



Montemayor Britton Bender Carey PC

CERTIFIED PUBLIC ACCOUNTANTS

**BEXAR COUNTY EMERGENCY
SERVICES DISTRICT #3**

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

BEXAR COUNTY EMERGENCY SERVICES DISTRICT #3

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-5
Statement of Net Position and Governmental Funds Balance Sheet	6
Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances	7
Component Unit Statement of Financial Position	8
Component Unit Statement of Statement of Activities	9
Notes to Financial Statements	10-15
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	16



Montemayor Britton Bender Carey PC

CERTIFIED PUBLIC ACCOUNTANTS

Arturo Montemayor III CPA, President & CEO | Stacy Britton CPA, Shareholder | Sean Bender CPA, Shareholder
Danielle Guerrero, Shareholder | Sara Carey CPA, Shareholder

Board of Fire Commissioners
Bexar County Emergency Services District #3

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Bexar County Emergency Services District #3 (District), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the District, as of September 30, 2024 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the discretely presented financial statements of the Bexar-Bulverde Volunteer Fire Department, as of December 31, 2023. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Bexar-Bulverde Volunteer Fire Department, is based solely on the report of the other auditor.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern

2110 Boca Raton Drive
Building B, Suite 102
Austin TX 78747
512.442.0380
www.montemayor.team



for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Montemayor Britton Bender Carey PC

April 9, 2025
Austin, Texas

BEXAR COUNTY EMERGENCY SERVICES DISTRICT #3

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of the Bexar County Emergency Services District #3 ("the District") for the year ended September 30, 2024. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The District's property tax rate was assessed at \$0.063734 per \$100 of assessed valuation for the year ended September 30, 2024. Property tax revenues for the year were \$7,426,249, an increase of \$583,657 over prior year.
- The District incurred an increase in net position of \$14,072,164 for the year.
- On June 1, 2024, the District merged with the Bexar-Bulverde Volunteer Fire Department (BBVFD) and assumed its operations as the result of a merger. The District recorded an increase in net position of \$13,662,218 related to the merger.

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 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.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business reporting on a full accrual basis of accounting.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District has improved or deteriorated.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (example: property taxes assessed but uncollected as of 31 days after year-end).

Because the District's principal sources of revenue are sales and Ad Valorem property taxes, the government-wide financial statements are grouped into one function that is supported by taxes (governmental activities).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and account for resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal or contractual requirements. The District has one fund, the General Fund.

Governmental Funds: The General Fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements focus on current fiscal year cash inflows and outflows, as well as balances of resources available for spending at the end of the fiscal year. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the General Fund with similar information presented for governmental activities in the government-wide financial statements. Both the Governmental Funds balance sheet and the Governmental

BEXAR COUNTY EMERGENCY SERVICES DISTRICT #3

MANAGEMENT'S DISCUSSION AND ANALYSIS

Funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between Governmental Fund and government-wide financial statements.

Government-Wide Financial Analysis

Net position may serve as a useful indicator of the District's financial position. The District's net position (assets less liabilities) was \$25,685,427 at September 30, 2024. The District's unrestricted net position of \$15,108,948 was available to meet the District's ongoing obligations. Governmental activities account for all of the changes in net position at the government-wide reporting level as the District has no business-type activities. The tables below summarize the financial position of the District at September 30, 2024 and 2023 and the results of operations for the same years ended.

	<u>9/30/2024</u>	<u>9/30/2023</u>
<u>Assets</u>		
Current assets	\$16,003,803	\$11,613,263
Capital assets, net of accumulated depreciation	<u>10,576,479</u>	<u>0</u>
Total assets	<u>26,580,282</u>	<u>11,613,263</u>
<u>Liabilities</u>		
Current liabilities	418,212	0
Long-term liabilities	<u>476,643</u>	<u>0</u>
Total liabilities	<u>894,855</u>	<u>0</u>
<u>Net position</u>		
Net investment in capital assets	10,576,479	0
Unrestricted	<u>15,108,948</u>	<u>11,613,263</u>
Total net position	<u>\$25,685,427</u>	<u>\$11,613,263</u>
<u>Revenues</u>		
Ad Valorem property taxes	\$7,426,249	\$6,842,592
Sales tax	5,424,317	5,738,617
Interest	513,729	590,117
Other	780,094	0
Net position assumed in merger with BBVFD	<u>13,662,318</u>	<u>0</u>
Total revenues	<u>27,806,707</u>	<u>13,171,326</u>
<u>Expenses</u>		
Firefighting operations	11,848,535	10,727,461
Administrative and other	810,692	322,898
Depreciation	<u>1,075,316</u>	<u>0</u>
Total expenses	<u>13,734,543</u>	<u>11,050,359</u>
Change in net position	14,072,164	2,120,967
Beginning net position	<u>11,613,263</u>	<u>9,492,296</u>
Ending net position	<u>\$25,685,427</u>	<u>\$11,613,263</u>

