

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

**FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023**

**HIDALGO COUNTY EMERGENCY SERVICES
DISTRICT NO. 1
AS OF DECEMBER 31, 2023**

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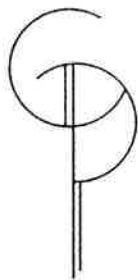
**HIDALGO COUNTY EMERGENCY SERVICES
DISTRICT NO. 1
YEAR ENDED DECEMBER 31, 2023**

OFFICERS

Mark McCaleb	President
Ramon "Monse" Montalvo	Vice-President
Jennifer Rektorik	Secretary/Treasurer
Gerardo V. Latigo	Commissioner
James Anthony Vos	Commissioner
Richard S. Talbert	Legal Counsel

PART I

FINANCIAL SECTION



GARCIA & PEÑA

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Manuel B. Garcia, CPA

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INDEPENDENT AUDITOR'S REPORT

Hidalgo County Emergency Services

District No. 1

P.O. Box 1010

Weslaco, Texas 78596

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities of Hidalgo County Emergency Services District No. 1 as of and for the year ended December 31, 2023, with comparison to December 31, 2022, and the related notes to the financial statements which collectively comprise the Hidalgo County Emergency Services District No. 1 basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Hidalgo County Emergency Services District No. 1 as of December 31, 2023, and the respective changes in financial position, and the budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hidalgo County Emergency Services District No. 1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hidalgo County Emergency Services District No. 1 ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance, but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hidalgo County Emergency Services District No. 1 internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, which raise substantial doubt about the Hidalgo County Emergency Services District No. 1 ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages d to f and 9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

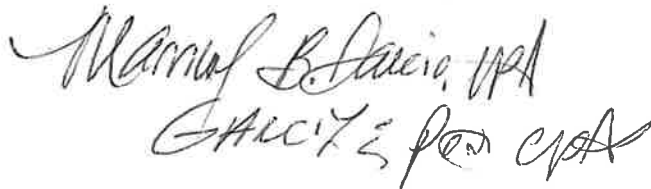
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hidalgo County Emergency Services District No. 1 basic financial statements. The accompanying individual fund financial statements, supplemental schedules, supplemental information, and schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements, supplemental schedules, supplemental information and the schedule of federal awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Manuel B. Garcia, CPA
GARCIA & PEÑA CPA

Garcia & Pena,
Certified Public Accountants
Weslaco, Texas 78599

May 13, 2024

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, 2023, 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 – As a result of this year's operations, net position increased \$16,993 from an increase of \$46,058 the previous year.
- Total revenues increased by \$36,513 for 2023, with the tax assessment increase of \$25,962, an increase of \$10,276 of interest and a \$275 increase in general revenues. Expenditures increased by \$65,578 as a result of an increase of \$63,750 in service contracts and an increase of \$1,828 in administrative expenses. Total revenues were \$277,793 and expenditures were \$275,384 resulting in a \$16,993 increase in net position for 2023.
- At the close of the current year, the Hidalgo County Emergency Services District No. 1's governmental fund reported an excess of expenses over revenues of \$15,813, decreasing the fund balance to \$416,118.

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

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Hidalgo County Emergency Services District No. 1, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - A governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Hidalgo County Emergency Services District No. 1 maintains one individual governmental fund.

Hidalgo County Emergency Services District No. 1 adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 5-9 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10-16 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Hidalgo County Emergency Services District No. 1, assets exceeded liabilities by \$637,509 at the close of the most recent fiscal year.

The largest portion of Hidalgo County Emergency Services District No. 1 net position (71.81%) reflects its investment in cash.

The remaining balance of \$221,391 (tax receivables) are not currently available until collected in subsequent years.

Governmental activities - Tax revenues, penalties and interest amounts were \$277,793, an increase of \$25,962 from the prior year. Interest earnings were \$14,014, an increase of 10,276 from the prior year, with an increase of \$275 in miscellaneous income. Expenses were \$275,384 netting a \$16,993 increase in net position.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, Hidalgo County Emergency Services District No. 1 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, unrestricted 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 \$416,118 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, unrestricted fund balance of the general fund was \$416,118. As a measure of the general fund's liquidity, it may be useful to compare both unrestricted fund balance to total fund expenditures. Unrestricted fund balance represents 151.66% of total general fund expenditures.

