

**NORTH HAYS COUNTY  
EMERGENCY SERVICES DISTRICT #1**

**Financial Statements & Auditor's Report**  
For the Fiscal Year Ended  
September 30, 2021

# williams steinert mask

*Certified Public Accountants and Advisors*

## Independent Auditor's Report

Board of Directors  
North Hays County Emergency Services District #1  
PO Box 1604  
Dripping Springs, Texas 78620

We have audited the accompanying financial statements of the governmental activities of the North Hays County Emergency Services District #1 (the District) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the North Hays County Emergency Service District #1's basic financial statements as listed in the table of contents.

### 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 of 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 governmental activities of the District as of September 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America requires that the management's discussion and analysis, and budgetary comparison be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 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.

*Williams, Steinert, Mask, LLP*

Williams, Steinert, Mask, LLP  
January 5, 2022  
San Antonio, Texas

# NORTH HAYS COUNTY EMERGENCY SERVICES DISTRICT #1

## MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2021

### Using this Annual Report

Within this section of the North Hays County Emergency Services District #1's (the District) annual report, the District's Board of Directors provide narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2021. This analysis should be read in conjunction with the basic financial statements that follow this section.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of five components: (1) the independent auditor's report; (2) management's discussion and analysis (MD & A); (3) the government wide financial statements; (4) the fund financial statements and; (5) the notes to the financial statement. This report also contains other required supplementary information in addition to the basic financial statements themselves.

### Government-Wide Financial Statements

The *government-wide financial statements* report information for the District as a whole. These statements include transactions and balances relating to all assets, including capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the District as an economic entity. The Statement of Net Position and the Statement of Activities report information on the District's activities that enable the reader to understand the financial condition of the District. These statements are prepared 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 even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over a period of time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other non-financial factors, such as the District's property tax base and the condition of the infrastructure, need to be considered in order to assess the overall health of the District.

The Statement of Activities presents information showing how the District's net position changed during the 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods. This may include uncollected taxes and other revenues or expenses that are appropriated for the current year even though cash is not received or expended until the following year.

### Fund Financial Statements

Funds may be considered as operating companies of the parent corporation (the District). Funds are segregated by specific activity. The District uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The District uses only the governmental fund.

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows* of spendable resources, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements.

# NORTH HAYS COUNTY EMERGENCY SERVICES DISTRICT #1

## MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2021

### Fund Financial Statements (continued)

#### Governmental Funds(continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The District maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund. The District adopts an annual non-appropriated budget for the general fund. A budgetary comparison schedule has been provided to demonstrate compliance with the budget.

### Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

### Financial Analysis of the District as a Whole

The District's overall financial position and operations for the past year is summarized as follows based on the information included in the government-wide financial statements.

#### Financial Highlights and Analysis

- The assets of the District exceeded its liabilities at the close of the fiscal year by \$6,093,575.
- The District's net position increased during the year by \$2,222,108.
- The District's property tax revenues, including penalty and interest collections, increased by \$282,256.
- The District's sales tax revenues increased by \$1,033,012.

### Overall Financial Position of the District

The following condensed financial statements present the District's overall financial position and operations for the current year and the preceding year. The government-wide financial statements are shown first followed by the governmental fund financial statements.

**NORTH HAYS COUNTY EMERGENCY SERVICES DISTRICT #1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2021**

**Government-Wide Financial Statements**

**Summary of Net Position**

	2021	2020
Assets		
Cash and investments	\$ 5,299,452	3,218,323
Capital assets (net)	743,055	590,116
Taxes receivable (net)	38,702	39,913
Other current assets	23,115	23,115
<b>Total Assets</b>	<b>\$ 6,104,324</b>	<b>3,871,467</b>
Liabilities		
Accounts payable	\$ 10,749	-
Net position		
Net investments in capital assets	743,055	590,116
Unrestricted	5,350,520	3,281,351
<b>Total Net Position</b>	<b>6,093,575</b>	<b>3,871,467</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 6,104,324</b>	<b>3,871,467</b>

