

***EMERGENCY MEDICAL
SERVICES AUTHORITY***

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL SCHEDULES

YEARS ENDED JUNE 30, 2022 AND 2021

WITH

INDEPENDENT AUDITOR'S REPORT

EMERGENCY MEDICAL
SERVICES AUTHORITY

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL SCHEDULES

YEARS ENDED JUNE 30, 2022 AND 2021

WITH

INDEPENDENT AUDITOR'S REPORT

EMERGENCY MEDICAL SERVICES AUTHORITY

FINANCIAL STATEMENTS WITH SUPPLEMENTAL SCHEDULES

Years Ended June 30, 2022 and 2021

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 6
Financial Statements:	
Statements of Net Position	7
Statements of Revenues, Expenses and Changes in Net Position	8
Statements of Cash Flows	9 - 10
Notes to Basic Financial Statements	11 - 20
Supplementary Information of Operating Divisions:	
Statements of Net Position Information	21 - 22
Statements of Revenues, Expenses and Changes in Net Position Information	23 - 24

*This is a copy of the Authority's annual financial statements reproduced
from an electronic file. An original copy of this document
is available at the Authority's office.*

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Emergency Medical Services Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Emergency Medical Services Authority (Authority), as of and for the years ended June 30, 2022 and 2021, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Authority's 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 Authority's 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, that raise substantial doubt about the Authority's 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 listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information as listed in the table of contents is 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 to 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 supplementary information as listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Wichita, Kansas
September 29, 2022

EMERGENCY MEDICAL SERVICES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2022

This Management's Discussion and Analysis (MD&A) of Emergency Medical Services Authority (Authority) provides an overview of the Authority's financial activities for the years ended June 30, 2022 and 2021. Please consider this information in conjunction with the financial statements and the accompanying notes to basic financial statements that follow this section. Unless otherwise indicated, amounts are in thousands.

Financial Highlights

- Cash and cash equivalents and short-term deposits increased in 2022 by \$1,693 or 7.47% and increased in 2021 by \$2,734 or 13.72%.
- The Authority's net position increased in 2022 by \$4,429 or 14.12% and increased in 2021 by \$9,441 or 43.07%.
- The Authority reported operating losses both in 2022 of \$7,423 and 2021 of \$1,672. The operating loss in 2022 increased by \$5,751 or 343.86% over the operating loss reported in 2021. The operating loss in 2021 decreased by \$9,689 or 85.28% over the operating loss reported in 2020.
- Net nonoperating revenues increased by \$739 or 6.65% in 2022 compared to a decrease of \$890 or 7.41% in 2021 compared to 2020.

Using this Annual Report

The Authority's financial statements consist of three statements - a statement of net position; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These statements provide information about the activities of the Authority, including resources held by the Authority but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The Authority is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The Statement of Net Position and Statements of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about any organization's finances is, "Is the organization as a whole better or worse off as a result of the year's activities?" The statement of net position and the statements of revenues, expenses and changes in net position report information about the Authority's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net position and changes in them. The Authority's total net position - the difference between assets and liabilities - is one measure of the Authority's financial health whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Authority's patient base, changes in legislation and regulations, measure of the quantity and quality of services provided to its patients and local economic factors should also be considered to assess the overall financial health of the Authority.

EMERGENCY MEDICAL SERVICES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2022

The Statements of Cash Flows

The statements of cash flows report cash receipts, cash payments and net changes in cash resulting from four defined types of activities. They provide answers to such questions as; where did cash come from, what was cash used for, and what was the change in cash during the reporting period.

The Authority's Net Position

The Authority's net position is the difference between its assets and liabilities reported in the statement of net position. The Authority's net position increased by \$4,429 or 14.12% in 2022 over 2021 and increased by \$9,441 or 43.07% in 2021 over 2020, as shown on Table 1.

Table 1 - Assets, Liabilities and Net Position

	2022	2021	2020
Assets			
Current and other assets	\$ 43,573	\$ 43,230	\$ 37,288
Capital assets, net	16,902	10,278	11,771
Total assets	\$ 60,475	\$ 53,508	\$ 49,059
Liabilities			
Current liabilities	\$ 23,037	\$ 19,793	\$ 24,095
Noncurrent liabilities	1,649	2,356	3,046
Total liabilities	\$ 24,686	\$ 22,149	\$ 27,141
Net Position			
Investment in capital assets	\$ 14,546	\$ 7,231	\$ 7,653
Unrestricted	21,243	24,128	14,265
Total net position	\$ 35,789	\$ 31,359	\$ 21,918
Total liabilities and net position	\$ 60,475	\$ 53,508	\$ 49,059

Current and other assets increased in 2022 by \$342 and increased in 2021 by \$5,942. The 2021 increase is due to monies withheld related to contract settlement negotiations. Cash and cash equivalents and short-term deposits have increased by \$1,693 or 7.47%.

