

GARCIA & PENNA  
Certified Public Accountants  
301 W. 4th • P. O. Box 8032  
Weslaco, Texas 78599  
969-1433 969-4460



**RECEIVED**  
OCT 28 2015  
COUNTY JUDGE



**RECEIVED**  
OCT 28 2015  
COUNTY JUDGE

HIDALGO COUNTY EMERGENCY SERVICES  
DISTRICT NO. 1  
FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2014

**HIDALGO COUNTY EMERGENCY SERVICES  
DISTRICT NO. 1  
YEAR ENDED DECEMBER 31, 2014**

OFFICERS

Chairman	Robert Rektorik
Vice-Chairman	Gerardo V. Latiago
Secretary/Treasurer	Fred McCaleb, Jr.
Commissioner	Larry Ditburner
Commissioner	James Anthony Vos
Legal Counsel	Richard S. Talbert

**HIDALGO COUNTY EMERGENCY SERVICES  
DISTRICT NO. 1  
AS OF DECEMBER 31, 2014**

TABLE OF CONTENTS

<u>PAGE</u>	
a	Auditor's Opinion
c	Management's Discussion and Analysis
1	Government-Wide Statement of Net Assets
2	Government-Wide Statement of Activities
4	Statement of Cash Flows
5	Balance Sheets
6	Reconciliation of the Balance Sheets to the Statement of Net Assets
7	Statement of Revenues, Expenditures, and Changes in Fund Balances
8	Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balance of Governmental Funds to Statement of Activities
9	Combined Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
10	Notes to Financial Statements
	<b><u>PART II - SUPPLEMENTAL SECTION</u></b>
18	Supplementary Information

**FINANCIAL SECTION**

**PART I**



**GARCIA & PENNA**  
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**

**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, 2014 with comparative totals for the year ended December 31, 2013, 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 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.

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, 2014, 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 \$12,224 as a result of this year's operations.
- The Hidalgo County Emergency Services District No. 1 increased the tax rate from \$0.0154 to \$0.0165 for the current year, due to a decrease in market values and assessed values of the district's properties. Assessed taxes increased by \$15,813 and current year collections increased by \$6,182 over the prior year. Total revenues increased by \$18,141 (\$136,672 and \$118,531 for 2014 and 2013, respectively) but expenditures for 2014 were \$148,896, causing a \$12,224 decrease in net position. Expenditures increased by \$18,786, 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 \$23,888, reducing the fund balance to \$322,906, which is 216.87% (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 \$322,906, 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 \$322,906. 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 216.87% of total general fund expenditures.

The fund balance of Hidalgo County Emergency Services District No. 1's general fund decreased by \$23,888 during the current fiscal year. Key factors in this change are as follows:

- The tax receipts, penalties and interest revenues increased by \$9,453, in the current year, but expenditures increased by \$18,786. Total revenues were \$125,008, with total expenditures of \$148,896, yielding a decrease of \$23,888 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, 2014, 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, 2014 AND 2013

ASSETS AND DEFERRED OUTFLOW OF RESOURCES		2014	2013
Cash	\$	171,246	\$ 192,525
Certificate of Deposit		183,687	182,046
Due from County		14,586	15,967
Rollback Taxes Receivable		869	160
Tax Assessment Receivable (Net)		117,790	106,835
Deferred Outflow of Resources		-	-
Total Assets and Deferred Outflow of Resources	\$	<u>488,178</u>	<u>\$ 497,533</u>

LIABILITIES, DEFERRED INFLOW OF  
RESOURCES

Liabilities	\$	31,250	\$ 31,250
Accounts Payable		15,363	12,494
Due to Tax Attorney		46,613	43,744
Total Liabilities		-	-
Deferred Inflow of Resources		441,565	453,789
Net Position		441,565	453,789
Unrestricted		441,565	453,789
Total Net Position		<u>488,178</u>	<u>497,533</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$	<u>488,178</u>	<u>\$ 497,533</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, 2013**

