

# **Bexar Metro 9-1-1 Network**

Independent Auditor's Report and Financial Statements

September 30, 2018

**Bexar Metro 9-1-1 Network**  
**September 30, 2018**

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## Independent Auditor's Report

Board of Directors  
Bexar Metro 9-1-1 Network  
San Antonio, Texas

We have audited the accompanying financial statements, which are comprised of the statement of net position as of September 30, 2018, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the basic financial statements, as listed in the table of contents, of Bexar Metro 9-1-1 Network, (formerly, Bexar Metro 9-1-1 Network District).

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express 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 from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bexar Metro 9-1-1 Network as of September 30, 2018, and the changes in its financial position and its cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Bexar Metro 9-1-1 Network's basic financial statements. The management's discussion and analysis pension information, and introductory section as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The management's discussion and analysis and pension information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 management's discussion and analysis and pension information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***BKD, LLP***

April 9, 2019  
San Antonio, Texas

## Introductory Section

The Texas Emergency Response System has two separate, yet equally important components: the 9-1-1 administrative entity that ensures the timely and accurate delivery of all emergency telecommunication requests, and the municipality, county, or other jurisdiction that dispatches and renders the specifically required emergency service. This separation of “Call Delivery” and “Service Delivery” responsibility serves the public well because it enables two technically different and challenging professions to complement each other while ensuring all citizens receive a high-quality, low-cost response to their emergencies. The Bexar Metro 9-1-1 Network is a 9-1-1 administrative entity.

Bexar Metro 9-1-1 Network (Bexar Metro or District) is a Special Purpose District created by the Texas Legislature. The authority for Bexar Metro is the Texas Health and Safety Code, Chapter 772, Subchapter D, Section 772.301—formerly Vernon’s Annotated Civil Statutes Article 1432e, as approved by the Texas 69<sup>th</sup> Regular Legislative Session in Senate Bill 750 on May 21, 1985. This legislation’s purpose is to establish affordable, high-quality countywide Enhanced 9-1-1 service by creating emergency communication districts. On September 22, 1986, the Alamo Area Council of Governments (AACOG) agreed to pursue establishment of an emergency communication district and, on October 31, 1986, a six-member board of directors, representing Bexar County and the twenty-five municipalities located within Bexar County, crafted the framework for the formation of a 9-1-1 district. On January 17, 1987, per provisions of Senate Bill 750, the citizens of Bexar County voted to approve establishing the Bexar Metro 9-1-1 Network and, on August 8, 1988, Comal and Guadalupe counties petitioned for and received membership in the District. Bexar Metro currently provides Enhanced 9-1-1 call delivery services to approximately three million landline, Voice over Internet Protocol (VoIP) and wireless telephone subscribers in the three counties, which include the major cities of San Antonio, New Braunfels and Seguin.

The District’s mission is to deploy and maintain a state-of-the-art 9-1-1 emergency communication system that provides citizens in distress the ability to quickly communicate their request for police, fire or emergency medical assistance; and to ensure member jurisdictions have the appropriate 9-1-1 tools necessary to efficiently and accurately receive and process those requests.

To successfully accomplish the mission, the District must: deploy and manage a technology-neutral network that routes all 9-1-1 requests to the appropriate municipal or county Public Safety Answering Point (PSAP); create and maintain a time-sensitive, highly accurate database that displays the location, callback number, and owner’s name of the specific instrument used to access 9-1-1; procure, install, and maintain the specialized 9-1-1 equipment utilized by each authorized PSAP; coordinate with municipal and county addressing authorities to ensure the database contains accurate, standardized, and logical location information to ensure each citizen is easily and quickly locatable during time-critical emergencies; and construct, deploy, and maintain a spatially-accurate geographic digital map to support various location determination technologies and enhance multi-vendor computer-aided dispatch systems.

The District’s number one priority, its single largest resource expenditure, and its core mission responsibility is the provisioning, operational management, and technical oversight of the 9-1-1 network, database, and specialized call handling equipment. This effort requires continuous monitoring and control to ensure 9-1-1 service is routinely available and sufficiently redundant to survive service disruptions, whether minimal or catastrophic.

Bexar Metro must also ensure that new technologies do not diminish the functionality of 9-1-1 service; therefore, as a member of the Texas 9-1-1 Alliance (Alliance), the District maintains a continuous interaction with national standards organizations as well as state and federal regulatory and legislative bodies. A prime example was the introduction of wireless telephone service. Originally viewed as having minimal impact on 9-1-1 service, the rapid growth of wireless telephone service quickly became a

serious impediment to the successful and efficient delivery of all 9-1-1 calls. Enhanced landline 9-1-1 is a success because the system routes the 9-1-1 request to the proper jurisdiction, provides the callback information, reports the exact geographic location of the device used to initiate the request, and identifies the subscriber's name. Technical issues prevented these attributes from being originally available with wireless calls. Consequently, the District worked with state and national officials seeking a solution and the result is the Federal Communications Commission's multi-year transition plan that requires wireless providers to meet the same Enhanced 9-1-1 standards as landline providers. The District's transition to this plan began in late 1997 and achieved full operational capability—including the ability to accurately locate a wireless handset—in late 2002. Currently, there are approximately 2.2 million wireless telephone subscribers throughout the District's area of responsibility, each with comparable Enhanced 9-1-1 capabilities as landline telephones. Eighty-six percent of the District's total 9-1-1 call volume in fiscal year 2018 was generated by wireless telephones.

The introduction of VoIP and text messaging telephone service presented many of the same technical and business case issues as wireless and the District again worked at all levels to develop and deploy solutions that ensured VoIP and text messaging technology is transparent to the 9-1-1 system. Bexar Metro has phased in VoIP 9-1-1 technology and Text to 9-1-1 service across the District, providing comparable services to those citizens seeking emergency assistance through the 9-1-1 network utilizing VoIP and text technology. Numerous other new technologies are being evaluated and each will require similar levels of effort to ensure the delivery of Enhanced and Next Generation 9-1-1 services.