**Summary of Statement of Activities**

	2021	2020
Revenues		
Taxes, penalties and interest	\$ 4,399,425	3,080,777
Investment income	4,269	27,611
Other income	4,995	-
<b>Total Revenues</b>	<b>4,408,689</b>	<b>3,108,388</b>
Expenses		
Service	1,552,289	1,522,104
Administration	331,343	300,579
Tax collection expense	157,726	27,154
Depreciation	145,223	182,166
<b>Total Expenditures</b>	<b>2,186,581</b>	<b>2,032,003</b>
Excess of revenues over expenditures	2,222,108	1,076,385
Gain on sale of assets	-	1,236
<b>Change in Net Position</b>	<b>2,222,108</b>	<b>1,077,621</b>
Net position, beginning of year	3,871,467	2,793,846
Net position, end of year	<b>\$ 6,093,575</b>	<b>3,871,467</b>

**NORTH HAYS COUNTY EMERGENCY SERVICES DISTRICT #1**

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2021

**Capital Assets and Cash**

Capital assets held by the District at the end of the current fiscal year are summarized as follows:

	<u>Capital Assets</u>	
	2021	2020
Land	\$ 273,715	65,870
Building and leaseholds	189,118	189,118
Vehicles	639,798	639,798
Equipment - electronics	490,475	424,598
Furniture and fixtures	9,095	9,095
Construction in Progress	24,440	-
	<u>1,626,641</u>	<u>1,328,479</u>
Less accumulated depreciation	(883,586)	(738,363)
Net capital assets	<u>\$ 743,055</u>	<u>590,116</u>

	<u>Cash and Investments</u>	
	2021	2020
Broadway Bank	\$ 337,465	213,174
Texpool Investments	4,961,987	3,005,149
<b>Total</b>	<u>\$ 5,299,452</u>	<u>3,218,323</u>

**NORTH HAYS COUNTY EMERGENCY SERVICES DISTRICT #1**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2021

**Governmental Fund Financial Statements**

**Summary of Governmental Funds Balance Sheet**

	2021	2020
Assets		
Current and other assets	\$ 5,299,452	3,218,323
Taxes receivable (net)	38,702	39,913
Other assets	23,115	23,115
<b>Total Assets</b>	<b>\$ 5,361,269</b>	<b>3,281,351</b>
Liabilities and Deferred Inflow of Resources		
Accounts payable	\$ 10,749	-
Deferred Inflow of Resources		
Deferred inflow of resources	30,018	31,245
<b>Total Liabilities and Deferred Inflows</b>	<b>30,018</b>	<b>31,245</b>
Fund Balance		
Unrestricted	5,320,502	3,250,106
<b>Total Fund Balance</b>	<b>5,320,502</b>	<b>3,250,106</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 5,361,269</b>	<b>3,281,351</b>

**Summary of Governmental Fund Revenues, Expenditures and Changes in Fund Balance**

	2021	2020
Revenues		
Taxes, penalties and interest	\$ 4,400,652	3,074,297
Investment income	4,269	27,611
Other income	4,995	-
<b>Total Revenues</b>	<b>4,409,916</b>	<b>3,101,908</b>
Expenditures		
Service	1,552,289	1,522,104
Administration	331,343	300,579
Tax collection expense	157,726	27,154
<b>Total Expenditures</b>	<b>2,041,358</b>	<b>1,849,837</b>
Excess of revenues over expenditures	2,368,558	1,252,071
Other financing activities		
Gain on sale of assets	-	1,236
Capital expenditures	(298,162)	(22,869)
Fund balance - beginning of year	3,250,106	2,019,668
Change in fund balance	2,070,396	1,230,438
Fund balance - end of year	<b>\$ 5,320,502</b>	<b>3,250,106</b>



## NORTH HAYS COUNTY EMERGENCY SERVICES DISTRICT #1

### MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2021

#### Economic Factors and Next Year's Budget and Rates

##### **Property Tax Base**

The District's fiscal year 2021 certified taxable value was \$82,104,071. The fiscal year 2021 total adopted tax rate was based on \$0.03/\$100.00 of value.

