

**BEXAR COUNTY
EMERGENCY SERVICES DISTRICT NO. 7**

ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30, 2020**

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BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2020

DISTRICT OFFICIALS

PRESIDENT

WILLIAM DAVIDSON

DIRECTORS

GARY SCHOTT
LONNIE STOCKTON
RICK JOHNSON

TREASURER

CINDY COLSTON

ATTORNEY

KILLEN, GRIFFIN & FARRIMOND, PLLC.

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BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

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BEXAR COUNTY EMERGENCY SERVICES DISTRICT #7
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INDEPENDENT AUDITOR'S REPORT

District Commissioners
Bexar County Emergency Services District No. 7

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities each major fund and the aggregate remaining fund information of the Bexar County Emergency Services District No. 7, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Bexar County Emergency Services District No. 7's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinions

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 Bexar County Emergency Service District No. 7, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows, thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Bexar County Emergency Services District No. 7's, financial statements. The comparative financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Armstrong, Vaughan & Associates, P.C.

May 28, 2021

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Bexar County Emergency Services District No. 7’s annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year ended September 30, 2020. Please read it in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District’s total net position was \$6.7 million at September 30, 2020.
- During the year, the District’s expenses were \$791 thousand less than the \$7.1 million generated in taxes, EMS charges and other revenues for governmental activities.
- The total cost of the District’s programs increased by approximately \$820 thousand from last year. The increase was primarily a result of increased personnel costs and capital additions.
- The general fund reported a fund balance this year of \$10.1 million.
- The District obtained a promissory note for station 115 improvements in the amount of \$7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

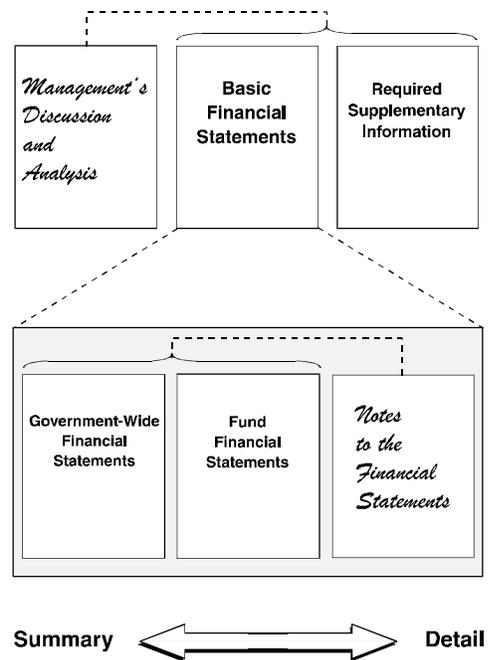


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of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

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

Government-Wide Statements

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

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

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

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

Fund Financial Statements

The District has the following kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District’s combined net position was \$6.7 million at September 30, 2020. (See Table A-1)

Table A-1
Bexar County Emergency Services District No. 7 Net Position

| | Governmental Activities | | Total Percentage Change |
|--|----------------------------|---------------------|-------------------------------|
| | 2020 | 2019 | 2020 - 2019 |
| Cash and Cash Equivalents | \$ 3,089,619 | \$ 2,657,298 | 16.3% |
| Property Taxes Receivable | 41,960 | 33,520 | 25.2% |
| Sales Taxes Receivable | 951,151 | 345,110 | 175.6% |
| EMS Charges Receivable | 178,267 | 263,921 | -32.5% |
| Other Receivables | 61,280 | 129,141 | -52.5% |
| Prepaid Items | 46,230 | 47,776 | -3.2% |
| Restricted Cash - Capital Projects | 6,531,458 | - | 100.0% |
| Net Pension Asset | 12,970 | - | 100.0% |
| Capital Assets | 7,115,445 | 6,485,150 | 9.7% |
| TOTAL ASSETS | 18,028,380 | 9,961,916 | 81.0% |
| Deferred Outflows | 359,048 | 403,804 | -11.1% |
| Accounts Payable and Accrued Liabilities | 197,643 | 45,703 | 332.5% |
| Payroll Liabilities | 302,013 | 175,434 | 72.2% |
| Compensated Absences | 226,168 | 197,642 | 14.4% |
| Accrued Interest Payable | 271,352 | 80,030 | 239.1% |
| Non Current Liabilities | 10,645,826 | 3,938,376 | 170.3% |
| TOTAL LIABILITIES | 11,643,002 | 4,437,185 | 162.4% |
| Deferred Inflows | 37,288 | 13,216 | 182.1% |
| Investment in Property & Equipment | 3,001,077 | 2,695,360 | 11.3% |
| Unrestricted | 3,706,061 | 3,216,982 | 15.2% |
| Restricted for District 7 Fire & Rescue | - | 2,977 | -100.0% |
| TOTAL NET POSITION | \$ 6,707,138 | \$ 5,915,319 | 13.4% |

Changes in Net position. The District’s total revenues were \$7.1 million. All of the District’s revenue comes from taxes, EMS charges, investments, insurance proceeds, grants and contributions. The total cost of all programs and services was \$6.3 million.

Governmental Activities

- Property tax rates did not change from the prior year at \$0.10 per \$100 valuation. However, assessed values of property increased resulting in increased tax revenues of \$349 thousand.

Table A-2
Changes in District’s Net Position

| | Governmental Activities | | Total Percentage Change |
|----------------------------------|----------------------------|---------------------|-------------------------------|
| | 2020 | 2019 | 2020 - 2019 |
| Program Revenues | | | |
| Charges for Service | \$ 404,121 | \$ 700,899 | -42.3% |
| Capital Grants and Contributions | 432,409 | 1,090,568 | -60.4% |
| General Revenues | | | |
| Property Taxes | 3,551,845 | 3,203,143 | 10.9% |
| Sales Taxes | 2,611,927 | 1,916,687 | 36.3% |
| Interest Income | 1,136 | 1,326 | -14.3% |
| Insurance Proceeds | 25,849 | 158,603 | -83.7% |
| Miscellaneous | 31,085 | 17,980 | 72.9% |
| Total Revenues | <u>7,058,372</u> | <u>7,089,206</u> | -0.4% |
| General Administration | 411,531 | 458,009 | -10.1% |
| Emergency Services | 5,531,977 | 4,855,164 | 13.9% |
| Interest on Long Term Debt | 323,043 | 133,872 | 141.3% |
| Total Expenses | <u>6,266,551</u> | <u>5,447,045</u> | 15.0% |
| Change in Net Position | <u>\$ 791,821</u> | <u>\$ 1,642,161</u> | -51.8% |

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

- The cost of all *governmental* activities this year was \$6.3 million and was financed 50% through property taxes, 37% through sales taxes charges, 6% through EMS charges, 6% through grants and contributions and 1% through insurance proceeds, interest income, and miscellaneous income.

