

HAYS COUNTY EMERGENCY SERVICES DISTRICT #5

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Hays County Emergency Services District #5

We have audited the accompanying financial statements of the governmental activities of Hays County Emergency Services District #5 (the District), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District'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 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 #5, as of September 30, 2013, 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 3-4 and 11 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.



Jansen and Gregorczyk

Kyle, Texas
June 25, 2014

**HAYS COUNTY EMERGENCY SERVICES DISTRICT #5
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
SEPTEMBER 30, 2013**

Our discussion and analysis of the Hays County Emergency Services District # 5 (the District's) financial performance provides an overview of the District's financial activities for the year ended September 30, 2013. 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 expenditures of \$2,040,281 compared to total revenues of \$2,018,498 resulting in a decrease in net assets of \$21,783 for the year ended September 30, 2013.
- The District's cash balance increased by \$357,765 for the fiscal year.
- The ESD assumed all financial responsibility for the Kyle Volunteer Fire Department. All assets and liabilities were transferred to the District effective October 1, 2012. This produced an increase to net assets of \$1,245,936 which resulted in the total net position at September 30, 2013 of \$1,464,571.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements: The Statement of Net Assets 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 Assets 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 assets* and changes in them. You can think of the District's net assets—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 assets 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 \$1,224,153 in the year ended September 30, 2013. Our analysis of the District's activities below focuses on net assets (Table 1) and the changes in net assets (Table 2).

Table 1

	Government Wide Activities	
	<u>2013</u>	<u>2012</u>
Assets:		
Current and Other Assets	\$ 561,786	\$ 192,074
Non Current and Capital Assets	4,334,857	48,344
Total Assets	<u>4,896,643</u>	<u>240,418</u>
Current and Other Liabilities:	137,322	
Long-term Liabilities Outstanding	3,294,750	-
Total Liabilities	<u>3,432,072</u>	-
Net Assets:		
Investments in Cap Assets, Net of Debt	980,138	-
Unrestricted	484,433	-
Total Net Assets	<u>\$ 1,464,571</u>	<u>\$ -</u>

Table 2

Revenues		
Ad Valorem Taxes	\$ 1,870,780	\$ 1,816,724
Interest Income	2,063	1,692
Other Income	113,889	-
Grant Income	31,766	-
Total Revenues	<u>2,018,498</u>	<u>1,818,416</u>
Expenses		
Firefighting Operations	1,775,598	1,813,936
Legal & Accounting	14,422	6,215
Interest Expense	250,261	17,866
Total Expenses	<u>2,040,281</u>	<u>1,838,017</u>
Inc/(Dec) in Net Assets	(21,783)	(19,601)
Transfer of Net Assets	1,245,936	-
Net Assets - Beginning of year	<u>240,418</u>	<u>260,019</u>
Net Assets - End of Year	<u>\$ 1,464,571</u>	<u>\$ 240,418</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 \$1,464,571 at September 30, 2013.

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

General Fund Budgetary Highlights

The General Fund had an excess of revenues over expenditures of \$71,847. The reasons for the budget difference included the following:

- Tax revenues were higher than anticipated.
- Debt service payments were slightly lower than budgeted.
- Overall firefighting expenses were less than planned.

Capital Asset and Debt Administration

The District's investment in capital assets at September 30, 2013, net of accumulated depreciation, totaled \$4,274,888. Capital assets are classified as shown below:

Land	\$ 170,695
Bldgs & Impr	4,383,968
Vehicles & Eqpt	<u>2,892,181</u>
Accum	<u>(3,171,956)</u>
	<u>\$ 4,274,888</u>

Debt Administration

The District's long-term debt at September 30, 2013, net of the current portion, totaled \$3,134,023 for loans. The current portion of the long-term debt was \$160,727. Fire stations and fire apparatus are pledged as collateral.

Debt Service Ratio: The District maintains control over its debt load by maintaining its debt service to total revenues ratio (the "Debt Service Ratio") at 35% or less with the ad valorem tax rate at 10.00 cents per \$100 of assessed valuation. The District feels that the Debt Service Ratio is more meaningful than the debt to equity ratio because the Debt Service Ratio is a better indicator of the District's ability to service the debt and still be able to pay annual operating expenses. The District's Debt Service Ratio as of September 30, 2013 is total debt service of \$511,391 / total revenues of \$ 2,018,498 for a ratio of 25.34%.

