

# COUNTY of HIDALGO



HIDALGO COUNTY AUDITOR'S OFFICE  
Hidalgo County Administration Building  
2808 South Business Highway 281  
Edinburg, Texas 78539-6243  
PHONE: (956) 318-2511  
FAX: (956) 318-2577  
WEBSITE: [www.co.hidalgo.tx.us/auditor](http://www.co.hidalgo.tx.us/auditor)

EDINBURG, TEXAS 78539

**RECEIVED**

**AUG 27 2014**

**COUNTY JUDGE**

August 22, 2014

Honorable Ramon Garcia, County Judge  
Hidalgo County Judge's Office  
1615 S. Closner, Suite J  
Edinburg, Texas 78539

Subject: Emergency Services District No. 1  
Financial Report for the Year Ended December 31, 2013

Dear Judge Garcia:

Pursuant to Health and Safety Code §775.082(b), an emergency services district shall prepare and file with the commissioners court of each county that contains any part of the district on or before June 1 of each year an audit report of the district's fiscal accounts and records.

Attached please find 5 copies of the audited financial report for Emergency Services District No. 1 for the Year Ended December 31, 2013 for the Commissioners Court. Please prepare an agenda item on the next available Commissioners Court meeting for presentation and acceptance of the financial report.

If you have questions, please do not hesitate to call me at 318-2511 ext. 4604.

Respectfully,

  
Raymundo Eufrazio, CPA  
Hidalgo County Auditor

Enclosures (5)

cc: Yolanda Chapa, Chief Administrator  
Hidalgo County Judge's Office  
(w/o enclosures)

## HIDALGO COUNTY DISTRICT JUDGES

JAIMÉ E. TIERNA  
JUDGE, 82<sup>ND</sup> D.C.

RODOLFO DELGADO  
JUDGE, 69<sup>TH</sup> D.C.

J. R. "BOBBY" FLORES  
JUDGE, 138<sup>TH</sup> D.C.

ROSE GUERRA REYNA  
JUDGE, 204<sup>TH</sup> D.C.

JUAN R. PARTIDA  
JUDGE, 275<sup>TH</sup> D.C.

MARIO E. RAMÍREZ, JR.  
JUDGE, 332<sup>ND</sup> D.C.

NOÉ GONZÁLEZ  
JUDGE, 378<sup>TH</sup> D.C.  
OVERSEER

LETICIA LOPEZ  
JUDGE, 389<sup>TH</sup> D.C.

AIDA SALINAS FLORES  
JUDGE, 398<sup>TH</sup> D.C.

ISRAEL RAMÓN, JR.  
JUDGE, 430<sup>TH</sup> D.C.

JESSE CONTRERAS  
JUDGE, 448<sup>TH</sup> D.C.

# LAW OFFICE OF RICHARD S. TALBERT

612 S. Texas  
Weslaco, TX 78596-6222  
(956) 968-1578

RECEIVED BY  
COUNTY AUDITOR

Fax (956) 968-0698

2014 AUG 22 PM 1 12

rstlaw@bizrgv.rr.com

File No. 8900

August 18, 2014

Mr. Raymundo Eufracio, CPA  
Hidalgo County Auditor  
2808 South Business Highway 281  
Edinburg, TX 78539-6243

Re: Emergency Services District No. 1 (ESD-1) - 2013 Audit

Dear Mr. Eufracio:

Enclosed please find five (5) copies the 2013 Audit for Emergency Services District No. 1 which was accepted by the Board of Commissioners at their monthly meeting on July 21, 2014. In the past, ESD-1 has forwarded its Audit directly to the Hidalgo County Judge's office, however, as per last year's request from your office, the 2013 Audit is being forwarded directly to your office with the anticipation that your office will provide a copy to the County Judge's Office for delivery to the Commissioner's Court.

Should you have any questions concerning this matter, please do not hesitate to contact me.

Very truly yours,



**RICHARD S. TALBERT**

RST/ilt

Enclosures (as stated)

pc: Hon. Ramon Garcia  
County Judge of Hidalgo County  
P. O. Box 1356  
Edinburg, TX 78540-1356  
(w/o enclosures)

Hidalgo County Emergency Services District No. 1  
P.O. Box 1010  
Weslaco, TX 78599-1010

2014  
10/3 Audit

**LAW OFFICE OF RICHARD S. TALBERT**

612 S. Texas  
Weslaco, TX 78596-6222  
(956) 968-1578

**SCANNED**  
8-21-14 de

Fax (956) 968-0698

rslaw@bizrgv.rr.com

August 18, 2014

File No. 8900

**RECEIVED**

**AUG 21 2014**

**COUNTY JUDGE**

Mr. Raymundo Eufrazio, CPA  
Hidalgo County Auditor  
2808 South Business Highway 281  
Edinburg, TX 78539-6243

Re: Emergency Services District No. 1 (ESD-1) - 2013 Audit

Dear Mr. Eufrazio:

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Should you have any questions concerning this matter, please do not hesitate to contact me.