The fund balance of Hidalgo County Emergency Services District No. 1's general fund decreased by \$15,813 during the current fiscal year, compared to an increase of \$26,431 in the prior year. Key factors in this change are as follows:

- The tax receipts, penalties and interest revenues were \$258,568, an increase of \$22,687 from the prior year. Interest and other revenues were \$14,584, an increase of \$10,551. Expenditures were \$274,381, an increase of \$64,931; due to an increase of \$63,750 in Service Contracts and \$1,181 increase in Administrative Expenses. Total revenues were \$258,568, with total expenditures of \$274,381 yielding a decrease of \$15,813 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, 2023, 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, 2023 AND 2022

**ASSETS AND DEFERRED
OUTFLOW OF RESOURCES**

	<u>2023</u>	<u>2022</u>
Cash	\$ 147,552	\$ 200,074
Certificate of Deposit	310,264	270,582
Due from County	11,129	13,958
Due from Others	-	-
Rollback Taxes Receivable (Note 4)	530	333
Tax Assessment Receivable (Net) (Note 4)	<u>220,861</u>	<u>188,251</u>
Deferred Outflow of Resources	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflow of Resources	<u><u>\$ 690,336</u></u>	<u><u>\$ 673,198</u></u>

**LIABILITIES, DEFERRED INFLOW OF
RESOURCES**

Liabilities		
Accounts Payable	\$ 52,500	\$ 52,500
Due to Tax Attorney	<u>327</u>	<u>182</u>
Total Liabilities	<u>52,827</u>	<u>52,682</u>
Deferred Inflow of Resources (Note 5)	<u>-</u>	<u>-</u>
Net Position		
Unrestricted	<u>637,509</u>	<u>620,516</u>
Total Net Position	<u>637,509</u>	<u>620,516</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u><u>\$ 690,336</u></u>	<u><u>\$ 673,198</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, 2023

<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	\$ 35,384	\$ 37,793	\$ -	\$ 2,409
Service Contracts	240,000	240,000		-
Interest on long-term debt				
 Total governmental activities	 \$ 275,384	 \$ 277,793	 \$ -	 \$ 2,409
General revenues:				
Investment earnings				14,014
Decrease in allowance for uncollectible accounts				-
Miscellaneous				570
 Total general revenues				 14,584
 Changes in net position				 16,993
 Net position at beginning of year				 620,516
 Net position at end of year				 \$ 637,509

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, 2022

<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	\$ 33,556	\$ 75,581	\$ -	\$ 42,025
Service Contracts	176,250	176,250		-
Interest on long-term debt				
Total governmental activities	\$ 209,806	\$ 251,831	\$ -	\$ 42,025
General revenues:				
Investment earnings				3,738
Decrease in allowance for uncollectible accounts				-
Miscellaneous				<u>295</u>
Total general revenues				<u>4,033</u>
Changes in net position				46,058
Net position at beginning of year				<u>574,458</u>
Net position at end of year				<u><u>\$ 620,516</u></u>

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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Cash received from tax payers	\$ 247,815	\$ 247,118
Other operating cash receipts	570	295
Cash payments to suppliers for goods and services	(35,239)	(33,605)
Cash payments for service contracts	<u>(240,000)</u>	<u>(155,000)</u>
Net Cash Provided by Operating Activities	(26,854)	58,808
Cash Flows From Investing Activities:		
Interest on cash and cash investments	<u>14,014</u>	<u>3,738</u>
Net Increase (Decrease) In Cash	(12,840)	62,546
Cash at the Beginning of the Year	<u>470,656</u>	<u>408,110</u>
Cash at the End of the Year	<u><u>\$ 457,816</u></u>	<u><u>\$ 470,656</u></u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities		
Income (loss) from operations	\$ 2,409	\$ 42,025
Changes in Assets		
Due from the County	2,829	14,913
Due from Others	-	-
Tax Receivable	(32,807)	(19,626)
Changes in Liabilities		
Accounts Payable	-	21,250
Due to Tax Attorney	145	(49)
Other Income	<u>570</u>	<u>295</u>
Net cash provided (used) by operating activities	<u><u>\$ (26,854)</u></u>	<u><u>\$ 58,808</u></u>
Reconciliation of total cash and cash investments		
Current Cash	\$ 147,552	\$ 200,074
Certificate of Deposits	<u>310,264</u>	<u>270,582</u>
Total cash and cash investments	<u><u>\$ 457,816</u></u>	<u><u>\$ 470,656</u></u>