Table A-3
Net Cost of Selected District Functions

| | Net Cost of Services | | Total Percentage Change |
|----------------------------|-------------------------|-----------------------|-------------------------------|
| | 2020 | 2019 | 2020 - 2019 |
| General Administration | \$ (411,531) | \$ (458,009) | -10.1% |
| Emergency Services | (4,695,447) | (3,063,697) | 53.3% |
| Interest on Long Term Debt | (323,043) | (133,872) | 141.3% |
| | <u>\$ (5,430,021)</u> | <u>\$ (3,655,578)</u> | 48.5% |

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$7.1 million, an increase of 5%. The increase in local revenues is a result of increased sales taxes.

General Fund Budgetary Highlights

The District revised its original budget several times to adjust for sales taxes, capital outlay and personnel costs. Actual expenditures were \$9.6 million less than budgeted amounts as emergency services was lower than expected. Revenues were \$2.1 million less than the final budgeted amounts, as miscellaneous income was lower than expected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2020, the District has invested a total of \$7.1 million, net of depreciation, in a broad range of capital assets, including land, buildings, and vehicles.

Table A-4
Capital Assets

| | Total Cost of Services | | Total Percentage Change |
|--------------------------------|------------------------|---------------------|-------------------------|
| | 2020 | 2019 | 2020 - 2019 |
| Land | \$ 639,412 | \$ 639,412 | 0.0% |
| Fire Stations & Improvements | 3,442,517 | 3,442,517 | 0.0% |
| Vehicles and Equipment | 4,783,696 | 4,139,363 | 15.6% |
| Construction in Progress | 570,342 | 16,800 | 3294.9% |
| Less: Accumulated Depreciation | <u>(2,320,522)</u> | <u>(1,752,942)</u> | 32.4% |
| Totals | <u>\$ 7,115,445</u> | <u>\$ 6,485,150</u> | 9.7% |

Detailed information about the District's capital assets is presented in the notes to the financial statements.

Long Term Debt

At the end of the fiscal year 2020, the District had \$10.6 million in outstanding debt as shown on Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

Table A-5
Long-Term Debt

| | Total Cost of Services | | Total Percentage Change |
|--|------------------------|---------------------|-------------------------|
| | 2020 | 2019 | 2020 - 2019 |
| Capital Lease Obligations | \$ 1,432,409 | \$ 1,378,849 | 3.9% |
| Bandera Station No. 116 Relocation Loan #1 | 1,297,459 | 1,354,300 | -4.2% |
| Fire Station No. 115 Loan | - | 172,429 | -100.0% |
| Bandera Station No. 116 Relocation Loan #2 | 830,958 | 884,212 | -6.0% |
| Fire Station No. 115 Improvements Loan | 7,085,000 | - | 100.0% |
| | <u>\$ 10,645,826</u> | <u>\$ 3,789,790</u> | 180.9% |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The property tax rate for the 2021 budget preparation remained the same at \$0.10 per \$100 valuation. The projected revenues for the 2021 budget preparation increased to \$14.6 million.
- General operating fund spending is expected to increase per the 2021 budget. Expenditures are anticipated to increase from the actual 2020 expenditures of \$6.2 million to \$14.1 million. This increase is primarily due to budgeted capital outlay, reserve expenditures and personnel costs.

These indicators were taken into account when adopting the general fund budget for 2021. Amounts available for appropriation in the general fund budget are \$14.6 million, an increase of 51% over the final 2020 actual revenue of \$7.1 million. Property taxes are expected to increase due to the increase in development (increased tax due to home and business constructions) as well as miscellaneous income. The District will adjust expenditures to finance programs the District currently offers.

If these estimates are realized, the District's budgetary general fund balance is expected to increase by \$540 thousand by the close of 2021.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide Bexar County Emergency Services District No. 7 citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Administrator by phone at (210) 688-0665.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2020

BASIC FINANCIAL STATEMENTS

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

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

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| <i>Current Assets:</i> | |
| Cash and Cash Equivalents | \$ 3,089,619 |
| Receivables (net of allowances for uncollectibles) | |
| Property Taxes | 41,960 |
| Sales Taxes | 951,151 |
| EMS Charges | 178,267 |
| Other Receivables | 61,280 |
| Prepaid Items | 46,230 |
| <i>Total Current Assets</i> | 4,368,507 |
| <i>Noncurrent Assets:</i> | |
| Restricted Cash - Capital Projects | 6,531,458 |
| Net Pension Asset | 12,970 |
| <i>Property and Equipment:</i> | |
| Land | 639,412 |
| Fire Stations & Improvements | 3,442,517 |
| Vehicles and Equipment | 4,783,696 |
| Construction in Progress | 570,342 |
| Less: Accumulated Depreciation | (2,320,522) |
| <i>Total Property and Equipment</i> | 7,115,445 |
| <i>Total Noncurrent Assets</i> | 13,659,873 |
| TOTAL ASSETS | 18,028,380 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred Pension Related Outflows | 359,048 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | \$ 359,048 |

The accompanying notes are an integral part of these statements.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
STATEMENT OF NET POSITION (CONT.)
SEPTEMBER 30, 2020

| | Governmental Activities |
|---|----------------------------|
| LIABILITIES | |
| <i>Current Liabilities:</i> | |
| Accounts Payable | \$ 197,643 |
| Payroll Liabilities | 302,013 |
| Compensated Absences | 226,168 |
| Accrued Interest Payable | 271,352 |
| <i>Total Current Liabilities</i> | 997,176 |
| <i>Noncurrent Liabilities:</i> | |
| Due within One Year | 552,872 |
| Due in more than One Year | 10,092,954 |
| <i>Total Noncurrent Liabilities</i> | 10,645,826 |
| TOTAL LIABILITIES | 11,643,002 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Pension Related Inflows | 37,288 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 37,288 |
| NET POSITION | |
| Investment in Property & Equipment, Net of Related Debt | 3,001,077 |
| Unrestricted | 3,706,061 |
| TOTAL NET POSITION | \$ 6,707,138 |

The accompanying notes are an integral part of these statements.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
STATEMENT OF ACTIVITIES
FOR YEAR ENDED SEPTEMBER 30, 2020

| Functions and Programs | Expenses | Program Revenues | | Primary Government |
|--|---------------------|-------------------------|--|---|
| | | Charges for Services | Capital Grants and Contributions | Net (Expenses), Revenues and Changes in Net Position |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General Administration | \$ 411,531 | \$ - | \$ - | \$ (411,531) |
| Emergency Services | 5,531,977 | 404,121 | 432,409 | (4,695,447) |
| Interest on Long Term Debt | 323,043 | - | - | (323,043) |
| Total Governmental Activities | 6,266,551 | 404,121 | 432,409 | (5,430,021) |
| Total Primary Government | \$ 6,266,551 | \$ 404,121 | \$ 432,409 | (5,430,021) |
| General Revenues: | | | | |
| Property Taxes | | | | 3,551,845 |
| Sales Taxes | | | | 2,611,927 |
| Interest Income | | | | 1,136 |
| Insurance Proceeds | | | | 25,849 |
| Miscellaneous Income | | | | 31,085 |
| Total General Revenues | | | | 6,221,842 |
| Change in Net Position | | | | 791,821 |
| Net Position at Beginning of Year | | | | 5,915,317 |
| Net Position at End of Year | | | | \$ 6,707,138 |

The accompanying notes are an integral part of these statements.

