Other income	50,000	50,000	123	(49,877)
Investment earnings	100	100	380	280
Total revenue	<u>988,810</u>	<u>988,810</u>	<u>1,041,363</u>	<u>52,553</u>
<u>EXPENDITURES</u>				
General government				
Personnel	36,000	36,000	39,000	(3,000)
Other services and charges	169,100	169,100	81,802	87,298
Supplies	4,550	4,550	4,306	244
	<u>209,650</u>	<u>209,650</u>	<u>125,108</u>	<u>84,542</u>
Emergency services				
Personnel	363,700	363,700	439,418	(75,718)
Other services and charges	45,300	45,300	130,947	(85,647)
Supplies	37,800	37,800	16,100	21,700
Capital outlay	310,500	310,500	-	310,500
	<u>757,300</u>	<u>757,300</u>	<u>586,465</u>	<u>170,835</u>
Total expenditures	<u>966,950</u>	<u>966,950</u>	<u>711,573</u>	<u>255,377</u>
Excess of revenues over expenditures	21,860	21,860	329,790	307,930
Fund balance, beginning	355,984	355,984	355,984	-
Prior period adjustment	-	-	51,499	51,499
Fund balance, ending	<u>\$ 377,844</u>	<u>\$ 377,844</u>	<u>\$ 737,273</u>	<u>\$ 359,429</u>

BEXAR COUNTY EMERGENCY SERVICES DISTRICT #8
Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service cost	\$ 33,142	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	1,316	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or input	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic gains or losses	29	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refund of contributions	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	34,487	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending	\$ 34,487	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	\$ 17,601	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	14,702	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	489	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	32,792	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending	\$ 32,792	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability/asset	\$ 1,695	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	95.09%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pension covered payroll	\$ 210,033	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	0.81%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(Unaudited)

BEXAR COUNTY EMERGENCY SERVICES DISTRICT #8

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Pension Covered Payroll (2)	Actual Contribution as a % of Covered Payroll
2007	\$ -	\$ -	\$ -	\$ -	0.0%
2008	-	-	-	-	0.0%
2009	-	-	-	-	0.0%
2010	-	-	-	-	0.0%
2011	-	-	-	-	0.0%
2012	-	-	-	-	0.0%
2013	-	-	-	-	0.0%
2014	-	-	-	-	0.0%
2015	-	-	-	-	0.0%
2016	17,601	17,601	-	210,033	8.4%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contributions on a fiscal year basis.

(2) Payroll is calculated based on contributions as reported to TCDRS

(Unaudited)