Very truly yours,

**RICHARD S. TALBERT**

RST/llt

Enclosures (as stated)

pc: Hon. Ramon Garcia  
County Judge of Hidalgo County  
P. O. Box 1356  
Edinburg, TX 78540-1356  
(w/o enclosures)

Hidalgo County Emergency Services District No. 1  
P.O. Box 1010  
Weslaco, TX 78599-1010

**HIDALGO COUNTY EMERGENCY SERVICES  
DISTRICT NO. 1**

**FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2013**

**HIDALGO COUNTY EMERGENCY SERVICES  
DISTRICT NO. 1  
YEAR ENDED DECEMBER 31, 2013**

**OFFICERS**

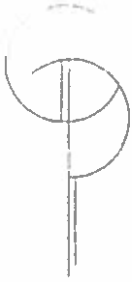
<b>Robert Rektorik</b>	<b>Chairman</b>
<b>Gerardo V. Latigo</b>	<b>Vice-Chairman</b>
<b>Fred McCaleb, Jr.</b>	<b>Secretary/Treasurer</b>
<b>Larry Dittburner</b>	<b>Commissioner</b>
<b>James Anthony Vos</b>	<b>Commissioner</b>
<b>Richard S. Talbert</b>	<b>Legal Counsel</b>

**HIDALGO COUNTY EMERGENCY SERVICES  
DISTRICT NO. 1  
AS OF DECEMBER 31, 2013**

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**PART I**  
**FINANCIAL SECTION**



# GARCIA & PENA

Certified Public Accountants

P. O. Box 8032

301 West 4th

Weslaco, Texas 78599

956-969-1433 • Fax 956-968-1467 • 956-421-4601

Manuel B. Garcia, CPA  
Jaime X. Pena, CPA

## INDEPENDENT AUDITOR'S REPORT

Hidalgo County Emergency Services

District No. 1

P.O. Box 1010

Weslaco, Texas 78596

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and the aggregate remaining fund information of Hidalgo County Emergency Services District No. 1 as of and for the year ended December 31, 2013 with comparative totals for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Hidalgo County Emergency Services District No. 1's basic financial statements as listed in the Table of Contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Hidalgo County Emergency Services District No. 1 Management's Discussion and Analysis**

This discussion and analysis is intended to provide an overview of the Hidalgo County Emergency Services District No. 1 financial performance for the year ended December 31, 2013, and the related effect on the Hidalgo County Emergency Services District No. 1's financial condition. Please read it in conjunction with the financial statements which begin on page 1.

### **FINANCIAL HIGHLIGHTS**

- The Hidalgo County Emergency Services District No. 1 Changes in Net Position – Governmental Type Activities – Total government-wide net position decreased \$11,579 as a result of this year's operations.
- The Hidalgo County Emergency Services District No. 1 increased the tax rate from \$0.0143 to \$0.0154 for the current year, due to a decrease in market values and assessed values of the district's properties. Assessed taxes increased by \$6,182 and current year collections increased by \$5,576 over the prior year. Total revenues increased by \$6,210 (\$118,531 and \$112,321 for 2013 and 2012, respectively) but expenditures for 2013 were \$130,110, causing a \$11,579 decrease in net position. Expenditures increased by \$26,400, due to a service contract increase.
- At the close of the current year, the Hidalgo County Emergency Services District No. 1's governmental fund reported a decrease of \$14,555, reducing the fund balance to \$346,794, which is 266.54% (percent) of total general fund expenditures.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Hidalgo County Emergency Services District No. 1 basic financial statements comprise three components: 1.) Government-wide financial statements, 2.) Fund financial statements, and 3.) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** - The government-wide financial statements are designed to provide readers with a broad overview of Hidalgo County Emergency Services District No. 1 finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of Hidalgo County Emergency Services District No. 1 assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Hidalgo County Emergency Services District No. 1 is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal period (e.g., uncollected taxes).