Program Activities	Expenses	Taxes Penalties/Interest	Operating Grants and Contributions	Total
Governmental activities General government and administration	\$ 23,860	\$ 8,716	\$ -	\$ (15,144)
Service Contracts	106,250	106,250	-	-
Interest on long-term debt	-	-	-	-
Total governmental activities	\$ 130,110	\$ 114,966	\$ -	\$ (15,144)
General revenues:				
Investment earnings				3,335
Decrease in allowance for uncollectible accounts				199
Miscellaneous				31
Total general revenues				3,565
Changes in net position				(11,579)
Net position at beginning of year				465,368
Net position at end of year				\$ 453,789

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, 2014 AND 2013**

	2014	2013
Cash Flows From Operating Activities	\$ 125,467	\$ 115,558
Cash received from tax payers	-	-
Other operating cash receipts	(22,753)	(23,860)
Cash payments to suppliers for goods and services	(125,000)	(100,000)
Cash payments for service contracts	(22,286)	(8,302)
Cash Flows From Investing Activities:	2,648	3,335
Interest on cash and cash investments	-	-
Net Increase (Decrease) In Cash	(19,638)	(4,967)
Cash at the Beginning of the Year	374,571	379,538
Cash at the End of the Year	\$ 354,933	\$ 374,571
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities	\$ (15,047)	\$ (15,144)
Income (loss) from operations	1,381	581
Changes in Assets	-	-
Due from the County	(11,664)	(2,976)
Tax Receivable	2,869	6,250
Changes in Liabilities	-	-
Accounts Payable	175	2,757
Due to Tax Attorney	-	230
Other Income	-	-
Net cash provided (used) by operating activities	\$ (22,286)	\$ (8,302)
Reconciliation of total cash and cash investments	\$ 171,246	\$ 192,525
Current Cash	183,687	182,046
Certificate of Deposits	\$ 354,933	\$ 374,571

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

**HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
BALANCE SHEET  
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
<b>ASSETS AND DEFERRED</b>		
<b>OUTFLOW OF RESOURCES</b>		
Cash	\$ 171,246	\$ 192,525
Certificate of Deposit	183,687	182,046
Due from County	14,586	15,967
Rollback Taxes Receivable	869	160
Tax Assessment Receivable (Net)	117,790	106,835
Deferred Outflow of Resources	-	-
Total Assets and Deferred Outflow of Resources	\$ 488,178	\$ 497,533
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>		
Liabilities		
Accounts Payable	\$ 31,250	\$ 31,250
Due to Tax attorney	15,363	12,494
Total Liabilities	46,613	43,744
Deferred Inflow of Resources	118,659	106,995
Fund Balance Unrestricted	322,906	346,794
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	\$ 488,178	\$ 497,533

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

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

	<u>2014</u>	<u>2013</u>	
Total fund balances-total governmental funds	\$ 322,906	\$ 346,794	
Amounts reported for governmental activities in the statement of net position are different because:			
Deferred revenues are not considered available financial resources and therefore are not reported in the governmental fund balance sheet equity section	118,659	106,995	
Net position of governmental activities	\$ 441,565	\$ 453,789	

**HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
RECONCILIATION OF THE BALANCE SHEETS TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013**

**HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013**

General Fund	
2014	2013
<u>Revenues</u>	
Tax Receipts, Net of Refunds	\$ 113,575
Penalties & Interest	8,659
Interest	2,648
Other	126
<u>Total Revenues</u>	<u>125,008</u>
<u>Expenditures</u>	
Collection and Assessment Fees Hidalgo County (Note 1)	1,142
Service Contract City of Weslaco (Note 4)	125,000
Administrative Fees and Contract Services	400
Legal and Professional	12,759
Insurance	6,308
Office	3,287
<u>Total Expenditures</u>	<u>148,896</u>
Excess of Revenues Over (Under) Expenditures	(23,888)
Fund Balance, Beginning of the Year	346,794
Fund Balance, End of Year	<u>\$ 322,906</u>
<u>General Fund</u>	
2014	2013
<u>Total Revenues</u>	<u>115,555</u>
Tax Receipts, Net of Refunds	\$ 103,841
Penalties & Interest	8,348
Interest	3,335
Other	31
<u>Total Revenues</u>	<u>115,555</u>
<u>Expenditures</u>	
Collection and Assessment Fees Hidalgo County (Note 1)	1,069
Service Contract City of Weslaco (Note 4)	106,250
Administrative Fees and Contract Services	1,200
Legal and Professional	12,374
Insurance	6,071
Office	3,146
<u>Total Expenditures</u>	<u>130,110</u>
Excess of Revenues Over (Under) Expenditures	(14,555)
Fund Balance, Beginning of the Year	361,349
Fund Balance, End of Year	<u>\$ 346,794</u>

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, 2014 AND 2013**

	2014	2013	
Net change in fund balance-total governmental funds	\$ (23,888)	\$ (14,555)	
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.	8,844	3,250	
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	2,771	(473)	
Allowance for bad-debt expenses			
Decrease in allowance for uncollectible accounts	49	199	
Increase in allowance for uncollectible accounts			
Changes in net position of governmental activities	\$ (12,224)	\$ (11,579)	

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, 2014**

	Original	Final	GAAP	Actual	Final	Budget	Actual
	Amounts	Amounts	Basis	GAAP	Variance With	Budget	2013
	Final	Final	Basis	GAAP	Variance With	Budget	2013
<b>Revenues</b>							
Property Taxes	\$ 107,085	\$ 107,085	\$ 113,575	\$ 103,841	\$ 6,490	\$ 103,841	\$ 103,841
Penalties & Interest	-	-	8,659	8,348	8,659	8,348	8,348
Interest	3,100	3,100	2,648	3,335	(452)	3,335	3,335
Other	110,185	110,185	125,008	115,555	14,823	115,555	115,555
<b>Total Revenues</b>	<u>161,600</u>	<u>161,600</u>	<u>148,896</u>	<u>130,110</u>	<u>12,704</u>	<u>130,110</u>	<u>130,110</u>
General Government	36,600	36,600	23,896	23,860	12,704	23,860	23,860
Ambulance Services	125,000	125,000	125,000	106,250	-	106,250	106,250
<b>Total Expenditures</b>	<u>161,600</u>	<u>161,600</u>	<u>148,896</u>	<u>130,110</u>	<u>12,704</u>	<u>130,110</u>	<u>130,110</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(51,415)</u>	<u>(51,415)</u>	<u>(23,888)</u>	<u>(14,555)</u>	<u>27,527</u>	<u>(14,555)</u>	<u>(14,555)</u>
Other Financing Sources (Uses)							
Operating transfers-in							
Operating transfers-out							
<b>Total Other Financing Sources (Uses)</b>							
<b>Excess (Deficiency) of Revenues and other Financing Sources and other Expenditures and Other Uses</b>	<u>\$ (51,415)</u>	<u>\$ (51,415)</u>	<u>(23,888)</u>	<u>(14,555)</u>	<u>\$ 27,527</u>	<u>(14,555)</u>	<u>(14,555)</u>
Prior Period Adjustment			-				
<b>Fund Balance, January 1</b>	<u>346,794</u>	<u>346,794</u>	<u>346,794</u>	<u>361,349</u>			
<b>Fund Balance, December 31,</b>	<u>\$ 322,906</u>	<u>\$ 322,906</u>	<u>\$ 322,906</u>	<u>\$ 346,794</u>			

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

**NOTES TO FINANCIAL STATEMENTS**

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

**NOTE 1. NATURE OF DISTRICT AND SIGNIFICANT ACCOUNTING POLICIES**

The Hidalgo County Emergency Services District No. 1 is a political subdivision, established in April 1982 (under Chapter 794 of the Health and Safety Code to Emergency Service Districts) to provide ambulance service to the citizens of Rural Hidalgo County. As of September 1, 2003, Senate Bill 1021, which passed during the 78<sup>th</sup> Regular Legislative Session, converted all fire prevention districts to emergency service districts. Emergency Services Districts are now required to operate under Chapter 775 of the Health and Safety Code.