The decrease in noncurrent liabilities in 2022 is reflective of the continued pay down of a long-term debt instrument entered into in 2017. This is further discussed in Note 8 to the financial statements.

The 2022 increase in net position is a result of several factors, all of which are described within the "Operating Results" and "Nonoperating Revenues" sections below.

Operating Results

In 2022, operating revenues decreased \$4,061 or 5.72%. The decrease in operating revenue is due primarily to revenue associated with the contractor transition received in 2021 and not in 2022.

In 2022, operating expenses increased \$1,690 or 2.33%, primarily due to increased cost associated with staffing.

EMERGENCY MEDICAL SERVICES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2022

Table 2 - Operating Results and Changes in Net Position

	2022	2021	2020
Operating revenues	\$ 66,918	\$ 70,979	\$ 63,769
Nonoperating revenues	11,920	11,210	12,132
Total revenues	\$ 78,838	\$ 82,189	\$ 75,901
Operating expense	\$ 74,341	\$ 72,651	\$ 75,130
Nonoperating expense	68	97	129
Total expenses	\$ 74,409	\$ 72,748	\$ 75,259
Increase in net position	\$ 4,429	\$ 9,441	\$ 642

Nonoperating Revenues

Nonoperating revenues consist primarily of noncapital grants and contributions from various state and federal agencies for specific programs, and appropriations from the City of Tulsa, the City of Oklahoma City, and noncapital subsidies provided by the Eastern and Western Divisions.

Noncapital grants and contributions received decreased in 2022 by \$115 or 14.72% and decreased in 2021 by \$9 or 1.12%. Grants received in 2022 decreased due to the end of one of the grant programs the authority participated in.

Noncapital subsidies received increased by \$831 or 8.04% in 2022 due to increases in requests for payments from both beneficiary and non-beneficiary cities in the Eastern and Western Divisions that the Authority serves.

The Authority's Cash Flows

Changes in the Authority's cash flows are consistent with changes in operating losses and nonoperating revenues and expenses for 2022 and 2021 discussed earlier.

Capital Assets

At the end of 2022, the Authority had \$16,902 invested in capital assets, net of accumulated depreciation, as detailed in Note 5 to the financial statements. In 2022, the Authority purchased new equipment and building improvements costing \$8,650 compared to \$1,282 in 2021.

Long-Term Debt

At the end of 2022, the Authority had \$2,356 in long-term debt as detailed in Note 8 to the financial statements.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer, 1417 N. Lansing, Tulsa, Oklahoma 74106.

EMERGENCY MEDICAL SERVICES AUTHORITY

STATEMENTS OF NET POSITION

June 30, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 24,356,284	\$ 21,624,793
Short-term deposits	--	1,038,648
Patient accounts receivable, net of allowance for bad debts and contractual allowances of \$59,864,950 and \$70,740,114	16,171,817	17,536,165
Grant receivables	231,591	243,313
Receivables from contractor, net of allowance for doubtful accounts of \$16,039,896	380,170	381,050
Other receivables	1,442,154	1,415,508
Prepaid expenses	974,786	960,108
Total current assets	43,556,802	43,199,585
Capital assets, non depreciable	64,200	661,945
Capital assets, net of depreciation	16,837,774	9,615,654
Other assets	15,733	31,084
Total assets	<u>\$ 60,474,509</u>	<u>\$ 53,508,268</u>

LIABILITIES AND NET POSITION

	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 22,330,131	\$ 19,102,678
Current maturities of long-term debt	706,419	690,531
Total current liabilities	23,036,550	19,793,209
Long-term debt, less current maturities	1,649,377	2,355,797
Total liabilities	24,685,927	22,149,006
NET POSITION		
Net investment in capital assets	14,546,178	7,231,271
Unrestricted	21,242,404	24,127,991
Total net position	35,788,582	31,359,262
Total liabilities and net position	<u>\$ 60,474,509</u>	<u>\$ 53,508,268</u>

The accompanying notes are an integral part of these financial statements.

