

**Harris County Emergency
Services District #1**

Financial Statements
for the year ended December 31, 1994 and
Independent Auditors' Report

Blazek & Vetterling LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

We have audited the accompanying balance sheet of Harris County Emergency Services District #1 as of December 31, 1994, and the related statements of revenues, expenses, and changes in fund balance and of cash flows for the year then ended. 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 audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit 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 audit 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, 1994, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Blazek & Vetterling

August 25, 1995

Harris County Emergency Services District #1

Balance Sheet as of December 31, 1994

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 258,461
Taxes receivable (less allowance for uncollectible items of \$20,847)	723,820
Prepaid expenses	<u>6,736</u>
Total Current Assets	<u>989,017</u>
Fixed Assets:	
Land	24,903
Building	60,970
Ambulances	231,334
Other equipment	16,089
Accumulated depreciation	<u>(167,752)</u>
Fixed Assets, net	<u>165,544</u>
TOTAL ASSETS	<u>\$1,154,561</u>

LIABILITIES AND FUND BALANCE

Current Liabilities – Other accrued expenses	\$ 1,766
Fund Balance	<u>1,152,795</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$1,154,561</u>

See Notes to Financial Statements.

Harris County Emergency Services District #1

Statement of Revenues, Expenses and Changes in Fund Balance
for the year ended December 31, 1994

REVENUES

Taxes	\$ 745,656
Investment income	<u>9,347</u>
Total Revenues	<u>755,003</u>

EXPENSES

Provider contract	456,280
Depreciation	59,958
Legal and other professional fees	16,650
Harris County Appraisal District fees	6,427
Bad debt expense	5,662
Salary and payroll taxes	2,494
Interest	1,334
Other	<u>3,856</u>
Total Expenses	<u>552,661</u>

REVENUES OVER EXPENSES 202,342

FUND BALANCE, BEGINNING OF YEAR 950,453

FUND BALANCE, END OF YEAR \$1,152,795

See Notes to Financial Statements.

Harris County Emergency Services District #1

Statement of Cash Flows for the year ended December 31, 1994

CASH FLOWS FROM OPERATING ACTIVITIES

Revenues over expenses	\$ 202,342
Adjustment to arrive at net cash provided by operating activities:	
Depreciation and amortization	59,958
Decrease (increase) in:	
Taxes receivable	(55,038)
Prepaid expenses	(1,687)
Accrued expenses	<u>(4,959)</u>
Net Cash Provided by Operating Activities	<u>200,616</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures	<u>(180,556)</u>
----------------------	------------------

CASH FLOWS FROM FINANCING ACTIVITIES

Payments under capital lease	<u>(48,084)</u>
------------------------------	-----------------

NET DECREASE IN CASH (28,024)

CASH, BEGINNING OF YEAR 286,485

CASH, END OF YEAR \$ 258,461

See Notes to Financial Statements.

Harris County Emergency Services District #1

Notes to Financial Statements for the year ended December 31, 1994

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 3).

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 property 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.

Fixed Assets are stated at cost. Depreciation is calculated using the straight-line method over estimated useful lives of twenty years for the building and three to five years for other depreciable assets. The ambulances are in the possession of and operated by the third-party service provider (See Note 3).

Tax Revenues are recognized in the year of assessment. The majority of these tax revenues receivable are collected in the calendar year following assessment. An allowance is recorded to estimate potentially uncollectible tax revenues recognized when assessed.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The District maintains all cash for daily operations in one banking institution and additional savings in another. During 1994, total deposits at both institutions exceeded the federally insured limit of \$100,000 per depositor.

NOTE 3 – SERVICE PROVIDER CONTRACT

The District has a contract with Harris County Emergency Corps (the “Corps”), an unrelated non-profit organization, for the Corps to provide emergency medical services to the District. The contract expires July 31, 1997. A majority of the revenue of the Corps consists of contract payments from the District and from insurance proceeds collected for services provided under this contract. The amount due under this contract is determined annually, based upon discussions between and budget considerations of the District and the Corps.

NOTE 4 – CAPITAL LEASE OBLIGATION

Subsequent to December 31, 1994, the District entered into capital lease agreements for the purchase of an ambulance and another vehicle with a total original cost of \$111,485. Required future lease payments under such obligations are \$27,125 in 1995, \$28,696 in 1996 and 1997, and \$20,728 in 1998 and 1999.
