

# Montemayor Britton Bender Carey PC

CERTIFIED PUBLIC ACCOUNTANTS

## **HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**

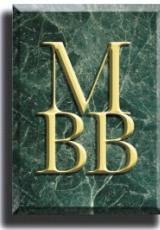
INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## **HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**

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# Montemayor Britton Bender Carey PC

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners and Management  
Hays County Emergency Services District #5

## INDEPENDENT AUDITOR'S REPORT

### Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Hays County Emergency Services District #5 (District), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### Required Supplementary Information

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



#### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of state awards, as required by Texas Grant Management Standards, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Monternayor Britton Bender Carey PC*

March 26, 2025  
Austin, Texas

## **HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**SEPTEMBER 30, 2024**

Our discussion and analysis of the Hays County Emergency Services District #5's (the District's) financial performance provides an overview of the District's financial activities for the year ended September 30, 2024. Please read it in conjunction with the District's financial statements, which follow this section.

The financial report consists of four parts: Management's Discussion and Analysis (this section), the financial statements, the notes to the financial statements, and required supplementary information.

### **FINANCIAL HIGHLIGHTS**

- During the year, the District had expenditures of \$9,585,671 compared to total revenues of \$11,809,850 resulting in an increase in net position of \$2,224,179 for the year ended September 30, 2024.
- The District's total assets increased by \$4,707,258 for the fiscal year.
- The District's received \$2,717,114 in proceeds from new debt.
- The District received \$996,787 more in ad valorem tax revenues and \$2,396,068 more in grants compared to the prior year.

### **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 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 therein. You can think of the District's net position—the difference between assets, deferred outflows, liabilities, and deferred inflows—as one way to measure the District's financial health, or *financial position*. Over time, increases or decreases in the District's net position is 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 position increased by \$2,224,179 in the year ended September 30, 2024. Our analysis of the District's activities below focuses on net position and the changes in net position.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$329,083 at September 30, 2024. The District has sufficient revenues to pay expenses of the District.

## HAYS COUNTY EMERGENCY SERVICES DISTRICT #5

### MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2024

<u>Assets</u>	<u>9/30/2024</u>	<u>9/30/2023</u>
Current and other assets	\$4,470,905	\$4,271,135
Capital assets, net	<u>12,715,417</u>	<u>8,207,929</u>
Total assets	<u>17,186,322</u>	<u>12,479,064</u>
 <u>Deferred outflows related to pension</u>	 <u>1,576,461</u>	 <u>1,393,836</u>
 <u>Liabilities</u>		
Current and other liabilities	2,799,828	1,804,762
Long-term liabilities	<u>7,926,025</u>	<u>6,250,498</u>
Total liabilities	<u>10,725,853</u>	<u>8,055,260</u>
 <u>Deferred inflows related to pension</u>	 <u>21,123</u>	 <u>26,012</u>
 <u>Net position</u>		
Net investment in capital assets	6,186,724	3,485,011
Restricted for station construction	1,500,000	1,500,000
Unrestricted	<u>329,083</u>	<u>806,617</u>
Total net position	<u>\$8,015,807</u>	<u>\$5,791,628</u>
 <u>Revenues</u>	 <u>9/30/2024</u>	 <u>9/30/2023</u>
Program revenues:		
Capital grant	\$1,500,000	\$0
Grants	1,250,920	354,852
Inspection and training	246,127	441,722
General revenues:		
Ad Valorem property taxes	7,286,934	6,290,147
Sales taxes	1,243,159	1,221,254
Interest	152,165	128,797
Other	<u>130,545</u>	<u>70,898</u>
Total revenues	<u>11,809,850</u>	<u>8,507,670</u>
 <u>Expenses</u>		
Firefighting operations	8,214,280	7,122,530
Administrative	389,908	511,744
Depreciation and amortization	780,607	667,731
Interest expense	<u>200,876</u>	<u>134,304</u>
Total expenses	<u>9,585,671</u>	<u>8,436,309</u>
Change in net position	2,224,179	71,361
Beginning net position	<u>5,791,628</u>	<u>5,720,267</u>
Ending net position	<u>\$8,015,807</u>	<u>\$5,791,628</u>

### Financial Analysis of the Governmental Fund

The focus of the District's Governmental Fund is to provide information on near-term inflows and outflows and on resource balances available for spending. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance serves as a useful measure of the District's net resources available for spending at fiscal year-end. During the fiscal year ending September 30, 2024, the District's only Governmental Fund was the General Fund, and it reported ending fund balance of \$1,863,975, a decrease of \$528,073 from \$2,392,048 as of September 30,

## **HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**SEPTEMBER 30, 2024**

2024. The District's ending unassigned fund balance of \$363,975 was unencumbered and available for spending at the District's discretion. Additionally, the District had \$1,500,000 in fund balance restricted for new station construction.