EMERGENCY MEDICAL SERVICES AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUE, NET	\$ 66,917,794	\$ 70,978,892
OPERATING EXPENSES		
Contracted professional services	5,345,461	26,773,769
Salaries, wages and benefits	49,730,030	28,020,117
Lease, maintenance and utilities	6,652,762	6,384,223
Medical supplies and other	9,925,482	7,923,925
Grant expenditures	661,309	773,318
Depreciation	2,025,747	2,775,915
Total operating expenses	<u>74,340,791</u>	<u>72,651,267</u>
Operating loss	<u>(7,422,997)</u>	<u>(1,672,375)</u>
NONOPERATING REVENUE (EXPENSE)		
Investment income	86,921	91,370
Interest expense	(67,240)	(96,855)
Loss on disposal of fixed assets	(1,161)	--
Noncapital grants and contributions	667,882	783,185
Capital and noncapital subsidies	11,165,915	10,335,416
Total nonoperating revenues	<u>11,852,317</u>	<u>11,113,116</u>
Change in net position	4,429,320	9,440,741
Net position, beginning of year	<u>31,359,262</u>	<u>21,918,521</u>
Net position, end of year	<u><u>\$ 35,788,582</u></u>	<u><u>\$ 31,359,262</u></u>

The accompanying notes are an integral
part of these financial statements.

EMERGENCY MEDICAL SERVICES AUTHORITY

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Receipts from and on behalf of patients	\$ 68,282,142	\$ 68,197,748
Payments to suppliers and contractors	(20,782,661)	(46,383,135)
Payments to and on behalf of employees	(47,642,068)	(27,005,672)
Grant expenditures	(661,309)	(773,318)
Net cash flow from operating activities	<u>(803,896)</u>	<u>(5,964,377)</u>
Cash flows from noncapital financing activities:		
Noncapital subsidies received	11,139,269	10,136,385
Noncapital grants and gifts received	679,604	920,864
Net cash flow from noncapital financing activities	<u>11,818,873</u>	<u>11,057,249</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(8,650,122)	(1,282,377)
Gain(loss) on disposal of fixed assets	(1,161)	--
Payments on long-term debt	(690,532)	(1,071,403)
Interest paid on term debt	(67,240)	(96,855)
Net cash flow from capital and related financing activities	<u>(9,409,055)</u>	<u>(2,450,635)</u>
Cash flows from investing activities:		
Interest on deposits	86,921	91,370
Purchase/sale or maturity of short-term deposits	1,038,648	(3,384)
Net cash flow from investing activities	<u>1,125,569</u>	<u>87,986</u>
 Net change in cash and cash equivalents	 2,731,491	 2,730,223
Cash and cash equivalents, beginning of year	<u>21,624,793</u>	<u>18,894,570</u>
 Cash and cash equivalents, end of year	 <u><u>\$ 24,356,284</u></u>	 <u><u>\$ 21,624,793</u></u>

The accompanying notes are an integral part of these financial statements.

EMERGENCY MEDICAL SERVICES AUTHORITY

STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended June 30, 2022 and 2021

Reconciliation of cash and cash equivalents to the statement
of net position:

Cash and cash equivalents	\$ 24,356,284	\$ 21,624,793
Total cash and cash equivalents	<u>\$ 24,356,284</u>	<u>\$ 21,624,793</u>

Reconciliation of operating loss to net cash flow from operating
activities:

Operating loss	\$ (7,422,997)	\$ (1,672,375)
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Depreciation	2,025,747	2,775,915
Changes in operating assets and liabilities:		
Patient accounts receivable, net	1,364,348	(2,781,144)
Receivables from contractors	880	127,888
Prepaid expenses	(14,678)	(489,489)
Other assets	15,351	(4,688)
Payable to suppliers and contractors	1,139,491	(4,901,934)
Payable to employees	<u>2,087,962</u>	<u>981,450</u>
Net cash flow from operating activities	<u>\$ (803,896)</u>	<u>\$ (5,964,377)</u>

The accompanying notes are an integral
part of these financial statements.