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BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

| | General Fund | Debt Service Fund | Non Major Special Revenue Fund District 7 Fire & Rescue | Total Governmental Funds |
|---|----------------------|----------------------|---|--------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 3,089,619 | \$ - | \$ - | \$ 3,089,619 |
| Restricted Cash - Capital Projects | 6,531,458 | - | - | 6,531,458 |
| Property Taxes Receivable | 39,883 | 2,077 | - | 41,960 |
| Sales Taxes Receivable | 951,151 | - | - | 951,151 |
| EMS Charges Receivable, Net | 178,267 | - | - | 178,267 |
| Other Receivables | 61,280 | - | - | 61,280 |
| Prepaid Items | 46,230 | - | - | 46,230 |
| TOTAL ASSETS | <u>\$ 10,897,888</u> | <u>\$ 2,077</u> | <u>\$ -</u> | <u>\$ 10,899,965</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| <i>Liabilities:</i> | | | | |
| Accounts Payable | \$ 197,643 | \$ - | \$ - | \$ 197,643 |
| Payroll Liabilities | 302,013 | - | - | 302,013 |
| <i>Total Liabilities</i> | <u>499,656</u> | <u>-</u> | <u>-</u> | <u>499,656</u> |
| <i>Deferred Inflows of Resources:</i> | | | | |
| Unavailable Property Tax Revenue | 39,883 | 2,077 | - | 41,960 |
| Unavailable EMS Revenues | 178,267 | - | - | 178,267 |
| <i>Total Deferred Inflows of Resources</i> | <u>218,150</u> | <u>2,077</u> | <u>-</u> | <u>220,227</u> |
| <i>Fund Balance:</i> | | | | |
| Nonspendable Prepaid Items | 46,230 | - | - | 46,230 |
| Restricted for Capital Projects | 6,531,458 | - | - | 6,531,458 |
| Unassigned | 3,602,394 | - | - | 3,602,394 |
| <i>Total Fund Balance</i> | <u>10,180,082</u> | <u>-</u> | <u>-</u> | <u>10,180,082</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 10,897,888</u> | <u>\$ 2,077</u> | <u>\$ -</u> | <u>\$ 10,899,965</u> |

The accompanying notes are an integral part of these statements.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS \$ 10,180,082

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

Property taxes receivable assets are not available to pay current period expenditures and, therefore, are deferred in the funds statements. 41,960

EMS revenues in the Statement of Activities do not provide current financial resources are deferred in the fund statements. 178,267

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 7,115,445

Liability for compensated absences are not due and payable in the current period and, therefore, not reported in the funds. (226,168)

Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, not reported in the funds. (10,645,826)

Net pension assets (and related deferred outflows and inflows of resources) do not provide current financial resources and are not reported in the funds.

| | | |
|-----------------------------------|----------|---------|
| Net Pension Asset (Liability) | 12,970 | |
| Pension Related Deferred Inflows | (37,288) | |
| Pension Related Deferred Outflows | 359,048 | 334,730 |

Accrued Interest payable on long-term bonds is not due and payable in the current period and, therefore, not reported in the funds. (271,352)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 6,707,138

The accompanying notes are an integral part of these statements.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

| | General Fund | Debt Service Fund | Non Major Special Revenue Fund District 7 Fire & Rescue | Total Governmental Funds |
|--|----------------------|----------------------|---|--------------------------------|
| REVENUES | | | | |
| Property Taxes | \$ 3,045,566 | \$ 497,839 | \$ - | \$ 3,543,405 |
| Sales Taxes | 2,611,927 | - | - | 2,611,927 |
| Charges for Service - EMS | 489,774 | - | - | 489,774 |
| Grants | 432,409 | - | - | 432,409 |
| Interest Income | 1,136 | - | - | 1,136 |
| Miscellaneous Income | 30,907 | - | 178 | 31,085 |
| TOTAL REVENUES | <u>6,611,719</u> | <u>497,839</u> | <u>178</u> | <u>7,109,736</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Emergency Services | 5,029,668 | - | - | 5,029,668 |
| Administrative | 325,461 | - | - | 325,461 |
| Capital Outlay | 1,197,875 | - | - | 1,197,875 |
| Debt Service: | | | | |
| Principal | - | 570,975 | - | 570,975 |
| Issuance Cost | 85,000 | - | - | 85,000 |
| Interest Expense | - | 131,721 | - | 131,721 |
| TOTAL EXPENDITURES | <u>6,638,004</u> | <u>702,696</u> | <u>-</u> | <u>7,340,700</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (26,285) | (204,857) | 178 | (230,964) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from Debt Issuance | 7,427,011 | - | - | 7,427,011 |
| Insurance Proceeds | 25,849 | - | - | 25,849 |
| Transfers In (Out) | (201,702) | 204,857 | (3,155) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>7,251,158</u> | <u>204,857</u> | <u>(3,155)</u> | <u>7,452,860</u> |
| Net Change in Fund Balance | 7,224,873 | - | (2,977) | 7,221,896 |
| Fund Balance at Beginning of Year | <u>2,955,209</u> | <u>-</u> | <u>2,977</u> | <u>2,958,186</u> |
| Fund Balance at End of Year | <u>\$ 10,180,082</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 10,180,082</u> |

The accompanying notes are an integral part of these statements.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 7,221,896

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

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

| | | |
|----------------|------------------|---------|
| Capital Outlay | 1,197,875 | |
| Depreciation | <u>(567,580)</u> | 630,295 |

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

| | | |
|---|-----------------|----------|
| Property Taxes Not Available for Current Period | 8,441 | |
| EMS Revenues Not Available for Current Period | <u>(85,654)</u> | (77,213) |

The issuance of long-term debt (e.g. notes payable and capital leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt and related items.

| | | |
|-----------------------------|----------------|-------------|
| Proceeds from Debt Issuance | (7,427,011) | |
| Principal Repayments | <u>570,975</u> | (6,856,036) |

Governmental funds report required contributions to employee pensions as expenditures. However, in the Statement of Activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that contributions exceeded the actuarially determined pension expense.

92,727

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

| | | |
|----------------------|-----------------|-----------|
| Accrued Interest | (191,322) | |
| Compensated Absences | <u>(28,526)</u> | (219,848) |

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 791,821

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NOTES TO BASIC FINANCIAL STATEMENTS

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bexar County Emergency Services District No. 7 is a political subdivision of the State of Texas and was created by the Bexar County Commissioners' Court after a Public Election on May 13, 2006. The District was created to provide emergency services and promote public safety, welfare, health and convenience of persons residing in the District.