Another example of collaboration among emergency communication districts through the Alliance was the creation of a website for Multi Line Tenant System (MLTS) providers throughout Texas to file for waivers in response to "Kari's Law" that was approved by the Texas Legislature during the 2015 legislative session, signed by the governor and became effective September 1, 2016. Kari's Law was in response to a tragic incident at a motel in East Texas in 2013 where Kari Hunt was attacked and murdered while her daughter tried to reach help by calling 9-1-1. The call never went through because the MLTS phone system at the motel required dialing "9" to get an outside line. Kari's law required MLTS providers to program their systems to access emergency services by dialing the three digits 9-1-1. Most hotels and motels, along with businesses and schools, have been able to make changes to their telephone systems to allow direct access to 9-1-1 with the three digits.

One of the District's primary sources of revenue is the wireline 9-1-1 emergency service fee applied to specified telephone access lines located in Bexar, Comal and Guadalupe Counties. The Texas Health and Safety Code, Chapter 772, Section 772.314, authorizes the board to impose a 9-1-1 emergency service fee not exceeding six percent of the monthly base rate charged by the principal service supplier. The fee applies to all residential lines and up to the first one hundred business lines at any one location. The fee does not apply to state and federal lines.

A second primary source of revenue is the wireless 9-1-1 service fee of \$0.50 per month per wireless subscriber, collected by the wireless service providers and remitted to the state of Texas. The state distributes the revenue to each 9-1-1 administrative entity based on its jurisdiction's pro rata share of the total population of Texas.

Each year the board projects the total service fee revenue in conjunction with development and approval of the annual budget. By law, the fee revenue has uniform application in each participating jurisdiction and must generate revenue sufficient to match current and programmed operational expenses directly related to the District's mission and responsibilities, as well as providing reserves for service enhancements, contingencies, and equipment replacement.

## **Management's Discussion and Analysis**

The objective of the Management's Discussion and Analysis is to provide a comprehensive analysis of financial, operating and other activities for the fiscal year ended September 30, 2018, as compared to those for the fiscal year ended September 30, 2017. This discussion and analysis is in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. All financial information displayed herein is in the accompanying periodically required financial statements, and notes to those financial statements.

### **Financial Statements**

All financial statements use the accrual basis of accounting.

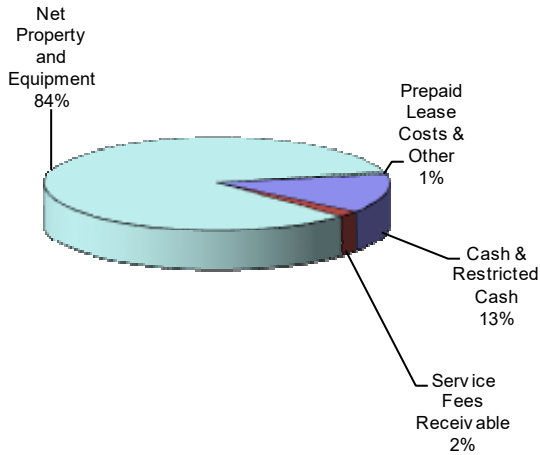
The statement of net position presents data in a classified format as of the end of 2018. Assets are current assets, net property and equipment, net prepaid lease and maintenance costs, and net pension asset. Current assets include cash and cash equivalents, investments and service fees' receivables. Current liabilities consist of accounts payable and accrued expenses and the current portion of capital lease obligations. Until fiscal year 2016, the District had never obtained external financing. In 2016, Bexar Metro obtained non-interest funding for the establishment of its core network and communication services at the new Quarry Run Regional Operation Center. The District's net position is comprised of net investment in capital assets, restricted and unrestricted net position. The District's deferred outflows of resources consists of pension-related contributions, investment losses, actuarial losses and changes in assumptions. The District's deferred inflows of resources consists of pension-related actuarial gains.

The statement of revenues, expenses, and changes in net position present the District based on an operating basis versus a nonoperating basis. Nonoperating revenues consist of interest income received from the District's operating and investment accounts. Thus, all other activity is operating. Revenues consist of 9-1-1 service fees collected by telecommunication and private switch service providers and remitted to the District.

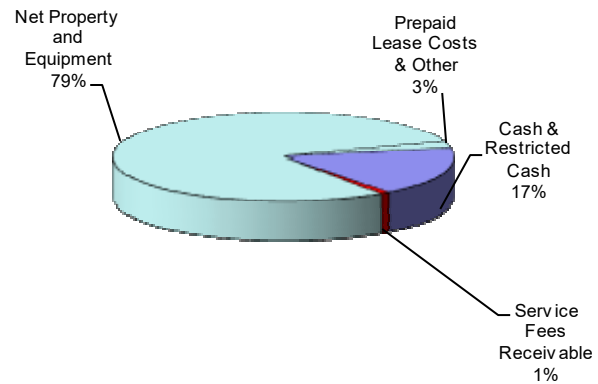
The statement of cash flows presents the changes in cash for 2018 as net cash provided by (used in) operating, capital or investing activities. The direct method of presentation is used as required by GASB No. 34.

## Financial Position

Composition of Assets - 2018



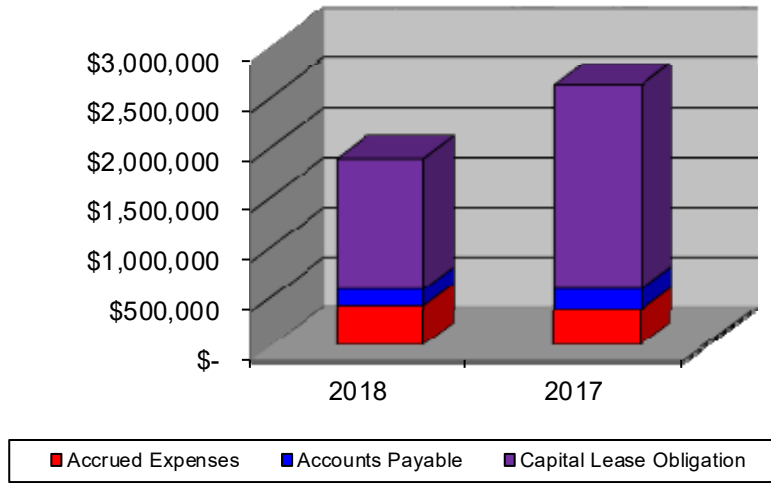
Composition of Assets - 2017



During 2018, the District's total assets decreased from \$80.8 million in 2017 to \$79.1 million. The significant changes in asset composition are in net property and equipment. In 2018, the District expended approximately \$5.0 million to upgrade the 9-1-1 call processing equipment at eighteen (18) Public Safety Answering Points and establish 9-1-1 system Host sites at the Quarry Run Regional Operations Center and the City of San Antonio Police and Fire Communications Center on the south side of San Antonio. In addition to service as a Host site, Quarry Run includes a full-time operating PSAP supporting the Bexar County Sheriff's office and serves as a back-up site for the City of San Antonio and all other municipal and county operations served by the District (See Note 5).