EMERGENCY MEDICAL SERVICES AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - Emergency Medical Services Authority (Authority) was organized as a public trust (Trust) in 1977 to provide emergency medical services and transportation for the residents of the City of Tulsa, Oklahoma, who are the sole beneficiary of the Trust. On March 1, 1990, the Trust indenture was amended and restated to include the City of Oklahoma City, Oklahoma, as a beneficiary of the Trust. As a result, certain assets and liabilities of the Oklahoma City Municipal Facilities Authority (OCMFA) were transferred to the Authority. The Authority primarily earns revenues by providing emergency medical services and transportation for the residents of Tulsa and Oklahoma City, Oklahoma, and to certain nonbeneficiary member jurisdictions surrounding Tulsa and Oklahoma City, referred to as the Eastern Division and Western Division, respectively.

Reporting Entity - The Authority is a joint venture of the City of Tulsa and the City of Oklahoma City. The City of Tulsa, City of Oklahoma City and the surrounding nonbeneficiary member jurisdictions purchase certain capital assets for the Authority's use in its normal course of business and also provide noncapital subsidies to the Authority for use in operations.

In 2005, the Authority created a nonprofit corporation, EMSA Initiatives for Public Health, Inc. (Corporation) to provide free car seats and education to predominately low-income residents of the City of Tulsa, City of Oklahoma City and the surrounding nonbeneficiary member jurisdictions. The Corporation was formed under Section 501(c)(3) of the Internal Revenue Code. The Corporation had no activity during the years ended June 30, 2022 and 2021.

Basis of Accounting and Presentation - The financial statements of the Authority have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from voluntary nonexchange transactions (principally federal and state grants and city subsidiaries) are recognized when all applicable eligibility requirements are met. Amounts shown as grant expenditures in the financial statements are primarily funded through noncapital grants and contributions. Operating revenues and expenses include exchange transactions. Voluntary nonexchange transactions (such as noncapital grants, contributions, city appropriations and subsidiaries), investment income and interest expense are included in nonoperating revenues and expenses. The Authority first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Accounting Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying footnotes. Actual results could differ from those estimates.

EMERGENCY MEDICAL SERVICES AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents - The Authority considers all liquid investments with original maturities of three months or less to be cash equivalents. The Authority defines cash and cash equivalents used in the statement of cash flows as all cash and liquid investments with original maturities of three months or less (both restricted and unrestricted).

Short-term Deposits - Short-term deposits consist of certificates of deposit with original maturities greater than three months but less than one year.

Medical Service Program Fees - The City of Tulsa and the City of Oklahoma City each approved an ordinance establishing a Medical Service Program offering Total Care (now EMSACare) program membership to single-family and multi-family residential water customers within the corporate limits of either city unless they affirmatively decline participation in the program. Medical Service Program Fees are assessed monthly on the residents' water bill. Certain eligibility requirements are to be met for the Authority to receive the fees, therefore revenue is recognized when all recognition criteria have been met. The Medical Service Program was effective July 1, 2007 for the City of Tulsa and December 16, 2008 for the City of Oklahoma City. Medical service program fees are included with noncapital subsidies on the statement of revenues, expenses, and changes in net position and are further described in Note 11.

Risk Management - The Authority is exposed to various risks of loss from torts; theft of, damage to and destruction of asset; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters, except for errors and omissions. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Patient Accounts Receivable - The Authority reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Authority provides an allowance for collectible accounts based upon a review of outstanding receivables, historical collection and existing economic conditions.

Capital Assets - Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater. Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation if acquired by contribution. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The following estimated useful lives are being used by the Authority:

Buildings and leasehold improvements	7 - 12 years
Ambulances and other transportation equipment	4 - 6 years
Communications and data processing equipment	3 - 5 years
Other equipment	3 - 7 years

EMERGENCY MEDICAL SERVICES AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences - The Authority's policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits and are earned whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time off are recognized as an expense when the time off occurs; no liability is accrued for sick leave benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at the date. The compensated absences liability as of June 30, 2022 and 2021 was \$1,045,730 and \$788,110, respectively. The estimated compensated absences liability is expected to be used within one year after the statement of net position date and is included in current liabilities.

Adoption of New Accounting Standard - On July 1, 2021, the Authority adopted GASB 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principal that leases are financings of the right to use an underlying asset. Under this statement, the lessee is required to recognize a lease liability and an intangible right-to-use asset. The Authority has evaluated this standard and determined there was an immaterial impact to the financial statements. As a result, no lease liability or right-to-use asset was recorded for the existing leases in place.

