

Bexar County Emergency Services District #8
Annual Financial Report
For the Year Ended September 30, 2021

	<u>Page</u>
Table of Contents	
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 7
Statement of Net Position and Governmental Funds Balance Sheet	8
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances	9
Notes to the Financial Statements	10 - 19
Required Supplementary Information	
Budgetary Comparison Statement - General Fund	20
Schedule of Changes in Net Pension Liability and Related Ratios	21
Schedule of Employer Contributions	22

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Independent Auditor's Report

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

Opinions

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 #8, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Bexar County Emergency Services District #8's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bexar County Emergency Services District #8, as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bexar County Emergency Services District #8, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bexar County Emergency Services District #8's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bexar County Emergency Services District #8's internal control. Accordingly, no such opinion is expressed. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bexar County Emergency Services District #8's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Ede & Company, LLC

Ede & Company, LLC
Certified Public Accountants
May 9, 2022

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, 2021. 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 2021 year by \$2,471,200 (net position).
- 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 \$1,471,024. 100 percent of this total amount, \$1,471,024 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 \$1,471,024, or 46.47 percent of total general fund expenditures, and 81.80 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 8-9 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 8 and 9 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 10-19 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 \$2,471,500. This is a \$160,336 increase over last year's net position of \$2,631,836. The following table provides a summary of the District's net position at September 30:

	Governmental		Amount	%
	Activities			
	2021	2020	Change	Change
Current and other assets	\$ 1,513,267	\$ 2,863,079	\$ (1,349,812)	-47.15%
Capital assets	5,199,997	4,227,990	972,007	22.99%
Total assets	6,713,264	7,091,069	(377,805)	-5.33%
Deferred outflows-pension	53,289	16,859	36,430	216.09%
Current liabilities	271,563	247,264	24,299	9.83%
Long-term liabilities	4,010,422	4,216,711	(206,289)	-4.89%
Total liabilities	4,281,985	4,463,975	24,299	0.54%
Deferred inflows-pension	13,068	12,236	832	6.80%
Net position:				
Invested in capital assets, net of related debt	983,286	(230,266)	1,213,552	-527.02%
Unrestricted	1,488,214	2,861,993	(1,373,779)	-48.00%
Total net position	\$ 2,471,500	\$ 2,631,727	\$ (160,227)	-6.09%

The District reported positive balances in net position for governmental activities. Net position increased \$160,227 for governmental activities. The District's conservative attitude contributed to this increase.

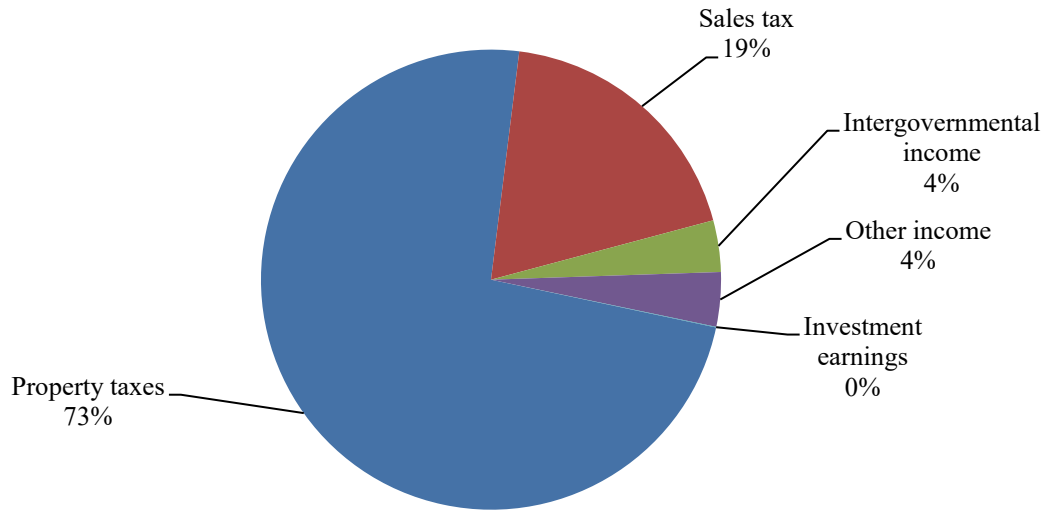
Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the District's changes in net position for the year ending September 30, 2021:

Summary of Changes in NetPosition

	Governmental Activities		Amount Change	% Change
	2021	2020		
Revenues:				
General revenues				
Property taxes	\$ 1,322,063	\$ 1,180,399	\$ 141,664	12.00%
Sales tax	339,130	169,136	169,994	100.51%
Donations	-	775,998	(775,998)	-100.00%
Intergovernmental revenue	65,080	67,203	(2,123)	-3.16%
Other income	68,644	121,413	(52,769)	-43.46%
Interest on investments	811	30993	(30,182)	-97.38%
Total revenues	<u>1,795,728</u>	<u>2,345,142</u>	<u>(549,414)</u>	<u>-23.43%</u>
Expenses:				
General government	67,156	832,914	(765,758)	-91.94%
Emergency services	<u>1,888,799</u>	<u>1,150,571</u>	<u>738,228</u>	<u>64.16%</u>
Total expenses	<u>1,955,955</u>	<u>1,983,485</u>	<u>(27,530)</u>	<u>-1.39%</u>
Changes in net position	(160,227)	361,657	(521,884)	-144.30%
Beginning net position	2,631,836	2,270,070	361,766	15.94%
Prior period adjustment	<u>(109)</u>	-	<u>(109)</u>	<u>100.00%</u>
Ending net position	<u>\$ 2,471,500</u>	<u>\$ 2,631,727</u>	<u>(160,227)</u>	<u>-6.09%</u>

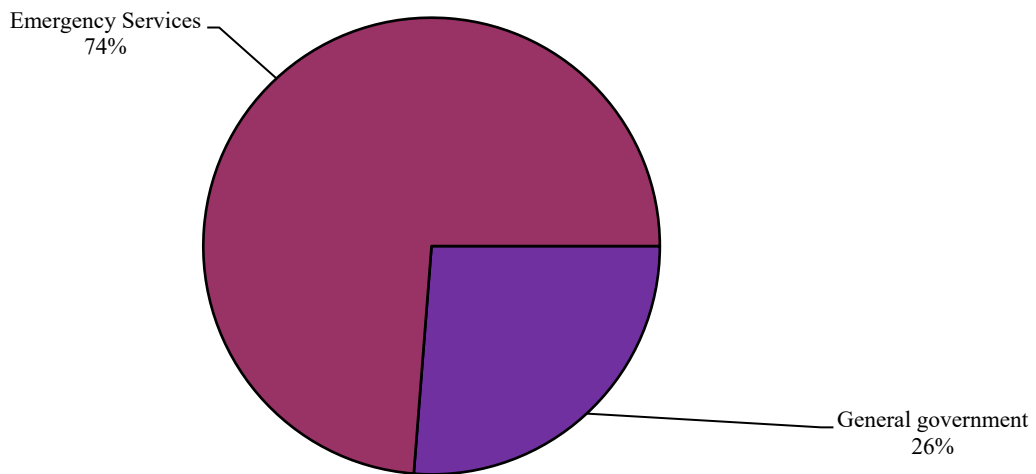
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the District's activities for the year of 2021.

Governmental Revenues - 2021



Total \$1,798,383

Governmental Functional Expenses - 2021



Total \$1,955,955

The graph shows the total governmental activities cost of \$1,955,799 for this year. Of this amount, Emergency Services with \$1,888,799 was the largest operating cost with 74% 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 2021, the District's governmental funds reported ending fund balances of \$1,471,024, a decrease of \$1,367,482 in comparison with the prior year. 100% (\$1,471,024) 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 decreased by \$1,471,024 during 2021 Key factors include:

- The District has a conservative fiscal attitude.
- The District constructed a building.
- The District's payroll increased by operating two fire stations.

General Fund Budgetary Highlights

The District utilized an annual budget for 2021. Differences between the original operating budget and the final amended operating budget were \$948,639 or 42.26 percent of the original budget amount. The changes can be summarized as follows:

- The District amended it's budget to more accurately align with actual expenditures.

Economic Factors and the Next Year's Budgets and Rates

The District has adopted a 2022 budget of \$1,797,934 with appropriations of \$1,812,193. This budget may be amended to reflect unanticipated changes that occur during the year. The District adopted a tax rate of .10/\$100 on a valuation of \$1,424,679,438.