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

A. THE FINANCIAL REPORTING ENTITY

In evaluating how to define the government for financial purposes, management has considered all potential component units. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Blended component units, although legally separate entities are, in substance, part of the government's operations; thus, data from these units are to be combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

The District has one component unit, District 7 Fire and Rescue (a Nonprofit Fire Department). The relationship between the Department and the District is such that it meets the criteria, as set forth in GASB Statement Nos. 14, 39, 61 and 80 for inclusion as a blended component unit in the reporting entity.

District 7 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 No. 7. Bexar County Emergency Services District No. 7 appoints its Board of Commissioners as the directors of the Department. Copies of the audit of District 7 Fire and Rescue for the year ended September 30, 2020 can be obtained from District management.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2020

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

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

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

Separate **fund financial statements** are provided for governmental funds. The General Fund and Debt Service Fund meet the criteria as *major governmental funds*.

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

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

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

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes which were levied prior to September 30, 2019, and became due October 1, 2019 have been assessed to finance the budget of the fiscal year beginning October 1, 2019. EMS revenues which are measurable and collected as of September 30, 2020 are recorded as revenues.

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2020

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

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

The government reports the following major governmental funds:

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

The Debt Service Fund is used to account for resources and expenditures relating to principal and interest payments on outstanding debt.

The following is considered a non major fund:

The Special Revenue Fund is a nonprofit corporation, District 7 Fire and Rescue. This corporation is considered a blended component unit.

D. CASH AND CASH EQUIVALENTS

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

E. INVESTMENTS

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2020

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

E. INVESTMENTS (Continued)

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

F. ACCOUNTS RECEIVABLE

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

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

Reimbursements for EMS services performed are recorded as receivables and revenues when they are earned in the government-wide statements.

G. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Allowances have been established by management based on best available information for a variety of receivables. Allowances for uncollectible EMS service charges have been recorded in the amount of \$415,957.

H. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. At September 30, 2020, prepaid expenses totaled \$46,230 for prepaid insurance.

I. CAPITAL ASSETS

Capital assets, which include land; buildings and improvements; and equipment and vehicles, are reported in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$500 or more for equipment, while computer equipment is defined as an asset with a cost of \$1,000 or more. Donated capital assets are recorded at estimated fair market value at the date of donation.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2020

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

I. CAPITAL ASSETS (Continued)

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

| Assets | Years |
|--|----------------|
| Fire Stations (Buildings) & Improvements | 15 to 25 years |
| Vehicles & Equipment | 5 to 15 years |

Land, construction in progress and assets in progress are not depreciated.

J. COMPENSATED ABSENCES

It is the District’s policy to permit employees to accumulate earned but unused paid time off, or “PTO” benefits. All PTO is accrued when incurred in the government-wide statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. At September 30, 2020, the District had compensated balances of \$228,841.

K. UNAVAILABLE REVENUE/UNEARNED REVENUE

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

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues, if any, received in advance of expenses/expenditures are reflected as unearned revenue.

L. LONG-TERM OBLIGATIONS

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2020

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

M. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District currently has pension deferred outflows of resources.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under a modified basis of accounting. Unavailable revenues from property tax are deferred and recognized as an inflow of resources in the period the amounts become available. The District also has pension related deferred inflows.

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue not expected to be available for the current period are reflected as deferred inflows. Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. Unavailable revenues from property tax are deferred and recognized as inflow of resource in the period the amount becomes available.

N. LONG TERM OBLIGATIONS

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

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

O. PENSIONS

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2020

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

P. FUND EQUITY

Fund balances in governmental funds are classified as follows:

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

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

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

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

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

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

Q. NET POSITION

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

R. INTERFUND TRANSACTIONS

Legally authorized transfers, if any, are treated as interfund transfers and are included in the results of operation of Governmental Funds.

S. USE OF ESTIMATES

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2020

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

T. RECLASSIFICATIONS

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

NOTE 2 -- CASH AND CASH INVESTMENTS

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

1. Cash and Cash Equivalents

At September 30, 2020, the carrying amount of the District's deposits in the bank were fully covered by a combination of federal deposit insurance and pledged securities from the District's depository.

2. Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

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

The District had no investments at September 30, 2020.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2020

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

3. Analysis of Specific Deposit and Investment Risks

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

- a. Credit Risk - Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.
- b. Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.
- c. Concentration of Credit Risk - The risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to a concentration of credit risk.
- d. Interest Rate Risk - This is the risk that the changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.
- e. Foreign Currency Risk - This is the risk that the exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

NOTE 3 -- AD VALOREM (PROPERTY) TAXES

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

For fiscal year 2020, the assessed tax rate for the District was \$0.100000 per \$100 on an assessed valuation of \$3,522,872,736. The tax rate is split \$0.085791 for general maintenance and operations and \$0.014209 for interest and sinking. The total tax levy for fiscal year 2020 was \$3,522,872. As of September 30, 2020, the delinquent current taxes were \$14,616. An allowance for uncollectible property taxes has not been established as of September 30, 2020, as management considers all amounts to be collectible.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2020

NOTE 4 -- RECEIVABLES

Receivables as of September 30, 2020 for the District's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

| <i>Receivables:</i> | Debt | | |
|------------------------------------|---------------------|-----------------|---------------------|
| | General | Service | Total |
| Property Taxes | \$ 39,883 | \$ 2,077 | \$ 41,960 |
| Sales Taxes | 951,151 | - | 951,151 |
| EMS Charges Receivable - Net | 594,224 | - | 594,224 |
| Other Receivables | 61,280 | - | 61,280 |
| Gross Receivables | 1,646,538 | 2,077 | 1,648,615 |
| Less: Allowance for Uncollectibles | (415,957) | - | (415,957) |
| Net Total Receivables | <u>\$ 1,230,581</u> | <u>\$ 2,077</u> | <u>\$ 1,232,658</u> |

NOTE 5 -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

| Governmental Activities | Beginning | | Adjustments | | Ending Balance |
|--------------------------------|---------------------|-------------------|---------------|-------------|---------------------|
| | Balance | Additions | and Disposals | Transfers | |
| Land | \$ 639,412 | \$ - | \$ - | \$ - | \$ 639,412 |
| Fire Stations & Improvements | 3,442,517 | - | - | - | 3,442,517 |
| Vehicles and Equipment | 4,139,363 | 644,333 | - | - | 4,783,696 |
| Construction in Progress | 16,800 | 553,542 | - | - | 570,342 |
| Less: Accumulated Depreciation | (1,752,942) | (567,580) | - | - | (2,320,522) |
| | <u>\$ 6,485,150</u> | <u>\$ 630,295</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,115,445</u> |