Net Position - Net position of the Authority represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of borrowings used to finance the purchase or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, the Authority first applies restricted resources. Unrestricted net position is remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets or restricted.

Net Patient Service Revenue and Contractual Allowances - The Authority has agreements with third-party payers that provide for payments to the Authority at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and a provision for uncollectible accounts. Included in net patient service revenue are the revenues generated by the Total Care membership program.

Income Taxes - The Authority is exempt from taxation under Section 115 of the Internal Revenue Code and a similar provision of state law as a political subdivision of the beneficiaries of the trust. However, the Authority is subject to federal income tax on any unrelated business taxable income.

EMERGENCY MEDICAL SERVICES AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications - Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation.

Subsequent Events - These financial statements considered subsequent events through September 29, 2022, the date the financial statements were available to be issued.

2. DEPOSITS

As of June 30, 2022 and 2021, the Authority's deposits consisted of checking accounts. The Authority had no investments. Custodial credit risk is the risk that in the event of a bank failure the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the state of Oklahoma; bonds of any city, county, school district or special road district of the state of Oklahoma; bonds of any state; or a surety bond having an aggregate value at least equal; to the amount of the deposits.

As of June 30, 2022 and 2021, all of the Authority's bank balances and deposits were collateralized or insured and were not exposed to custodial credit risk.

3. BUSINESS AND CREDIT RISKS

The Authority provides emergency medical services for the residents of the City of Tulsa and the City of Oklahoma City and certain cities surrounding the City of Tulsa and the City of Oklahoma City. The Authority provides emergency services to anyone who requests it regardless of the patient's ability or willingness to pay for such services. The Authority does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies (e.g., Medicare, Medicaid, health maintenance organizations and commercial insurance policies). Due to the nature of the services it provides and the demographics of the population it serves, the Authority is subject to significant credit risk and high rates of uncollectible accounts.

Prior to December 1, 2020, the Authority contracted with third-party service provider, American Medical Response Ambulance Service, Inc. (AMRAS) to provide emergency medical services. AMRAS was obligated to provide paramedic services, including labor and materials, to the Authority. The Authority was obligated to use AMRAS for paramedic services for the same period under a set fee schedule based on the number and type of transports. This contractual relationship between the Authority and AMRAS was terminated November 30, 2020, and the Authority assumed direct management of operations, including providing labor and materials. As a result, the Authority's expenses on the accompanying statements of revenues, expenses and changes in net position reflect a significant shift of expense from contracted professional services to other expense categories.

EMERGENCY MEDICAL SERVICES AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

4. PATIENT ACCOUNTS RECEIVABLE

The Authority grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payor agreements. Patient accounts receivable as of June 30, 2022 and 2021 consisted of:

	2022	2021
Medicare	\$ 7,793,421	\$ 4,044,110
Medicaid	5,654,612	2,919,289
Other third-party payors	10,315,003	13,621,194
Patients	52,273,731	67,691,686
	<u>76,036,767</u>	<u>88,276,279</u>
Less allowance for bad debts and contractual allowances	<u>59,864,950</u>	<u>70,740,114</u>
	<u>\$ 16,171,817</u>	<u>\$ 17,536,165</u>

5. CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2022 and 2021 was:

	2022				
	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
Nondepreciable, land	\$ 64,200	\$ --	\$ --	\$ --	\$ 64,200
Nondepreciable, CIP	597,745	8,650,122	(9,247,867)	--	--
Total nondepreciable assets	661,945	8,650,122	(9,247,867)	--	64,200
Depreciable:					
Buildings and leasehold improvements	9,661,399	--	5,774,070	(647,604)	14,787,865
Ambulances and other transportation equipment	28,667,989	--	3,307,620	(1,816,439)	30,159,170
Communications and data processing equipment	19,002,128	--	159,742	(6,443,749)	12,718,121
Other equipment	3,991,662	--	6,435	(824,658)	3,173,439
Total depreciable assets	61,323,178	--	9,247,867	(9,732,450)	60,838,595
Less accumulated depreciation:					
Buildings and leasehold improvements	4,980,687	589,066	--	(647,604)	4,922,149
Ambulances and other transportation equipment	24,678,309	1,216,824	--	(1,816,439)	24,078,694
Communications and data processing equipment	18,199,670	175,667	--	(6,443,749)	11,931,588
Other equipment	3,848,858	44,190	--	(824,658)	3,068,390
Total accumulated depreciation	51,707,524	2,025,747	--	(9,732,450)	44,000,821
Total capital assets being depreciated, net	9,615,654	(2,025,747)	9,247,867	--	16,837,774
Capital assets, net	<u>\$ 10,277,599</u>	<u>\$ 6,624,375</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 16,901,974</u>