##### **Budget**

For the fiscal year ending September 30, 2021, the District's budget remained virtually unchanged from the previous fiscal years with the exception of an increase in capital expenditures. The District expects future revenues to show modest increases as the tax base increases.

As a part of the Board creating a long-term strategic plan that will service the greater Dripping Springs and Northwest Hays County areas for the next ten years. It is expected that a large increase in capital additions will be expected in subsequent years as part of the growth to increase the number of service stations located throughout the service area.

**NORTH HAYS COUNTY EMERGENCY SERVICES DISTRICT #1**  
Statement of Net Position and Governmental Funds Balance Sheet  
September 30, 2021

	Governmental Funds	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 337,465	-	337,465
Investments	4,961,987	-	4,961,987
Taxes Receivable, net	30,018	-	30,018
Due from Tax Collector	8,684	-	8,684
Prepaid expenses	15,997	-	15,997
Capital Assets, net	-	743,055	743,055
Other current assets	7,118	-	7,118
<b>Total Assets</b>	<u>5,361,269</u>	<u>743,055</u>	<u>6,104,324</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>			
Accounts payable	10,749	-	10,749
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	30,018	(30,018)	-
<b>Total Deferred Inflows of Resources</b>	<u>30,018</u>	<u>(30,018)</u>	<u>-</u>
<b>Fund Balances</b>			
Unassigned	5,320,502	(5,320,502)	-
<b>Total Liabilities and Fund Balances</b>	<u>\$ 5,361,269</u>	<u>(5,350,520)</u>	<u>-</u>
<b>Net Position</b>			
Net investment in capital assets		743,055	743,055
Unrestricted		5,350,520	5,350,520
<b>Total Net Position</b>		<u>6,093,575</u>	<u>6,093,575</u>

See accompanying notes to financial statements.

**NORTH HAYS COUNTY EMERGENCY SERVICES DISTRICT #1**  
Statement of Activities and Governmental Funds  
Revenue, Expenditures and Changes in Fund Balances  
September 30, 2021

	Governmental Fund	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 2,212,957	(1,227)	2,211,730
Sales taxes	2,175,595	-	2,175,595
Penalties and fees	12,100	-	12,100
Investment earnings	4,269	-	4,269
Other income	4,995	-	4,995
<b>Total Revenues</b>	<b>4,409,916</b>	<b>(1,227)</b>	<b>4,408,689</b>
Expenditures			
Contract services	1,552,289	-	1,552,289
Administrative expenditures	331,343	-	331,343
Tax collection fees	157,726	-	157,726
Depreciation	-	145,223	145,223
<b>Total Expenditures</b>	<b>2,041,358</b>	<b>145,223</b>	<b>2,186,581</b>
Excess (deficiency) of revenues over expenditures	2,368,558	(146,450)	2,222,108
Other Financing Activities			
Capitalized expenses	(298,162)	298,162	-
<b>Total Other Financing Activities</b>	<b>(298,162)</b>	<b>298,162</b>	<b>-</b>
Change in fund balance and net position over expenditures	2,070,396	151,712	2,222,108
Fund Balance and Net Position			
Beginning of the year	3,250,106	774,178	3,871,467
End of the year	\$ 5,320,502	925,890	6,093,575

See accompanying notes to financial statements.

**NORTH HAYS COUNTY EMERGENCY SERVICES DISTRICT #1**

Reconciliation of the Governmental Funds  
to the Statement of Net Position  
September 30, 2021

Total fund balance for governmental funds \$ 5,320,502

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

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds.

Capital assets, net of depreciation 743,055

Other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include adjusting property tax revenue and eliminating unavailable revenue.

30,018

**Net Position in Governmental Activities**

\$ 6,093,575

See accompanying notes to financial statements.

**NORTH HAYS COUNTY EMERGENCY SERVICES DISTRICT #1**  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balance of Governmental Funds  
 September 30, 2021

Net change in fund balances - total governmental funds	\$ 2,070,396
--	--------------

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

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

Capital outlay	298,162
Depreciation	(145,223)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(1,227)
--	---------

<b>Change in Net Position</b>	\$ 2,222,108
-------------------------------	--------------

See accompanying notes to financial statements.