#### **General Fund Budgetary Highlights**

The General Fund had a positive variance from the budget of \$375,603 due to:

- Total revenues were more than budget by \$1,241,014, primarily due to state grant awards of \$1,250,920 received in fiscal year 2024 for cost reimbursement grants that were not budgeted.
- Capital outlay was \$3,232,856 more than budgeted, which was offset partially by \$2,717,114 in unbudgeted proceeds from debt.
- Operating expenses, excluding capital outlay, were \$349,669 more than budget, primarily due to \$154,182 more than budgeted personnel and related expenses and \$142,355 more than budgeted debt service.

The budget was amended during the year to increase all budgeted revenues, and to increase personnel and related expenses, firefighting and related expenses, professional services, right of use asset-lease, capital outlay, and debt service.

#### **Capital Asset and Debt Administration**

The District's capital assets at September 30, 2024, net of accumulated depreciation, totaled \$12,715,417. The current year net increase reflected additions of \$5,288,095, offset by depreciation and amortization expense of \$780,607. Additionally, the District's right of use asset-lease at September 30, 2024, net of accumulated amortization, was \$130,804.

#### **Debt Administration**

The District's long-term debt at September 30, 2024, net of the current portion, totaled \$6,528,693 for loans and leases payable. The current portion of the long-term debt was \$1,125,020. Tax revenues 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's Debt Service Ratio as of September 30, 2024, calculated as total debt service of \$1,112,215/\$11,809,850 total revenues was 9.4%.

#### **Economic Factors and Next Year's Budgets and Rates**

The District's appointed officials considered many factors when setting the fiscal year 2025 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 as well as expected tax revenues.

#### **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  
210 W. Moore Street  
Kyle, TX 78640

**HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**  
**STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2024**

	General Fund	Adjustments (Note 7)	Statement of Net Position
<b>ASSETS</b>			
Cash and cash equivalents	\$687,529		\$687,529
Short-term investments	3,036,552		3,036,552
Grants receivable	250,936		250,936
Sales taxes receivable	208,138		208,138
Ad Valorem property taxes receivable	220,339		220,339
Accounts receivable	67,411		67,411
Capital assets:			
Land	0	170,695	170,695
Other capital assets, net of depreciation	0	12,544,722	12,544,722
	<hr/> 0	<hr/> 12,544,722	<hr/> 12,715,417
	<hr/> 4,470,905		<hr/> 17,186,322
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Difference actual and expected experience	0	736,699	736,699
Changes in actuarial assumptions	0	207,258	207,258
Net difference projected and actual earnings	0	95,567	95,567
Contributions subsequent to the measurement date	0	536,937	536,937
	<hr/> 0	<hr/> 536,937	<hr/> 1,576,461
	<hr/> 4,470,905		<hr/> 1,576,461
<b>LIABILITIES</b>			
Accounts payable	\$828,257		828,257
Retainage payable	0	221,059	221,059
Accrued interest payable	0	61,787	61,787
Accrued payroll and benefits	188,725		188,725
Grant advance	1,500,000		1,500,000
Long-term liabilities:			
Due within 1 year: loans and lease payable	0	1,125,020	1,125,020
Due in more than 1 year:			
Loans and lease payable	0	5,403,673	5,403,673
Accrued leave	0	283,885	283,885
Net pension liability	0	1,113,447	1,113,447
	<hr/> 0	<hr/> 1,113,447	<hr/> 10,725,853
	<hr/> 2,516,982		<hr/> 10,725,853
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Differences between expected and actual experience	0	16,213	16,213
Changes in actuarial assumptions	0	4,910	4,910
Unavailable revenue - property taxes	89,948	(89,948)	0
	<hr/> 89,948	<hr/> 0	<hr/> 21,123
<b>FUND BALANCES/NET POSITION</b>			
<b>FUND BALANCES</b>			
Fund balance - restricted for station construction	1,500,000	(1,500,000)	
Fund balance - unassigned	363,975	(363,975)	
	<hr/> 1,863,975		
	<hr/> \$4,470,905		
<b>NET POSITION</b>			
Net investment in capital assets	6,186,724		6,186,724
Restricted for station construction	1,500,000		1,500,000
Unrestricted	329,083		329,083
	<hr/> 6,186,724		<hr/> 8,015,807
	<hr/> 1,500,000		<hr/> 8,015,807
	<hr/> 329,083		<hr/> 8,015,807
	<hr/> \$4,470,905		<hr/> 8,015,807