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, 2021

	General Fund	Adjustments	Statement of Net Assets
CURRENT ASSETS			
Cash	\$ 1,500,409	\$ -	\$ 1,500,409
Taxes receivable	12,067	-	12,067
Due from other governments	791	-	791
NON-CURRENT ASSETS			
Capital assets (net of accumulated depreciation)			
Buildings	-	3,705,958	3,705,958
Equipment	-	1,494,039	1,494,039
Net pension asset	-	-	-
Total assets	1,513,267	5,199,997	6,713,264
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension	-	53,289	53,289
Total deferred outflows of resources	-	53,289	53,289
CURRENT LIABILITIES			
Accounts payable	22,301	-	22,301
Payroll liabilities	7,875	-	7,875
Notes payable - current portion	-	241,387	241,387
LONG-TERM LIABILITIES			
Notes payable - net of current portion		3,975,324	3,975,324
Net pension liability	-	35,098	35,098
Total liabilities	30,176	4,251,809	4,281,985
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue - property taxes	12,067	(12,067)	-
Deferred inflows - pension	-	13,068	13,068
Total deferred inflow of resources	12,067	1,001	13,068
FUND BALANCES/NET POSITION			
Fund balances:			
Unassigned	1,471,024	1,000,476	2,471,500
Total liabilities and fund balances	\$ 1,513,267	1,000,476	2,471,500
Net Position:			
Net investment in capital assets		983,286	983,286
Unrestricted		1,488,214	1,488,214
Total net position		\$ 2,471,500	\$ 2,471,500

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, 2021

	General Fund	Adjustments	Statement of Activities
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Property taxes	\$ 1,324,718	\$ (2,655)	\$ 1,322,063
Sales tax	339,130	-	339,130
Intergovernmental income	65,080	-	65,080
Other income	68,644	-	68,644
Investment earnings	811	-	811
Total revenues	<u>1,798,383</u>	<u>(2,655)</u>	<u>1,795,728</u>
Expenditures/expenses:			
General government:			
Personnel	35,700	-	35,700
Other services and charges	30,675	-	30,675
Supplies	781	-	781
	<u>67,156</u>	<u>-</u>	<u>67,156</u>
Emergency services:			
Personnel	1,244,141	3,751	1,247,892
Other services and charges	255,458	290,311	545,769
Supplies	95,138	-	95,138
Principal on long-term debt	241,545	(241,545)	-
Capital outlay	1,262,318	(1,262,318)	-
	<u>3,098,600</u>	<u>(1,209,801)</u>	<u>1,888,799</u>
Total expenditures/expenses	<u>3,165,756</u>	<u>(1,209,801)</u>	<u>1,955,955</u>
Excess (deficiency) of revenues over expenditures	(1,367,373)	1,207,146	(160,227)
Fund balance/net position:			
Beginning of the year	2,838,506	(206,670)	2,631,836
Prior period adjustment	(109)	-	(109)
End of the year	<u>\$ 1,471,024</u>	<u>1,000,476</u>	<u>\$ 2,471,500</u>

The accompanying notes are an integral part of this statement.

Bexar County Emergency Services District #8

Notes to Financial Statements

September 30, 2021

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 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, 2021

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, 2021

Reconciliation of Government-wide and Governmental Fund Financial Statements

**Reconciliation of General Fund Balance to
Net Position of Governmental Activities**

Total Fund Balances - Governmental Funds	\$ 1,471,024
 Amounts reported in governmental activities in the statement of net position are different because:	
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds. In addition, long-term liabilities, including bonds payable, are not due in the current period, and therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation), and long-term debt in the governmental activities is to decrease net position.	(230,266)
Current year capital outlays and long-term debt principal 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 2021 capital outlays and other adjustments is to increase net position.	1,503,863
Included in the items related to debt is the recognition of the District's net pension liability/asset required by GASB 68 in the amount of \$35,098 a Deferred Resource Outflow related to pension in the amount of \$53,289, and a deferred Resource Inflow related to pension in the amount of \$13,068.	(3,751)
The 2021 depreciation expense increased accumulated depreciation. The net effect to the current year's depreciation is to decrease net position.	(290,311)
Other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include eliminating interfund transactions. The net effect of these reclassifications is to decrease net position.	<u>20,941</u>
Net Position of Governmental Activities	\$ <u>2,471,500</u>