Financial Analysis of the Governmental Fund

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

BEXAR COUNTY EMERGENCY SERVICES DISTRICT #3

MANAGEMENT'S DISCUSSION AND ANALYSIS

During the fiscal year ending September 30, 2024, the District's only Governmental Fund was the General Fund, and it reported ending fund balance of \$15,515,806, an increase of \$3,972,328 over the year-ended September 30, 2023. The District's ending unassigned fund balance of \$15,267,192 was available for spending at the District's discretion.

General Fund Budgetary Highlights

General Fund general revenues of \$14,073,615 were \$550,641, or 4%, over budget, due primarily to \$409,320 more than anticipated in other income. Expenses for the General Fund were \$323,909 more than budget, a variance of 3%. The budget was amended during the year to decrease expenses. Unbudgeted special items revenue of \$2,539,081 related to fund balance assumed in the merger with the BBVFD. Other financing sources revenue of \$150,000, unbudgeted, represented proceeds from the sale of a vehicle.

Capital Assets

The District's capital assets at September 30, 2024, net of accumulated depreciation, totaled \$10,576,479. The current year increase reflects \$11,123,237 in capital assets, net, combined with the District in the merger with the BBVFD, and capital outlay of \$607,784, offset by depreciation expense of \$1,075,316.

Economic Factors, Future Years' Budgets and Tax Rates

The District considers many factors when approving budgets and setting tax rates for the next fiscal year. Some of those factors include increasing sales tax revenues and the anticipated needs of the District for operations in the next fiscal year. The tax rate for fiscal 2025 is set at \$.065493 per \$100 of assessed valuation.

Request for Information

This financial report is designed to provide a general overview of the finances of the District for all parties with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Mr. Robert Moss, Treasurer
Bexar County Emergency Services District #3
25408 Canyon Golf Rd.
San Antonio, TX 78260

BEXAR COUNTY EMERGENCY SERVICES DISTRICT #3

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

SEPTEMBER 30, 2024

	General Fund	Adjustments (Note 9)	Statement of Net Position
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 11,386,605		\$ 11,386,605
Investments	3,000,000		3,000,000
Sales taxes receivable	966,025		966,025
Ad Valorem property taxes receivable	104,179		104,179
Accounts receivable	298,380		298,380
Prepays	248,614		248,614
Capital assets:			
Land and construction in progress	0	3,949,931	3,949,931
Other capital assets, net of depreciation	0	6,626,548	6,626,548
	<u>0</u>		<u>10,576,479</u>
	<u>\$ 16,003,803</u>		<u>26,580,282</u>
LIABILITIES			
Accounts payable	\$ 93,787		93,787
Accrued payroll	324,425		324,425
Long-term liabilities:			
Due in more than 1 year:			
Accrued leave	0	476,643	476,643
	<u>418,212</u>		<u>894,855</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	69,785	(69,785)	<u>0</u>
FUND BALANCES/NET POSITION			
FUND BALANCES			
Nonspendable	248,614	(248,614)	
Fund balance - unassigned	15,267,192	(15,267,192)	
	<u>15,515,806</u>	<u>(15,515,806)</u>	
	<u>\$ 16,003,803</u>	<u>(16,003,803)</u>	
NET POSITION			
Net investment in capital assets		10,576,479	10,576,479
Unrestricted		15,108,948	15,108,948
			<u>\$ 25,685,427</u>

The accompanying notes are an integral part of this financial statement presentation.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT #3