EMERGENCY MEDICAL SERVICES AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS (CONTINUED)

	2021				
	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
Nondepreciable, land	\$ 64,200	\$ --	\$ --	\$ --	\$ 64,200
Nondepreciable, CIP	--	1,282,377	(684,632)	--	597,745
Total nondepreciable assets	64,200	1,282,377	(684,632)	--	661,945
Depreciable:					
Buildings and leasehold improvements	9,661,399	--	--	--	9,661,399
Ambulances and other transportation equipment	28,196,818	--	471,171	--	28,667,989
Communications and data processing equipment	18,788,667	--	213,461	--	19,002,128
Other equipment	3,991,662	--	--	--	3,991,662
Total depreciable assets	60,638,546	--	684,632	--	61,323,178
Less accumulated depreciation:					
Buildings and leasehold improvements	4,636,594	344,093	--	--	4,980,687
Ambulances and other transportation equipment	22,957,738	1,720,571	--	--	24,678,309
Communications and data processing equipment	17,543,899	655,771	--	--	18,199,670
Other equipment	3,793,378	55,480	--	--	3,848,858
Total accumulated depreciation	48,931,609	2,775,915	--	--	51,707,524
Total capital assets being depreciated, net	11,706,937	(2,775,915)	684,632	--	9,615,654
Capital assets, net	\$ 11,771,137	\$ (1,493,538)	\$ --	\$ --	\$ 10,277,599

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses included in current liabilities as of June 30, 2022 and 2021 consisted of:

	2022	2021
Payable to suppliers and contractors	\$ 18,452,412	\$ 17,312,921
Accrued expenses (including payroll taxes and benefits)	3,877,719	1,789,757
	<u>\$ 22,330,131</u>	<u>\$ 19,102,678</u>

7. LINE OF CREDIT

The Authority has a revolving line of credit with Prosperity Bank in the amount of \$2,000,000 which expires November 18, 2022. As of June 30, 2022 and 2021, there were no amounts borrowed and outstanding against the line of credit. There were no draws on the line of credit during both years ended June 30, 2022 and 2021. The amounts borrowed on the line of credit are collateralized by accounts receivable, excluding Medicare receivables. The line of credit bears a variable interest rate based on The Wall Street Journal Prime Rate, with a floor of 3.25% for June 30, 2022 and 2021, respectively. The full amount was available for borrowing as of June 30, 2022.

EMERGENCY MEDICAL SERVICES AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Term note for building expansion	\$ 3,046,328	\$ --	\$ 690,532	\$ 2,355,796	\$ 706,419
Total long-term debt	<u>\$ 3,046,328</u>	<u>\$ --</u>	<u>\$ 690,532</u>	<u>\$ 2,355,796</u>	<u>\$ 706,419</u>

Long-term debt consisted of the following at June 30, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Radio equipment lease	\$ 396,403	\$ --	\$ 396,403	\$ --	\$ --
Term note for building expansion	3,721,328	--	675,000	3,046,328	690,531
Total long-term debt	<u>\$ 4,117,731</u>	<u>\$ --</u>	<u>\$ 1,071,403</u>	<u>\$ 3,046,328</u>	<u>\$ 690,531</u>

On May 28, 2015 the Authority entered into an Equipment Lease - Purchase Agreement for purposes of acquiring radio equipment to be used in its operations. The obligation bears interest at 4.462% with principal and interest due on July 1 from 2016 through 2020. The obligation is secured by the equipment purchased. Equipment with a cost of \$1,869,091 and associated accumulated depreciation of \$1,685,161 is included in communications and data processing equipment as of June 30, 2022 and 2021, respectively. This obligation was paid in full during 2021.

