

**Harris County Emergency  
Services District #1**

1992 and 1991 Financial Statements  
and Independent Auditors' Report

**Blazek, Rogers & Vetterling**

CERTIFIED PUBLIC ACCOUNTANTS

# Blazek, Rogers & Vetterling

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## Independent Auditors' Report

To the Board of Commissioners of  
Harris County Emergency Services District #1:

We have audited the accompanying balance sheets of Harris County Emergency Services District #1 as of December 31, 1992 and 1991, and the related statements of revenues, expenses, and changes in fund balance and of cash flows for the year ended December 31, 1992 and for the period from May 4, 1991 (date of inception) through December 31, 1991. These financial statements are the responsibility of Harris County Emergency Services District #1's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Harris County Emergency Services District #1 as of December 31, 1992 and 1991, and the results of its operations and its cash flows for the periods then ended in conformity with generally accepted accounting principles.

*Blazek Rogers & Vetterling*

March 5, 1993

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT #1

Balance Sheets as of December 31, 1992 and 1991

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	1992	1991
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 91,064	\$ 117,716
Prepaid expenses	<u>4,904</u>	<u>1,084</u>
Total Current Assets	<u>95,968</u>	<u>118,800</u>
Fixed Assets:		
Ambulances	152,739	152,739
Accumulated depreciation	<u>(53,034)</u>	<u>(2,121)</u>
Fixed Assets, net	<u>99,705</u>	<u>150,618</u>
TOTAL ASSETS	<u>\$ 195,673</u>	<u>\$ 269,418</u>
LIABILITIES AND FUND BALANCE		
Current Liabilities:		
Accrued interest	\$ 6,674	\$ 672
Notes payable – short-term		150,000
Capital lease obligation – current portion	<u>48,084</u>	<u>52,725</u>
Total Current Liabilities	54,758	203,397
Capital lease obligation – non-current portion	<u>51,930</u>	<u>100,014</u>
Total Liabilities	106,688	303,411
Fund Balance (Deficit)	<u>88,985</u>	<u>(33,993)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 195,673</u>	<u>\$ 269,418</u>

See Notes to Financial Statements.

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# HARRIS COUNTY EMERGENCY SERVICES DISTRICT #1

Statements of Revenue, Expenses and Changes in Fund Balance  
for the year ended December 31, 1992 and for the period from  
May 4, 1991 (date of inception) through December 31, 1991

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	1992	1991
REVENUES		
Taxes	\$ 760,345	\$ 87,435
Investment income	<u>5,658</u>	<u>170</u>
Total Revenues	<u>766,003</u>	<u>87,605</u>
EXPENSES		
Provider contract	561,600	96,800
Depreciation	50,913	2,121
Interest	11,261	2,422
Legal fees	10,821	13,003
Harris County Appraisal District fees	6,429	
Medical supplies and ambulance repairs		6,541
Other	<u>2,001</u>	<u>711</u>
Total Expenses	<u>643,026</u>	<u>121,598</u>
REVENUE OVER (UNDER) EXPENSES	122,978	(33,993)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(33,993)</u>	<u>          </u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 88,985</u>	<u>\$ (33,993)</u>

See Notes to Financial Statements.

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# HARRIS COUNTY EMERGENCY SERVICES DISTRICT #1

Statements of Cash Flows for the year ended December 31, 1992 and for  
the period from May 4, 1991 (date of inception) through December 31, 1991

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	1992	1991
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Taxes collected	\$ 760,345	\$ 87,435
Investment income received	5,658	170
Interest expense paid	(5,265)	(1,750)
Cash paid to vendors and suppliers	<u>(584,665)</u>	<u>(118,139)</u>
Net Cash Flows From Operating Activities	<u>176,073</u>	<u>(32,284)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loan		150,000
Repayment of loan	(150,000)	
Payments on capital lease	<u>(52,725)</u>	
Net Cash Flows From Operating Activities	<u>(202,725)</u>	<u>150,000</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(26,652)	117,716
<b>CASH, BEGINNING OF YEAR</b>	<u>117,716</u>	<u>0</u>
<b>CASH, END OF YEAR</b>	<u>\$ 91,064</u>	<u>\$ 117,716</u>

**RECONCILIATION OF REVENUE OVER (UNDER) EXPENSES  
TO NET CASH FLOWS FROM OPERATING ACTIVITIES:**

Net Income	\$ 122,978	\$ (33,993)
Depreciation	50,913	2,121
Increase in prepaid expenses	(3,820)	(1,084)
Increase in accrued interest	<u>6,002</u>	<u>672</u>
Net Cash Flow from Operating Activities	<u>\$ 176,073</u>	<u>\$ (32,284)</u>

**NON-CASH FINANCING AND INVESTING ACTIVITIES:**

Purchase of ambulances under capital lease	<u>\$ 152,739</u>
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See Notes to Financial Statements.

# **HARRIS COUNTY EMERGENCY SERVICES DISTRICT #1**

Notes to Financial Statements for the year ended December 31, 1992 and for  
the period from May 4, 1991 (date of inception) through December 31, 1991

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## **NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

Organization – Harris County Emergency Services District #1 (the "District") was approved by the voters of Harris County on May 4, 1991. The purpose of the District is to provide emergency ambulance services and medical aid, generally within the boundaries of the District in North Harris County. Such services are provided by a third-party contractor (See Note 2).

The District is governed by a five-member Board of Commissioners, members of which are appointed by Harris County Commissioners' Court. The District's operating budget is subject to approval by Commissioners' Court. The District's tax levy of \$.03 per \$100 of valuation is set by the legislature of the State of Texas. Such taxes are collected by the Harris County Appraisal District.

Federal Income Tax Status – The District is exempt from federal income taxes as a political subdivision of the State of Texas.

Cash Equivalents include highly-liquid investments with original maturities of three months or less and are grouped with cash on the balance sheet.

Ambulances are stated at cost. Depreciation is calculated using the straight-line method over an estimated useful life of three years. The ambulances are in the possession of and operated by the third-party service provider (See Note 2).

Tax Revenues are recognized as revenue when measurable and available. The District is newly established and does not yet have a historical basis to estimate the amount of assessed but uncollected taxes which will be received in future years, therefore, such amounts are not considered measurable and available until received.

## **NOTE 2 – SERVICE PROVIDER CONTRACT**

The District has entered into a five-year contract with Harris County Emergency Corps (the "Corps"), an unrelated, non-profit organization, to provide emergency medical services to the District. The contract expires July 31, 1997. The Corps has no other significant contracts or sources of income. The amount due under this contract is determined annually, based upon discussions between and budget considerations of the District and the Corps.

NOTE 3 – CAPITAL LEASE OBLIGATION

The District leases two ambulances under a contract accounted for as a capital lease. The total amount of assets purchased under such obligations is \$152,739. Future minimum lease payments under the lease are as follows:

1993	\$ 56,085
1994	<u>56,085</u>
Total future minimum lease payments	112,170
Less interest	<u>(12,156)</u>
Net present value of future minimum lease payments	<u>\$100,014</u>

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