NOTE 6 -- LONG-TERM DEBT

A summary of the long-term debt outstanding as of September 30, 2020, is as follows:

| Governmental Activities | Balance | | | Balance | Due Within |
|--|--------------------|--------------------|---------------------|----------------------|-------------------|
| | 10/1/2019 | Additions | Reductions | | |
| <i>Notes Payable:</i> | | | | | |
| Bandera Station No. 116 Relocation Loan #1 | \$1,354,300 | \$ - | \$ (56,841) | \$ 1,297,459 | \$ 59,150 |
| Fire Station No. 115 Loan | 172,429 | - | (172,429) | - | - |
| Bandera Station No. 116 Relocation Loan #2 | 884,212 | - | (53,254) | 830,958 | 55,284 |
| Fire Station No. 115 Improvements Loan | - | 7,085,000 | - | 7,085,000 | 219,269 |
| <i>Total Notes Payable:</i> | <u>2,410,941</u> | <u>7,085,000</u> | <u>(282,524)</u> | <u>9,213,417</u> | <u>333,703</u> |
| Capital Lease Obligations | 1,378,849 | 342,011 | (288,451) | 1,432,409 | 219,169 |
| | <u>\$3,789,790</u> | <u>\$7,427,011</u> | <u>\$ (570,975)</u> | <u>\$ 10,645,826</u> | <u>\$ 552,872</u> |

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2020

NOTE 6 -- LONG-TERM DEBT (CONT.)

Notes Payable

The Bandera Fire Station No. 116 Construction Relocation Loan #1 consists of an original financed balance of \$1,500,000 over 20 years with an interest rate of 4.063%. The loan requires annual payments of \$111,866. The loan is secured by a pledge of ad valorem revenues and the underlying real property.

The Bandera Fire Station No. 116 Relocation Loan #2 consists of an original financed balance of \$1,000,000 over 15 years with an interest rate of 3.928%. The loan requires annual payments of \$87,986. The loan is secured by a pledge of ad valorem revenues and the underlying real property.

The Fire Station No. 115 Improvements Loan consists of an original financed balance of \$7,085,000. The loan requires 20 annual payments of \$500,670 with an interest rate of 3.499%. The loan is secured by a pledge of future ad valorem

All bonds are private placement obligations.

Future minimum note payments are to be made as follows:

| Fiscal Year Ending <u>September 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|---------------------|---------------------|----------------------|
| 2021 | \$ 333,703 | \$ 366,758 | \$ 700,461 |
| 2022 | 379,568 | 321,013 | 700,581 |
| 2023 | 393,475 | 307,138 | 700,613 |
| 2024 | 407,894 | 292,752 | 700,646 |
| 2025 | 422,778 | 277,837 | 700,615 |
| 2026-2030 | 2,358,391 | 1,145,529 | 3,503,920 |
| 2031-2035 | 2,547,825 | 691,655 | 3,239,480 |
| 2036-2040 | 2,369,783 | 245,432 | 2,615,215 |
| | <u>\$ 9,213,417</u> | <u>\$ 3,648,114</u> | <u>\$ 12,861,531</u> |

Capital Leases

In November 2016, the District signed a lease for a pumper truck and a ladder truck. Delivery did not occur until 2018. The lease has an original financed balance of \$1,611,153 over 10 years with an interest rate of 3.1%. The lease calls for annual payments of \$186,330 beginning January 15, 2018 and ending January 15, 2027. In March 2020, the District signed a lease for medical equipment. The lease has an original financed balance of \$342,011 over 4 years and an advance payment of \$86,002 made in 2020. Future minimum lease payments are to be made as follows:

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2020

NOTE 6 -- LONG-TERM DEBT (CONT.)

Capital Leases (Cont.)

| PNC Lease Fiscal Year Ending <u>September 30</u> | Future Lease Payments |
|--|----------------------------|
| 2021 | \$ 186,330 |
| 2022 | \$ 186,330 |
| 2023 | \$ 186,330 |
| 2024 | \$ 186,330 |
| 2025 | \$ 186,330 |
| 2026-2030 | <u>372,658</u> |
| | 1,304,308 |
| Less: Interest | <u>(127,907)</u> |
| | <u><u>\$ 1,176,401</u></u> |

The equipment above is recorded as Vehicles and Equipment on the Statement of Financial Position. Current year depreciation expense on the vehicles is \$128,892 and accumulated depreciation is \$354,454.

| US Lease Fiscal Year Ending <u>September 30</u> | Future Lease Payments |
|---|--------------------------|
| 2021 | \$ 64,002 |
| 2022 | 64,002 |
| 2023 | 64,002 |
| 2024 | <u>64,002</u> |
| | 256,008 |
| Less: Interest | <u>-</u> |
| | <u><u>\$ 256,008</u></u> |

The equipment above is recorded as Vehicles and Equipment on the Statement of Financial Position. Current year depreciation expense on the equipment is \$49,877 and accumulated depreciation is \$49,877.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2020

NOTE 7 -- EMPLOYEES RETIREMENT SYSTEMS

Texas County and District Retirement System

Plan Description

The District participates as one of over 700 plans in the nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). TCDRS is an agency created by the state of Texas and administered in accordance with the TCDRS Act as an agent multiple-employer retirement system for County and District employees in the State of Texas. The Board of Trustees of TCDRS is responsible for the administration and management of the system. 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 PO Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the District, within the options available in the State statutes governing TCDRS. Members can retire at age 60 and above with 8 or more years of service or with 20 years regardless of age or when the sum of their age and years of service equals 75 or more. A member is vested after 10 years but must leave his accumulated contributions in the plan. Members who withdraw their personal contributions in a partial lump sum are entitled to any amounts contributed by the employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute.

At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Contributions

The District has elected the annually determined contribution rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the District is actuarially determined annually. The District contributed using the actuarially determined rate of 8.48% for the months of the accounting year 2019, and 8.9% for the months of the accounting year in 2020.

The contribution rate payable by the employee members for 2019 and 2020 is the rate of 7% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2020

NOTE 7 -- EMPLOYEES RETIREMENT SYSTEMS (CONT.)

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.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the District-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the December 31, valuation and measurement date, the following employees were covered by the benefit terms:

| | 2018 | 2019 |
|--|------|------|
| Active employees | 44 | 43 |
| Inactive Employees Entitled to but Not Yet Receiving Benefits | 21 | 29 |
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 1 | 1 |
| | 66 | 73 |

Net Pension Liability

The District's Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

| | |
|----------------------------|------------------------|
| Inflation | 2.75% per year |
| Overall Payroll Growth | 3.5% to 8.93% per year |
| Investment Rate of Return* | 8.00% |

* Presented net of pension plan investment expense, including inflation

Actuarial Assumptions are reviewed annually. Updated mortality assumptions were adopted in 2015. All other actuarial assumptions that determine the total pension liability as of December 31, 2019 were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB 68.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2020

NOTE 7 -- EMPLOYEES RETIREMENT SYSTEMS (CONT.)

Texas County and District Retirement System (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments is 8.00%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

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 consultation, Cliffwater LLC. The number shown are based on the January 2018 information for a 7-10 year time horizon.