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2024

	<u>General Fund</u>	<u>Adjustments (Note 9)</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES:			
Current service operations:			
Firefighting operations contract	\$ 9,005,909		\$ 9,005,909
Payroll and related	1,987,922	\$ 476,643	2,464,565
Professional services	280,730		280,730
Insurance	220,647		220,647
Maintenance	192,909		192,909
Tax collection	85,784		85,784
Utilities	54,867		54,867
Other	353,816		353,816
Depreciation	0	1,075,316	1,075,316
Capital outlay	607,784	(607,784)	0
	<u>12,790,368</u>		<u>13,734,543</u>
General revenues:			
Ad valorem property taxes	7,426,249		7,426,249
Sales tax	5,424,317		5,424,317
Interest	513,729		513,729
Other	709,320	70,774	780,094
Total general revenues	<u>14,073,615</u>		<u>14,144,389</u>
REVENUE OVER EXPENDITURES/EXPENSES	1,283,247		409,846
SPECIAL ITEMS:			
Net fund balance/net position assumed in merger (Note 10)	2,539,081	11,123,237	13,662,318
OTHER FINANCING SOURCES:			
Proceeds from sale of capital asset	<u>150,000</u>	(150,000)	<u>0</u>
NET CHANGE IN FUND BALANCE/NET POSITION	3,972,328		14,072,164
BEGINNING FUND BALANCE/NET POSITION	<u>11,543,478</u>	69,785	<u>11,613,263</u>
ENDING FUND BALANCE/NET POSITION	<u>\$ 15,515,806</u>		<u>\$ 25,685,427</u>

The accompanying notes are an integral part of this financial statement presentation.

BEXAR-BULVERDE VOLUNTEER FIRE DEPARTMENT
COMPONENT UNIT STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$2,136,579
Accounts receivable	8,670
Prepaid expenses	<u>155,417</u>
	2,300,666

FIXED ASSETS

20,064,135

OTHER ASSETS

21,467

\$22,386,268

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$101,142
Accrued interest payable	107,286
Accrued payroll and vested benefits	639,063
Current portion of finance lease	42,363
Current portion of notes payable	<u>487,823</u>
	1,377,677

FINANCE LEASE, net of current portion

480,201

NOTES PAYABLE, net of current portion

4,488,161

6,346,039

NET ASSETS

Without donor restrictions	<u>16,040,229</u>
----------------------------	-------------------

\$22,386,268

The accompanying notes are an integral part of this financial statement presentation.

BEXAR-BULVERDE VOLUNTEER FIRE DEPARTMENT

COMPONENT UNIT STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Firefighting operations contract	\$10,727,925	\$0	\$10,727,925
Donations	14,370	0	14,370
Other	213,460	0	213,460
Net assets released from restriction	<u>338,438</u>	<u>(338,438)</u>	<u>0</u>
	<u>11,294,193</u>	<u>(338,438)</u>	<u>10,955,755</u>
EXPENSES			
Program services-Firefighting and Emergency Response	9,775,458	0	9,775,458
Management and general	<u>240,864</u>	<u>0</u>	<u>240,864</u>
	<u>10,016,322</u>	<u>0</u>	<u>10,016,322</u>
CHANGE IN NET ASSETS	1,277,871	(338,438)	939,433
BEGINNING NET ASSETS	<u>14,762,358</u>	<u>338,438</u>	<u>15,100,796</u>
ENDING NET ASSETS	<u>\$16,040,229</u>	<u>\$0</u>	<u>\$16,040,229</u>

The accompanying notes are an integral part of this financial statement presentation.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT #3

NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

The Bexar County Emergency Services District #3 (District) was created by an election of the residents of Bexar County in 2002. The District is a taxing authority, and contracts for service with the Bexar-Bulverde Volunteer Fire Department (BBVFD), a legally separate, tax exempt entity. Effective June 1, 2024, the BBVFD merged with the District. The District assumed substantially all of the assets and liabilities of the BBVFD (see Note 10). Certain assets and their related debt remained with the BBVFD, and were excluded from the merger. At year-end, the BBVFD meets the criteria of being a component unit of the District.