Article III, Section 48e of the Texas Constitution authorizes the Commissioner's Courts of participating counties to levy a tax on the ad-valorem properties situated in their districts not to exceed .10 per one hundred valuations as approved by the qualified voters residing in the district. Such a district may provide emergency medical services, emergency ambulance services, and rural fire prevention and control services.

The geographical location is as follows:

- An area having the boundaries of the Rio Grande River on the south, Mile 7 West on the west, Mile 14 ½ North on the north, and Mile 2 West on the east, except for the area contained within the corporate boundaries of the City of Weslaco, all of which lie within Hidalgo County, Texas.

The District's books and records are maintained on the modified accrual basis of accounting.

(a).

**Basis of Presentation**

The accounting policies of Hidalgo County Emergency Services District No. 1 conform to generally accepting accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The district-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, are normally supported by taxes and intergovernmental revenues.

Government Accounting Standards Board has issued the following pronouncements, which are relevant to Hidalgo County Emergency Services District No. 1, which became effective the prior year and have been implemented:

GASB Statement No 60, *Accounting and Financial Reporting For Service Concession Arrangements*

GASB Statement No 61, *The Financial Reporting Entity: Omnibus* – an amendment of GASB Statements No. 14 and No 34.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB AICPA Pronouncements.*

GASB Statement No. 63, *Financial Reporting of Deferred Outflows and Resources, Deferred Inflows of Resources and Net Position*

HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE 1.

NATURE OF DISTRICT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive non-exchange financial guarantees. The provisions of the statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a non-exchange financial guarantee, the provisions of this statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a non-exchange financial guarantee may be applied prospectively.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68.

Basis of Presentation

The District 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 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.

HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2014

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

(g) Reclassification  
 Certain items in the prior year report have been reclassified to conform, to current year reclassification. Such reclassification had no effect on previously reported net income.

(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:

Financial Institution	FDIC Coverage	Securities Pledged	Cash on Deposit	Excess (Deficiency) In Depository Security
Rio Bank	\$ 250,000	\$ -	\$ 171,246	\$ 78,754
Elsa State Bank	250,000	-	129,117	120,883
Greater State Bank	250,000	-	54,570	195,430
	\$ 750,000	\$ -	\$ 354,933	\$ 395,067

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, 2014 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, 2014.

**HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 5.**

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period (s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period (s) and so will not be recognized as an inflow of resources (revenue) until that time. At the government fund level, revenues that have been billed but not yet collected or collected within the availability period are reported as unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has one category that qualified as deferred inflows or resources. The following table described the items and amounts:

<u>Deferred Inflows of Resources</u>	
Property Taxes	<u>\$ 118,659</u>
	<u>Amount</u>

**NOTE 6.**

**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 to September 30, 2015, requiring quarterly payments of \$31,250 per quarter, plus premiums on ambulance operating insurance. In the current fiscal year, the District paid \$125,000.