Liabilities consisted of accounts payable for operating expenses, accrued expenses for earned vacation accrued by the District's employees, and capital lease obligations.

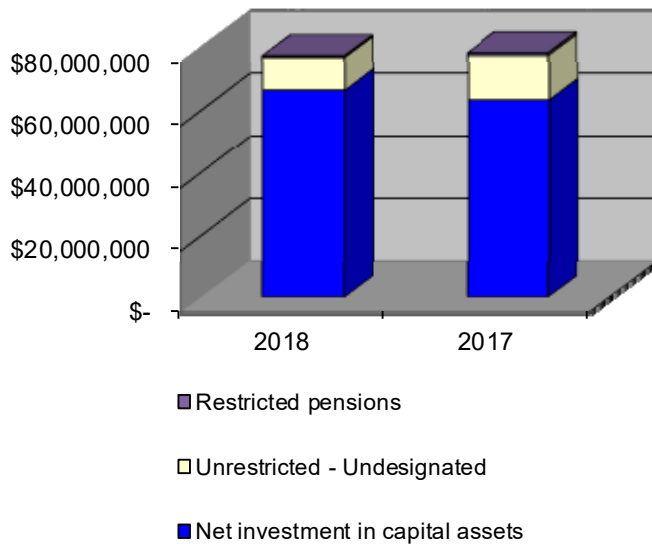
### Liability Comparison



Accounts payable in 2018 decreased to approximately \$168,000 from approximately \$210,000 in 2017. This decrease was due to timing of bill payment in 2018 versus 2017. Accrued expenses represent salaries and vacation pay earned but not yet paid and remained consistent with prior year.

Coinciding with the total asset composition, the total net position of the District increased during 2018. The composition consisted of net investment in capital assets, restricted net position and unrestricted net position including funds designated by the Board for capital expenditures.

### Net Position Comparison



Within unrestricted net position, the District’s Board designates net position for capital expenditures approved annually with the adoption of the fiscal budget.

**Results of Operations**

**Revenues and Other Income** – The District’s overall revenue remained relatively consistent with the prior year.

<b>Comparison of Revenues</b>				
	<b>2018</b>	<b>% of Total</b>	<b>2017</b>	<b>% of Total</b>
Landline	\$ 2,348,992	17.7%	\$ 2,691,293	20.1%
Wireless	10,917,079	82.3%	10,696,996	79.9%
Private switch	6,574	0.0%	6,467	0.0%
<b>Total Service Fees</b>	<b>\$ 13,272,645</b>	<b>100.0%</b>	<b>\$ 13,394,756</b>	<b>100.0%</b>

The District collects 9-1-1 service fees on each landline within Bexar, Comal and Guadalupe counties. Fees range from \$0.22 to \$0.77 per line, depending on the type of access. Service providers pay fees directly to the District, less a one percent administrative fee. There was a moderate decrease in landline service fee revenue in 2018, causing its percentage of total revenue to decline by less than one percent. The decline in landline service fees was somewhat offset by a moderate increase of wireless service fees causing its percent of total to increase by less than one percent. Wireless service providers with operations in Texas collect a monthly \$0.50 fee from their subscribers and then remit to the Texas Comptroller who then allocates to each 9-1-1 entity an amount based on a population formula using annual estimates provided by the Texas State Data Center. The wireless service providers retain one percent of the total collected to cover administrative costs.

All other fees collected are attributable to private switch emergency service fees, network fees, and special jurisdiction fees imposed upon special entities, such as colleges and universities. Income from these fees remained comparable to 2017. Total service fee revenue decreased by approximately one percent in 2018.

Other income consists of interest income earned on the District’s cash, cash equivalents and investments. Data Center lease payments are also included in other income. During 2018, the District earned approximately \$241,000 in interest and lease income as compared to \$57,000 during 2017.

**Operating Expenses** – Operating expenses for 2018 and 2017 were:

	<u>2018</u>	<u>% of Total</u>	<u>2017</u>	<u>% of Total</u>
Personnel services	\$ 2,306,273	15.9%	\$ 1,931,977	18.8%
Network operations and maintenance	5,106,462	35.3%	3,661,912	35.6%
Professional services	374,179	2.6%	382,212	3.7%
Education and training	2,168	0.0%	159,570	1.6%
Facility and administrative maintenance	71,782	0.5%	90,097	0.8%
Supplies and materials	90,400	0.6%	172,746	1.7%
Public education	116,915	0.8%	80,678	0.7%
Furniture and equipment	1,782,800	12.3%	1,501,499	14.6%
Retirement expense	1,559,160	10.8%	782,306	7.6%
Depreciation	3,078,223	21.2%	1,531,789	14.9%
<b>Total Operating Expenses</b>	<u>\$ 14,488,362</u>	<u>100.0%</u>	<u>\$ 10,294,786</u>	<u>100.0%</u>

*Personnel Services* – This expense includes the salaries and benefits paid to the District’s employees. In 2018, Bexar Metro added 4 additional staff members to provide support for the deployment and operation of the new PSAP facility. This includes two staff members, converted from independent contract to full time employee positions.

*Network Operations and Maintenance* – The most significant operating expenses are network operations and maintenance of the 9-1-1 system and the amortization of the prepaid lease and maintenance costs. There was a significant increase in these expenses of approximately 39 percent in 2018 from 2017 due to remodel of the Saddletree Headquarters building and the upgrade of 9-1-1 call-handling, mapping, and Host Services District-wide.

*Professional Services* – The District requires the professional services of outside agencies and personnel in areas where it is not economical to hire in-house experts or where the specialized services provided are beyond the District's capability.