Note that the valuation assumption for long-term expected return is reassessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. See Milliman's TCDRS Investigation of Experience report for the period of January 1, 2013 – December 31, 2016 for more details.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return (Geometric)</u> |
|------------------------------------|--------------------------|---|
| US Equities | 14.50% | 5.20% |
| Private Equity | 20.00% | 8.20% |
| Global Equities | 2.50% | 5.50% |
| International Equities - Developed | 7.00% | 5.20% |
| International Equities - Emerging | 7.00% | 5.70% |
| Investment-Grade Bonds | 3.00% | -0.20% |
| High-Yield Bonds | 12.00% | 3.14% |
| Direct Lending | 11.00% | 7.16% |
| Distressed Debt | 4.00% | 6.90% |
| REIT Equities | 3.00% | 4.50% |
| Master Limited Partnerships (MLPs) | 2.00% | 8.40% |
| Private Real Estate Partnerships | 6.00% | 5.50% |
| Hedge Funds | 8.00% | 2.30% |
| | <u>100.00%</u> | |

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2020

NOTE 7 -- EMPLOYEES RETIREMENT SYSTEMS (CONT.)

Texas County and District Retirement System (Continued)

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Discount Rate 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 District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.10%) or 1-percentage point higher (9.10%) than the current rate:

| | Discount Rate 7.1% | Discount Rate 8.1% | Discount Rate 9.1% |
|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Pension Liability (Asset) | \$ 507,581 | \$ (12,970) | \$ (414,613) |

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended December 31, 2019, the District recognized pension expense of \$172,906. Also as of December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between Expected and Actual Economic Experience | \$ 160,713 | |
| Changes in Actuarial Assumptions | - | 11,368 |
| Differences Between Projected and Actual Investment Earnings | - | 25,920 |
| Contributions Subsequent to the Measurement Date | 198,335 | - |
| | \$ 359,048 | \$ 37,288 |

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
 NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
 SEPTEMBER 30, 2020

NOTE 7 -- EMPLOYEES RETIREMENT SYSTEMS (CONT.)

Texas County and District Retirement System (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Cont.)

Deferred outflows of resources in the amount of \$198,335 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| For the Plan Year ended December 31, | | |
|--------------------------------------|----|------------|
| 2020 | \$ | 9,902 |
| 2021 | | 7,817 |
| 2022 | | 16,391 |
| 2023 | | 16,610 |
| 2024 | | 26,348 |
| Thereafter | | 46,357 |
| | | \$ 123,425 |

Changes in Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2019:

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
|--|----------------------------|--------------------------------|----------------------------------|
| Balance at December 31, 2018 | \$ 1,598,774 | \$ 1,450,188 | \$ 148,586 |
| Changes for the year: | | | |
| Service Cost | 335,074 | - | 335,074 |
| Interest | 155,711 | - | 155,711 |
| Change of Benefit Terms | - | - | - |
| Difference Between Expected and Actual Experience | 20,943 | - | 20,943 |
| Changes of Assumptions | - | - | - |
| Refund of Contributions | (20,159) | (20,159) | - |
| Contributions - Employer | - | 232,725 | (232,725) |
| Contributions - Employee | - | 190,438 | (190,438) |
| Net Investment Income | - | 237,744 | (237,744) |
| Benefit Payments | (3,282) | (3,282) | - |
| Administrative Expense | - | (1,601) | 1,601 |
| Other Changes | - | 13,978 | (13,978) |
| Net Changes | 488,287 | 649,843 | (161,556) |
| Balance at December 31, 2019 | \$ 2,087,061 | \$ 2,100,031 | \$ (12,970) |

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2020

NOTE 7 -- EMPLOYEES RETIREMENT SYSTEMS (CONT.)

Texas County and District Retirement System (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issues TCDRS financial report. That report may be obtained at www.tcdrs.com.

NOTE 8 -- GROUP TERM LIFE FUND

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); this insurance is for active employees who are making deposits into the TCDRS system or have made the last deposit within the past two years. The total contributed in fiscal year 2019 and fiscal year 2020 was \$0 and \$3,576 respectively.

NOTE 9 -- RELATED PARTIES

The Board of Bexar County Emergency Services District No. 7 is also the Board of District 7 Fire and Rescue.

NOTE 10 -- CONTINGENT LIABILITIES

Litigation

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

NOTE 11 -- COMMITMENTS

The District entered into an engineering contract with DeMunburn Scarnato Associates, Inc. in September 2019 pertaining to Station 115. The total contract price is \$338,800. As of September 31, 2020 the remaining contract balance was \$56,100. The District entered into an engineering contract with Sabinal Group pertaining to Station 115. The total contract price is \$1,163,900. As of September 31, 2020 the remaining contract balance was \$921,175.

NOTE 12 -- RISK MANAGEMENT

The Bexar County Emergency Services District No. 7, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To cover this risk the District contracts with the Volunteer Firemen's Insurance Services (VFIS) of Texas to provide insurance coverage for Property/Casualty and Workers Compensation. VFIS is a multi-employer group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by VFIS. Liability by the District is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2020, were \$150,382.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2020

NOTE 13 -- SERVICE PROVIDER

The District 7 Fire and Rescue currently allows the Emergency Services District No.7 to use its property and equipment. The District will continue to pay for the liability insurance on the assets.

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REQUIRED SUPPLEMENTARY INFORMATION

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

- Budgetary Comparison Schedule – General Fund
- Schedule of Changes – Net Pension Liability and Related Ratios
- Notes to Schedule of Changes – Net Pension Liability and Related Ratios

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

| | Budget Amounts | | Actual | Variance |
|--|---------------------|---------------------|---------------------|----------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| REVENUES | | | | |
| Property Taxes | \$ 3,059,400 | \$ 3,025,022 | \$ 3,045,566 | \$ 20,544 |
| Sales Tax | 1,950,000 | 2,493,260 | 2,611,927 | 118,667 |
| Charges for Service - EMS | 275,000 | 401,195 | 489,774 | 88,579 |
| Grants | 438,000 | 509,593 | 432,409 | (77,184) |
| Interest Income | - | - | 1,136 | 1,136 |
| Miscellaneous Income | 2,300,000 | 2,300,000 | 30,907 | (2,269,093) |
| TOTAL REVENUES | 8,022,400 | 8,729,070 | 6,611,719 | (2,117,351) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Emergency Services | 7,027,025 | 14,712,899 | 5,029,668 | (9,683,231) |
| Administrative | 293,100 | 306,100 | 325,461 | 19,361 |
| Capital Outlay | 1,197,875 | 1,197,875 | 1,197,875 | - |
| Issuance Cost | - | - | 85,000 | 85,000 |
| TOTAL EXPENDITURES | 8,518,000 | 16,216,874 | 6,638,004 | (9,578,870) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (495,600) | (7,487,804) | (26,285) | 7,461,519 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds of Debt Issuance | - | 7,000,000 | 7,427,011 | 14,427,011 |
| Insurance Proceeds | - | - | 25,849 | 25,849 |
| Transfers In (Out) | - | - | (201,702) | (201,702) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | 7,000,000 | 7,251,158 | 14,251,158 |
| Net Change in Fund Balance | (495,600) | (487,804) | 7,224,873 | 7,712,677 |
| Fund Balance - Beginning | 2,955,209 | 2,955,209 | 2,955,209 | - |
| Fund Balance - Ending | \$ 2,459,609 | \$ 2,467,405 | \$10,180,082 | \$ 7,712,677 |

