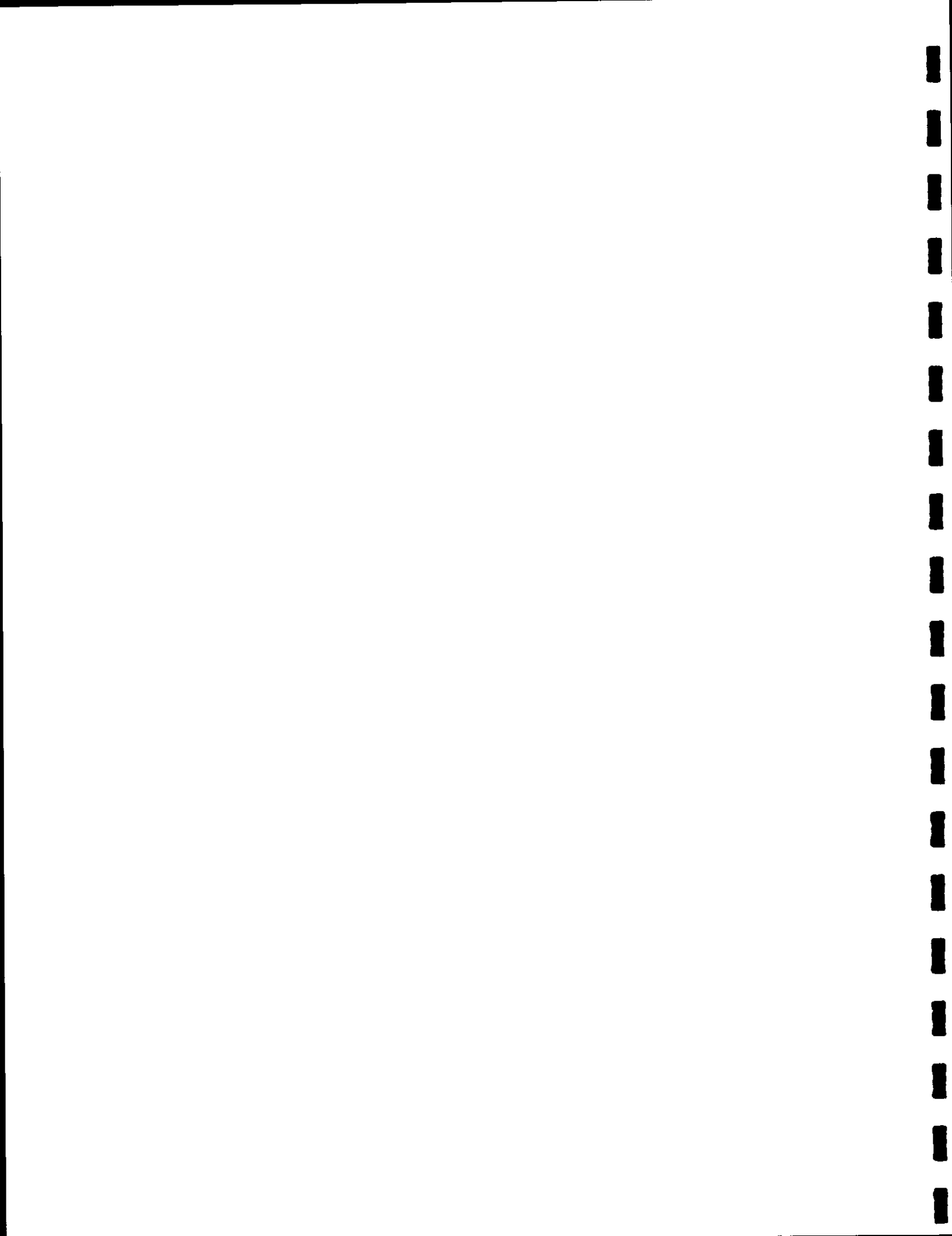


**WALKER COUNTY EMERGENCY SERVICES
DISTRICT NO. 1**

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2014



Davis, Heinemann & Company, P.C.
Certified Public Accountants
1300 11th Street Suite 500
Huntsville, Texas 77340
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Introductory Section

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Walker County Emergency Services District No. 1
Annual Financial Report
For The Year Ended September 30, 2014

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Financial Section

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DAVIS, HEINEMANN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

1300 11TH STREET, SUITE 500

P.O. BOX 6308

HUNTSVILLE, TEXAS 77342

PHONE (936) 291-3020

FAX (936) 291-9607

Independent Auditor's Report

To the Board of Directors
Walker County Emergency Services District No. 1
P.O. Box 113
Riverside, Texas 77367

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Walker County Emergency Services District No. 1 ("the District") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District'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 of 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 District's preparation and fair presentation of the 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 District'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Walker County Emergency Services District No. 1 as of September 30, 2014, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, 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.

Respectfully submitted,

Davis, Heinemann & Co.

Davis, Heinemann & Company, P.C.