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, 2023 AND 2022

ASSETS AND DEFERRED OUTFLOW OF RESOURCES		<u>2023</u>	<u>2022</u>
Cash		\$ 147,552	\$ 200,074
Certificate of Deposit		310,264	270,582
Due from County		11,129	13,958
Due from Others		-	-
Rollback Taxes Receivable (Note 4)		530	333
Tax Assessment Receivable (Net) (Note 4)		<u>220,861</u>	<u>188,251</u>
Deferred Outflow of Resources		<u>-</u>	<u>-</u>
Total Assets and Deferred Outflow of Resources		<u><u>\$ 690,336</u></u>	<u><u>\$ 673,198</u></u>
LIABILITIES, DEFERRED INFLOW OF RECOURCES, AND FUND BALANCE			
Liabilities			
Accounts Payable		\$ 52,500	\$ 52,500
Due to Tax attorney		<u>327</u>	<u>182</u>
Total Liabilities		<u>52,827</u>	<u>52,682</u>
Deferred Inflow of Resources (Note 5)		<u>221,391</u>	<u>188,585</u>
Fund Balance			
Unrestricted		<u>416,118</u>	<u>431,931</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balance		<u><u>\$ 690,336</u></u>	<u><u>\$ 673,198</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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Total fund balances-total governmental funds	\$ 416,118	\$431,931
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	<u>221,391</u>	<u>188,585</u>
Net position of governmental activities	<u><u>\$ 637,509</u></u>	<u><u>\$620,516</u></u>

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, 2023 AND 2022

	<u>General Fund</u>	
	<u>2023</u>	<u>2022</u>
<u>Revenues</u>		
Tax Receipts, Net of Refunds	\$ 234,915	\$ 222,569
Penalties & Interest	9,069	9,279
Interest	14,014	3,738
Other	<u>570</u>	<u>295</u>
Total Revenues	<u>258,568</u>	<u>235,881</u>
<u>Expenditures</u>		
Administrative Fees and Contract Services		
Legal and Professional	21,648	21,141
Insurance	6,431	6,181
Office	4,085	3,560
Collection and Assessment Fees Hidalgo County	<u>2,217</u>	<u>2,318</u>
Total Administrative Fees and Contract Services	<u>34,381</u>	<u>33,200</u>
Service Contract City of Weslaco (Note 6)	210,000	146,250
Aid to Communities City of Weslaco (Note 6)	<u>30,000</u>	<u>30,000</u>
Total Expenditures	<u>274,381</u>	<u>209,450</u>
Excess of Revenues Over (Under) Expenditures	(15,813)	26,431
Fund Balance, Beginning of the Year	<u>431,931</u>	<u>405,500</u>
Fund Balance, End of Year	<u>\$ 416,118</u>	<u>\$ 431,931</u>

The notes to the financial statements are in 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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Net change in fund balance-total governmental funds	\$ (15,813)	\$ 26,431
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.	27,553	18,339
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	6,256	1,644
Allowance for bad-debt expenses		
Decrease in allowance for uncollectible accounts	(1,003)	(356)
Increase in allowance for uncollectible accounts	<u>-</u>	<u>-</u>
Changes in net position of governmental activities	<u>\$ 16,993</u>	<u>\$ 46,058</u>