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

## HAYS COUNTY EMERGENCY SERVICES DISTRICT #5

### STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Adjustments (Note 7)	Statement of Activities
<b>EXPENDITURES/EXPENSES:</b>			
Personnel and related expenses	\$7,412,231	(\$317,762)	\$7,094,469
Firefighting and related expenses	1,119,811		1,119,811
Insurance	114,518		114,518
Professional services	110,913		110,913
Administrative	105,100		105,100
Tax collection expenses	59,377		59,377
Depreciation and amortization	0	780,607	780,607
Capital outlay	5,067,036	(5,067,036)	0
Debt service:			
Interest expense	200,876		200,876
Principal payments	911,339	(911,339)	0
	<u>15,101,201</u>		<u>9,585,671</u>
<b>PROGRAM REVENUES:</b>			
Inspection and training	246,127		246,127
Program revenue over/ (under) expenditures/expenses	<u>(14,855,074)</u>		<u>(9,339,544)</u>
<b>GENERAL REVENUES:</b>			
Ad Valorem property taxes	7,333,098	(46,164)	7,286,934
Sales taxes	1,243,159		1,243,159
Grants	2,750,920		2,750,920
Interest	152,165		152,165
Other	50,545		50,545
	<u>11,529,887</u>		<u>11,483,723</u>
Total revenue over/(under) expenditures	<u>(3,325,187)</u>		<u>2,144,179</u>
<b>OTHER FINANCING SOURCES:</b>			
Proceeds from sale of asset/ gain on sale	80,000		80,000
Proceeds from debt	2,717,114	(2,717,114)	0
	<u>2,797,114</u>		<u>80,000</u>
<b>NET CHANGE IN FUND BALANCE/ NET POSITION</b>			
	(528,073)		2,224,179
<b>BEGINNING FUND BALANCE/ NET POSITION</b>			
	2,392,048		5,791,628
<b>ENDING FUND BALANCE/ NET POSITION</b>			
	<u>\$1,863,975</u>		<u>\$8,015,807</u>

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

## **HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 1: ORGANIZATION**

The Hays County Emergency Services District #5 (District) was created by an election of the 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. Effective October 1, 2012 the District assumed all operations from the Kyle Volunteer Fire Department.

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. The District is not included in any other governmental reporting entity.

#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's government activities. Direct expenses are those specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the Statement of Activities. Program revenues include fees for inspections and training, and any grants that are restricted for program operations or capital requirements. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

## **HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

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

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

#### **NET POSITION**

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net position invested in capital assets 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 is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

#### **FUND BALANCES**

The fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District can establish limitations on the use of resources through either a commitment or an assignment.

When both unassigned and committed or assigned funds are available for expenditure, committed or assigned funds are used first.

Restricted fund balances include amounts that can only be spent for specific purposes stipulated by external resource providers. Committed fund balances include amounts that can only be used for specific purposes determined by a formal action of the Board or adoption of an ordinance. Limitations imposed by commitments remain in place until formal Board action is taken to remove the limitation. Amounts in the assigned fund balances are intended to be used by the District for specific purposes but do not meet the criteria to be committed. Assignments are generally temporary and do not require Board action to be taken to remove the assignment.

## **HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

##### **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.

##### **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:

Equipment	5-15 years
Vehicles	5-10 years
Building and building improvements	40 years

##### **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 72 hours to the next calendar year. Firefighters that have been with the department for more than 21 years can receive 432 hours of leave. Accrued leave will be paid to employees upon separation of employment based on when notice of termination is given.

##### **DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

The statement of net position and governmental funds balance sheet report a separate section for deferred outflows of resources representing a consumption of net position that applies to a future period and is not recognized as an outflow of resources in the current period. The District's pension related items qualify for reporting in this category in the government-wide financial statements. See Note 10 for more information.

## **HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The statement of financial position and governmental funds balance sheet report a separate section for deferred inflows of resources representing an acquisition of net position that applies to a future period and is not recognized as an inflow of resources or revenue until that time. The District has two types of items which qualify for reporting in this category. The governmental funds report unavailable revenue from property taxes and grants. These amounts are deferred and recognized as an inflow in the period that they become available. The other type is pension related items reported in the government-wide financial statements. See Note 10 for more information.

#### **PENSIONS**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and the pension expense, information about the pension plan's fiduciary net position of the Texas County & District Retirement System (TCDRS) and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments of TCDRS are reported at fair value.

#### **LEASES**

The District determines if an arrangement is or contains a lease at inception. Upon inception, the present value of the minimum lease payments is included in right of use (ROU) assets and lease liabilities in the government-wide statement of financial position and recorded as lease expenditures and other financing sources in the fund financial statements. Amortization of the ROU asset is recognized on a straight-line basis over the lease term in the government wide financial statements. Lease payments are recognized as principal and interest payments in the fund financial statements. For short term leases of 12 months or less, the lease payments are recognized as rent expense is incurred in both the government wide and fund financial statements.

#### **NOTE 3: DEPOSITS**

At September 30, 2024, the carrying amount of the District's cash deposits was \$687,529 and the bank balance was \$1,401,085. All of the District's deposits were fully collateralized with securities held by the pledging financial institution. The District has adopted an investment strategy to pursue limited investment risk, the objectives of which are safety of principal, maintenance of liquidity, and maximization of yield. The District is authorized to invest in money market mutual funds, certificates of deposit, commercial paper, public investment pools and governmental obligations or repurchase agreements.

The District's short-term investments consisted of deposits in TexPool, a local government investment pool in the State of Texas. The State Comptroller of Public Accounts oversees TexPool. The pool seeks to maintain a \$1.00 value per share as required and must maintain a dollar weighted average maturity not to exceed 60 days. At September 30, 2024, the TexPool portfolio had weighted average maturities of 31 days. TexPool investments consist exclusively of U.S. Government securities, repurchase agreements collateralized by U.S. Government securities, and AAA-rated no-load money market mutual funds. Tex Pool is rated AAA by Standard & Poor's. TexPool investments are carried at amortized cost, which approximates fair value.