Huntsville, Texas
May 8, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Walker County Emergency Services District No.1 presents the discussion and analysis section of the District's financial performance during the fiscal year ended September 30, 2014. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

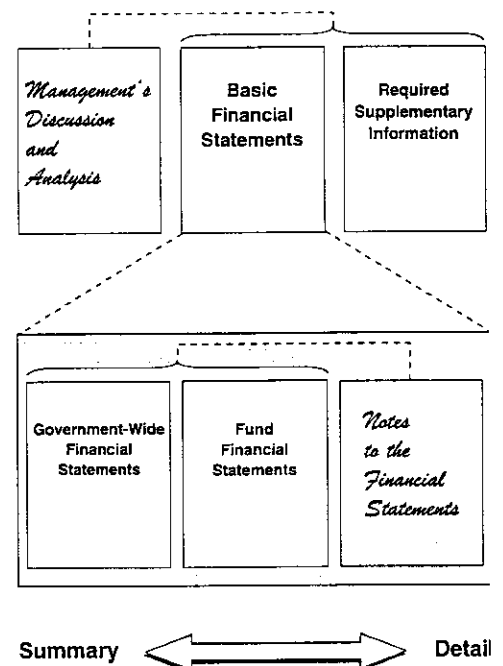
- The District's total net position was \$148,051 at September 30, 2014.
- During the year, the District's expenses were \$26,610 less than the \$163,086 generated in general revenues for governmental activities.
- The total cost of the District's programs was \$136,476 for the year.
- The general fund reported a fund balance this year of \$122,148.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government services* were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

Figure A-1, Required Components of the District's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one should consider additional factors such as changes in the District's taxing jurisdictions.

The government-wide financial statements of the District include the *Governmental activities*. All of the District's basic services are included here. Charges for service paid by participating jurisdictions and other revenues finance these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and when applicable by bond covenants.
- The Board of Directors establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was \$148,051 at September 30, 2014. (See Table A-1.)

Table A-1
Walker County Emergency Services District No. 1's Net Position
(In thousands of dollars)

	Governmental Activities		Change
	2014	2013	2014-2013
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 121.1	\$ 106.0	\$ 15.1
Taxes Receivable	25.9	26.3	(0.4)
Accounts Receivable	1.1	1.5	(0.4)
Total Current Assets	<u>148.1</u>	<u>133.8</u>	<u>14.3</u>
Total Assets	<u>148.1</u>	<u>133.8</u>	<u>14.3</u>
Liabilities			
Accounts Payable	-	12.4	(12.4)
Total Liabilities	<u>-</u>	<u>12.4</u>	<u>(12.4)</u>
Net Position:			
Unrestricted	148.1	121.4	26.7
Total Net Position	<u>\$ 148.1</u>	<u>\$ 121.4</u>	<u>\$ 26.7</u>

Cash and cash equivalents increased by \$15.1 thousand from the prior year due to lower expenditures compared to revenues during the year. Accounts payable decreased by \$12.4 thousand from the prior year due to the accrual of distributions to volunteer fire departments in the prior year.

Changes in net position. The District's total revenues were \$163,086 and total expenses were \$136,476, which resulted in an increase of net position of \$26,610. (See Table A-2.)

Governmental Activities

Table A-2
Changes in Walker County Emergency Services District No. 1's Net Position
(In thousands of dollars)

	Governmental Activities		Change 2014-2013
	2014	2013	
General Revenues			
Tax Levy	\$ 162.8	\$ 155.2	\$ 7.6
Investment Earnings	0.3	0.2	0.1
Proceeds From Insurance	-	8.1	(8.1)
Miscellaneous	-	0.2	(0.2)
Total Revenues	<u>163.1</u>	<u>163.7</u>	<u>(0.6)</u>
Program Expenses:			
Public Safety	<u>136.5</u>	<u>148.1</u>	<u>(11.6)</u>
Total Expenses	<u>136.5</u>	<u>148.1</u>	<u>(11.6)</u>
Change in Net Position	<u>\$ 26.6</u>	<u>\$ 15.6</u>	<u>\$ 11.0</u>

Property taxes increased \$7.6 thousand from the prior year due to an increase in taxable values. Public safety expenditures decreased by \$11.6 thousand, primarily due to lower distributions to volunteer fire departments.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

General Fund Budgetary Highlights

Over the course of the year, the District's budget was not revised. Actual expenditures were \$15,164 less than the final budgeted amounts.

In addition, resources available were \$11,855 more than the budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year end, the District had no capital assets.

Long Term Debt

At year end, the District had no outstanding debt.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's administration office.

Basic Financial Statements

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WALKER COUNTY EMERGENCY SERVICES DISTRICT NO. 1**STATEMENT OF NET POSITION**

SEPTEMBER 30, 2014

	<u>Governmental Activities</u>
ASSETS:	
Cash and Cash Equivalents	\$ 121,069
Taxes Receivable	25,903
Receivables (net of allowances for uncollectibles):	1,079
Total Assets	<u>148,051</u>

LIABILITIES:

NET POSITION:

Unrestricted	148,051
Total Net Position	<u>\$ 148,051</u>

The accompanying notes are an integral part of this statement.