Economic Factors and Next Years Budgets and Rates

The District's appointed officials considered many factors when setting the fiscal year 2013 budget and tax rates. Some of those factors include the economy and the anticipated needs of the District for operations and capital outlay in the next year.

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:

Beth Smith, President
Hays County Emergency Services District #5
P.O. Box 1385
Kyle, TX 78640

Hays County Emergency Services District #5
Statement of Net Position and Governmental Funds Balance Sheet
As of September 30, 2013

	2013		Statement of Net Assets
	General Fund	Adjustments	
ASSETS			
Current assets:			
Cash	\$ 166,487		\$ 166,487
Investments	383,352		383,352
Accounts receivable	11,947	-	11,947
Total current assets	<u>561,786</u>		<u>561,786</u>
Other assets:			
Taxes receivable	59,969		59,969
Capital assets, net of accumulated depreciation		4,274,888	4,274,888
	<u>\$ 621,755</u>		<u>\$ 4,896,643</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 8,553		\$ 8,553
Accrued interest payable		90,314	90,314
Accrued payroll	38,455		38,455
Current portion of loans		160,727	160,727
Total current liabilities	<u>47,008</u>		<u>298,049</u>
Noncurrent liabilities:			
Loans		3,134,023	3,134,023
Deferred Income	59,969	(59,969)	-
Total noncurrent liabilities	<u>59,969</u>		<u>3,134,023</u>
Total liabilities	<u>106,977</u>		<u>3,432,072</u>
FUND BALANCES/NET POSITION			
FUND BALANCES			
Fund balance - unassigned	514,778	(514,778)	
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 621,755</u>		
NET POSITION			
Investment in capital assets, net of debt		980,138	980,138
Unrestricted		484,433	484,433
			<u>1,464,571</u>
			<u>\$ 4,896,643</u>

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

Hays County Emergency Service District No. 5
Statement of Activities and Governmental Funds Statement
of Revenues, Expenditures and Changes in Net Position
For the Year Ended September 30, 2013

	2013		Statement of Activities
	General Fund	Adjustments	
Expenses:			
Labor & Benefits	<u>\$ 1,179,787</u>		<u>\$ 1,179,787</u>
Fire Department Operations			
Firefighting and related expenses	271,718		271,718
Depreciation	-	276,070	276,070
	<u>271,718</u>		<u>547,788</u>
District Expenses			
Audit and Professional Fees	14,422		14,422
Communications and Technology	36,378		36,378
Other Expenses	11,645		11,645
Interest Expense	159,947	90,314	250,261
Principal payments	261,130	(261,130)	-
	<u>483,522</u>		<u>312,706</u>
Total Expenses	<u>1,935,027</u>		<u>2,040,281</u>
General Revenues:			
Ad Valorem Tax Revenues	1,859,156	11,624	1,870,780
Interest Income	2,063		2,063
Inspection and Training Income	38,856		38,856
F1 Contract and Site Lease Income	59,325		59,325
Other Income	15,708		15,708
Grants	31,766		31,766
Total General Revenues	<u>2,006,874</u>		<u>2,018,498</u>
Revenue over/(under) expenses	71,847		(21,783)
Transfer of net assets	<u>250,857</u>	995,079	<u>1,245,936</u>
Change in net position/fund balance	322,704		1,224,153
Net Position- Beginning	<u>192,074</u>		<u>240,418</u>
Net Position - Ending	<u>\$ 514,778</u>		<u>\$ 1,464,571</u>

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

Hays County Emergency Services District #5
Notes to the Financial Statements
For The Year Ending September 30, 2013

Note 1- Summary of Significant Accounting Policies

The accounting policies of the Hays County Emergency Services District #5 (the District) conform to U. S. generally accepted accounting principles applicable to governments promulgated by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The more significant of the District's policies are described below.

A. The Reporting Entity

The Hays County Emergency Services District #5 was created by an election of the residents of Hays County residents from within what would be the geographical boundaries for the District. The District was established to arrange for fire and rescue protection services within its boundaries. The District handles all financial matters for the fire department.

The District is under full control and management of a five commissioner Board of Commissioners. The commissioners are appointed by the Hays County Commissioners. For financial reporting purposes, the District includes all funds that are controlled by, or dependent upon, actions of the Board of Commissioners. Control by, or dependence upon, the Board was determined on the basis of the Board's full control of budget adoption and taxing authority.