## HAYS COUNTY EMERGENCY SERVICES DISTRICT #5

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 4: CAPITAL ASSETS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated:</u>				
Land	\$170,695	\$0	\$0	\$170,695
Construction in progress	<u>440,117</u>	<u>4,960,215</u>	<u>0</u>	<u>5,400,332</u>
	<u>610,812</u>	<u>4,960,215</u>	<u>0</u>	<u>5,571,027</u>
<u>Capital assets being depreciated:</u>				
Buildings	4,818,626	0	0	4,818,626
Buildings improvements	47,837	0	0	47,837
Vehicles	6,376,139	259,880	0	6,636,019
Equipment	1,541,819	68,000	0	1,609,819
ROU asset-lease	<u>190,138</u>	<u>0</u>	<u>0</u>	<u>190,138</u>
	<u>12,974,559</u>	<u>327,880</u>	<u>0</u>	<u>13,302,439</u>
<u>Accumulated depreciation/amortization:</u>				
Buildings	(1,624,782)	(117,889)	0	(1,742,671)
Buildings improvements	(38,885)	(5,991)	0	(44,876)
Vehicles	(2,395,526)	(574,327)	0	(2,969,853)
Equipment	(1,306,818)	(34,497)	0	(1,341,315)
ROU asset-lease	<u>(11,431)</u>	<u>(47,903)</u>	<u>0</u>	<u>(59,334)</u>
	<u>(5,377,442)</u>	<u>(780,607)</u>	<u>0</u>	<u>(6,158,049)</u>
Total capital assets	<u>\$8,207,929</u>	<u>\$4,507,488</u>	<u>\$0</u>	<u>\$12,715,417</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, and the budget was amended during the year. Certain revenue and expenses were different from budgeted, resulting in a higher than budgeted ending fund balance. Grant revenues were more than budgeted, due to cost-reimbursement grants not being budgeted. Interest income was more than anticipated. Capital outlay and debt service were more than budgeted, which was offset partially by unbudgeted proceeds from debt. Personnel and related expenditures were more than anticipated. The variances in all other items were not significant.

## HAYS COUNTY EMERGENCY SERVICES DISTRICT #5

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 6: LONG-TERM LIABILITIES

<u>Loans</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
Station 1	\$2,612,596	2028	3.32%	\$1,433,885	\$0	\$219,901	\$1,213,984
Quint 21	607,000	2025	2.65%	161,926	0	80,979	80,947
Engine 24	557,348	2025	2.25%	221,486	0	116,932	104,554
Spartan 22	861,857	2029	2.18%	739,830	0	122,027	617,803
Spartan 23/24	1,913,232	2029	2.25%	1,639,913	0	273,319	1,366,594
Tender 21	385,000	2030	5.10%	385,500	0	47,203	338,297
Station 24	6,111,000	2034	6.64%	0	2,054,243	0	2,054,243
Brush 21/23/24	627,988	2032	6.21%	0	193,035	0	193,035
Station 25	<u>800,000</u>	2032	6.50%	<u>0</u>	<u>469,836</u>	<u>0</u>	<u>469,836</u>
	14,476,021			4,582,540	2,717,114	860,361	6,439,293
ROU asset- lease	<u>190,138</u>	2027	4.38%	<u>140,378</u>	<u>0</u>	<u>50,978</u>	<u>89,400</u>
	<u><b>\$14,666,159</b></u>			<u><b>\$4,722,918</b></u>	<u><b>\$2,717,114</b></u>	<u><b>\$911,339</b></u>	<u><b>\$6,528,693</b></u>

The ROU asset lease is for space rental for equipment storage. The lease runs through July 2027. The lease All loans are secured by ad valorem property tax revenues. The loan agreements have provisions that change the timing of repayment of outstanding amounts to become immediately due if the District defaults on its required payments. Maturities of loans as of September 30, 2024 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$1,125,020	\$287,977	\$1,412,997
2026	1,048,898	245,501	1,294,399
2027	964,195	205,566	1,169,761
2028	939,211	169,783	1,108,994
2029	1,031,834	137,387	1,169,221
2030-2034	<u>1,419,535</u>	<u>322,235</u>	<u>1,741,770</u>
	<u><b>\$6,528,693</b></u>	<u><b>\$1,368,449</b></u>	<u><b>\$7,897,142</b></u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Total</u>
Accrued leave	<u>\$283,885</u>	<u>\$721,860</u>	<u>(\$721,860)</u>	<u>\$283,885</u>

## **HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 7: ADJUSTMENTS TO CONVERT FUND STATEMENTS TO GOVERNMENT-WIDE**

