

Hays County Emergency Services District #9

Communication to the Board

September 30, 2020

JANSEN AND GREGORCZYK

Certified Public Accountants

P.O. Box 1778

Kyle, TX 78640

March 29, 2021

To the Board of Commissioners
Hays County Emergency Services District #9

We have audited the financial statements of Hays County ESD #9 ("The District") for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 15, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. A copy of all adjustments are included as an attachment to this letter.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 29, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Commissioners of The District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,


Jansen and Gregorczyk

Hays County Emergency Services District No. 9

Corrected Misstatements

September 30, 2020

DATE	NUM	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
09/30/2020	Audit AJE	To record net accrual on deferred income	Taxes Receivable	\$23,197.00	
		To record net accrual on deferred income	Deferred Income		\$23,197.00
				\$23,197.00	\$23,197.00
TOTAL				\$23,197.00	\$23,197.00

**Hays County
Emergency Services District #9**

**Annual Financial Report
For the Year Ending**

September 30, 2020

JANSEN AND GREGORCZYK

Certified Public Accountants
P.O. Box 1778 Kyle, TX 78640

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Hays County Emergency Services District #9

We have audited the accompanying financial statements of the governmental activities of Hays County Emergency Services District #9 (the District), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Hays County Emergency Services District #9, as of September 30, 2020, and the respective changes in financial position thereof 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 budgetary comparison information on pages 3-5 and 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Jensen and Gregorczyk
Kyle, Texas

March 29, 2021

HAYS COUNTY EMERGENCY SERVICES DISTRICT #9 MANAGEMENT’S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

Our discussion and analysis of the Hays County Emergency Services District #9’s (the District’s) financial performance provides an overview of the District’s financial activities for the year ended September 30, 2020. Please read it in conjunction with the District’s financial statements, which follow this section.

The financial report consists of three parts: Management’s Discussion and Analysis (this section), the financial statements, and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- During the year, the District had expenses of \$2,734,426 compared to total revenues of \$2,957,831 resulting in an increase in net assets of \$223,405 for the year ended September 30, 2020.
- The District’s cash and investments balance increased by \$202,833 for the fiscal year.
- The District contributed \$2,621,139 for EMS purposes.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements: The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District’s finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

Reporting the District as a Whole

One of the most important questions asked about the District’s finances is, “Is the District as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities provide information about the District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District’s *net position* and changes in them. You can think of the District’s net position—the difference between assets and liabilities—as one way to measure the District’s financial health, or *financial position*. Over time, increases or decreases in the District’s net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District’s property tax to assess the *overall health* of the District.

THE DISTRICT AS A WHOLE

The District’s total net assets increased by \$223,405 in the year ended September 30, 2020. Our analysis of the District’s activities below focuses on net assets (Table 1) and the changes in net position (Table 2).

Table 1

	<u>2020</u>	<u>2019</u>
Current Assets	\$ 1,207,341	\$ 981,261
Total Assets	<u>1,207,341</u>	<u>981,261</u>
Current /Noncurrent Liabilities	<u>2,675</u>	<u>-</u>
Total Liabilities	<u>2,675</u>	<u>-</u>
Net Assets:		
Unreserved	<u>1,204,666</u>	<u>981,261</u>
Total Net Position	<u>1,204,666</u>	<u>981,261</u>

Table 2

Revenues		
Ad Valorem Taxes	\$ 2,953,608	\$ 2,626,741
Interest & Misc. Income	<u>4,223</u>	<u>21,298</u>
	<u>2,957,831</u>	<u>2,648,039</u>
Expenses		
District Contract Expenses	2,621,139	2,449,190
ESD 5 Cost Sharing	35,000	42,150
Professional Services	24,162	25,532
Election Costs	27,436	-
Tax Collection Fees	20,428	21,417
Training	3,492	1,789
Insurance	<u>2,769</u>	<u>2,569</u>
Total Expenses	2,734,426	2,542,647
Change in Net Position	223,405	105,392
Net Position - Beginning	<u>981,261</u>	<u>875,869</u>
Net Position - Ending	<u>\$ 1,204,666</u>	<u>\$ 981,261</u>

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements were \$1,204,666 at September 30, 2020.

The District has sufficient revenues to pay expenses of the District.