## NORTH HAYS COUNTY EMERGENCY SERVICES DISTRICT #1

Notes to Basic Financial Statements

September 30, 2021

### 1) Creation of District

In 1988 the voters of North Hays County and the Commissioners Court of Hays County, Texas approved the formation of North Hays County Emergency Services District # 1 under Article III, Section 48-E of the Texas Constitution. That District operated under the Health and Safety code found in Chapter 775, Emergency Services Districts.

In a special election on May 2, 1988, the voters elected to create a new district, the Wimberley, Hays County Emergency Services District #3. With the election and separation of the Wimberley District, the remainder of North Hays County Emergency Services District # 1 covers the Dripping Springs area of the county.

### 2) Summary of Significant Accounting Policies

The accounting policies of the District conform to accounting principles generally accepted in the United States of America. The following is a summary of the most significant policies.

#### Reporting Entity

The District is a governmental unit of the state with powers to acquire and sell real and personal property, enter into contracts, impose and collect taxes, accept donations, and to lease, own, maintain and operate and provide emergency services vehicles and other equipment to provide emergency services.

The District has adopted GASB Statement No. 61(*The Financial Reporting Entity: Omnibus*). Using this criteria, the District has no component units.

#### Government-Wide and Fund Financial Statements

The government-wide and fund financial statements are presented on one schedule and are interrelated. The statement of net position and the statement of activities display information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of net position presents the District's nonfiduciary assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. The governmental activities are reported on the full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by revenue. Direct expenses are those that are clearly identifiable with a specific function. Revenue includes (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items are reported as revenues.

# NORTH HAYS COUNTY EMERGENCY SERVICES DISTRICT #1

Notes to Basic Financial Statements

September 30, 2021

## 2) Summary of Significant Accounting Policies (continued)

### Government-Wide and Fund Financial Statements (continued)

The fund financial statements of the District are organized into funds, each of which is considered a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, deferred inflows/outflows, fund balance, revenues and expenditures. Government resources are allocated to and accounted for the purpose of carrying on specific activities in accordance with laws, regulations or other appropriate requirements.

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following is the District's major governmental funds:

The General fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

### Measurement Focus and Basis of Accounting

The government-wide financial statements use 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 the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

Governmental fund financial statements are organized on the basis of funds, each of which is considered to be separate accounting entity. They use the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include interest earned on investments and income from District operations. Property tax revenues are generally recognized in the period for which the tax levy was made. Property taxes receivable at the end of the fiscal year are treated as deferred revenues because they are not considered available to pay liabilities of the current period. The District levies taxes for debt service purposes only, and all related liabilities had been paid by the end of the year.

Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt (if any), which is recognized when due.

### Budget

The budget is adopted by the Board and presented in the accompanying financial statements on the budgetary basis. The budget is not legally binding. Annual appropriations lapse at the end of the fiscal year.

**NORTH HAYS COUNTY EMERGENCY SERVICES DISTRICT #1**

Notes to Basic Financial Statements

September 30, 2021

**2) Summary of Significant Accounting Policies (continued)**

Investments

The District classifies investments, which have a remaining maturity of one year or less at the date of purchase, as money market investments. The District values these funds at cost. The District's certificates of deposit, if any, are recorded also at cost.

Temporary investments consist of deposits in Tex-Pool, which is a public funds investment pool and are stated at cost, which approximates fair value and certificates of deposit at local banks.

Taxes Receivable

All receivables are reported at their gross value and are reduced by the estimated portion that is expected to be uncollectible. The estimated uncollectible is 5% of the outstanding tax receivable. At September 30, 2021, the District's taxes receivable consisted of \$40,739 less an allowance of \$2,037.

Capital Assets

Capital assets, which include land and infrastructure, are reported in the government-wide financial statements. The district defines capital assets as assets with an initial valued cost of \$2,500 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at the estimated fair market value at the date of donation. The District has not capitalized interest incurred during the construction of its capital assets.

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

	Est. Depreciable Life
Vehicles	5 Yrs.
Equipment-Electronic	5 Yrs.
Equipment and Furniture	5 Yrs.