The government-wide financial statements distinguish functions of Hidalgo County Emergency Services District No. 1 that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of Hidalgo County Emergency Services District No. 1 include general government, and ambulance services provided through service contracts.

The Board sets expenditure caps over which Hidalgo County Emergency Services District No. 1 Commissioner's approval is required.

The government-wide financial statements can be found on pages 1-3 of this report.

**Hidalgo County Emergency Services District No. 1  
Management's Discussion and Analysis**

**Governmental funds** - The focus of Hidalgo County Emergency Services District No. 1's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Hidalgo County Emergency Services District No. 1's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Hidalgo County Emergency Services District No. 1 governmental fund reported an ending fund balance of \$346,794, which is available for spending at the government's discretion.

The general fund is the chief operating fund of Hidalgo County Emergency Services District No. 1. At the end of the current fiscal year, unreserved fund balance of the general fund was \$346,794. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance to total fund expenditures. Unreserved fund balance represents 266.5% of total general fund expenditures.

The fund balance of Hidalgo County Emergency Services District No. 1's general fund decreased by \$14,555 during the current fiscal year. Key factors in this change are as follows:

- The tax receipts, penalties and interest revenues increased by \$7,139, in the current year, but expenditures increased by \$26,436. Total revenues were \$115,553, with total expenditures of \$130,110, yielding a decrease of \$14,555 in fund balance.

#### **CAPITAL ASSETS**

**Capital Assets.** Hidalgo County Emergency Services District No. 1's investment in capital assets for its governmental activities as of December 31, 2013, amounts to \$-0-.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Hidalgo County Emergency Services District No. 1's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Hidalgo County Emergency Services District No. 1, P.O. Box 1010, Weslaco, Texas 78599.

**HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
GOVERNMENT-WIDE STATEMENTS OF NET ASSETS  
DECEMBER 31, 2013 AND 2012**

ASSETS	<u>2013</u>	<u>2012</u>
Cash	\$ 192,525	\$ 199,464
Certificate of Deposit	182,046	180,074
Due from County	15,967	16,548
Rollback Taxes Receivable	160	384
Tax Assessment Receivable (Net)	<u>106,835</u>	<u>103,635</u>
Total Assets	<u><u>\$ 497,533</u></u>	<u><u>\$ 500,105</u></u>
<b>LIABILITIES AND NET POSITION</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 31,250	\$ 25,000
Due to Tax Attorney	<u>12,494</u>	<u>9,737</u>
Total Liabilities	<u>43,744</u>	<u>34,737</u>
Net Position		
Unrestricted	<u>453,789</u>	<u>465,368</u>
Total Net Position	<u>453,789</u>	<u>465,368</u>
Total Liabilities and Net Position	<u><u>\$ 497,533</u></u>	<u><u>\$ 500,105</u></u>

The notes to the financial statements are an integral part of this statement.

**HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
DECEMBER 31, 2012**

<u>Program Activities</u>	<u>Expenses</u>	<u>Taxes Penalties/Interest</u>	<u>Operating Grants and Contributions</u>	<u>Total</u>
Governmental activities				
General government and administration	\$ 22,424	\$ 26,466	\$ -	\$ 4,042
Service Contracts	81,250	81,250		-
Interest on long-term debt				
 Total governmental activities	 \$ 103,674	 \$ 107,716	 \$ -	 \$ 4,042
General revenues:				
				4,531
				74
				-
				4,605
				8,647
				456,721
				\$ 465,368

The notes to the financial statements are an integral part of this statement

**HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from tax payers	\$ 115,558	\$ 104,506
Other operating cash receipts	-	-
Cash payments to suppliers for goods and services	(23,860)	(22,424)
Cash payments for service contracts	<u>(100,000)</u>	<u>(75,000)</u>
<b>Net Cash Provided by Operating Activities</b>	(8,302)	7,082
<b>Cash Flows From Investing Activities:</b>		
Interest on cash and cash investments	<u>3,335</u>	<u>4,531</u>
<b>Net Increase (Decrease) In Cash</b>	(4,967)	11,613
<b>Cash at the Beginning of the Year</b>	<u>379,538</u>	<u>367,925</u>
<b>Cash at the End of the Year</b>	<u>\$ 374,571</u>	<u>\$ 379,538</u>
<b>Reconciliation of income (loss) from operations to net cash provided (used) by operating activities</b>		
<b>Income (loss) from operations</b>	\$ (15,144)	\$ 4,042
<b>Changes in Assets</b>		
Due from the County	581	(1,868)
Tax Receivable	(2,976)	(3,905)
<b>Changes in Liabilities</b>		
Accounts Payable	6,250	6,250
Due to Tax Attorney	2,757	2,489
Other Income	<u>230</u>	<u>74</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (8,302)</u>	<u>\$ 7,082</u>
<b>Reconciliation of total cash and cash investments</b>		
Current Cash	\$ 192,525	\$ 199,464
Certificate of Deposits	182,046	180,074
	<u>\$ 374,571</u>	<u>\$ 379,538</u>