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, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>	<u>2022</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final</u>	<u>Actual</u>
			<u>Basis</u>	<u>Budget</u>	
Revenues					
Property Taxes	\$ 198,130	\$ 198,130	\$ 234,915	\$ 36,785	\$ 222,569
Penalties & Interest	-	-	9,069	9,069	9,279
Interest	4,000	4,000	14,014	10,014	3,738
Other	-	-	570	570	295
Total Revenues	<u>202,130</u>	<u>202,130</u>	<u>258,568</u>	<u>56,438</u>	<u>235,881</u>
Expenditures					
General Government	47,000	47,000	34,381	12,619	33,200
Ambulance Services	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	-	<u>176,250</u>
Total Expenditures	<u>287,000</u>	<u>287,000</u>	<u>274,381</u>	<u>12,619</u>	<u>209,450</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(84,870)</u>	<u>(84,870)</u>	<u>(15,813)</u>	<u>69,057</u>	<u>26,431</u>
Other Financing Sources (Uses)					
Operating transfers-in	-	-	-	-	-
Operating transfers-out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and other Financing Sources Over Expenditures and Other Uses	<u>\$ (84,870)</u>	<u>\$ (84,870)</u>	<u>(15,813)</u>	<u>\$ 69,057</u>	<u>26,431</u>
Fund Balance, January 1,			<u>431,931</u>		<u>405,500</u>
Fund Balance, December 31,			<u>\$ 416,118</u>		<u>\$ 431,931</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, 2023

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 78th 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.

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.

HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1.

NATURE OF DISTRICT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

“Measurable” means the amount of the transactions can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are taxes, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

(c). Cash and Cash Equivalents

Custodial Credit Risk

Deposits, Certificates of Deposit

Custodial credit risk refers to the risk that in the event of a bank failure, the District’s deposits may not be returned to it.

In accordance with the District’s fiscal policy as approved by the Board, the District maintains the demand and time deposits through a local depository bank that are members of the Federal Reserve System, and pledge securities to secure the funds of the District beyond the FDIC coverage.

In no time during the current fiscal year did the organization’s deposits go over the Federal Depository Insurance Corporation (FDIC) Insurance of \$250,000, or the pledged securities.

Hidalgo County Emergency Services District No. 1 considers all short-term investments with an original maturity of three months or less to be cash equivalents.

(d). Investments

Investments are carried at cost plus accrued interest.

(e). Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

- (f). Advertising Costs
Advertising costs are charged to operations when incurred. Total advertising costs for the year ended December 31, 2023, were \$-0-.
- (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.
- (j). Capital Leases
On January 1, 2022, the District adopted Accounting Standards Update, "ASU"), 2016-2 Leases. Lessees are required to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in the Statements of Financial Position for operating leases. Leases are classified as either operating or financing which in turn determines expense recognition. For operating leases, a single lease cost is calculated and allocated over the lease term on a straight-line basis. In July 2018, the FASB provide entities relief from the transaction requirements in ASU 2016-02 by allowing them to elect not to recast prior comparative periods. A full retrospective transition approach is not permitted. The District is using a modified retrospective approach to adopting the guidance and as such there will be no restatement of prior financial statements. As permitted under the transition guidance, the District elected a package of practical expedients which, among other provisions, allowed the District to carry forward historical lease classifications. Short-term leases, 12 months or less, are exempt under the 2016-02 did not have a material impact on the District's financial statements.

HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 two banks, as follows:

<u>Bank</u>	<u>Bank Balance</u>	<u>Carrying Value</u>
Rio Bank	\$ 148,552	\$ 147,552
Freedom Bank	155,124	155,531
Texas Regional Bank	154,194	154,733
Total	<u>\$ 457,870</u>	<u>\$ 457,816</u>

<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	\$ 333,027	\$ 148,552	\$ 434,475
Freedom Bank	250,000		155,124	94,876
Texas Regional Bank	250,000	-	154,194	95,806
	<u>\$ 750,000</u>	<u>\$ 333,027</u>	<u>\$ 457,870</u>	<u>\$ 625,157</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, 2023, 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, 2023.

HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4.

REVENUES AND REVENUE RECOGNITION

Substantially all of the District's revenue is derived from taxes levied against the citizens of its geographical areas. The District is authorized to levy a tax, not to exceed three cents (\$.03) per one hundred dollars (\$100.00) property valuation. If the District were to exceed three cents (\$.03) per one hundred dollars, it would require voter approval from the District.