WALKER COUNTY EMERGENCY SERVICES DISTRICT NO. 1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position
PRIMARY GOVERNMENT:		
Governmental Activities:		
Public Safety	\$ 136,476	\$ (136,476)
Total Governmental Activities	<u>136,476</u>	<u>(136,476)</u>
Total Primary Government	<u>\$ 136,476</u>	<u>(136,476)</u>
General Revenues:		
Property Taxes		162,776
Unrestricted Investment Earnings		310
Total General Revenues		<u>163,086</u>
Change in Net Assets		26,610
Net Position - Beginning		<u>121,441</u>
Net Position - Ending		<u>\$ 148,051</u>

The accompanying notes are an integral part of this statement.

WALKER COUNTY EMERGENCY SERVICES DISTRICT NO. 1

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	General Fund
ASSETS	
Assets:	
Cash and Cash Equivalents	\$ 121,069
Taxes Receivable	25,903
Receivables (net of allowances for uncollectibles):	1,079
Total Assets	<u>\$ 148,051</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE:	
Liabilities:	
Deferred Inflows of Resources	
Deferred Revenue	\$ 25,903
Total Deferred Inflows of Resources	<u>25,903</u>
Fund Balance:	
Unassigned	122,148
Total Fund Balance	<u>122,148</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 148,051</u>

The accompanying notes are an integral part of this statement.

WALKER COUNTY EMERGENCY SERVICES DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

Total fund balances - governmental funds balance sheet	\$ 122,148
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	<u>25,903</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 148,051</u>

The accompanying notes are an integral part of this statement.

WALKER COUNTY EMERGENCY SERVICES DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General Fund
Revenue:	
Taxes:	
Property Taxes	\$ 163,185
Investment Earnings	310
Total Revenues	<u>163,495</u>
Expenditures:	
Current:	
Public Safety	136,476
Total Expenditures	<u>136,476</u>
Net Change in Fund Balances	27,019
Fund Balances - Beginning	95,129
Fund Balances - Ending	<u>\$ 122,148</u>

The accompanying notes are an integral part of this statement.

WALKER COUNTY EMERGENCY SERVICES DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Net change in fund balances - total governmental funds	\$ 27,019
Amounts reported for governmental activities in the Statement of Activities are different because:	
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	<u>(409)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 26,610</u>

The accompanying notes are an integral part of this statement.

WALKER COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

A. Summary of Significant Accounting Policies

The combined financial statements of Walker County Emergency Services District No. 1 (the "District") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The District's basic financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District
- the exclusion of the organization would result in misleading or incomplete financial statements

The District also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the District to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the District, its component units or its constituents; and 2) The District or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the District.

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

WALKER COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

The District reports the following major governmental funds:

General Fund. This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

b. Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

b. Capital Assets

The District has no capital assets.

c. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided

WALKER COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

which disaggregates those balances.

d. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

e. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

f. Deferred Outflows and Inflows of Resources

During fiscal year 2013, the District implemented GASB 63 and GASB 65 which address deferred outflows and deferred inflows of resources. Deferred outflows of resources are defined as a consumption of net position by the District that is applicable to a future period. They are required to be reported in the statement of financial position in a separate section following assets. Deferred inflows of resources are defined as an acquisition of net assets by a government that is applicable to a future reporting period. They should be reported in the statement of financial position or balance sheet in a separate section following liabilities. GASB 65 identifies certain items previously reported as assets and liabilities that the GASB determined should be recognized as revenues, expenses or expenditures when incurred and not reported in statements of net position or balance sheets.

WALKER COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

4. Budgetary Data

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to the beginning of the fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Commissioners is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must have been given.
- c. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the Commissioners.

Once a budget is approved, it can be amended only by approval of a majority of the members of the Commissioners. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Commissioners and are not made after fiscal year end. During the year, the budget was amended as necessary. All budget appropriations lapse at year end.

5. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

The District had no outstanding end-of-year encumbrances.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

WALKER COUNTY EMERGENCY SERVICES DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Cash Deposits:

At September 30, 2014, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$121,069 and the bank balance was \$121,069. The District's cash deposits at September 30, 2014 and during the year ended September 30, 2014, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

D. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2014, the District obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The District pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The District continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

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Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

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WALKER COUNTY EMERGENCY SERVICES DISTRICT NO. 1

EXHIBIT B-1

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property Taxes	\$ 151,500	\$ 151,500	\$ 163,185	\$ 11,685
Investment Earnings	140	140	310	170
Total Revenues	<u>151,640</u>	<u>151,640</u>	<u>163,495</u>	<u>11,855</u>
Expenditures:				
Current:				
Public Safety	151,640	151,640	136,476	15,164
Total Expenditures	<u>151,640</u>	<u>151,640</u>	<u>136,476</u>	<u>15,164</u>
Net Change in Fund Balances	--	--	27,019	27,019
Fund Balances - Beginning	95,129	95,129	95,129	--
Fund Balances - Ending	<u>\$ 95,129</u>	<u>\$ 95,129</u>	<u>\$ 122,148</u>	<u>\$ 27,019</u>

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