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

**NOTE 7.**

**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.

HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1  
 SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

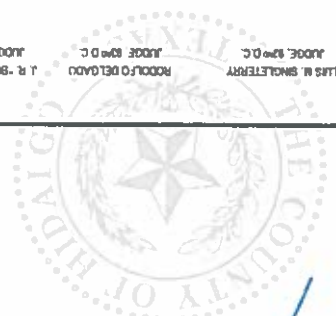
(A) Services Provided to the Citizens of the District

Types of Service	2014	2013
EMS Calls	Not Available	Not Available

Fire by Type:	2014	2013
Business Structure and Dwellings	-	-
Mobile Home	-	-
Motor Vehicle Accidents	-	-
Grass	-	-
Refuse	-	-
Vehicles	-	-
Rescue	-	-
Assist EMS	-	-
Fire Alarms & Equipment	-	-
*Other	-	-
* Other-Washdowns	-	-
Search	-	-
Drownings	-	-
Electrical	-	-
Gas Leak	-	-
False Alarms	-	-
Bee Calls	-	-

(B) Insurance Coverage is as follows:

Type of Coverage	Dollar Amounts
Fidelity Bond Coverage	\$ 100,000
Commercial General Liability	1,000,000
Public Officials' Liability	500,000
Ambulance Operators/Fire Fighter E & O	500,000
Mal-practice Insurance	1,000,000
Crime Policy	50,000



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 32nd D.C. RODOLFO DELGADO JUDGE, 30th D.C. J. R. BOBBY FLORES JUDGE, 13th D.C. ROSE GUERRA REYNA JUDGE, 20th D.C. JUAN R. PARRIDA JUDGE, 27th D.C. MARIO E. RAMIREZ, JR. JUDGE, 32nd D.C. NOE GONZALEZ JUDGE, 37th D.C. OVENSEER LETICIA LOPEZ JUDGE, 38th D.C. ADA SALINAS FLORES JUDGE, 39th D.C. ISRAEL RAMON, JR. JUDGE, 40th D.C. JESSE CONTRERAS JUDGE, 44th D.C.

Enclosures (5)

Raymundo Eufrazio, CPA  
Hidalgo County Auditor

Respectfully,

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, 2014 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.

Dear Judge Garcia:

Subject: Emergency Services District No. 1  
Financial Report for the Year Ended December 31, 2014

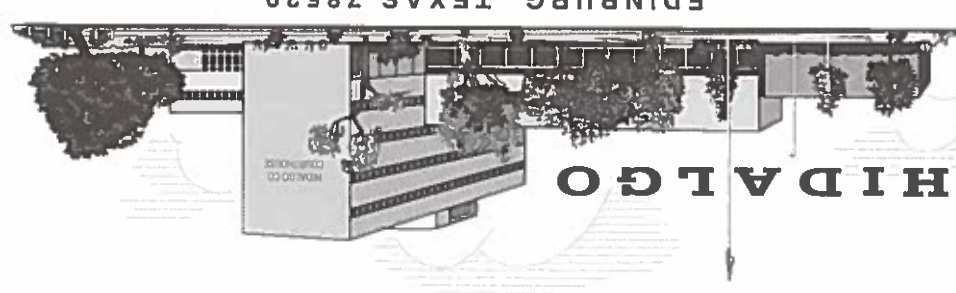
Honorable Ramon Garcia, County Judge  
Hidalgo County Judge's Office  
100 E. Cano  
Edinburg, Texas 78539

October 27, 2015

RECEIVED  
OCT 28 2015  
COUNTY JUDGE

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



COUNTY OF HIDALGO

**LAW OFFICE OF RICHARD S. TALBERT**

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

RECEIVED BY  
COUNTY AUDITOR

2015 OCT 26 PM 1 29

File No. 8900

rsllaw@bizrgv.tx.com

Fax (956) 968-0698

October 19, 2015

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

Re: Emergency Services District No. 1 (ESD-1) - 2014 Audit

Dear Mr. Eufrazio:

Enclosed please find five (5) copies the 2014 Audit for Emergency Services District No. 1 which was accepted by the Board of Commissioners at their monthly meeting on October 19, 2015. In the past, ESD-1 has forwarded its Audit directly to the Hidalgo County Judge's office, however, as per the prior request from your office, the 2014 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/llh

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  
Westaco, TX 78599-1010

SCANNED  
OCT 28 2015  
INITIALS: 