The BBVFD is a legally separate, tax exempt component unit of the Library. At year-end, the BBVFD holds capital assets, and the related debt, as well as some operating cash balances. These capital assets are used exclusively by the District as part of its firefighting operations. The District transfers funds to the BBVFD as needed to make payments on its debt obligations. Because the resources held by the BBVFD can only be used by, or for the benefit of, the District, the BBVFD is considered a component unit of the District and is discretely presented in the District's financial statements. The BBVFD operates on a December 31 calendar year basis. As provided for in Governmental Accounting Standards Board (GASB) Statement No. 39, the BBVFD's most recent audited financial statements as of December 31, 2023 (pre-merger) are presented in this report. The BBVFD reports under Financial Accounting Standard Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Complete financial statements of the BBVFD may be obtained by writing BBVFD at 25408 Canyon Golf Rd., San Antonio, TX 78260.

The District is not included in any other governmental reporting entity as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Additionally, no other entity meets the requirements for inclusion in the District's financial statements.

The District is governed by a five-member Board of Fire Commissioners (the Board) appointed by the Bexar County Commissioners. The Board sets the budget and tax rate within limits authorized by Chapter 775 of the Health and Safety Code.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to U.S. generally accepted accounting principles applicable to governments promulgated by the GASB and the American Institute of Certified Public Accountants (AICPA). The following is a summary of the significant accounting policies.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The District is considered a special purpose government under GASB Statement No. 34. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements to be prepared on the modified accrual basis of accounting is met with the "General Fund" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's activities. The District services are supported by Ad Valorem property taxes and sales taxes. The Statement of Activities demonstrates how the District used revenue and demonstrates how direct expenses of a given function are offset by program revenues.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT #3

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are presented 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues available if they are collectible within 60 days after year-end. Expenditures are recognized in the accounting period in which the liability is incurred. Interest and tax revenues associated with the current fiscal year are considered susceptible to accrual and have been recognized as revenues in the current fiscal year. All other revenue is considered measurable and available only when cash is received by the District.

FUND BALANCES

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District can establish limitation of the use of resources through either a commitment or an assignment. When both unassigned and committed or assigned funds are available for expenditure, committed or assigned funds are used first.

Nonspendable fund balances are amounts that cannot be spent because they are not in a spendable form or legally or contractually required to be maintained intact. Committed fund balances include amounts that can only be used for specific purposes determined by a formal action of the Board or adoption of an ordinance. Limitations imposed by commitments remain in place until formal Board action is taken to remove the limitation. Amounts in the assigned fund balances are intended to be used by the District for specific purposes but do not meet the criteria to be committed. Assignments are generally temporary and do not require Board action to be taken to remove the assignment.

NET POSITION

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net position is reported as restricted when there are limitations imposed on its 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. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include short-term, highly liquid deposits, such as money market accounts, that are readily convertible to known amounts of cash and so near maturity that there is no significant risk of changes in value due to changes in interest rates.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT #3

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INVESTMENTS

Investments include certificates of deposit that are carried at amortized cost.

CAPITAL ASSETS

All capital assets are recorded at historical cost (or estimated historical cost) and updated for additions and retirements during the year. Property and equipment with an individual value greater than \$1,000, or group purchases of greater than \$5,000, and a useful life of three years or more are capitalized. Improvements are capitalized. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset's life are recorded as expenses. Depreciation is calculated on a straight-line basis. Estimated useful lives are as follows:

Stations and improvements	15-39 years
Vehicles	5-10 years
Equipment	5-10 years
Furniture and fixtures	5-15 years

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The statement of net position and governmental funds balance sheet reports a separate section for deferred outflows of resources representing a consumption of net position that applies to a future period and is not recognized as an outflow of resources in the current period. The District does not have any deferred outflows. The statement of net position and governmental funds balance sheet reports a separate section for deferred inflows of resources representing an acquisition of net position that applies to a future period and is not recognized as an inflow of resources or revenue until that time. The District has one item which qualifies for reporting in this category- unavailable property tax revenue. These amounts are deferred in the governmental funds balance sheet and recognized as an inflow of resources in the period the amounts become available.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 these estimates.