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operation; thus data from these units would be combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in separate organizations that meet the aforementioned criteria; therefore, none are included in the accompanying general-purpose financial statements.

Hays County ESD #5 is included in the basic financial statements of Hays County as a component unit as set forth in GASB 14. Hays County evaluated whether ESD's in the county should be included based on the criteria described in GASB 14, "The Financial Reporting Entity".

Effective October 1, 2012 the District assumed all operations from the Kyle Volunteer Fire Department.

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 Assets 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 estimations and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

G. Deferred Revenue

The District reported unearned deferred revenue in the Statement of Net Position. Deferred revenues 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 considerable to have been for prior year services.

H. Compensated Absences

Full time regular employees work either a 40 or 45 hour per week schedule. Firefighters are scheduled based on either a day shift or 24/48 hour shift schedule and typically work 56 hours per week. Accruals for leave are based on length of service and the schedule worked. Employees may accrue up to 288 hours of paid leave but are only allowed to carry forward a maximum of 48 hours to the next calendar year. Firefighters that have been with the department for more than 21 years can receive 432 hours of leave. If unused the leave will be paid to the employee. As of September 30, 2013, \$38,455 was accrued for as a payable for paid leave.

I. Capital Assets

All capital assets are recorded at historical cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$5,000 for assets with a useful life of two years or more. The District does not possess any infrastructure. Improvements are capitalized. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset's life are recorded as expenses. Depreciation is calculated on a straight-line basis. Estimated useful lives are as follows:

Trucks and Equipment	5-10 years
Furniture and Fixtures	5-15 years
Buildings	40 years

NOTE 2 – Deposits

The District's deposits exposed to concentrations of credit risk consist of cash, which is deposited in one major financial institution. At September 30, 2013, the carrying amount of the District's cash deposits was \$549,839, and the bank balance was \$594,974. This District had Pledged Securities from the financial institution for the excess over the FDIC insurance maximum.

NOTE 3 – 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 higher than budgeted fund balance.

NOTE 4 – Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied on October 1 and are payable in full by the following January 31. The District employs the services of the Hays County Appraisal District for assessing and billing its property taxes and employs the services of the Hays County Tax Assessor/Collectors for the collection of its taxes. Revenues are recognized when received by the District. The tax rate was \$0.10 per \$100 of assessed valuation.

NOTE 5 – Capital Assets

	Balance <u>9/30/12</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>9/30/13</u>
Land	\$ -	\$ 170,695		\$ 170,695
Buildings	-	4,349,333	-	4,349,333
Building Improvements	-	34,635	-	34,635
Computers	-	16,439	-	16,439
Equipment	-	954,425	-	954,425
Vehicles	-	1,921,317	-	1,921,317
Total Capital Assets	<u>\$ -</u>	<u>\$ 7,446,844</u>	<u>\$ -</u>	<u>\$ 7,446,844</u>
Less: Accumulated Depreciation	-	(2,895,886)	(276,070)	(3,171,956)
Net Capital Assets	<u>\$ -</u>	<u>\$ 4,550,958</u>	<u>\$ (276,070)</u>	<u>\$ 4,274,888</u>

NOTE 6 – Adjustments to Convert Fund Statements to Government-Wide

Unassigned fund balance - governmental fund	\$ 514,778
Increase net position for capital assets not reported in the governmental funds	4,274,888
Taxes receivables deferred in the fund financial statements and not in the government-wide financial statements	59,969
Long-term debt liabilities not reported in the fund financial statements	(3,294,750)
Capital lease liabilities not reported in the fund financial statements	(90,314)
	<u>1,464,571</u>
Net change in fund balance - governmental fund	322,704
Change in long-term taxes receivable deferred in the fund financial statements	11,624
Depreciation expense not recognized in the fund financial statements	(276,070)
Long-term debt principal payments and change in accrued interest recognized as expenditures in the fund financial statements	(170,816)
Transfer of net assets	1,336,711
Change in net position - governmental activities	<u>\$ 1,224,153</u>

NOTE 7 – Long Term Debt

Long term debt as of September 30, 2013 is as follows:

LOANS

Bank	Description	Collateral	Amount of Original Issue	Maturity Date	Interest Rate	Balance 9/30/12	Additions	Retirements	Balance 9/30/13
Citiens	Loan	Station #1	3,336,772	2029	3.90%	3,336,772		134,456	3,202,316
Broadway	Loan	E23 and R21	<u>135,000</u>	2015	6.25%	<u>104,453</u>		<u>12,018</u>	<u>92,435</u>
			3,471,772			3,441,225	-	146,474	3,294,751
								Less: current portion	<u>(160,727)</u>
									<u>3,134,024</u>

LEASES

Bank	Description	Collateral	Amount of Original Issue	Maturity Date	Interest Rate	Balance 9/30/12	Additions	Retirements	Balance 9/30/13
Chase	Cap Lease	E24	<u>640,000</u>	2013	3.83%	<u>126,674</u>		<u>126,674</u>	-
			<u>640,000</u>			<u>126,674</u>	-	<u>126,674</u>	-

Debt service payment by year.

Years	Principal	Interest	Total
2014	160,727	130,233	290,960
2015	233,346	123,644	356,990
2016	159,693	113,061	272,754
2017	165,917	106,837	272,754
2018	172,384	100,370	272,754
2019-2023	968,100	395,669	1,363,769
2024-2028	1,172,063	191,706	1,363,769
2029-2033	<u>262,520</u>	<u>10,232</u>	<u>272,752</u>
	<u>3,294,750</u>	<u>1,171,752</u>	<u>4,466,502</u>

NOTE 8 – Subsequent Events

The board has reviewed subsequent events from year end to the date of this report, June 25, 2014.

The District entered into a lease agreement with Xerox Financial Services for the lease of a copier after the fiscal year end.

Prior to the current audit period, the District terminated the employment of an individual that was indicted for fraudulent use of District funds. A receivable was recorded during the audit period for the total amount of restitution due to the District. Subsequent to fiscal year end the full amount recorded as been repaid to the District.

Effective 10/1/13 the District implemented a pension plan for all employees through the Texas County & District Retirement System (TCDRS).

NOTE 9 – Risk Management

The District is exposed to various risks of loss including general liability, property damage, and worker's compensation. The District insures against risk through participation in the Texas Municipal League

Intergovernmental Risk Pool, a public entity risk pool, consisting of approximately 2,600 member cities/political subdivisions located throughout the State of Texas.

The District pays premiums to the risk pool for its general liability, property, auto and worker's compensation coverage. The District's risk is limited to the amount of premiums paid unless the pool should fail, in which case, the District would be liable for its ratable share of the pool deficit.

NOTE 10 – Pension Plans

The District provides a 457(b) Deferred Compensation Plan for all employees that are considered full time employees. Participation is voluntary and the employee is eligible to contribute from 2%-10% maximum and the District contributes up to a maximum of 2% of the employees gross salary.

Hays County Emergency Services District No. 5
 Budgetary Comparison Schedule
 General Fund
 For the Year ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Ad Valorem Tax Revenues	\$ 1,785,565	\$ 1,785,565	\$ 1,859,156	\$ 73,591
Interest Income	-	-	2,063	2,063
Other Income	309,752	309,752	113,889	(195,863)
Grants and Other Income	30,000	30,000	31,766	1,766
Total General Revenue	<u>2,125,317</u>	<u>2,125,317</u>	<u>2,006,874</u>	<u>(118,443)</u>
Expenditures:				
Current:				
Public Safety	1,692,236	1,692,236	1,513,950	178,286
Depreciation	-	-	-	-
Debt Service	433,081	433,081	421,077	12,004
Total Expenditures	<u>2,125,317</u>	<u>2,125,317</u>	<u>1,935,027</u>	<u>190,290</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>71,847</u>	<u>71,847</u>
Fund Balances - Beginning	<u>192,074</u>	<u>192,074</u>	<u>192,074</u>	<u>-</u>
Transfer of Net Assets	<u>-</u>	<u>-</u>	<u>250,857</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 192,074</u>	<u>\$ 192,074</u>	<u>\$ 514,778</u>	<u>\$ 71,847</u>