On July 1, 2015, the Authority entered into an agreement with Prosperity Bank for a \$5,500,000 secured term loan for purposes of financing the construction of a building addition to its headquarters building in Tulsa, Oklahoma. The note bears interest at 2.25% on the outstanding balance. Quarterly principal and interest payments commence on October 15, 2017 and end on July 15, 2025. The loan agreement requires compliance with a financial covenant to maintain in the Eastern Division annual net revenues at least equal to 1.25 times the average annual principal and interest on the loan. Aggregate maturities during the next five years will be as follows:

Year ending June 30:	Principal	Interest	Total
2023	\$ 706,419	\$ 47,745	\$ 754,164
2024	722,603	31,560	754,163
2025	739,298	14,865	754,163
2026	187,476	1,066	188,542
	<u>\$ 2,355,796</u>	<u>\$ 95,236</u>	<u>\$ 2,451,032</u>

EMERGENCY MEDICAL SERVICES AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

9. RETIREMENT PLAN

The Authority instituted The Emergency Medical Services Authority 457(b) Matching Plan (Matching Plan) effective December 1, 2020. The Matching Plan is a contributory defined contribution plan and is available for all employees who have attained the age of 18 and completed at least 1,000 hours of service. The Matching Plan provides for full vesting immediately upon participation in the Matching Plan. Under the provisions of the Matching Plan, the Authority will match up to 6% of total compensation paid. The Authority matches the employees' contribution at the end of the plan year, which is November 30th. Total contributions made by the Authority were \$1,014,964 and \$0 for years ended June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021, there was \$1,110,218 and \$541,745 accrued for matching contributions, respectively.

The Authority administers and maintains a noncontributory defined contribution plan. The Emergency Medical Services Authority Money Purchase Pension Plan (Plan) was available for all employees who had attained the age of 18 and completed 1,000 hours of service as of the entrance date. The Plan provides for full vesting immediately upon participation in the Plan. Under the provisions of the Plan, the Authority will contribute 10% of total compensation paid. Benefits payable under the Plan are limited to the amount of Plan assets allocable to the account of each participant. Total contributions to the retirement Plan for the years ended June 30, 2022 and 2021 were \$440,632 and \$387,450, respectively. At June 30, 2022 and 2021, \$324,678 and \$440,632, respectively, were due from the Authority to the Plan for contributions. There were no forfeitures used to pay administrative expenses or to reduce Authority contributions during fiscal years ending June 30, 2022 and 2021.

10. LITIGATION

In the normal course of business, the Authority is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Authority's commercial insurance; for example, performance of contracts. The Authority evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

On September 9, 2020, the Authority filed suit against its ambulance contractor (AMRAS) to collect monies owed to it under certain provisions of its contract. The Authority has accrued a \$16 million receivable related to this arrangement as of June 30. Due to the uncertainty surrounding the timing and the amount to ultimately be collected, the Authority has fully reserved for the receivable as of June 30. In addition the Authority has a \$16 Million payable to AMRAS that they have withheld payment on until this matter is settled.

EMERGENCY MEDICAL SERVICES AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

11. RELATED PARTY TRANSACTIONS

When assets are purchased by the cities of Tulsa or Oklahoma City for the benefit of the Authority, the cities hold title to the assets and the Authority is responsible for managing the assets. During the year ended June 30, 2022, and June 30, 2021, the City of Oklahoma City purchased equipment for the Authority's use of \$132,791 and \$4,245,119, respectively. The cumulative cost of capital assets currently in service for the Authority's use but purchased by the City of Oklahoma City is \$13,741,535 and \$13,990,505 as of June 30, 2022, and June 30, 2021, respectively. The City of Tulsa purchased no capital assets for the Authority's use in 2022 and 2021. If the Authority retained ownership of the assets in the Western Division, the accompanying statement of operations would reflect additional depreciation expense of \$1,651,566 for 2022 and \$1,371,314 for 2021.

During the years ended June 30, the Authority also conducted the following transactions with related entities:

	<u>2022</u>	<u>2021</u>
Payments from the City of Tulsa for medical services program fees	<u>\$ 4,800,000</u>	<u>\$ 4,700,000</u>
Payments from the City of Oklahoma City for medical services program fees	<u>\$ 4,728,000</u>	<u>\$ 3,919,000</u>

The above payments are included in capital and noncapital subsidies on the statement of revenues, expenses and changes in net position.

12. RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic, prompting governmental actions to slow the spread of the disease, including mandates for businesses to close and for people to remain at home. These mandates have contributed to a major contraction of the global economy and substantial job losses. While the Authority does not have widespread concern with its operations at the present time, both its operations and financial performance are at risk of disruption from the continued spread of the virus, which could result in a decrease in operating revenues which will limit the Authority's ability to provide emergency medical services.