*Education and Training* – The first person involved in emergency response is the Telecommunicator who answers the citizen's call for help. The District’s goal is to ensure this person has all the necessary tools, obtained through a task-focused education and training program, necessary to provide a high-quality response. The District works closely with each jurisdiction to provide specialized training either at a PSAP or at the District’s Quarry Run training facility. When required, the District supplements this training through the use of outside professional educators or training grants. The training program also includes funds for area firefighters to attend the Texas A&M Municipal Fire School and Emergency Medical Dispatch (EMD) certification training for telecommunicators. The District also recognizes the importance of public education and the impact on the citizen's expectation of 9-1-1 service. Educational materials are made available free of charge to public safety entities and schools. District personnel are also available for presentations both in the schools and other public forums.

*Facility and Administrative Maintenance* – This expense includes maintenance of the District’s administrative office and Quarry Run Regional Operations Center, furniture and office administrative equipment, software licensing and computer hardware and software maintenance agreements.

*Supplies and Materials* – Office supplies include routine expendable office supplies and commercially available technical and business-oriented software. Also included are printing, copying and shipping expenditures.

*Public Education* – The District recognizes the importance of public education and the impact on the citizen's expectation of 9-1-1 service. Educational materials are made available free of charge to public safety entities and schools. District personnel are also available for presentations both in the schools and other public forums.

*Furniture and Equipment* – This expense is routine replacement of District furniture and equipment. The increase over 2017 is associated with the additional staffing and replacement of the Saddletree HVAC system.

*Retirement Expense* – The District participates in the Texas County and District Retirement System (TCDRS). TCDRS is a non-profit organization established by the State of Texas that provides pension benefits to participating county and district employees. Funding for the plan consists of employee deposits and employer contributions. For 2018, the District employees contributed seven percent of pre-tax income to TCDRS. Monthly, the District contributed 10 percent of total salaries to TCDRS. For 2018 and 2017, these contributions amounted to approximately \$206,000 and \$177,000, respectively. The district's funding rate adjusts annually based on the Plan's funding status—actuarial accrued liability or asset. The rate of funding remains at 10 percent through September 30, 2018. The District also participates in the United States Conference of Mayors Deferred Compensation Program. The total expense incurred by the District on behalf of its employees in this plan totaled approximately \$80,000 and \$74,000 in 2018 and 2017, respectively.

**Budget Comparison** – Annually, the District provides a *proposed* budget to the 39 member jurisdictions within Bexar, Comal and Guadalupe counties. Once approved by the jurisdictions, the Board of Directors reviews and adopts the proposed budget for the upcoming fiscal year. The budget is prepared on a cash basis; thus, differences occur with the amounts presented in the financial statements.

During the budgeting process, the District budgets for capital expenditures to add or replace facility and equipment, network elements, databases, customer premise equipment, and other activities that enhance the provision of 9-1-1 service. The District recognizes capital expenditures as an expense at the time of acquisition; however, for financial statement purposes, these expenses are capitalized and depreciated or amortized over their estimated useful lives. Additionally, depreciation and amortization expenses are not budgeted using the cash basis model.

*Revenues* – For 2018 and 2017, revenue from wireline service fees decreased by 13 percent, wireless service fee revenue increased by two percent and total service fee revenue decreased by one percent.

*Expenses* – For 2018 and 2017, total operating and maintenance expenses were 28 percent above budget and 26 percent below budget, respectively.

*Nonoperating Revenues* – Interest income results from the cash management procedures implemented by the District. Lease income earned is related to the rental of the Quarry Run facility.

## **Significant Trends and Expectations**

*New Technologies* – Bexar Metro has historically adapted to changing communication technical challenges through comprehensive strategic planning and implementation. In addition to its continuing support of the existing Enhanced 9-1-1 system, Bexar Metro has been actively pursuing the deployment of its Next Generation 9-1-1 (NG9-1-1) system for several years. With the first phase network buildout and replacement of 9-1-1 call handling equipment completed in 2018, Bexar Metro will enter the second phase of the NG9-1-1 deployment project to pursue interconnection with a Next Generation Core Services (NGCS) provider. NGCS will allow Bexar Metro’s PSAPs to take full advantage of enhanced NG9-1-1 call routing services and a greater level of system redundancy. Current operating and reserve sources provided the funding for this initiative, as well as the 9-1-1 system upgrade and building of the Quarry Run facility.

The NG9-1-1 system consists of two fully redundant systems, located at different sites within the District that will allow telecommunicators and dispatchers from any PSAPs served by Bexar Metro to relocate to Quarry Run or their respective backup facility, login to the system, and begin answering 9-1-1 calls utilizing their existing credentials. Both systems have duplicate processors, each with the ability to support the entire Bexar Metro 9-1-1 operations should the other fail. The NG9-1-1 system is also supported by a fully redundant Internet Protocol (IP) backbone network connecting the PSAP sites and equipment.

ESInet technology is new and costly and will require Bexar Metro and other 9-1-1 Administrative Entities in Texas, to update their funding model to provide additional revenue in the coming years to sustain the system. This will require local entities to increase existing wireline service fee rates and the state of Texas to increase the wireless rates. The development of ESInet standards has been a long process through the National Emergency Number Association (NENA). Final standards were released in 2017.

To accommodate the requirement for increased funding to support the NG9-1-1 System and its associated ESInet, Bexar Metro proposed an increase in wireline service fees beginning October 1, 2018, the start of Fiscal Year 2019 Budget. The increase is included in the Adopted 2019 Fiscal Year Budget. The Texas 9-1-1 Alliance, on behalf of Bexar Metro and other 9-1-1 emergency communication districts across Texas, is submitting proposed legislation in 2019 that will provide increased wireless service fee revenue to supplement the next generation systems across the state of Texas. Bexar Metro had not increased the wireline service fee rate since 1987 and the Texas Legislature has not increased the wireless rate since its inception in 1997.

The role of regulators, at both the state and federal level, is changing because of deregulation and a more competitive market. Therefore, it is necessary to be proactive, knowledgeable and articulate in representing 9-1-1 system requirements. The District, both on its own and through the Texas 9-1-1 Alliance, is actively involved with the regulatory process at the state and federal level. The goal is to ensure decision makers understand the necessity to embrace 9-1-1 service in a manner that provides continuation of a robust and affordable 9-1-1 system. In addition, it is important regulators understand the challenge for 9-1-1 administrative entities to compel both traditional and nontraditional carriers to interconnect their networks to provide a seamless 9-1-1 network to better serve the public. It is important that all communication service providers consider the provision of the best 9-1-1 service available as the cost of business.