ESD/KFD
Corrected Misstatements
September 30, 2012

Num	Memo	Account	Debit	Credit
Audit JE	To record accum not prev recorded To record accum not prev recorded	Fixed Assets - Accum. Deprc. Transfer of Ownership	373,524.00	373,524.00
			<u>373,524.00</u>	<u>373,524.00</u>
Audit JE	Adjust to actual Adjust to actual	Miller-Whitaker Station Transfer of Ownership	40.00	40.00
			<u>40.00</u>	<u>40.00</u>
Audit JE	To w/o insurance billings not included in audit To w/o insurance billings not included in audit	Transfer of Ownership A/R - Insurance Billings	42,502.50	42,502.50
			<u>42,502.50</u>	<u>42,502.50</u>
Audit JE	To agree audit to books To agree audit to books	A/R - Members Unrestricted Net Assets	18.50	18.50
			<u>18.50</u>	<u>18.50</u>
Audit JE	Reclass Reclass	A/R - Training Unrestricted Net Assets	250.00	250.00
			<u>250.00</u>	<u>250.00</u>
Audit JE	Reclass A/R Reclass A/R	Unrestricted Net Assets Accounts Receivable	268.50	268.50
			<u>268.50</u>	<u>268.50</u>
Audit JE	Reclass A/R - p/y Reclass A/R - p/y	A/R - SAFER II Grant Unrestricted Net Assets	16,102.20	16,102.20
			<u>16,102.20</u>	<u>16,102.20</u>
Audit JE		Prepaid Expenses Transfer of Ownership	3,696.46	3,696.46
			<u>3,696.46</u>	<u>3,696.46</u>
Audit JE	To agree audit to G/L @ 9/30/12 To agree audit to G/L @ 9/30/12 To agree audit to G/L @ 9/30/12 To agree audit to G/L @ 9/30/12	Unrestricted Net Assets Station #1 Petty Cash Fund Station #2 Non Op Petty Cash Station #2 Petty Cash Fund	300.00	100.00 100.00 100.00
			<u>300.00</u>	<u>300.00</u>
Audit JE	To agree audit to G/L @ 9/30/12 To agree audit to G/L @ 9/30/12 To agree audit to G/L @ 9/30/12	Accrued ESD Liabilities - 2013 Accrued Payroll Unrestricted Net Assets	351.52	251.52 100.00
			<u>351.52</u>	<u>351.52</u>
Audit JE		KFD - Non Op Acct KFD - Op Acct KFD - Op Reserve Acct Unrestricted Net Assets ESD - CD Public Funds Unrestricted Net Assets Accounts Receivable - Plug Unrestricted Net Assets Fixed Assets - Plug Unrestricted Net Assets Unrestricted Net Assets Unrestricted Net Assets Tax Revenue - Uncollected	7,500.00 2,009.00	2,500.00 2,500.00 2,500.00 2,009.00 37,157.20 4,550,958.01 3,848.00
			<u>4,601,472.21</u>	<u>4,601,472.21</u>
Audit JE		Unrestricted Net Assets Prepaid Expenses	3,696.46	3,696.46
			<u>3,696.46</u>	<u>3,696.46</u>
Audit JE		Allowance for Bad Debts Unrestricted Net Assets	5,000.00	5,000.00
			<u>5,000.00</u>	<u>5,000.00</u>

<u>Num</u>	<u>Memo</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Audit JE		Accrued Compensated Absences	29,797.20	
		Accrued Payroll	100.00	
		E24 - Chase Leasing	126,674.19	
		Lien - E23 & R21	104,453.22	
		Station #1 - Citizens National	3,336,772.34	
		Unrestricted Net Assets		3,597,796.95
			<u>3,597,796.95</u>	<u>3,597,796.95</u>
TOTAL			<u><u>8,645,019.30</u></u>	<u><u>8,645,019.30</u></u>