Fund Equity/ Restricted Assets

In the fund financial statements, restricted equity balances represent those portions of fund balance not appropriate for expenditures or legally segregated for a specific future use. Unassigned fund balances represent available balances for the District's future use.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.



**NORTH HAYS COUNTY EMERGENCY SERVICES DISTRICT #1**

Notes to Basic Financial Statements

September 30, 2021

**3) Cash and Temporary Investments**

Cash consists of checking and savings accounts. Investments consist of Tex-Pool. The carrying amounts for cash and temporary investment balances by fund at September 30, 2021, are as follows:

<u>Institution</u>	<u>Balances at End of Year</u>	<u>Interest Earned During Year</u>
Cash and cash equivalents:		
Checking - Broadway	\$ 61,448	-
Savings - Broadway	276,017	28
Temporary Investments:		
TexPool	4,961,987	4,241
	<u>\$ 5,299,452</u>	<u>4,269</u>

Investment Policies

The District has adopted a written investment policy, as required by the Public Funds Investment Act, Chapter 2256, and Texas Government Code. The investments of the District are in compliance with their investment policies.

State statutes and provisions, included in the District's bond resolution, require that all funds invested in depository institutions be covered by federal depository insurance and/or pledged collateral. The types of collateral to be pledged to secure District demand deposits and investments are stated in the District's Investment Policy. Balances in demand accounts and investments were entirely covered by federal depository insurance or pledged collateral held by the District's agent bank in the District's name.

Investment Pool

The State Comptroller of Public Accounts exercises oversight responsibility of Tex-Pool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in Tex-Pool and other persons who do not have a business relationship with Tex-Pool. The Advisory Board members review the investment policy and management fee structure. Tex-Pool is rated AAA by Standard & Poor's. Tex-Pool operates in a manner consistent with the SEC's Rule 2.a.7 of the Investment Company Act of 1940. Tex-Pool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in Tex-Pool is the same as the value of Tex-Pool shares.

Concentration of Credit Risk

The District maintains their cash in bank deposit accounts at a high credit quality financial institution that is insured by the Federal Deposit Insurance Corporation (FDIC). At the end of the fiscal year, the balances maintained in the accounts at this financial institution exceeded the FDIC limits by \$87,465.

**NORTH HAYS COUNTY EMERGENCY SERVICES DISTRICT #1**

Notes to Basic Financial Statements

September 30, 2021

**4) Property Taxes**

All property values and exempt status, if any, are determined by the Hays County Appraisal District. Taxes are levied after receipt of the certified tax roll, are due upon receipt and are delinquent the following January 31<sup>st</sup>, at which time a tax lien attaches to the related property. Penalty and interest attach thereafter.

Property Tax Summary	
Operating taxes as adjusted	\$ 2,463,122
Debt service	-
Total taxes	\$ 2,463,122
Base assessment	\$ 82,104,071
Tax rate = \$3.00/100	

**5) Capital Assets**

A summary of changes in capital assets for the year ended September 30, 2021 is as follows:

	Beginning Balance	Additions	Dispositions	Ending Balance
Land	\$ 65,870	207,845	-	273,715
Building and leaseholds	189,118	-	-	189,118
Vehicles	639,798	-	-	639,798
Equipment	424,598	65,877	-	490,475
Furniture and fixtures	9,095	-	-	9,095
Total	1,328,479	273,722	-	1,602,201
Depreciation	(738,363)	(145,223)	-	(883,586)
Non-depreciable assets	-	24,440	-	24,440
Capital assets	\$ 590,116	152,939	-	743,055

**6) Commitments**

Effective April 1, 2017, the District entered into an agreement with SMHC EMS to provide services related to operations and EMS. Under this contract, SMHC EMS must provide all personnel and administration related to these services.

**7) Risk Management**

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; personal injuries; and natural disasters. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NORTH HAYS COUNTY EMERGENCY SERVICES DISTRICT #1**

Notes to Basic Financial Statements

September 30, 2021

**8) Subsequent Events**

Subsequent events for the District have been reviewed through the date of the financial statements. It has been noted, that as part of the District's plan to expand locations, the District has purchased an additional plot of land in November of 2022.