The notes to the financial statements are an integral part of this statement

**GOVERNMENTAL FUNDS**

**HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
BALANCE SHEET  
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012**

ASSETS	<u>2013</u>	<u>2012</u>
Cash	\$ 192,525	\$ 199,464
Certificate of Deposit	182,046	180,074
Due from County	15,967	16,548
Rollback Taxes Receivable	160	384
Tax Assessment Receivable (Net)	<u>106,835</u>	<u>103,635</u>
Total Assets	<u><u>\$ 497,533</u></u>	<u><u>\$ 500,105</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 31,250	\$ 25,000
Due to Tax attorney	12,494	9,737
Deferred Revenue	<u>106,995</u>	<u>104,019</u>
Total Liabilities	<u>150,739</u>	<u>138,756</u>
Fund Balance	<u>346,794</u>	<u>361,349</u>
Total Liabilities and Fund Balance	<u><u>\$ 497,533</u></u>	<u><u>\$ 500,105</u></u>

The notes to the financial statements are an integral part of this statement.

**HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
RECONCILIATION OF THE BALANCE SHEETS TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
Total fund balances-total governmental funds	\$ 346,794	\$ 361,349
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Deferred revenues are not considered available financial resources and therefore are not reported in the governmental fund balance sheet equity section</p>	106,995	104,019
Net position of governmental activities	\$ 453,789	\$ 465,368

The notes to the financial statements are an integral part of this statement.

**HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012**

	General Fund	
	2013	2012
<u>Revenues</u>		
Tax Receipts, Net of Refunds	\$ 103,841	\$ 98,370
Penalties & Interest	8,348	5,515
Interest	3,335	4,531
Other	31	-
<b>Total Revenues</b>	<b>115,555</b>	<b>108,416</b>
<u>Expenditures</u>		
Collection and Assessment Fees Hidalgo County (Note 1)	1,069	946
Service Contract City of Weslaco (Note 4)	106,250	81,250
Administrative Fees and Contract Services	1,200	1,100
Legal and Professional	12,374	11,381
Insurance	6,071	5,837
Office	3,146	3,160
<b>Total Expenditures</b>	<b>130,110</b>	<b>103,674</b>
Excess of Revenues Over (Under) Expenditures	(14,555)	4,742
 Fund Balance, Beginning of the Year	 361,349	 356,607
<b>Fund Balance, End of Year</b>	<b>\$ 346,794</b>	<b>\$ 361,349</b>

The notes to the financial statements are an integral part of this statement.

**HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO  
STATEMENT OF ACTIVITIES  
DECEMBER 31, 2013 AND 2012**

	2013	2012
Net change in fund balance-total governmental funds	\$ (14,555)	\$ 4,742
Amounts reported for governmental activities in the statement of net position are different because:		
Some property tax will not be collected for several months after the fiscal year-end assessments and these are not considered available revenues in the governmental funds.	3,250	2,645
These were tax collection in excess of the tax assessment, which have already been recognized as revenues in the previous year		
Tax adjustments and allowance for uncollectible amounts are recognized thru the deferred revenue accounts in the governmental funds		
Tax adjustments	(473)	1,186
Allowance for bad-debt expenses		
Decrease in allowance for uncollectible accounts	199	74
Increase in allowance for uncollectible accounts		
Changes in net position of governmental activities	\$ (11,579)	\$ 8,647

The notes to the financial statements are an integral part of this statement.

**HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
 DECEMBER 31, 2013**

	Budgeted Amounts		Actual GAAP Basis	Variance With Final Budget	2012 Actual
	Original	Final			
<b>Revenues</b>					
Property Taxes	\$ 99,843	\$ 99,843	\$ 103,841	\$ 3,998	\$ 98,370
Penalties & Interest	-	-	8,348	8,348	5,515
Interest	5,000	5,000	3,335	(1,665)	4,531
Other			31	31	-
Total Revenues	<u>104,843</u>	<u>104,843</u>	<u>115,555</u>	<u>10,712</u>	<u>108,416</u>
<b>Expenditures</b>					
General Government	31,500	31,500	23,860	7,640	22,424
Ambulance Services	100,000	100,000	106,250	(6,250)	81,250
Total Expenditures	<u>131,500</u>	<u>131,500</u>	<u>130,110</u>	<u>1,390</u>	<u>103,674</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(26,657)</u>	<u>(26,657)</u>	<u>(14,555)</u>	<u>12,102</u>	<u>4,742</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers-in					
Operating transfers-out					
Total Other Financing Sources (Uses)					
<b>Excess (Deficiency) of Revenues and other Financing Sources Over Expenditures and Other Uses</b>	<u>\$ (26,657)</u>	<u>\$ (26,657)</u>	<u>(14,555)</u>	<u>\$ 12,102</u>	<u>4,742</u>
Prior Period Adjustment			-		
<b>Fund Balance, January 1</b>			<u>361,349</u>		<u>356,607</u>
<b>Fund Balance, December 31,</b>			<u>\$ 346,794</u>		<u>\$ 361,349</u>

The notes to the financial statements are an integral part of this statement.

HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 1. NATURE OF DISTRICT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following statements will become effective in future years. Management does not believe these statements will have a significant impact on the City's financial statements.

- GASB Statement No 65, *Items Previously Reported as Assets and Liabilities*
- GASB Statement No. 66, *Technical Corrections – 2012* – an amendment of GASB Statements No. 10 and No. 62
- GASB Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*

The districts-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the activities of the District. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities, demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include (1) taxes billed against the citizen of its geographical area (2), penalties and interest billed for the late payments of taxes that are restricted to meeting the operational or capital requirements of the ambulance service. Interest and other items not properly included among program revenues are reported as general revenues.

(b). Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured: basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The district-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available.

**HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1. NATURE OF DISTRICT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- (h). Statement of Cash Flows  
For purposes of reporting cash flows, cash includes cash in banks and certificates of deposit, with maturity of three months or less to be cash equivalents.
- (i). Income Taxes  
The District is exempt from Federal income taxes and therefore no provision for the Federal income taxes has been made in the accompanying financial statements.

**NOTE 2. CONCENTRATION OF CREDIT RISK**

The District's policy limits the deposits in any one-bank institution to their extent of FDIC coverage and pledged securities.

The District maintained account balances in three banks, as follows:

<u>Financial Institution</u>	<u>FDIC Coverage</u>	<u>Securities Pledged</u>	<u>Cash on Deposit</u>	<u>Excess (Deficiency) In Depository Security</u>
Rio Bank	\$ 250,000	\$ -	\$ 192,525	\$ 57,475
Elsa State Bank	250,000	-	127,746	122,254
First National Bank	250,000	-	54,122	195,878
	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 374,393</u>	<u>\$ 375,607</u>

**NOTE 3. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS**

The estimated fair values of Hidalgo County Emergency Services District No. 1's financial instruments at December 31, 2013 and the methods and assumptions used to estimate such fair value are as follows:

Cash:

Fair value approximates the carrying amount because of the short maturity of the instruments.

Tax Assessment Receivable:

The fair value of the receivables approximates the carrying amount, as these balances are not considered available resources for the period ending December 31, 2013.

**NOTE 4. REVENUES AND REVENUE RECOGNITION**

**HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 5.        COMMITMENTS**

Service Contract with City of Weslaco and South Texas Emergency Care

The District has a service contract with the City of Weslaco, Texas effective through October 1, 2013, requiring quarterly payments of \$25,000 per quarter, plus premiums on ambulance operating insurance. In the current fiscal year, the District paid \$106,250. The contract for October 1, 2013 to September 30, 2015 is for \$250,000, requiring \$31,250 quarterly payments.

	<u>City of Weslaco</u>
2013	\$     106,250
2014	125,000
2015	125,000
	<u>\$     356,250</u>

**NOTE 6.        RISK MANAGEMENT**

The District is exposed to various uncertainties for losses related to intentional and unintentional torts; theft of, errors or omissions; catastrophes; and claims by patients or clients transported by ambulance units for which the District carries commercial insurance coverage. There have been no significant reductions in insurance coverage from the previous year. No negotiated settlements or jury awards have exceeded policy limits in any of the past three years.

The District's management is not aware of any pending or alleged claims that could exceed the policy limits of the present insurance coverage.

**NOTE 7.        SUBSEQUENT EVENTS**

Subsequent events were evaluated through June 30, 2014 which is the date the financial statements were available to be issued.