Bexar County Emergency Services District #8
Notes to Financial Statements
September 30, 2021

Net change in fund balance - total governmental funds \$ (1,367,373)

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 2021 capital outlays, debt payments, recognizing liabilities associated with maturing long-term debt, and interest, and other adjustments is to increase net position.	1,503,863
Current year changes due to GASB 68 was to increase net position.	(3,751)
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.	(290,311)
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.	<u>(2,655)</u>
Change in net assets of governmental activities.	<u><u>\$ (160,227)</u></u>

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, 2021

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 \$1,500,409 and the bank balance was \$1,504,087.

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, 2021

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, 2020, upon which the fiscal 2021 levy was based was \$1,418,976,151.

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, 2021, was \$.10 per \$100 of assessed valuation.

Current tax collections for the year ended September 30, 2021, were 101.32% of the tax levy.

NOTE D – CAPITAL ASSETS

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
<i>Capital assets not being depreciated</i>				
Construction in progress	\$ 2,628,075	\$ -	\$ 2,628,075	\$ -
Assets not placed in service	974,789	-	974,789	-
Total capital assets not being depreciated	<u>3,602,864</u>	<u>-</u>	<u>3,602,864</u>	<u>-</u>
<i>Capital assets being depreciated:</i>				
Buildings	-	3,800,983	-	3,800,983
Equipment	839,554	1,064,199	-	1,903,753
Total capital assets being depreciated	<u>839,554</u>	<u>4,865,182</u>	<u>-</u>	<u>5,704,736</u>
Less accumulated depreciation for:				
Buildings	-	95,025	-	95,025
Equipment	214,427	195,286	-	409,713
Total accumulated depreciation	<u>214,427</u>	<u>290,311</u>	<u>-</u>	<u>504,738</u>
Total capital assets being depreciated, net	<u>625,127</u>	<u>4,574,871</u>	<u>-</u>	<u>5,199,998</u>
Governmental activities capital assets, net	<u>\$ 4,227,991</u>	<u>\$ 4,574,871</u>	<u>\$ 3,602,864</u>	<u>\$ 5,199,998</u>

Bexar County Emergency Services District #8
Notes to Financial Statements
September 30, 2021

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 780 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, 2020 were \$32,307 and were equal to the required contribution.

D. Net Pension Liability/Asset

The district's Net Pension Asset (NPA) was measured as of December 31, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%

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 3.0% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.

Bexar County Emergency Services District #8

Notes to Financial Statements

September 30, 2021

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 2021 information for a 10 year time 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 long-term time horizon.

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities - Developed	MSCI World EX USA (net)	6.00%	4.75%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U. S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S & P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REIT; Index + 33%		
	S & P Global REIT (net) Index	2.00%	3.45%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cssh Equivalents	90-Day U. S. Treasury	200%	-0.70%

Bexar County Emergency Services District #8
Notes to Financial Statements
September 30, 2021

NOTE E – CONTINUED

Changes in the Net Pension Liability

	Increase (Decrease)		Net Pension Liability/(Asset) (a) - (b)
	Total Pension Liability (a)	Fiduciary Net Position (b)	
Balances as of December 31, 201	\$ 209,415	\$ 213,666	\$ (4,251)
Changes for the year:			
Service cost	61,849	-	61,849
Interest on total pension liability	21,972	-	21,972
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	17,034	-	17,034
Effect of assumptions changes or inputs	35,403	-	35,403
Refund of Contributions	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	(227)	227
Member contributions	-	35,385	(35,385)
Net investment income	-	22,222	(22,222)
Employer contributions	-	37,356	(37,356)
Other	-	2,174	(2,174)
Balances as of December 31, 2019	\$ 345,673	\$ 310,576	\$ 35,097

Sensitivity Analysis

The following presents the net pension liability of the district, calculated using the discount rate of 7.6%, 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 (6.6%) or 1 percentage point higher (8.6%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 434,514	\$ 345,674	\$ 278,183
Fiduciary net position	310,575	310,575	310,575
Net pension liability/(Asset)	\$ 123,939	\$ 35,099	\$ (32,392)

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, 2021

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 51,254.