**Bexar Metro 9-1-1 Network**  
**Statement of Net Position**  
**September 30, 2018**

**Assets**

**Current Assets**

Cash and cash equivalents	\$ 10,337,439
Escrow deposit	17,370
Accounts receivable	<u>1,581,904</u>
Total current assets	<u>11,936,713</u>

**Property and Equipment**

Furniture	1,600,040
Office equipment	1,605,600
Computer equipment	10,431,025
Software	529,790
Building	54,943,188
Land and land improvements	4,756,313
Vehicle	<u>152,702</u>
	74,018,658
Less accumulated depreciation and amortization	<u>7,522,663</u>
Net property and equipment	<u>66,495,995</u>

**Other Assets**

Net pension asset	<u>531,784</u>
Total assets	<u>78,964,492</u>

**Deferred Outflows of Resources**

Contributions - pensions	148,855
Investment loss - pensions	5,349
Actuarial loss - pensions	70,971
Change in assumptions - pensions	<u>32,486</u>
Total deferred outflows of resources	<u>257,661</u>
Total assets and deferred outflows of resources	<u>\$ 79,222,153</u>

**Liabilities**

**Current Liabilities**

Accounts payable	\$ 168,087
Accrued expenses	408,324
Capital lease obligation - current portion	<u>678,231</u>
Total current liabilities	<u>1,254,642</u>

**Capital Lease Obligation**

Total liabilities	<u>627,592</u>
	<u>1,882,234</u>

**Deferred Inflows of Resources**

Actuarial gain - pensions	121,632
Change in assumptions - pension	<u>101,940</u>
Total deferred inflows of resources	<u>223,572</u>

**Net Position**

Net investment in capital assets	66,495,995
Restricted net position - pensions	531,784
Unrestricted net position	<u>10,088,568</u>
Total net position	<u>77,116,347</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 79,222,153</u>

**Bexar Metro 9-1-1 Network**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended September 30, 2018**

<b>Operating Revenues</b>	
9-1-1 service fees	<u>\$ 13,272,645</u>
<b>Operating Expenses</b>	
Personnel services	2,306,273
Network operations and maintenance	5,106,462
Professional services	374,179
Education and training	2,168
Facility and administrative maintenance	71,782
Supplies and materials	90,400
Public education	116,915
Furniture and equipment	1,782,800
Retirement expense	1,559,160
Depreciation	<u>3,078,223</u>
Total operating expenses	<u>14,488,362</u>
<b>Operating Loss</b>	<u>(1,215,717)</u>
<b>Nonoperating Revenues</b>	
Interest income	200,855
Lease income and other	<u>40,268</u>
Total nonoperating revenues	<u>241,123</u>
<b>Decrease in Net Position</b>	<u>(974,594)</u>
<b>Total Net Position, Beginning of Year</b>	<u>78,090,941</u>
<b>Total Net Position, End of Year</b>	<u><u>\$ 77,116,347</u></u>

**Bexar Metro 9-1-1 Network**  
**Statement of Cash Flows**  
**Year Ended September 30, 2018**

<b>Operating Activities</b>	
Receipts from service providers	\$ 12,401,944
Payments for goods and services	(7,725,610)
Payments to employees	<u>(1,454,503)</u>
Net cash provided by operating activities	<u>3,221,831</u>
<b>Capital and Related Financing Activities</b>	
Purchase of capital assets	(6,153,672)
Principal payments under capital lease obligation	<u>(728,869)</u>
Net cash used in capital and related financing activities	<u>(6,882,541)</u>
<b>Investing Activities</b>	
Proceeds from maturing investments	200,855
Proceeds from rental property	<u>40,268</u>
Net cash provided by investing activities	<u>241,123</u>
<b>Decrease in Cash and Cash Equivalents</b>	(3,419,587)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>13,789,512</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 10,369,925</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities</b>	
Operating loss	\$ (1,215,717)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities</b>	
Depreciation expense	3,078,223
Amortization expense	1,188,948
<b>Change in Assets, Deferred Outflows and Liabilities</b>	
Receivables	(870,701)
Accounts payable	(42,691)
Accrued expenses	38,752
Deferred outflows	<u>1,045,017</u>
Net cash provided by operating activities	<u><u>\$ 3,221,831</u></u>

# **Bexar Metro 9-1-1 Network**

## **Notes to Financial Statements**

### **September 30, 2018**

#### **Note 1: Nature of Activities and Summary of Significant Accounting Policies**

##### ***Nature of Activities***

The Bexar Metro 9-1-1 Network (District) is a special purpose emergency communication district authorized by the Texas Health and Safety Code, Chapter 772, Subchapter D. The purpose of the District is to establish the number 9-1-1 as the primary emergency telephone number in Bexar, Comal and Guadalupe counties, thereby, facilitating a response to any person seeking police, fire, medical and other emergency services.

##### ***Basis of Accounting***

The accompanying financial statements and required supplementary information have been prepared using the economic resources measurement focus and the accrual basis of accounting as a business-type activity in conformity with the applicable pronouncements of the Governmental Accounting Standards Board (GASB).

##### ***Cash Equivalents***

Cash equivalents include cash on hand, money market funds and all highly liquid short-term investments with original maturities of 45 days or less.

##### ***Accounts Receivable***

Accounts receivable are stated at the amount billed to customers plus any accrued and unpaid interest. This includes service fee receivables that are earned when the service is performed and paid subsequent to year-end. The District provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts that are unpaid after the due date bear interest at one percent per month. Accounts past due more than 120 days are considered delinquent. Interest continues to accrue on delinquent accounts until the account is past due more than one year, at which time interest accrual ceases and does not resume until the account is no longer classified as delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

##### ***Property and Equipment***

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method ranging from 2 to 39 years.

##### ***Deferred Inflows and Outflows of Resources***

The District defers recognition of gains and losses incurred on net differences on projected and actual earnings associated with its pension investments held with its pension plan and reports such losses as deferred outflows of resources in the statement of net position. The district also defers

# **Bexar Metro 9-1-1 Network**

## **Notes to Financial Statements**

### **September 30, 2018**

recognition of actuarial gains and losses based on the assumptions used to compute the district's net pension liability/asset. These differences are recognized over a seven year and five year period, respectively. The District also defers recognition of contributions to its pension plan made between the measurement date of the pension liability/asset and the District's fiscal year-end. Deferred pension contributions are reported as deferred outflows in the statement of net position.