Taxes are assessed and collected for the District by the Hidalgo County Office of Tax Assessor-Collector. The tax rates, assessed taxes, and collection fees for the tax years 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Tax Rate	0.0192	0.0192
Market Value	\$ 2,096,221,699	\$ 1,572,774,893
Assessed Value	1,701,876,105	1,411,453,068
Assessed Taxes	262,476	235,123
Tax Adjustment	6,257	1,644
Net Tax Assessment	268,733	236,767
Tax Collections	234,915	222,569
Collection Fees:		
Assessment Fee	1.07%	1.07%
Collection Fee-Delinquent	0.088	0.8866
Delinquent Tax-Attorney Fee	15%	15%

NOTE 4.

REVENUES AND REVENUE RECOGNITION (CONTINUED)

Revenues recognized by the District represent total tax assessments for the period. At December 31, 2023, the County's record reflected total tax receivable for the District as follows:

	<u>Total Tax</u>	<u>Rollback Tax</u>	<u>Current Tax</u>	<u>Delinquent Tax</u>
Property Tax Receivable, January 1,	\$ 198,091	\$ 333	\$ -	\$ 197,758
2022 Tax Assessments	262,476	-	262,476	-
Tax Collections	(234,923)	(1,577)	(88,610)	(144,736)
Adjustments	6,257	1,774	4,957	(474)
Property Tax Receivable, December 31,	231,901	530	178,823	52,548
Less: Allowance for Uncollectible	(10,510)	-	-	(10,510)
Total Tax Receivable (Net)	<u>\$ 221,391</u>	<u>\$ 530</u>	<u>\$ 178,823</u>	<u>\$ 42,038</u>

Uncollectible amounts are estimated to be 20% of the delinquent taxes at December 31, 2023.

HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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>	<u>Amount</u>
Property Taxes	<u>\$ 221,391</u>

NOTE 6. COMMITMENTS

Service Contract with City of Weslaco and South Texas Emergency Care

The District extended its service contract with the City of Weslaco, Texas effective October 1, 2022, to September 30, 2024, requiring quarterly payments of \$52,500 including premiums on ambulance operating insurance.

	<u>City of Weslaco Service Contract</u>
2024	<u>\$ 157,500</u>
Total	<u>\$ 157,500</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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8. RELATED PARTY TRANSACTIONS

As reflected on Note 4, Hidalgo County Office Tax Assessor-Collector, assess and collect property taxes for the District.

County Commissioner, Tony Fuentes appoints the District's board members.

NOTE 9. COVID-19 DISCLOSURE

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. Hidalgo County Emergency Services District No. 1 is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the district's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on Hidalgo County Emergency Services District No. 1 customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which the COVID-19 may impact the district's financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.

NOTE 10. SUBSEQUENT EVENTS

Subsequent events were evaluated through May 13, 2024 which is the date the financial statements were available to be issued.

PART II
SUPPLEMENTAL SECTION

**HIDALGO COUNTY EMERGENCY SERVICES DISTRICT #1
FIVE YEAR SUMMARY OF TAX RATES, ASSESSMENTS,
TAX PENALTIES AND INTEREST, INVESTMENT INTEREST
EARNINGS, TOTAL REVENUES, TAX COLLECTIONS,
AND TAX COLLECTION PERCENTAGE
DECEMBER 31, 2023**

	2023	2022	2021	2020	2019
Tax Rate	0.0192	0.0192	0.0195	0.0196	0.0176
Market Value	\$ 2,096,221,699	\$ 1,572,774,893	\$ 1,418,960,447	\$ 1,288,928,036	\$ 1,195,739,287
Assessed Value	1,701,876,105	1,355,005,870	1,225,228,012	1,108,702,673	1,036,812,718
Taxable Value	1,552,001,759	1,223,497,501	1,100,105,249	997,696,423	927,463,325
Tax Assessment	262,476	235,123	214,671	195,626	185,591
Adjustments	6,257	1,644	2,527	2,531	362
Net Assessment	\$ 268,733	\$ 236,767	\$ 217,198	\$ 198,157	\$ 185,953
Penalties & Interest	9,069	9,279	9,916	7,974	8,852
General Revenues	14,584	4,033	3,652	5,359	8,116
Tax Revenues	\$ 292,386	\$ 250,079	\$ 230,766	\$ 211,490	\$ 202,921
Tax Collections	234,915	222,569	209,932	188,927	187,905
% of Assessment	87.42%	94.00%	96.65%	95.34%	101.05%