Fund Budgetary Highlights

The Board of Commissioners did not make budget increases during the year. The analysis of the budget is reflected on the Schedule of Revenues, Expenditures and Changes in Net Position-Budget and Actual-(Non-GAAP Budgetary Basis) following the Notes to the Financial Statements.

Revenues over expenses increased by \$142,677 during the year. Expenditures were \$142,512 less than budget and revenue was \$165 more than budgeted mainly due to budgeting for a reserve and there was no expense.

Capital Asset and Debt Administration

Capital Assets

The District had no fixed assets as of September 30, 2020.

Debt Administration

The District had no debt as of September 30, 2020.

Economic Factors and Budgets and Rates

The District's appointed officials considered many factors when setting the fiscal year 2019 budget and tax rates. One of those factors is the economy and estimated needs to operate the District in the coming year.

This part of the county continues to grow, which provides some property tax revenue growth to offset inflationary trends in operating costs. As with many local government entities, the growth provides funding to help offset inflationary trends with existing programs, but it often leaves little funds available for new or enhanced programs or services.

Contacting the District's Financial Management

This financial report is designed to provide the taxpayers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's office at:

Carla Sisk, Treasurer
Hays County ESD#9
210 W. Moore St.
Kyle, TX 78640

Hays County Emergency Services District #9
Statement of Net Position and Governmental Funds Balance Sheet
As of September 30, 2020

	General Fund	Adjustments (Note 5)	Statement of Net Assets
ASSETS			
Cash	\$ 198,900		\$ 198,900
Investments	947,927		947,927
Taxes receivable	60,514	-	60,514
Total Assets	\$ 1,207,341	\$ -	\$ 1,207,341
LIABILITIES			
Current Liabilities:			
Accounts Payable	2,675	-	2,675
Total liabilities	2,675	-	2,675
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	60,514	(60,514)	-
FUND BALANCES/NET POSITION			
Fund Balances			
Fund balance - unassigned	1,144,152	(1,144,152)	
	\$ 1,207,341		
NET POSITION			
Unrestricted		1,204,666	1,204,666
TOTAL NET POSITION			\$ 1,204,666

See accompanying notes to the financial statements

Hays County Emergency Services District #9
Statement of Activities and Governmental Funds Statement
of Revenues, Expenditures and Changes in Fund Balances
For the Year ended September 30, 2020

	General Fund	Adjustments (Note 5)	Statement of Activities
Expenses:			
District Contract Expenses	\$ 2,621,139		\$ 2,621,139
Tax Services	20,428	-	20,428
ESD 5 Cost Share Expenses	35,000		35,000
Professional Services	24,162		24,162
Election Costs	27,436		27,436
Training	3,492		3,492
Insurance	2,769		2,769
Total expenses	<u>\$ 2,734,426</u>		<u>\$ 2,734,426</u>
General revenues:			
Ad Valorem Tax Revenues	2,930,411	23,197	2,953,608
Interest Income	4,223		4,223
Total general revenue	<u>\$ 2,934,634</u>		<u>\$ 2,957,831</u>
Change in net position/fund balance	200,208	24,786	223,405
Net position/fund balance - beginning	943,944		981,261
Net position/fund balance - ending	<u><u>\$ 1,144,152</u></u>		<u><u>\$ 1,204,666</u></u>

See accompanying notes to the financial statements

Hays County Emergency Services District #9

Notes to the Financial Statements

For The Year Ending September 30, 2020

Note 1 Summary of Significant Accounting Policies

The accounting policies of the Hays County Emergency Services District #9 (the District) conform to generally accepted accounting principles (GAAP) in the United States of America applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's policies are described below.

A. The Reporting Entity

Hays County ESD #9 is the local government agency responsible for Emergency Medical Services to a large portion of eastern and southern Hays County, including the Cities of Kyle, Umland and Neiderwald. ESD #9 was approved by voters in the 2016 November general election and began contracting for services with San Marcos Hays County EMS on Feb 1st 2018.

Hays County ESD #9 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 these requirements for inclusion in Hays County ESD #9 financial statements.

The District is governed by a five-member board of emergency services commissioners (the Board) appointed for two-year terms by the Hays County Commissioners. The Board sets the budget and tax rate within limits authorized by Chapter 775 of the Health and Safety Code.