Fund balance - general fund	\$1,863,975
Increase net position for capital assets not reported in the fund financial statements	12,715,417
Taxes receivables deferred in the fund financial statements and not in the government-wide financial statements	89,948
Long-term liabilities not reported in the fund financial statements	(7,926,025)
Retainage payable not reported in the fund financial statements until it is currently due	(221,059)
Accrued interest expense on long-term debt not reported in the fund financial statements	(61,787)
Deferred outflows and inflows of resources related to pensions, net, are applicable to future reporting periods and are not reported in the fund financial statements	<u>1,555,338</u>
Net position - governmental activities	<u>\$8,015,807</u>
Net change in fund balance - governmental fund	(\$528,073)
Proceeds from debt financing not recognized as other financing source income not reported in the government-wide financial statements	(2,717,114)
Change in taxes receivable deferred in the fund financial statements	(46,164)
Depreciation and amortization expense not recognized in the fund financial statements	(780,607)
Long-term debt and ROU asset-lease principal payments recognized as expenditures in the fund financial statements	911,339
Pension contributions are reported as expenditures in the governmental fund when made. Adjustments to the net pension liability and pension expense resulting from changes in deferred outflows and inflows of resources are not recognized in the fund financial statements.	317,762
Capital outlays recognized as expenditures in the fund financial statements	<u>5,067,036</u>
Change in net position - governmental activities	<u>\$2,224,179</u>

#### **NOTE 8: PROPERTY TAXES**

The District has the authority to levy a tax to a maximum of \$0.10 per \$100 of value. Ad Valorem taxes are levied each October 1 on the assessed valuation of all taxable property in the District. The tax rate for the October 1, 2023 levy was \$0.0843 per \$100 of value. Taxes are due upon receipt of the bill and are delinquent if not paid before the first day of February in the year following levy. On January 1 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties and interest ultimately imposed. Taxes are billed and collected by the Hays County Tax Assessor-Collector.

## **HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**

### **NOTES TO FINANCIAL STATEMENTS**

#### **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 2,800 member cities/political subdivisions located throughout Texas. The District pays premiums for its general liability, property, auto and workers' 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 PLAN**

##### Plan Description

The District provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide TCDRS, an agent multiple-employer public employee retirement system. TCDRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TCDRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TCDRS. This report may be obtained by calling TCDRS at 800-823-7782; in addition, the report is available on TCDRS' website at [www.tcdrs.org](http://www.tcdrs.org). Plan provisions for the District were as follows:

##### Benefits Provided

The plan provisions that have been adopted by the Board of the District are within the options available in the governing state statutes of TCDRS. TCDRS provides retirement benefits that are calculated based on age, average compensation and service credit as follows:

Employee deposit rate	7%
District contribution rate	13.07%
Years required for vesting	10
Service retirement eligibility (expressed as age/years of service)	60/10, any/20, rule of 80

##### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TCDRS financial report.

##### Employees Covered

As of the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	28
Active employees	61

## HAYS COUNTY EMERGENCY SERVICES DISTRICT #5

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 10: PENSION PLAN

##### Contributions

Under the state law governing TCDRS, the contribution rate for each District is determined annually by the actuary, using the Entry Age actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees of the District were required to contribute 7% of their annual salary during the year, and the District was required to contribute at the actuarially determined rate of 13.13% for calendar 2023 and 13.07% for calendar 2024. The District's contributions to TCDRS for the fiscal year were \$694,031, which equaled the required contribution.

##### Net Pension Liability/(Asset)

The District's net pension liability of \$1,113,447 for TCDRS at September 30, 2024 was measured as of December 31, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

##### Pension Actuarial Assumptions

The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date:	12/31/2023
Actuarial cost method:	Entry age normal
Investment rate of return (7.50% rate of return plus 0.10% adjustment gross of administrative expenses):	7.60%
Inflation:	2.50%
Projected Salary Increases:	4.70% average
Mortality rates:	135% and 120% of Pub-2010 General Retirees Tables for males and females, respectively, both projected with 100% of MP-2021 Scale after 2010

Actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study over the years 2017-2020.

##### Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the District, calculated using the discount rate of 7.60%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.60%)	Discount Rate (7.60%)	1% Increase (8.60%)
District's net pension liability (asset)	<u>\$2,548,476</u>	<u>\$113,344</u>	<u>(\$28,103)</u>

## **HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE 10: PENSION PLAN**

##### Discount Rate

The discount rate used to measure the total TCDRS pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the rates specified in the funding policy. Based on that assumption, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The discount rate for calculating the total pension liability is equal to the long-term expected rate of return on pension plan investments applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on the TCDRS pension plan investments was determined to be 7.60% using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return</u>
U.S. Equities	11.50%	4.95%
Private Equity	25.00%	7.75%
Global Equities	2.50%	4.75%
International Equities-Developed	5.00%	4.75%
International Equities-Emerging	6.00%	4.75%
Investment-Grade Bonds	3.00%	2.35%
Strategic Credit	9.00%	3.65%
Direct Lending	16.00%	7.25%
Distressed Debt	4.00%	6.90%
REIT Equities	2.00%	4.10%
Master Limited Partnerships	2.00%	5.20%
Private Real Estate Partnerships	6.00%	5.70%
Hedge Funds	6.00%	3.25%
Cash Equivalents	2.00%	0.60%

