

**Harris County Emergency  
Services District #1**

Financial Statements  
and Independent Auditors' Report  
for the year ended December 31, 1995

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, 1995, 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 the management of Harris County Emergency Services District #1. Our responsibility is to express an opinion on these financial statements based on our audit.

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, 1995, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

*Blazek & Vetterling*

July 15, 1996

# Harris County Emergency Services District #1

Balance Sheet as of December 31, 1995

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## ASSETS

### Current Assets:

Cash and cash equivalents	\$ 321,991
Taxes receivable (less allowance for uncollectible items of \$38,348)	819,112
Other receivables and prepaid expenses	<u>10,866</u>
Total current assets	<u>1,151,969</u>

### Fixed assets:

Land	24,903
Building and improvements	148,897
Ambulances and other vehicles	402,305
Furniture and equipment	185,588
Accumulated depreciation	<u>(223,687)</u>
Fixed assets, net	<u>538,006</u>

TOTAL ASSETS \$1,689,975

## LIABILITIES AND FUND BALANCE

### Current liabilities:

Accounts payable and accrued expenses	\$ 5,527
Current portion of capital lease obligation	<u>71,700</u>
Total current liabilities	77,227

Capital lease obligation, net of current portion	<u>142,286</u>
Total liabilities	<u>219,513</u>

Fund balance 1,470,462

TOTAL LIABILITIES AND FUND BALANCE \$1,689,975

See accompanying notes to financial statements.

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## Harris County Emergency Services District #1

Statement of Revenues, Expenses and Changes in Fund Balance  
for the year ended December 31, 1995

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### REVENUES:

Taxes	\$ 848,668
Investment income	14,987
Other income	<u>2,800</u>
Total revenues	<u>866,455</u>

### EXPENSES:

Service provider contract	390,506
Depreciation	55,934
Salary and payroll taxes	32,792
Legal and other professional fees	20,283
Bad debt expense	17,501
Harris County Appraisal District fees	6,315
Interest	3,514
Other	<u>21,943</u>
Total expenses	<u>548,788</u>

REVENUES OVER EXPENSES 317,667

Fund balance, beginning of year 1,152,795

Fund balance, end of year \$1,470,462

*See accompanying notes to financial statements.*

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# Harris County Emergency Services District #1

Statement of Cash Flows for the year ended December 31, 1995

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## CASH FLOWS FROM OPERATING ACTIVITIES:

Revenues over expenses	\$ 317,667
Adjustments to arrive at net cash provided by operating activities:	
Depreciation and amortization	55,934
Increase in taxes receivable	(95,292)
Increase in other receivables and prepaid expenses	(4,130)
Increase in accounts payable and accrued expenses	<u>3,761</u>
Net cash provided by operating activities	<u>277,940</u>

## CASH FLOWS FROM INVESTING ACTIVITIES:

Capital expenditures	<u>(171,902)</u>
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## CASH FLOWS FROM FINANCING ACTIVITIES:

Payments under capital lease	<u>(42,508)</u>
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NET INCREASE IN CASH	63,530
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Cash, beginning of year	<u>258,461</u>
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Cash, end of year	<u>\$ 321,991</u>
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*See accompanying notes to financial statements.*

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# Harris County Emergency Services District #1

Notes to Financial Statements for the year ended December 31, 1995

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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 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 share of County 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, 10 years for improvements 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.

Use of Estimates - Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from the estimates that were used.

## NOTE 2 - CONCENTRATION OF CREDIT RISK

The District maintains all cash for daily operations in one banking institution. At times during 1995, total deposits at this institution 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. The majority of the revenue of the Corps consists of contract payments from the District and 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

During 1995, the District entered into capital lease agreements for the purchase of an ambulance, another vehicle and various equipment. Amounts under capital lease included in fixed assets are as follows:

Ambulances and other vehicles	\$ 111,485
Equipment	<u>145,008</u>
Total	256,493
Less accumulated depreciation	<u>(20,083)</u>
Net fixed assets under capital lease	<u>\$ 236,410</u>

Annual payments required include interest from 6.47% to 7.15%. Future minimum lease payments are due as follows:

1996	\$ 79,361
1997	79,361
1998	56,010
1999	<u>22,466</u>
Total obligation	237,198
Less interest	<u>(23,212)</u>
Net capital lease obligation	<u>\$ 213,986</u>

Interest expense related to capital leases in 1995 was \$3,514.

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