

# UPSHUR COUNTY EMERGENCY SERVICES DISTRICT NO. 1

JANUARY 23, 2023

4:00 P.M.

## MINUTES

A Special meeting of the Upshur County Emergency Services District No. 1 Board of Commissioners was held on January 23, 2023, in the Upshur County Courtroom, Upshur County Courthouse, 100 W. Tyler Street, Gilmer, Texas.

**The District considered and acted upon the following matters:**

- 1) **Open meeting.** The meeting was opened at 4:00 p.m. by Michael Kuza.
- 2) **Call meeting to order, Roll Call of Board and establish quorum.** Michael Kuza called the meeting to order. Michael Kuza determined a quorum was present with Bobby Jenkins, Kenny Southwell, Scott Mischnick, and Cloddie Henson present.
- 3) **To receive public comment.** No public comment.
- 4) **To discuss and take action regarding the Harmony VFD fire station expenses.**

Dakota Cannon updated the Board on the cost savings for the new Harmony VFD fire station. They have cut the cost to \$453,743.00 and they expect more savings as more of the sales taxes are extracted from the cost of the building. He also informed the Board that they had a \$10,000.00 allowance in the bid that was for emergencies and it too could be deducted as savings when the job is complete.

Bobby Jenkins recommended that we make sure that the title and survey are good before we proceed to insure all is safe for the location and construction of the new building. No action.

Shelby Henderson, Harmony VFD Fire Chief, provided an electronic copy of the title and plot. Michael Kuza is going to meet with a lawyer and a title company to see if this document was adequate to proceed with the new building and also the right document to transfer the ownership over to the Emergency Services District #1.

Chief Henderson will continue to look for other documents and forward any found to the Board.

Scott Mischnick is going to ask a family member who does title work if we needed a title policy to protect the ESD and Harmony VFD before building the new building.

5) **To discuss and take action regarding insurance payment for the East Mountain VFD truck.**

Michael Kuza reported to the Board that the East Mountain VFD truck was totaled after talking with VFIS (insurance carrier for ESD #1). They have decided the engine's damage exceeded the 75% mark of value so they are going to total the fire engine. East Mountain VFD has stripped the truck of all equipment as VFIS has requested. Michael Kuza will work with Terri Ross and find the title and forward this to VFIS and they will then send a check to ESD #1 for \$200,000.00 for the totaled engine. Michael Kuza asked that all present be on the look out for a new fire engine for East Mountain VFD. This matter will be further discussed at the March meeting.

6) **To discuss reimbursement to Michael Kuza for hotel charges made to his personal credit card for upcoming stay for SAFE-D conference.**

Motion by Scott Mischnick with a second by Kenny Southwell to reimburse Michael Kuza in the amount of \$920.00 for charges made to his personal credit card as hotel charges for the upcoming stay for the SAFE-D conference. Motion carried 4-0 with Michael Kuza abstaining.

7) **To discuss and take action regarding the audit for ESD #1.**

Scott Mischnick and Michael Kuza gave a report on the cost of an auditor that was recommended as an auditor and who has experience with auditing ESDs. They submitted a quote from Margaret Nixon to complete the 2021 and 2022 audits. In her letter to the Commissioners, she indicated that it would take a few extra steps and reports since the ESD #1 was on hold on the 2021 report. She stated that she would have these completed by the required date. Her cost was \$17,500.00 for the two years of audits and the required extra paperwork for the 2021 audit. Motion by Cloddie Henson and second by Scott Mischnick to allow Margaret Nixon to complete the audits for the Upshur County Emergency Services District #1. Motion carried 5-0. Unanimous vote in favor. (See attached)

8) **To discuss and take action regarding authorized signors to the bank accounts at Gilmer National Bank.**

Motion by Cloddie Henson and second by Scott Mischnick to add Bobby Jenkins, Cloddie Henson, and Kenny Southwell to the bank signature card so all could sign if someone was not present. Motion carried 5-0. Unanimous vote in favor.

9) **Adjournment.**

Motion by Kenny Southwell and second by Scott Mischnick to adjourn. Motion carried 5-0. Unanimous vote in favor.



Presiding Officer Signature

Title: President

Date: 2-13-23



MARGARET NIXON, CPA

CERTIFIED PUBLIC ACCOUNTANT

January 16, 2023

Upshur County Emergency Services District No. 1  
Gilmer, TX 76571

Honorable Commissioners,

We are pleased to confirm our understanding of the services we are to provide Upshur County Emergency Services District No. 1 for the years ended September 30, 2021 and September 30, 2022. We will audit the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Upshur County Emergency Services District No. 1 as of and for the years ended September 30, 2021 and September 30, 2022. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Upshur County Emergency Services District No. 1's 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. As part of our engagement, we will apply certain limited procedures to Upshur County Emergency Services District No. 1's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis.
- Budgetary Comparison Schedule – General Fund

We have also been engaged to report on supplementary information other than RSI that accompanies Upshur County Emergency Service District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- Comparative Balance Sheets – General Fund
- Comparative Statements of Revenue, Expenditures and Changes in Fund Balance – General Fund



## Audit Objective

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinion. We will issue a written report upon completion of our audit of financial statements. Our report will address to the Commissioners of Upshur County Emergency Services District No. 1. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

## Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

## Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.



## Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Upshur County Emergency Services District No. 1's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

## Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

## Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Margaret Nixon, CPA and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to regulator or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Margaret Nixon, CPA personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulator or its designee. The regulator or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Margaret Nixon is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, local travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses will not exceed \$17,500. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to Upshur County Emergency Services District No. 1 and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Margaret Nixon, CPA

RESPONSE:

This letter correctly sets forth the understanding of Upshur County Emergency Services District No. 1.

Governance signature: SAD Rich

Title: Treasurer

Date: 01/24/2023