## HAYS COUNTY EMERGENCY SERVICES DISTRICT #5

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 10: PENSION PLAN

##### Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the District recognized pension expense of \$441,027. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$16,213	\$736,699
Changes in actuarial assumptions	\$4,910	\$207,258
Net difference between projected and actual earnings	\$0	\$95,567
Contributions subsequent to the measurement date	N/A	\$536,937

The \$536,937 reported as deferred outflows of resources related to pensions representing contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the District's 2025 fiscal year. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

For the year ended September 30:

2025	\$156,529
2026	159,417
2027	232,676
2028	117,873
2029	143,046
Thereafter	<u>208,860</u>
	<u><u>\$1,018,401</u></u>

## HAYS COUNTY EMERGENCY SERVICES DISTRICT #5

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 10: PENSION PLAN

<u>Changes in Net Pension Liability/(Asset)</u>	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability/(Asset) (a)-(b)</u>
Balance at December 31, 2022	<u>\$5,225,038</u>	<u>\$3,981,343</u>	<u>\$1,243,695</u>
Changes for the year:			
Service cost	596,657	0	596,657
Interest on total pension liability	440,805	0	440,805
Effect of plan changes	0	0	0
Effect of economic/demographic gains or losses	285,311	0	285,311
Effect of assumption changes or inputs	0	0	0
Refunds of contributions	(44,065)	(44,065)	0
Benefit payments	0	0	0
Administrative expenses	0	(2,815)	2,815
Member contributions	0	335,724	(335,724)
Net investment income	0	446,634	(446,634)
Employer contributions	0	625,943	(625,943)
Other	<u>0</u>	<u>47,535</u>	<u>(47,535)</u>
Balance at December 31, 2023	<u>\$6,503,746</u>	<u>\$5,390,299</u>	<u>\$1,113,447</u>

#### NOTE 11: COMMITMENTS

At year-end, the District had the following commitments for contracts related to station construction:

<u>Vendor Name</u>	<u>Total Contract Amount</u>	<u>Remaining commitment at September 30, 2024</u>
The Koehler Company	\$7,611,000	\$3,189,820
Martinez Architects, LP	<u>\$375,400</u>	<u>\$37,540</u>
	<u>\$7,986,400</u>	<u>\$3,227,360</u>

## HAYS COUNTY EMERGENCY SERVICES DISTRICT #5

### BUDGETARY COMPARISON SCHEDULE GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>PROGRAM REVENUES:</b>				
Inspection and training	<u>\$204,500</u>	<u>\$254,500</u>	<u>\$246,127</u>	<u>(\$8,373)</u>
<b>GENERAL REVENUES:</b>				
Ad Valorem property taxes	7,354,000	7,330,500	7,333,098	2,598
Sales taxes	1,300,000	1,300,000	1,243,159	(56,841)
Grants	1,500,000	1,500,000	2,750,920	1,250,920
Interest	100,000	100,000	152,165	52,165
Other	40,000	50,000	50,545	545
	<u>10,294,000</u>	<u>10,280,500</u>	<u>11,529,887</u>	<u>1,249,387</u>
<b>Total revenues</b>	<b><u>10,498,500</u></b>	<b><u>10,535,000</u></b>	<b><u>11,776,014</u></b>	<b><u>1,241,014</u></b>
<b>EXPENDITURES:</b>				
Personnel and related expenses	6,670,924	7,258,049	7,412,231	(154,182)
Firefighting and related expenses	802,000	1,117,587	1,119,811	(2,224)
Insurance	70,000	90,000	114,518	(24,518)
Professional services	38,500	100,000	110,913	(10,913)
Administrative	101,000	101,000	105,100	(4,100)
Tax collection expenses	48,000	48,000	59,377	(11,377)
Capital outlay	1,754,180	1,834,180	5,067,036	(3,232,856)
Debt service	969,860	969,860	1,112,215	(142,355)
	<u>10,454,464</u>	<u>11,518,676</u>	<u>15,101,201</u>	<u>(3,582,525)</u>
<b>Revenues over/(under) expenditures</b>	<b><u>44,036</u></b>	<b><u>(983,676)</u></b>	<b><u>(3,325,187)</u></b>	<b><u>(2,341,511)</u></b>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of asset	0	80,000	80,000	0
Proceeds from debt	0	0	2,717,114	2,717,114
	<u>0</u>	<u>80,000</u>	<u>2,797,114</u>	<u>2,717,114</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>44,036</u></b>	<b><u>(903,676)</u></b>	<b><u>(528,073)</u></b>	<b><u>375,603</u></b>
<b>BEGINNING FUND BALANCE</b>	<b><u>2,392,048</u></b>	<b><u>2,392,048</u></b>	<b><u>2,392,048</u></b>	<b><u>0</u></b>
<b>ENDING FUND BALANCE</b>	<b><u>\$2,436,084</u></b>	<b><u>\$1,488,372</u></b>	<b><u>\$1,863,975</u></b>	<b><u>\$375,603</u></b>

**HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**  
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2024\*  
 TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