B. Government-Wide Financial 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 primarily by ad valorem taxes. The Statement of Activities demonstrates how the District used revenue.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Interest and taxes associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the District receives cash.

D. Cash and Cash Equivalents

Cash and cash equivalents are short-term highly liquid investments 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.

E. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. 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. When both unassigned and committed or assigned funds are available for expenditure, committed or assigned funds are used first.

F. 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 amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

G. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The District reported unavailable revenue in the form of property taxes as Deferred Inflows of Resources in the Statement of Net Position. Deferred Inflows arise when potential revenue does not meet both the

measurable and available criteria for recognition in the current period. In general, monies received within thirty-one days after year-end are considered to have been for prior year services.

Note 2 – Cash Deposits and Investments

The District’s deposits exposed to concentrations of credit risk consist of cash, which is deposited in one major financial institution. At September 30, 2020, the carrying amount of the District’s cash deposits was \$1,146,827 and the bank balance was \$1,147,927. The District has pledged securities for amounts in excess of FDIC coverage.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Interest Rate Risk. The District does have a formal investment policy in place. The District’s cash and cash equivalents are currently invested in short-term instruments such as certificates of deposits, money market funds and an interest-bearing checking account.

Note 3 - Property Taxes

The District has the authority to levy a tax to a maximum of \$.10 per \$100 of value. 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, 2018 levy was \$.0598 per \$100 of value. Taxes are due on receipt of the bill and are delinquent if not paid before February 1 of the year following the levy. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Taxes are billed and collected by the Hays County Tax Assessor-Collector.

Note 4 – Adjustments to Convert Fund Statements to Government-Wide

Unrestricted fund balance - governmental fund	\$ 1,144,152
Increase net position for capital assets not reported in the governmental funds	-
Debt service not included in general fund	-
Taxes receivables deferred in the fund financial statements and in the government-wide financial statements	60,514
Net position - governmental activities	<u>\$ 1,204,666</u>
Net change in fund balance - governmental fund	200,208
Capital outlays recognized as expenditures in the fund financial statements	-
Depreciation expense not recognized in the fund financial statements	-
Long-term debt principal payments are recognized as expenditures in the fund financial statements	-
Interest expense not recognized in the General Fund	-
Net increase in tax receivable deferred in the fund financial statements and not in the government-wide financial statements	23,197
Change in net position - governmental activities	<u>\$ 223,405</u>

NOTE 5 – Budget Variances

The District adopts an annual budget for the General Fund. The District amends the budget as needed during the year. There were no current year amendments. Certain revenue and expenses were different than budgeted, resulting in a lower than budgeted fund balance.

NOTE 7 – Subsequent Events

The board has reviewed subsequent events from year end to the date of this report, March 29, 2021 and no material issues were found.

Due to Covid-19, it is not possible to know what the financial implication may be on the District.

SUPPLEMENTARY SCHEDULES

Hays County Emergency Services District #9
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:				
Ad Valorem Tax Revenues	\$ 2,934,469	\$ 2,934,469	\$ 2,930,411	\$ (4,058)
Interest Income	-	-	4,223	4,223
Total general revenue	<u>2,934,469</u>	<u>2,934,469</u>	<u>2,934,634</u>	<u>165</u>
Expenditures:				
District Contract Expenses	2,621,138	2,621,138	2,621,139	(1)
Tax Services	24,500	24,500	20,428	4,072
ESD 5 Cost Share Expenses	35,000	35,000	35,000	-
Professional Services	29,000	29,000	24,162	4,838
Training	1,800	1,800	3,492	(1,692)
Election Costs	40,000	40,000	27,436	12,564
Insurance	3,000	3,000	2,769	231
Reserve	122,500	122,500	-	122,500
Total Expenditures:	<u>2,876,938</u>	<u>2,876,938</u>	<u>2,734,426</u>	<u>142,512</u>
Net change in fund balance	57,531	57,531	200,208	142,677
Beginning fund balance	<u>943,944</u>	<u>943,944</u>	<u>943,944</u>	<u>-</u>
Ending fund balance	<u>\$ 1,001,475</u>	<u>\$ 1,001,475</u>	<u>\$ 1,144,152</u>	<u>\$ 142,677</u>