#### ***Net Position***

Net position of the District is comprised of three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings used to finance the construction/acquisition of those assets. Restricted-pensions represents resources restricted for pension net items relating to the District's pension plan. Unrestricted represents the net amount of the assets, defined outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investments in capital assets or the restricted component of net position, including board-designated amounts. The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

#### ***Operating and Nonoperating Revenues***

Operating revenues of the District include 9-1-1 service fees. Operating expenses include expenses incurred for activities relating to the provision of 9-1-1 services. Nonoperating revenues/expenses include nonexchange and exchange-like transactions which include transactions for which cash flows are generally reported as capital and related financing activities, noncapital financing activities or investing activities on the statement of cash flows.

#### ***Income Tax***

The District is exempt from federal income taxes under Section 115 of the Internal Revenue Code (IRC).

#### ***Defined Benefit Pension Plan***

The District's defined benefit pension plan, Bexar Metro 9-1-1 Network Retirement Plan (Pension Plan), provides retirement, disability and death benefits to plan members and beneficiaries. The Pension Plan participates in the Texas County and District Retirement System Retirement Plan (TCDRS Retirement Plan), an agent multiple employer defined benefit pension plan administered by the Texas County and District Retirement System (TCDRS) that serves 252 Texas counties and 425 diverse districts. TCDRS was established by the Texas Legislature pursuant to Section 67 of Article XVI of the Texas Constitution. The governing statute that permits the participation and that dictates the provisions and any amendment thereof is Subtitle F, Title 8, Government Code (TCDRS Act). The authority for the Pension Plan lies with the District's Board of Directors. TCDRS issues a publicly available actuarial valuation report of the TCDRS Retirement Plan that includes financial information and the required supplementary information. A separate report is publicly available for each participating county and district, including the Pension Plan and its financial information and required supplementary information. These reports may be obtained from the TCDRS website.

**Bexar Metro 9-1-1 Network**  
**Notes to Financial Statements**  
**September 30, 2018**

Pension Plan members are required to contribute 7 percent of their annual covered salary. The District is required to contribute at an actuarially determined rate consisting of a normal cost rate and unfunded actuarially accrued liability rate. For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. 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.

***Estimates in the Financial Statements***

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, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures 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.

***Revenue Recognition***

Service fee revenues are recognized when earned for both landline and wireless fees.

***Risk Management***

The District is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters.

**Note 2: Economic Dependency and Concentration of Credit Risk**

Service fees are levied by the District on telephone customers within the participating jurisdictions. These fees are collected from customers and remitted to the District by the telephone companies providing services to the area. All service fees receivable are derived from these sources and management believes all are fully collectible. There are currently four incumbent local exchange carriers serving the District as well as numerous competitive local exchange carriers and private switch providers.

# **Bexar Metro 9-1-1 Network**

## **Notes to Financial Statements**

### **September 30, 2018**

For the year ended September 30, 2018, the landline service fees were standardized across all three counties at \$0.22 for residential, \$0.51 for business lines and \$0.77 for business trunks. The telephone companies were permitted to retain 1 percent of the fees as an administrative fee

For the year ended September 30, 2018, all wireless telephone service providers were required to collect a monthly service fee in the amount of \$0.50, per subscriber, which is remitted to the comptroller and then distributed by the Commission on State Emergency Communications (CSEC). CSEC distributes these fees to 9-1-1 jurisdictions using a calculation based upon the jurisdiction's population as a percentage of the entire population of the state of Texas. The wireless telephone companies were permitted to retain 1 percent of these fees as an administrative fee. For the year ended September 30, 2018, approximately 81 percent of revenues were derived from wireless service fees.

Maintenance on the networks and databases requires significant expense. For the year ended September 30, 2018, approximately 38 percent of the total expenses incurred were for operating and maintaining the networks and databases necessary for continued operation of the District.

#### **Note 3: Cash and Cash Equivalents**

The District's deposit and investment policy requires that deposits be either insured or collateralized with securities in its name; thus, it is not exposed to custodial credit risk.

At September 30, 2018, the carrying amount and the bank balance of the District's cash and cash equivalents was \$10,104,809. The District's cash and cash equivalents are comprised of demand deposits and money market accounts which are either insured or collateralized with securities held by the Federal Reserve Bank in the District's name.

#### **Note 4: Escrow Deposit**

Effective July 29, 2016, the District entered into an escrow agreement to purchase its network and communication equipment and software for the new Quarry Run facility funded under a capital lease. At September 30, 2018, the balance in the escrow account was \$17,370.

**Bexar Metro 9-1-1 Network**  
**Notes to Financial Statements**  
**September 30, 2018**

**Note 5: Property and Equipment**

For the year ended September 30, 2018, the amount of property and equipment purchased and the amount of assets disposed of was as follows:

<b>Asset Class</b>	<b>Balance at 2017</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance at 2018</b>
Assets being depreciated				
Furniture	\$ 1,707,980	\$ -	\$ 107,940	\$ 1,600,040
Office equipment	1,604,984	34,731	34,115	1,605,600
Computer equipment	4,901,612	5,529,413	-	10,431,025
Software	431,234	150,365	51,809	529,790
Building	54,564,403	395,543	16,758	54,943,188
Land and land improvements	4,712,693	43,620	-	4,756,313
Vehicle	152,702	-	-	152,702
<b>Total</b>	<b><u>\$ 68,075,608</u></b>	<b><u>\$ 6,153,672</u></b>	<b><u>\$ 210,622</u></b>	<b><u>\$ 74,018,658</u></b>

For the year ended September 30, 2018, the accumulated depreciation and amortization and the amount of expense recorded were as follows:

<b>Asset Class</b>	<b>Balance at 2017</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance at 2018</b>
Furniture	\$ 387,535	\$ 222,128	\$ 107,940	\$ 501,723
Office equipment	854,838	173,583	34,115	994,306
Computer equipment	1,622,143	1,152,403	-	2,774,546
Software	421,000	69,131	51,809	438,322
Building	1,169,143	1,408,787	16,758	2,561,172
Land and land improvements	139,668	15,452	-	155,120
Vehicle	60,735	36,739	-	97,474
<b>Total</b>	<b><u>\$ 4,655,062</u></b>	<b><u>\$ 3,078,223</u></b>	<b><u>\$ 210,622</u></b>	<b><u>\$ 7,522,663</u></b>

**Note 6: Retirement Savings Plan**

Eligible District employees may participate in the United States Conference of Mayors Deferred Compensation Program (Plan). The Plan is qualified under Section 457 of the Internal Revenue Code (IRC). The Plan provides municipal employees with an officially sponsored and monitored supplemental retirement and savings plan. Under the Plan, employees may contribute and defer a portion of their salary before federal income taxes. Voluntary contributions may be made at the

**Bexar Metro 9-1-1 Network**  
**Notes to Financial Statements**  
**September 30, 2018**

discretion of the District. For the year ended September 30, 2018, the District made contributions to the Plan of \$80,414.