	<u>Actuarial Year Ended December 31,</u>									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>										
Service cost	\$ 596,657	\$ 528,508	\$ 445,035	\$ 346,900	\$ 309,258	\$ 249,907	\$ 193,206	\$ 111,333	\$ 72,093	\$ 50,452
Interest on total liability	440,805	359,406	271,828	204,215	129,899	94,274	59,517	28,417	19,317	7,927
Effect of plan changes	-	-	-	-	447,631	-	64,202	90,408	7,665	22,352
Effect of assumption changes or inputs	-	-	49,162	290,285	-	-	(11,777)	-	1,015	-
Effect of economic/demographic (gains) or losses	285,311	148,597	314,423	115,964	(3,180)	44,626	74,753	62,314	(47,049)	55,977
Benefit payments/refunds of employee contributions	(44,065)	(23,564)	-	-	(7,371)	(9,296)	(5,757)	-	-	-
<b>Net change in total pension liability</b>	<b>1,278,708</b>	<b>1,012,947</b>	<b>1,080,448</b>	<b>957,364</b>	<b>876,237</b>	<b>379,511</b>	<b>374,143</b>	<b>292,472</b>	<b>53,041</b>	<b>136,708</b>
<b>Total pension liability - beginning</b>	<b>5,225,038</b>	<b>4,212,091</b>	<b>3,131,643</b>	<b>2,174,279</b>	<b>1,298,043</b>	<b>918,532</b>	<b>544,388</b>	<b>251,917</b>	<b>198,876</b>	<b>62,167</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 6,503,746</b>	<b>\$ 5,225,038</b>	<b>\$ 4,212,091</b>	<b>\$ 3,131,643</b>	<b>\$ 2,174,280</b>	<b>\$ 1,298,043</b>	<b>\$ 918,532</b>	<b>\$ 544,389</b>	<b>\$ 251,917</b>	<b>\$ 198,875</b>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 625,943	\$ 494,703	\$ 384,814	\$ 319,196	\$ 197,739	\$ 186,567	\$ 132,054	\$ 75,236	\$ 46,980	\$ 28,781
Contributions - employee	335,724	256,262	233,287	192,331	174,790	155,473	126,984	76,615	46,751	38,948
Net investment income	446,634	(262,114)	558,684	159,645	163,098	(8,619)	55,255	13,554	(723)	1,371
Benefit payments/refunds of employee contributions	(44,065)	(23,564)	-	-	(7,371)	(9,296)	(5,757)	-	-	-
Administrative expenses	(2,815)	(2,333)	(1,847)	(1,625)	(1,170)	(800)	(440)	(147)	(98)	(40)
Other	47,534	105,263	18,123	15,289	12,716	9,980	3,390	7,991	(12)	(3)
<b>Net change in plan fiduciary net position</b>	<b>1,408,955</b>	<b>568,217</b>	<b>1,193,061</b>	<b>684,836</b>	<b>539,802</b>	<b>333,305</b>	<b>311,485</b>	<b>173,249</b>	<b>92,898</b>	<b>69,057</b>
<b>Plan fiduciary net position - beginning</b>	<b>3,981,343</b>	<b>3,413,126</b>	<b>2,220,065</b>	<b>1,535,229</b>	<b>995,427</b>	<b>662,123</b>	<b>350,637</b>	<b>177,389</b>	<b>84,490</b>	<b>15,433</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>5,390,298</b>	<b>3,981,343</b>	<b>3,413,126</b>	<b>2,220,065</b>	<b>1,535,229</b>	<b>995,427</b>	<b>662,123</b>	<b>350,638</b>	<b>177,389</b>	<b>84,489</b>
<b>Net pension liability (a) - (b)</b>	<b>\$ 1,113,448</b>	<b>\$ 1,243,695</b>	<b>\$ 798,965</b>	<b>\$ 911,578</b>	<b>\$ 639,051</b>	<b>\$ 302,616</b>	<b>\$ 256,409</b>	<b>\$ 193,751</b>	<b>\$ 74,528</b>	<b>\$ 114,385</b>
Plan fiduciary net position as a % of the total pension liability	82.88%	76.20%	81.03%	70.89%	70.61%	76.69%	72.08%	64.41%	70.42%	42.48%
Covered employee payroll	\$ 4,769,344	\$ 3,653,475	\$ 3,332,665	\$ 2,747,592	\$ 2,497,006	\$ 2,221,036	\$ 1,814,059	\$ 1,532,299	\$ 1,168,774	\$ 973,712
Net pension liability as % of covered-employee payroll	23.35%	34.04%	23.97%	33.18%	25.59%	13.62%	14.13%	12.64%	6.38%	11.75%

NOTE:

\*The District implemented GASB 68 in fiscal year 2015.

The beginning Net Pension Liability for 2015 was determined using rollback procedures allowed for initial year of implementation. Fiscal Year 2024 - Valuation Date 12/31/23.

**HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**

SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2024\*

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution**	\$ 694,031	\$ 581,063	\$ 471,717	\$ 381,710	\$ 275,522	\$ 216,044	\$ 172,100	\$ 107,471	\$ 65,677	\$ 42,699
Contributions in relation to the actuarially determined contribution	<u>694,031</u>	<u>581,063</u>	<u>471,717</u>	<u>381,710</u>	<u>275,522</u>	<u>216,044</u>	<u>172,100</u>	<u>107,471</u>	<u>65,677</u>	<u>42,699</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered-employee payroll	5,312,298	4,419,224	3,598,824	3,270,124	2,650,241	2,521,668	2,091,272	1,688,839	1,407,357	1,093,570
Contributions as a percentage of covered-employee payroll	13.06%	13.15%	13.11%	11.67%	10.40%	8.57%	8.23%	6.36%	4.67%	3.90%

**NOTE:**

\*The District implemented GASB 68 in fiscal year 2015. Information prior to 2015 is not available.

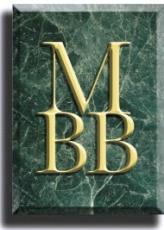
\*\*TCDRS calculates actuarially determined contributions on a calendar year basis. GASB 68 indicates the employer should report employer contributions on a fiscal year basis.

Valuation Date: December 31, 2023

Valuation Date: Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	17.6 years (based on contribution rate calculated in 12/31/23 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation
Investment rate of Return	7.5% net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions	2015: Employer contributions reflect that the current service matching rate was increased to 150% for future benefits. 2016: Employer contributions reflect that the member contribution rate was increased to 5%. 2017: Employer contributions reflect that the member contribution rate was increased to 7% and the current service matching rate was increased to 175% for future benefits. Also, new Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: Employer contributions reflect that the current service matching rate was increased to 200% for future benefits. 2019: No changes in plan provisions were reflected in the schedule. 2020: Employer contributions reflect that the current service matching rate was increased to 250% for future benefits and the prior service matching rate was increased to 100%. 2021: No changes in plan provisions were reflected in the schedule. 2022: No changes in plan provisions were reflected in the schedule. 2023: No changes in plan provisions were reflected in the schedule.



# Montemayor Britton Bender Carey PC

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners and Management  
Hays County Emergency Services District #5

## 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*

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 financial statements of the governmental activities and the general fund of Hays County Emergency Services District #5 (District) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 26, 2025.

### Report on 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) as a basis for designing 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 the 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 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material



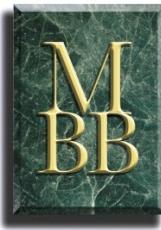
misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our 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 this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Monternayor Britton Bender Carey PC*

March 26, 2025  
Austin, Texas



# Montemayor Britton Bender Carey PC

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners and Management  
Hays County Emergency Services District #5

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY TEXAS GRANT MANAGEMENT STANDARDS

### A. Report on Compliance for Each Major State Program

#### Opinion on Each Major State Program

We have audited the District's compliance with the types of compliance requirements identified as subject to audit in the Texas Grant Management Standards (TxGMS) that could have a direct and material effect on each of the District's major state programs for the year ended September 30, 2024. The District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state programs for the year ended September 30, 2024.

#### Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements of the TxGMS. Our responsibilities under those standards and TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

#### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws,



statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

#### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and TxGMS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### B. Report on Internal Control Over Compliance

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



Our consideration of the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of the testing based on the requirements of TxGMS. Accordingly, this report is not suitable for any other purpose.

*Montemayor Britton Bender Carey PC*

March 26, 2025  
Austin, Texas

## **HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**

### **SCHEDULE OF EXPENDITURES OF STATE AWARDS**

**YEAR ENDED SEPTEMBER 30, 2024**

<u>STATE AGENCY/PROGRAM TITLE</u>	<u>Expenditures</u>
Texas Division of Emergency Management	
State Mutual Aid Reimbursements	<u>\$1,250.920</u>

NOTE: This schedule is prepared using the same accounting policies as the financial statements. See the notes to the financial statements on pages 9-20. The District has not elected to use the de minimis indirect cost rate.

# **HAYS COUNTY EMERGENCY SERVICES DISTRICT #5**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**SEPTEMBER 30, 2024**

### **A. SUMMARY OF AUDITOR'S RESULTS**

#### **FINANCIAL STATEMENTS**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

    Material weakness(es) identified? None noted

    Significant deficiency(ies) identified that are not considered material weakness(es)? None noted

    Noncompliance material to financial statements noted? None noted

#### **STATE AWARDS**

Internal controls over major programs:

    Material weakness(es) identified? None noted

    Significant deficiency(ies) identified that are not considered material weakness(es)? None noted

Type of auditor's report issued on compliance with major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Texas Grant Management Standards? None noted

Major program: State Mutual Aid Reimbursements

Threshold used to distinguish between Type A and B programs: \$750,000

Auditee qualified as a low-risk auditee? No

### **B. FINANCIAL STATEMENT FINDINGS**

Current year: None noted

Prior year: N/A

### **C. STATE AWARD FINDINGS AND QUESTIONED COSTS**

Current year: None noted

Prior year: N/A