NOTE 3: DEPOSITS AND INVESTMENTS

At year-end, the carrying amount of the District's cash deposits was \$11,386,605, and its bank balances were \$15,546,462. Additionally, the District held balances of \$3,000,000 in certificates of deposit. The District holds pledged securities for any amounts in excess of FDIC coverage. The District was in compliance with the requirements of Chapter 2256 and with its investment policy during the year.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT #3

NOTES TO FINANCIAL STATEMENTS

NOTE 4: PROPERTY TAXES

The District has the authority to levy a tax to a maximum of \$0.10 per \$100 of value. Ad Valorem property taxes are levied each October 1 on the assessed valuation of all taxable property in the District. The tax rate for the October 1, 2023 levy was \$0.063734 per \$100 of value. Taxes are due upon receipt of the bill and are delinquent if not paid before the first day of February in the year following levy. On January 1 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties and interest ultimately imposed. Taxes are billed and collected by the Bexar County Tax Assessor-Collector.

NOTE 5: CAPITAL ASSETS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated:</u>				
Land	\$0	\$2,575,750	\$0	\$2,575,750
Construction work in progress	<u>0</u>	<u>1,374,181</u>	<u>0</u>	<u>1,374,181</u>
	<u>0</u>	<u>3,949,931</u>	<u>0</u>	<u>3,949,931</u>
<u>Capital assets being depreciated:</u>				
Stations and improvements	0	4,869,018	0	4,869,018
Vehicles	0	7,416,493	(313,930)	7,102,563
Equipment	0	2,195,893	(88,322)	2,107,571
Furniture and fixtures	<u>0</u>	<u>274,312</u>	<u>0</u>	<u>274,312</u>
	<u>0</u>	<u>14,755,716</u>	<u>(402,252)</u>	<u>14,353,464</u>
<u>Accumulated depreciation:</u>				
Stations and improvements	0	(1,773,573)	0	(1,773,573)
Vehicles	0	(4,921,175)	234,704	(4,686,471)
Equipment	0	(1,193,515)	88,322	(1,105,193)
Furniture and fixtures	<u>0</u>	<u>(161,679)</u>	<u>0</u>	<u>(161,679)</u>
Total accumulated depreciation	<u>0</u>	<u>(8,049,942)</u>	<u>323,026</u>	<u>(7,726,916)</u>
Total capital assets	<u>\$0</u>	<u>\$10,655,705</u>	<u>(\$79,226)</u>	<u>\$10,576,479</u>

NOTE 6: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, errors and omissions, and lawsuits. The District purchases insurance to provide coverage for these risks.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT #3

NOTES TO FINANCIAL STATEMENTS

NOTE 7: BUDGET- GENERAL FUND

The District adopts an annual budget for the general fund each fiscal year and amends the budget as needed during the year. The budget was amended once during the year to incorporate changes after the merger with the BBVFD. The budget for expenses was reduced by \$1,056,515, or 8%, and the budget for revenues remained the same. The District does not use an encumbrance system and appropriations lapse at the end of each fiscal year. Certain revenue and expenses were different than budgeted, resulting in a higher than budgeted fund balance. Primarily, total revenues were \$550,541, or 4%, more than budgeted, which were offset total expenses that were \$323,909, or 3%, more than budgeted. Special items and other financing sources of \$150,000 and \$2,539,081, which related to the proceeds from sale of capital assets and the assumption of assets and liabilities through the merger with BBVFD, respectively, were not budgeted.

NOTE 8: LONG-TERM LIABILITIES

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Accrued leave	<u>\$0</u>	<u>\$541,547</u>	<u>(\$64,904)</u>	<u>\$476,643</u>

NOTE 9: ADJUSTMENTS TO CONVERT FUND STATEMENTS TO GOVERNMENT-WIDE

Change in fund balance - general fund	\$3,972,328
Proceeds from sale of capital assets recognized in the fund financial statements	(150,000)
Gain on sale of capital assets not reported in the fund financial statements	70,774
Non-cash assets, net of liabilities, assumed with merger not reported in the fund financial statements	11,123,237
Depreciation expense not recognized in the fund financial statements	(1,075,316)
Change in accrued leave not reported in the fund financial statements	(476,643)
Capital outlays recognized as expenditures in the fund financial statements	<u>607,784</u>
Change in net position - governmental activities	<u>\$14,072,164</u>
Fund balance - general fund	\$15,515,806
Increase net position for capital assets not reported in the fund financial statements	10,576,479
Taxes receivable deferred in the fund financial statements and not in the government-wide financial statements	69,785
Accrued leave not reported in the fund financial statements	<u>(476,643)</u>
Net position - governmental activities	<u>\$25,685,427</u>