ESD/KFD
Corrected Misstatements
September 30, 2013

Num	Memo	Account	Debit	Credit
Audit JE	To w/o errors in reveneu account To w/o errors in reveneu account	Transfer of Ownership Claim Write Offs	14,662.16	14,662.16
			14,662.16	14,662.16
Audit JE	Reclass A/R billings Reclass A/R billings	A/R - Insurance Billings Transfer of Ownership	3,048.36	3,048.36
			3,048.36	3,048.36
Audit JE	Reclass Reclass	Transfer of Ownership A/R - Members	100.50	100.50
			100.50	100.50
Audit JE	W/O AR @ 9/30/13 W/O AR @ 9/30/13	Transfer of Ownership A/R - Training	9,312.50	9,312.50
			9,312.50	9,312.50
Audit JE	Reclass A/R Reclass A/R	Accounts Receivable Transfer of Ownership	1,441.25	1,441.25
			1,441.25	1,441.25
Audit JE	Reclass A/R Reclass A/R	A/R - Members Transfer of Ownership	82.25	82.25
			82.25	82.25
Audit JE	Reclass Reclass	A/R - SAFER II Grant Transfer of Ownership	16,102.20	16,102.20
			16,102.20	16,102.20
Audit JE	Adjust account balance to actual Adjust account balance to actual	Transfer of Ownership ESD - CD Public Funds	50.22	50.22
			50.22	50.22
Audit JE	W/O old AR W/O old AR	Transfer of Ownership Funding Receivable-Hays County	2,250.00	2,250.00
			2,250.00	2,250.00
Audit JE	Adjust bad debt to actual Adjust bad debt to actual	Transfer of Ownership Allowance for Bad Debts	5,000.00	5,000.00
			5,000.00	5,000.00
Audit JE	W/O - per client W/O - per client	Payroll Liabilities Transfer of Ownership	618.89	618.89
			618.89	618.89
Audit JE	W/O - per client W/O - per client W/O - per client W/O - per client	Billings Discount Fee Report Fees Transfer of Ownership	12,905.00 10.00	1,291.20 11,623.80
			12,915.00	12,915.00
Audit JE	W/O - per client W/O - per client	Other Transfer of Ownership	780.00	780.00
			780.00	780.00
Audit JE	W/O - per client W/O - per client W/O - per client	Hays County - KAVEMS Hays County - Uhland Contract Transfer of Ownership	1,500.00 3,000.00	4,500.00
			4,500.00	4,500.00
Audit JE	To record accr int exp on N/P - Citizens To record accr int exp on N/P - Citizens	Interest Expense Accrued Interest Expense	90,314.00	90,314.00
			90,314.00	90,314.00
Audit JE	Reclass Reclass Reclass	Non Op - Store Cards Available Station #1 Peltly Cash Fund Transfer of Ownership	262.10	27.58 234.52
			262.10	262.10

<u>Num</u>	<u>Memo</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Audit JE	Reclass Reclass	Accrued ESD Liabilities - 2013 Transfer of Ownership	251.52	251.52
			<u>251.52</u>	<u>251.52</u>
Audit JE	Reclass Reclass	Current Portion Notes Payable Station #1 - Citizens National	146,179.00	146,179.00
			<u>146,179.00</u>	<u>146,179.00</u>
Audit JE		Unrestricted Net Assets Miscellaneous Expense	100.00	100.00
			<u>100.00</u>	<u>100.00</u>
Audit JE		Accrued Payroll Transfer of Ownership	100.00	100.00
			<u>100.00</u>	<u>100.00</u>
TOTAL			<u><u>308,069.95</u></u>	<u><u>308,069.95</u></u>

ESD/KFD
Corrected Misstatements
October 1, 2012

Num	Account	Debit	Credit
Audit JE	Transfer of Ownership	2,009.00	
	ESD - CD Public Funds		2,009.00
	KFD - Non Op Acct	2,500.00	
	KFD - Op Acct	2,500.00	
	KFD - Op Reserve Acct	2,500.00	
	Transfer of Ownership		7,500.00
	Accounts Receivable - Plug	37,157.20	
	Transfer of Ownership		37,157.20
	SAFER II Grant	16,102.20	
	Transfer of Ownership		16,102.20
	Fixed Assets - Plug	4,550,958.01	
	Transfer of Ownership		4,550,958.01
	Tax Revenue - Uncollected	3,848.00	
	Transfer of Ownership		3,848.00
	Transfer of Ownership	5,000.00	
	Allowance for Bad Debts		5,000.00
		<u>4,622,574.41</u>	<u>4,622,574.41</u>
Audit JE	Accrued Compensated Absences		29,797.20
	Accrued Payroll		100.00
	E24 - Chase Leasing		126,674.19
	Lien - E23 & R21		104,453.22
	Station #1 - Citizens National		3,336,772.34
	Transfer of Ownership	3,597,796.95	
		<u>3,597,796.95</u>	<u>3,597,796.95</u>
Audit JE	Current Portion Notes Payable		146,179.00
	Station #1 - Citizens National	146,179.00	
		<u>146,179.00</u>	<u>146,179.00</u>
TOTAL		<u><u>8,366,550.36</u></u>	<u><u>8,366,550.36</u></u>