**Note 7: Pension Plan**

***Plan Description***

The District’s agent multi-employer defined benefit pension plan is separately administered by the Texas County District Retirement System (TCDRS). TCDRS is governed by a 9-member Board comprised of system members and retirees appointed by the Governor of the State of Texas and confirmed by the Texas Senate. TCDRS acts as a common, independent investment and administrative agent for the District. In a defined benefit plan, pension benefits are actuarially determined by a member’s age at retirement, number of years of service credit and final compensation as calculated under the Plan document. The Plan does not issue a separate report that includes financial statements and required supplementary information for the Plan. 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, P.O. Box 2034, Austin, Texas 78768-2034 or from the website [www.tcdrs.org](http://www.tcdrs.org).

***Benefits Provided***

During employment, employees contribute 7 percent compensation to the Plan. At the time a pension benefit is payable, a member’s accumulated personal contribution and accrued interest are matched by the District at a 200 percent level. This matching is only activated at death, disability or retirement. Benefits are payable based on the member’s election of eight payout options. Payments, once elected, are guaranteed for life. Members are 100 percent vested in their contribution to the Plan.

***Contributions***

The District’s contribution is actuarially determined to provide a specific level of benefit. The employee’s contribution rate is set at 7 percent with the District’s rate determined through actuarial valuation. The District’s elected contribution rate was 10 percent for 2018 as a percentage of covered payroll, which exceeded the rate determined actuarially. Employee contributions for the fiscal year ended September 30, 2018, were \$126,897, Employer contributions for the fiscal year ended September 30, 2018, were \$431,281.

***Membership***

Membership in the Plan by membership class at the measurement date of December 31, 2017, is as follows:

Inactive employees or beneficiaries currently receiving benefits	5
Active employees	18
	23
	23

**Bexar Metro 9-1-1 Network**  
**Notes to Financial Statements**  
**September 30, 2018**

**Net Pension Asset**

The District's net pension asset was measured at December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

**Assumptions**

As of the latest measurement date of December 31, 2017, the significant actuarially assumptions used in the valuation included:

Investment rate of return (net of administrative expenses)	8.0%
Discount rate	8.1%
Projected salary increases	4.9%
Inflation adjustment	2.75%
Mortality	RP-2000 Active Employee Mortality Table

The pension Plan's unfunded actuarial accrued liability or asset is being amortized as a level percentage of covered payroll on an open basis. The amortization period as of January 1, 2018, is 30 years.

Changes in the total pension asset, Plan fiduciary position and the net pension asset were as follows:

Changes in Net Pension Liability	Total Pension Liability <sup>(a)</sup>	Increase/(Decrease) Fiduciary Net Position <sup>(b)</sup>	Net Pension Asset <sup>(a)-(b)</sup>
Balances as of beginning of year	\$ 7,057,877	\$ 7,885,517	\$ (827,640)
Changes for the year			
Service cost	262,145	-	262,145
Interest on total pension liability	586,665	-	586,665
Effect of Plan changes	1,311,329	-	1,311,329
Effect of economic/ demographic gains or losses	(30,691)	-	(30,691)
Effect of assumptions changes or inputs	(118,930)	-	(118,930)
Benefit payments	(157,551)	(157,551)	-
Administrative expenses	-	(6,280)	6,280
Member contributions	-	126,897	(126,897)
Net investment income	-	1,157,454	(1,157,454)
Employer contributions	-	431,281	(431,281)
Other	-	5,310	(5,310)
Balances as of end of year	<u>\$ 8,910,844</u>	<u>\$ 9,442,628</u>	<u>\$ (531,784)</u>

**Bexar Metro 9-1-1 Network**  
**Notes to Financial Statements**  
**September 30, 2018**

***Rate of Return on Pension Plan Investments***

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant. The numbers shown are based on January 2018 information for a 10-year time horizon. The target allocations and best estimates of rates of return for each major asset class are summarized below:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Geometric Real Rate of Return Minus Inflation</b>
U.S. Equities	11.50%	4.55%
Private Equity	16.00%	7.55%
Global Equities	1.50%	4.85%
International Equities - Developed	11.00%	4.55%
International Equities - Emerging	8.00%	5.55%
Investment Grade Bonds	3.00%	0.75%
Strategic Credit	8.00%	4.12%
Direct Lending	10.00%	8.06%
Distressed Debt	2.00%	6.30%
REIT Equities	2.00%	4.05%
Master Limited Partnerships	3.00%	6.00%
Private Real Estate Partnerships	6.00%	6.25%
Hedge Funds	18.00%	4.10%

***Discount Rate***

The discount rate used to measure the total pension asset was 8.1 percent. Based on Plan funding expectations, the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years. Based on this assumption, the discount rate for purposes of calculating the total pension asset/liability and net pension asset/liability is equal to the long-term assumed rate of return on investments.