BEXAR COUNTY EMERGENCY SERVICES DISTRICT #3

NOTES TO FINANCIAL STATEMENTS

NOTE 10: MERGER WITH BEXAR-BULVERDE VOLUNTEER FIRE DEPARTMENT (BBVFD)

Effective June 1, 2024, the District merged with the BBVFD, and substantially all of the BBVFD's assets and liabilities were combined with those of the District. The two entities combined in order to streamline operations and reduce the duplication of efforts in providing services. Certain capital assets, and their related debt, as well as some operating cash balances, remained with the BBVFD. Those assets are used exclusively by the District. Following the merger, the BBVFD became a component unit of the District. The District recognized the following amounts as of the merger date:

Cash and cash equivalents	\$3,183,206
Prepays and other	169,584
Capital assets, net of depreciation	11,123,237
Accrued payroll and benefits	(402,609)
Accrued leave	<u>(411,100)</u>
Net position assumed in merger	<u>\$13,662,318</u>

NOTE 11: PENSION PLAN

The District provides pension benefits for all of its eligible employees through participation in TCDRS, an agent multiple-employer public employee retirement system. TCDRS provides retirement benefits that are calculated based on age, average compensation and service credit as follows:

Employee deposit rate	7%
District contribution rate	13.07%
Service retirement eligibility (expressed as age/years of service)	60/5, any/20, rule of 75

The District began participation in the plan June 1, 2024. The District's contributions to the plan during the fiscal year were \$265,916. Because the District's participation was for a partial year, no actuarial valuation has been performed as of year-end. Therefore, the District has not recorded any pension liabilities or deferred inflows and outflows associated with the pension liability for the current fiscal year.

NOTE 12: COMMITMENTS

During the year end, the District entered into a contract commitment for \$359,150 related to station improvements. At year-end, approximately \$170,000 was remaining under the contract.

NOTE 13: SUBSEQUENT EVENT

In March 2025, the District a 15-year note payable in the amount of \$9,550,000 at an interest rate of 4.95% to finance fire station construction.

BEXAR COUNTY EMERGENCY SERVICES DISTRICT #3
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL REVENUES:				
Ad Valorem property taxes	\$7,302,974	\$7,302,974	\$7,426,249	\$123,275
Sales tax	5,400,000	5,400,000	5,424,317	24,317
Interest	520,000	520,000	513,729	(6,271)
Other	<u>300,000</u>	<u>300,000</u>	<u>709,320</u>	<u>409,320</u>
	<u>13,522,974</u>	<u>13,522,974</u>	<u>14,073,615</u>	<u>550,641</u>
EXPENDITURES:				
Firefighting operations contract	12,139,630	0	9,005,909	(9,005,909)
Payroll and related	0	7,155,000	1,987,922	5,167,078
Debt service	0	1,831,000	0	1,831,000
Professional fees	131,000	295,800	280,730	15,070
Insurance	2,000	1,117,900	220,647	897,253
Maintenance	0	396,250	192,909	203,341
Tax collection	85,729	98,729	85,784	12,945
Utilities	0	149,350	54,867	94,483
Other	108,100	870,430	353,816	516,614
Capital outlay	0	552,000	607,784	(55,784)
Contingency	<u>1,056,515</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>13,522,974</u>	<u>12,466,459</u>	<u>12,790,368</u>	<u>(323,909)</u>
REVENUE OVER EXPENDITURES	0	1,056,515	1,283,247	226,732
SPECIAL ITEMS:				
Fund balance assumed in merger	0	0	2,539,081	2,539,081
OTHER FINANCING SOURCES:				
Proceeds from sale of capital assets	<u>0</u>	<u>0</u>	<u>150,000</u>	<u>150,000</u>
CHANGE IN FUND BALANCE	0	1,056,515	3,972,328	2,915,813
BEGINNING FUND BALANCE	<u>11,543,478</u>	<u>11,543,478</u>	<u>11,543,478</u>	<u>0</u>
ENDING FUND BALANCE	<u>\$11,543,478</u>	<u>\$12,599,993</u>	<u>\$15,515,806</u>	<u>\$2,915,813</u>

See Independent Auditor's Report