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SEPTEMBER 30, 2020

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

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level. Actual expenditures did not exceed appropriations for the year ended September 30, 2020.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CHANGES - NET PENSION LIABILITY AND RELATED RATIOS
LAST SIX CALENDAR YEARS

| | Total Pension Liability | | | | | |
|---|-----------------------------|-------------------|-------------------|---------------------|---------------------|---------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Service Cost | \$ 86,020 | \$ 163,660 | \$ 176,195 | \$ 180,528 | \$ 272,067 | \$ 335,074 |
| Interest (on the Total Pension Liability) | 28,847 | 52,913 | 52,232 | 76,478 | 110,188 | 155,711 |
| Changes of Benefit Terms | 86,099 | (29,136) | - | - | - | - |
| Difference between Expected and Actual Experience | 129,911 | (195,222) | (15,577) | 95,492 | 138,171 | 20,943 |
| Change of Assumptions | - | 745 | - | (17,471) | - | - |
| Benefit Payments, Including Refunds of Employee Contributions | (2,779) | (29,131) | (13,447) | (1,641) | (19,487) | (23,441) |
| Net Change in Total Pension Liability | 328,098 | (36,171) | 199,403 | 333,386 | 500,939 | 488,287 |
| Total Pension Liability - Beginning | 273,118 | 601,216 | 565,045 | 764,448 | 1,097,834 | 1,598,773 |
| Total Pension Liability - Ending | <u>\$ 601,216</u> | <u>\$ 565,045</u> | <u>\$ 764,448</u> | <u>\$ 1,097,834</u> | <u>\$ 1,598,773</u> | <u>\$ 2,087,060</u> |
| | Plan Fiduciary Net Position | | | | | |
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Contributions - Employer | \$ 53,813 | \$ 122,636 | \$ 113,169 | \$ 135,045 | \$ 210,420 | \$ 232,725 |
| Contributions - Employee | 46,950 | 79,709 | 79,615 | 106,453 | 162,397 | 190,438 |
| Net Investment Income | 16,400 | (8,674) | 39,046 | 113,121 | (16,621) | 237,744 |
| Benefit Payments, Including Refunds of Employee Contributions | (2,779) | (29,131) | (13,447) | (1,641) | (19,487) | (23,441) |
| Administrative Expense | (230) | (319) | (425) | (734) | (1,165) | (1,602) |
| Other | (17) | (38) | 14,910 | 3,208 | 10,638 | 13,978 |
| Net Change in Plan Fiduciary Net Position | 114,137 | 164,183 | 232,868 | 355,452 | 346,182 | 649,842 |
| Plan Fiduciary Net Position - Beginning | 237,365 | 351,502 | 515,685 | 748,553 | 1,104,005 | 1,450,188 |
| Plan Fiduciary Net Position - Ending | <u>\$ 351,502</u> | <u>\$ 515,685</u> | <u>\$ 748,553</u> | <u>\$ 1,104,005</u> | <u>\$ 1,450,187</u> | <u>\$ 2,100,030</u> |
| Net Pension Liability (Asset) - Ending | \$ 249,714 | \$ 49,360 | \$ 15,895 | \$ (6,171) | \$ 148,586 | \$ (12,970) |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 58.47% | 91.26% | 97.92% | 100.56% | 90.71% | 100.62% |
| Covered Payroll | \$ 938,995 | \$ 1,138,703 | \$ 1,137,351 | \$ 1,520,758 | \$ 2,319,960 | \$ 2,720,538 |
| Net Pension Liability as a Percentage of Employee Payroll | 26.59% | 4.33% | 1.40% | -0.41% | 6.40% | -0.48% |

Note: The schedule above reflects the changes in the net pension liability for the current year and the previous five plan years. GASB Statement No. 68 requires 10 fiscal years of data to be provided in this schedule. The District will build the schedule over the 10-year period beginning December 31, 2014 as data become available.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT #7
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 LAST SIX FISCAL YEARS

Schedule of Contributions:

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|----------------|------------------|------------------|------------------|------------------|------------------|
| Actuarially Determined Contribution | \$ 53,804 | \$ 122,524 | \$ 113,169 | \$ 135,045 | \$ 210,420 | \$ 230,702 |
| Contributions in Relation to the Actuarially Determined Contribution | 53,813 | 122,636 | 113,169 | 135,045 | 210,420 | 232,725 |
| Contribution Deficiency (Excess) | \$ (9) | \$ (112) | \$ - | \$ - | \$ - | \$ (2,023) |
| Covered Payroll | \$ 938,995 | \$ 1,138,703 | \$ 1,137,351 | \$ 1,520,758 | \$ 2,319,960 | \$ 2,720,538 |
| Contributions as a Percentage of Employee Payroll | 5.73% | 10.76% | 9.95% | 8.88% | 9.07% | 8.48% |

Note: The schedule above reflects the changes in the net pension liability for the current year and the previous five plan years. GASB Statement No. 68 requires 10 fiscal years of data to be provided in this schedule. The District will build the schedule over the 10-year period beginning September 30, 2015 as data become available.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT #7
 NOTES TO THE SCHEDULE OF EMPLOYER CONTRIBUTIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|--|---|
| Actuarial Cost Method | Entry Age |
| Amortization Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | 12.2 years (based on contribution rate calculated in 12/31/2019 valuation) |
| Asset Valuation Method | 5 Year Smoothed Market |
| Inflation | 2.75% |
| Salary Increases | Varies by age and service. 4.9% average over career including inflation. |
| Investment Rate of Return | 8.00%, net of investment expenses, including inflation |
| Retirement Age | Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61. |
| Mortality | 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. |
| Changes In Assumptions and Methods Reflected in the Schedule | 2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. |
| Changes In Plan Provisions Reflected in the Schedule | 2015: Employer contributions reflect that the member contribution rate was increased to 7% and the current service matching rate was increased to 250% for future benefits. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018 & 2019: No changes in plan provisions were reflected in the schedule. |

SUPPLEMENTARY INFORMATION

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

Such statements and schedule include:

- Comparative Statements – General Fund
- Comparative Statements – Debt Service Fund – Includes Budget to Actual
- Comparative Statements – Special Revenue Fund