**Bexar Metro 9-1-1 Network**  
**Notes to Financial Statements**  
**September 30, 2018**

***Sensitivity to Interest Rate Change***

The following presents the resulting net pension asset calculated using the discount rate of 8.1 percent, as well as what the District's net pension asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease <u>7.10%</u>	Current Discount Rate <u>8.10%</u>	1% Increase <u>9.10%</u>
District's net pension asset (liability)	\$ (668,774)	\$ 531,784	\$ 1,537,611

***Pension Expense***

For the year ended September 30, 2018, the District reported pension expense as follows:

Service cost	\$ 262,145
Interest on total pension liability	586,665
Effect of Plan changes	1,311,329
Administrative expenses	6,280
Member contributions	(126,897)
Expected investment return net of investment expenses	(654,598)
Recognition of economic/demographic gains or losses	(11,286)
Recognition of assumption changes or inputs	(8,869)
Recognition of investment gains or losses	108,863
Other	<u>(5,309)</u>
Pension expense	<u>\$ 1,468,323</u>

***Deferred Outflows and Inflows of Resources***

As of September 30, 2018, deferred outflows of resources are as follows:

Differences between expected and actual experience	\$ 70,971
Changes in assumptions	32,485
Net difference between projected and actual earnings	5,349
Contributions made subsequent to the measurement date	<u>148,855</u>
	<u>\$ 257,660</u>

**Bexar Metro 9-1-1 Network**  
**Notes to Financial Statements**  
**September 30, 2018**

As of September 30, 2018, deferred inflows of resources are as follows:

Differences between expected and actual experience	\$ 121,632
Changes in assumptions	101,940
	\$ 223,572
	\$ 223,572

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

Year ended September 30,	
2019	\$ 88,709
2020	64,778
2021	(108,032)
2022	(127,565)
2023	(11,284)
Thereafter	(21,374)
	\$ (114,768)

At September 30, 2018, the District reported \$148,855 as deferred outflows relating to pension contributions subsequent to the measurement date and prior to year-end. This amount will be recognized as an addition to the net pension asset at September 30, 2018.

**Note 8: Long-term Liabilities**

The following is a summary of long-term lease obligation transactions for the District for the year ended September 30, 2018:

	2018				
	Beginning Balance	Additions	Repayments	Ending	Current
Capital lease obligations	\$ 2,034,692	\$ -	\$ 728,869	\$ 1,305,823	\$ 678,231
Total capital leases	\$ 2,034,692	\$ -	\$ 728,869	\$ 1,305,823	\$ 678,231

**Bexar Metro 9-1-1 Network**  
**Notes to Financial Statements**  
**September 30, 2018**

**Capital Lease Obligations**

The District is obligated under leases accounted for as capital leases. The escrow deposit which was funded by the capital lease at September 30, 2018, totaled \$3,492,430, net of accumulated depreciation of \$2,077,609. Interest over the term of the lease of \$151,912 was paid by the equipment vendor under a special financing promotion. Therefore, no interest payments are included in the payment schedule. The following is a schedule by year of future minimum lease payments under the capital lease as of September 30, 2018:

<b>Year Ending September 30,</b>	
2019	\$ 678,231
2020	<u>627,592</u>
Total minimum lease payments	<u><u>\$ 1,305,823</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**Bexar Metro 9-1-1 Network**  
**Schedule of Changes in the Net Pension Asset**  
**December 31, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>				
Service cost	\$ 262,145	\$ 199,303	\$ 175,284	\$ 172,766
Interest (includes interest on service cost)	586,665	500,717	447,716	399,293
Effect of Plan changes	1,311,329	511,203	(13,339)	-
Effect of economic/demographic (gains) or losses	(30,691)	70,634	(166,819)	47,876
Effect of assumptions changes or inputs	(118,930)	-	56,849	-
Benefit payments, including refunds of member contributions	<u>(157,551)</u>	<u>(112,478)</u>	<u>(61,381)</u>	<u>(28,611)</u>
Net change in total pension liability	1,852,967	1,169,379	438,310	591,324
Total pension liability - beginning	<u>7,057,877</u>	<u>5,888,498</u>	<u>5,450,187</u>	<u>4,858,863</u>
Total pension liability - ending	<u>\$8,910,844</u>	<u>\$7,057,877</u>	<u>\$ 5,888,497</u>	<u>\$ 5,450,187</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 431,281	\$ 418,452	\$ 393,575	\$ 395,313
Contributions - employee	126,897	117,917	100,503	101,719
Net investment income	1,157,454	514,616	(292,879)	384,709
Benefit payments, including refunds of member contributions	(157,551)	(112,478)	(61,381)	(28,611)
Administrative expense	(6,280)	(5,591)	(4,955)	(4,921)
Other	<u>5,310</u>	<u>40,842</u>	<u>(7,252)</u>	<u>(5,442)</u>
Net change in Plan fiduciary net position	1,557,111	973,758	127,611	842,767
Plan fiduciary net position - beginning of year	<u>7,885,517</u>	<u>6,911,759</u>	<u>6,784,149</u>	<u>5,941,382</u>
Plan fiduciary net position - end of year	<u>\$9,442,628</u>	<u>\$7,885,517</u>	<u>\$ 6,911,760</u>	<u>\$ 6,784,149</u>
Plan fiduciary net position as a percentage of the total pension liability	\$ (531,784) 106%	\$ (827,640) 112%	\$ (1,023,263) 117%	\$ (1,333,962) 124%
Covered employee payroll	\$1,812,811	\$1,684,522	\$ 1,435,750	\$ 1,453,127
District's net pension liability as a percentage of covered employee payroll	-29.33%	-49.13%	-71.27%	91.80%

**Note to schedule:** This schedule is intended to display the most recent 10 years of data for annual changes in the net pension asset. Until such time has elapsed after implementing GASB Statement No. 68, this schedule will only present information from those years that are available.

**Bexar Metro 9-1-1 Network**  
**Schedule of Contributions**  
**Year Ended September 30, 2018**

Year Ended September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2018	\$ -	\$ 455,791	\$ (455,791)	\$ 2,306,273	19.8%
2017	\$ -	\$ 426,697	\$ (426,697)	\$ 1,931,977	22.1%
2016	\$ 13,622	\$ 157,935	\$ (144,313)	\$ 1,661,228	9.5%
2015	\$ 76,380	\$ 392,390	\$ 66,010	\$ 1,506,490	9.5%

**Notes to Schedule:**

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available. Information presented in this schedule has been determined as of the District's fiscal year-end (September 30) in accordance with GASB 68.

**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 Normal
Amortization method	Level percentage of covered payroll, closed period
Remaining amortization period	0.0 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by age and service. 3.25% average over career including inflation
Investment rate of return	8.10%, 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** – In the 2017 actuarial valuation, 130% of 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 Plan Provisions Reflected in the Schedule** – Effective with the 2017 calendar year, employer contributions reflect that a 1 percent flat COLA was adopted. Also, new Annuity Purchase Rates were reflected for benefits earned after 2017.