As of December 31, 2020, 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	\$ 9,615	\$ 36,172
Changes in assumptions	386	31,469
Net difference between projected and actual earnings	3,067	-
Contributions made subsequent to measurement date	N/A	(14,352)

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:

2021	\$ 7,250
2022	7,444
2023	5,434
2024	7,213
2025	7,602
Thereafter	19,630

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.

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, 2021

	Original Budget	Revised Budget	Total Actual	Variance
<u>REVENUES</u>				
Property taxes	\$ 1,286,849	\$ 1,286,849	\$ 1,324,718	\$ 37,869
Sales tax	180,000	180,000	339,130	159,130
Intergovernmental income	55,000	55,000	65,080	10,080
Other income	15,000	15,000	68,644	53,644
Investment earnings	2,400	2,400	811	(1,589)
	<u>1,539,249</u>	<u>1,539,249</u>	<u>1,798,383</u>	<u>259,134</u>
<u>EXPENDITURES</u>				
General government				
Personnel	37,992	37,992	35,700	2,292
Other services and charges	38,366	52,366	30,675	21,691
Supplies	2,150	2,150	781	1,369
	<u>78,508</u>	<u>92,508</u>	<u>67,156</u>	<u>25,352</u>
Emergency services				
Personnel	1,016,930	1,230,569	1,244,141	(13,572)
Other services and charges	112,150	119,444	255,458	(136,014)
Supplies	43,500	74,205	95,138	(20,933)
Principal on long-term debt	129,428	387,719	241,545	146,174
Capital outlay	864,290	1,289,000	1,262,318	26,682
	<u>2,166,298</u>	<u>3,100,937</u>	<u>3,098,600</u>	<u>2,337</u>
Total expenditures	<u>2,244,806</u>	<u>3,193,445</u>	<u>3,165,756</u>	<u>27,689</u>
Excess of revenues over expenditures	(705,557)	(1,654,196)	(1,367,373)	286,823
Fund balance, beginning	2,838,506	2,838,506	2,838,506	-
Prior period adjustment	-	-	(109)	109
Fund balance, ending	<u>\$ 2,132,949</u>	<u>\$ 1,184,310</u>	<u>\$ 1,471,024</u>	<u>\$ 286,823</u>

BEXAR COUNTY EMERGENCY SERVICES DISTRICT #8

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Pension Liability										
Service cost	\$ 61,849	61,381	36,929	31,749	33,142	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	21,972	16,759	9,846	5,365	1,316	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or input	35,403	-	-	(646)	-	N/A	N/A	N/A	N/A	N/A
Effect of economic gains or losses	17,034	(11,539)	16,927	13,875	29	N/A	N/A	N/A	N/A	N/A
Benefit payments/refund of contributions	-	(5,307)	(410)	-	-	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	136,258	61,294	63,292	50,343	34,487	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	209,415	148,122	84,830	34,487	-	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending	\$ 345,673	209,416	148,122	84,830	34,487	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	\$ 37,356	30,651	24,832	26,070	17,601	N/A	N/A	N/A	N/A	N/A
Member contributions	35,385	29,838	23,233	21,777	14,702	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	22,222	22,059	(1,084)	5,556	-	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	-	(5,307)	(410)	-	-	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(227)	(163)	(108)	(58)	-	N/A	N/A	N/A	N/A	N/A
Other	2,174	1,919	1,428	641	489	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	96,910	78,997	47,891	53,986	32,792	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	213,666	134,669	86,778	32,792	-	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending	\$ 310,576	213,666	134,669	86,778	32,792	N/A	N/A	N/A	N/A	N/A
Net pension liability/asset	\$ 35,097	(4,250)	13,452	(1,950)	1,695	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	89.85%	102.03%	90.92%	102.30%	95.09%	N/A	N/A	N/A	N/A	N/A
Pension covered payroll	\$ 505,494	426,254	331,893	311,104	210,033	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	6.94%	-1.00%	4.05%	-0.63%	0.81%	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
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	0.0%
2017	26,070	26,070	-	311,104	0.0%
2018	24,832	24,832	-	331,893	0.0%
2019	30,648	30,651	(3)	426,254	0.0%
2020	37,356	37,356	-	505,494	0.0%

(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. If additional assistance is needed, please contact TCDRS.

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

(Unaudited)