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
 COMPARATIVE BALANCE SHEETS - GENERAL FUND
 SEPTEMBER 30, 2020 AND 2019

| | 2020 | 2019 |
|---|----------------------|---------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 3,089,619 | \$ 2,654,321 |
| Restricted Cash - Capital Projects | 6,531,458 | - |
| Property Taxes Receivable | 39,883 | 31,655 |
| Sales Taxes Receivable | 951,151 | 345,110 |
| EMS Charges Receivable, Net | 178,267 | 263,921 |
| Other Receivables | 61,280 | 129,141 |
| Prepaid Items | 46,230 | 47,776 |
| TOTAL ASSETS | 10,897,888 | \$ 3,471,924 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | |
| <i>Liabilities:</i> | | |
| Accounts Payable | \$ 197,643 | \$ 45,703 |
| Payroll Liabilities | 302,013 | 175,434 |
| <i>Total Liabilities</i> | 499,656 | 221,137 |
| <i>Deferred Inflows of Resources:</i> | | |
| Unavailable Property Tax Revenue | 39,883 | 31,655 |
| Unavailable EMS Revenues | 178,267 | 263,921 |
| <i>Total Deferred Inflows of Resources</i> | 218,150 | 295,576 |
| <i>Fund Balance:</i> | | |
| Nonspendable Prepaid Items | 46,230 | 47,776 |
| Restricted for Capital Projects | 6,531,458 | - |
| Unassigned | 3,602,394 | 2,907,435 |
| <i>Total Fund Balance</i> | 10,180,082 | 2,955,211 |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND RESOURCES AND FUND BALANCE | \$ 10,897,888 | \$ 3,471,924 |

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - GENERAL FUND
 FOR YEARS ENDED SEPTEMBER 30, 2020 AND 2019

| | 2020 | 2019 |
|--|----------------------|---------------------|
| REVENUES | | |
| Property Taxes | \$ 3,045,566 | \$ 2,751,695 |
| Sales Taxes | 2,611,927 | 1,916,687 |
| Charges for Service - EMS | 489,774 | 572,968 |
| Grants | 432,409 | 1,090,568 |
| Interest Income | 1,136 | 1,324 |
| Miscellaneous Income | 30,907 | 17,980 |
| TOTAL REVENUES | 6,611,719 | 6,351,222 |
| EXPENDITURES | | |
| <i>Current:</i> | | |
| Emergency Services | 5,029,668 | 4,490,591 |
| Administrative | 325,461 | 444,776 |
| Capital Outlay | 1,197,875 | 1,167,723 |
| Issuance Cost | 85,000 | - |
| TOTAL EXPENDITURES | 6,638,004 | 6,103,090 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (26,285) | 248,132 |
| OTHER FINANCING SOURCES (USES) | | |
| Insurance Proceeds | 25,849 | 158,603 |
| Proceeds of Debt Issuance | 7,427,011 | |
| Proceeds from Issuance of Note Payable | - | - |
| Transfers In (Out) | (201,702) | (28,488) |
| TOTAL OTHER FINANCING SOURCES (USES) | 7,251,158 | 130,115 |
| Net Change in Fund Balance | 7,224,873 | 378,247 |
| Fund Balance - October 1 (Deficit) | 2,955,209 | 2,576,962 |
| Fund Balance - September 30 | \$ 10,180,082 | \$ 2,955,209 |

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
 COMPARATIVE BALANCE SHEETS – DEBT SERVICE FUND
 SEPTEMBER 30, 2020 AND 2019

| | 2020 | 2019 |
|---|-----------------|-----------------|
| ASSETS | | |
| Property Taxes Receivable | \$ 2,077 | \$ 1,865 |
| TOTAL ASSETS | \$ 2,077 | \$ 1,865 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | |
| <i>Liabilities:</i> | | |
| Accounts Payable | \$ - | \$ - |
| <i>Total Liabilities</i> | - | - |
| <i>Deferred Inflows of Resources:</i> | | |
| Unavailable Property Tax Revenue | 2,077 | 1,865 |
| <i>Total Deferred Inflows of Resources</i> | 2,077 | 1,865 |
| <i>Fund Balance:</i> | | |
| Unassigned | - | - |
| <i>Total Fund Balance</i> | - | - |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND RESOURCES AND FUND BALANCE | \$ 2,077 | \$ 1,865 |

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES –
 BUDGET AND ACTUAL
 DEBT SERVICE FUND
 FOR YEARS ENDED SEPTEMBER 30, 2020 AND 2019

| | 2020 | | Variance | <u>2019</u> |
|--|--------------------|------------------|----------------------------|----------------|
| | <u>Budget</u> | <u>Actual</u> | Favorable (Unfavorable) | |
| REVENUES | | | | |
| Property Taxes | \$ 487,804 | \$ 497,839 | \$ 10,035 | \$ 444,140 |
| TOTAL REVENUES | <u>487,804</u> | <u>497,839</u> | <u>10,035</u> | <u>444,140</u> |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal | 570,975 | 570,975 | - | 332,092 |
| Interest Expense | - | 131,721 | (131,721) | 140,536 |
| TOTAL EXPENDITURES | <u>570,975</u> | <u>702,696</u> | <u>(131,721)</u> | <u>472,628</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (83,171) | (204,857) | (121,686) | (28,488) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In (Out) | - | 204,857 | 204,857 | 28,488 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>204,857</u> | <u>204,857</u> | <u>28,488</u> |
| Net Change in Fund Balance | (83,171) | - | 83,171 | - |
| Fund Balance - October 1 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance - September 30 | <u>\$ (83,171)</u> | <u>\$ -</u> | <u>\$ 83,171</u> | <u>\$ -</u> |

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
 COMPARATIVE BALANCE SHEETS – SPECIAL REVENUE FUND
 DISTRICT 7 FIRE & RESCUE
 SEPTEMBER 30, 2020 AND 2019

| | 2020 | 2019 |
|---|-------------|-----------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ - | \$ 2,977 |
| TOTAL ASSETS | \$ - | \$ 2,977 |
| LIABILITIES AND FUND BALANCE | | |
| <i>Liabilities:</i> | | |
| Accounts Payable | \$ - | \$ - |
| <i>Total Liabilities</i> | - | - |
| <i>Fund Balance:</i> | | |
| Restricted | - | 2,977 |
| <i>Total Fund Balance</i> | - | 2,977 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ - | \$ - |

BEXAR COUNTY EMERGENCY SERVICES DISTRICT NO. 7
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES – SPECIAL REVENUE FUND
 DISTRICT 7 FIRE & RESCUE
 FOR YEARS ENDED SEPTEMBER 30, 2020 AND 2019

| | 2020 | 2019 |
|--|----------------|-----------------|
| REVENUES | | |
| Miscellaneous Income | \$ 178 | \$ - |
| Interest Income | - | 3 |
| TOTAL REVENUES | 178 | 3 |
| EXPENDITURES | | |
| <i>Current:</i> | | |
| TOTAL EXPENDITURES | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 178 | 3 |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers In (Out) | (3,155) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (3,155) | - |
| Net Change in Fund Balance | (2,977) | 3 |
| Fund Balance - October 1 | 2,977 | 2,974 |
| Fund Balance - September 30 | \$ - | \$ 2,977 |

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