**NORTH HAYS COUNTY EMERGENCY SERVICES DISTRICT #1**  
 Budgetary Comparison Schedule – Governmental Funds  
 Year Ended September 30, 2021

	Budget	Actual	Variance
Revenues	\$ 2,897,472	4,409,916	1,512,444
Expenses			
Contract Services	1,927,821	1,552,289	375,532
Administrative			
Wages	174,960	105,093	69,867
Payroll Tax	-	7,787	(7,787)
PR Processing	4,229	3,976	253
Accounting Fees	22,000	12,855	9,145
Advertising Fees	5,000	3,284	1,716
Auditing	6,279	7,500	(1,221)
Bank Fees	66	49	17
Dues and Publications	5,215	4,714	501
Equipment maintenance	11,000	18,464	(7,464)
Insurance	5,918	5,863	55
Legal	11,142	16,781	(5,639)
License and permit	20	5,721	(5,701)
Miscellaneous	6,000	-	6,000
Office expense	11,000	11,464	(464)
Opticom	5,645	5,386	259
Postage	60	128	(68)
Professional fees	35,000	9,500	25,500
Rents	40,100	40,100	-
Repairs and maintenance	47,500	46,072	1,428
Telephone	5,000	3,163	1,837
Travel	5,568	4,730	838
Utilities	10,725	12,281	(1,556)
Website & Social Media	6,000	6,432	(432)
Total Admin	418,427	331,343	87,084
Tax Collection			
Appraisal District Fees	13,955	18,026	(4,071)
Tax collector	21,000	139,700	(118,700)
Total tax collection	34,955	157,726	(122,771)
<b>Total Expenses</b>	<b>2,381,203</b>	<b>2,041,358</b>	<b>339,845</b>
Excess (deficiency) of revenues			
over (under) expenditures	516,269	2,368,558	1,852,289
Purch of Cap Assets	(510,000)	(298,162)	211,838
Net change in fund balance	\$ 6,269	2,070,396	2,064,127

**NORTH HAYS COUNTY EMERGENCY SERVICES DISTRICT #1**  
Comparative Schedule of Statement of Revenues and Expenses  
Year Ended September 30, 2021

	2021	2020
Revenues	\$ 4,409,916	3,101,908
Expenses		
Contract Services	1,552,289	1,522,104
Administrative		
Wages	105,093	75,000
Payroll Tax	7,787	6,119
Benefits	-	200
PR Processing	3,976	3,176
Accounting Fees	12,855	19,580
Advertising Fees	3,284	3,165
Auditing	7,500	5,750
Bank Fees	49	43
Dues and Publications	4,714	1,980
Equipment maintenance	18,464	13,303
Insurance	5,863	5,555
Legal	16,781	10,875
License and permit	5,721	2,536
Office expense	11,464	15,413
Opticom	5,386	26,716
Postage	128	60
Professional fees	9,500	-
Recruiting	-	34,051
Rents	40,100	39,600
Repairs and maintenance	46,072	14,576
Telephone	3,163	1,761
Travel	4,730	2,771
Utilities	12,281	18,349
Website & Social Media	6,432	-
Total Admin	331,343	300,579
Tax Collection		
Appraisal District Fees	18,026	13,560
Tax collector	139,700	13,594
Total tax collection	157,726	27,154
<b>Total Expenses</b>	<b>2,041,358</b>	<b>1,849,837</b>
Excess (deficiency) of revenues over (under) expenditures	2,368,558	1,252,071
Gain on Sale	-	1,236
Purchase of Capital Assets	(298,162)	(22,869)
Net change in fund balance	\$ 2,070,396	1,230,438

# williams steinert mask

*Certified Public Accountants and Advisors*

## **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
North Hays County Emergency Services District #1  
PO Box 1604  
Dripping Springs, Texas 78620

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the governmental financial statements of North Hays County Emergency Service District #1 as of September 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated January 5, 2022.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of East Central Special Utility District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of the Report

The purpose of this report is solely to describe the scope of our testing on internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Williams, Steinert, Mask, LLP*

January 5, 2022  
San Antonio, Texas