13. PENDING GOVERNMENTAL ACCOUNTING STANDARDS

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs),

EMERGENCY MEDICAL SERVICES AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

13. PENDING GOVERNMENTAL ACCOUNTING STANDARDS (CONTINUED)

which is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for financial statements for the Authority's fiscal year ending June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides new accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs), which have become increasingly common among state and local governments in recent years. Statement 96 is based on the standards established in Statement 87, *Leases*. The new defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The guidance requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability (with an exception for short-term SBITAs, those with a maximum possible term of 12 months) and provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The provisions of this statement will be effective for financial statements for the Authority's fiscal year ending June 30, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates and changes to or within the financial reporting entity. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for each type of accounting change and error corrections. This statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period. This statement also requires disclosure in the notes to the financial statements of descriptive information about accounting changes and error corrections. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. The provisions of this statement are effective for financial statements for the City's fiscal year ending June 30, 2024.

GASB Statement No. 101, *Compensated Absences*, better meets the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this statement are effective for financial statements for the Authority's fiscal year ending June 30, 2024.

SUPPLEMENTARY SCHEDULES

EMERGENCY MEDICAL SERVICES AUTHORITY

Supplementary Information of Operating Divisions

Statement of Net Position Information

June 30, 2022

ASSETS

	<u>Eastern Division</u>	<u>Western Division</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 10,888,299	\$ 13,467,985	\$ --	\$ 24,356,284
Patient accounts receivable, net	7,026,618	9,145,199	--	16,171,817
Grant receivables	231,591	--	--	231,591
Receivables from contractor	380,170	--	--	380,170
Other receivables	1,277,458	164,696	--	1,442,154
Interdivision receivables	5,296,428	--	(5,296,428)	--
Prepaid expenses	521,709	453,077	--	974,786
Total current assets	25,622,273	23,230,957	(5,296,428)	43,556,802
Capital assets, non depreciable	64,200	--	--	64,200
Capital assets, net of depreciation	8,220,606	8,617,168	--	16,837,774
Other assets	8,275	7,458	--	15,733
Total assets	<u>\$ 33,915,354</u>	<u>\$ 31,855,583</u>	<u>\$ (5,296,428)</u>	<u>\$ 60,474,509</u>

LIABILITIES AND NET POSITION

	<u>Eastern Division</u>	<u>Western Division</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 12,645,229	\$ 9,684,902	\$ --	\$ 22,330,131
Current maturities of long-term debt	706,419	--	--	706,419
Interdivision payable	--	5,296,428	(5,296,428)	--
Total current liabilities	13,351,648	14,981,330	(5,296,428)	23,036,550
Long-term debt, less current maturities	1,649,377	--	--	1,649,377
NET POSITION				
Net investment in capital assets	5,929,010	8,617,168	--	14,546,178
Unrestricted	12,985,319	8,257,085	--	21,242,404
Total net position	18,914,329	16,874,253	--	35,788,582
Total liabilities and net position	<u>\$ 33,915,354</u>	<u>\$ 31,855,583</u>	<u>\$ (5,296,428)</u>	<u>\$ 60,474,509</u>

EMERGENCY MEDICAL SERVICES AUTHORITY

Supplementary Information of Operating Divisions

Statement of Net Position Information

June 30, 2021

ASSETS

	Eastern Division	Western Division	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 7,830,516	\$ 13,794,277	\$ --	\$ 21,624,793
Short-term deposits	519,324	519,324	--	1,038,648
Patient accounts receivable, net	7,220,669	10,315,496	--	17,536,165
Grant receivables	243,313	--	--	243,313
Receivables from contractor	381,050	--	--	381,050
Other receivables	1,289,936	125,572	--	1,415,508
Interdivision receivable	3,263,386	--	(3,263,386)	--
Prepaid expenses	471,796	488,312	--	960,108
Total current assets	21,219,990	25,242,981	(3,263,386)	43,199,585
Capital assets, non depreciable	101,952	559,993	--	661,945
Capital assets, net of depreciation	7,735,866	1,879,788	--	9,615,654
Other assets	23,623	7,461	--	31,084
Total assets	<u>\$ 29,081,431</u>	<u>\$ 27,690,223</u>	<u>\$ (3,263,386)</u>	<u>\$ 53,508,268</u>

LIABILITIES AND NET POSITION

	Eastern Division	Western Division	Eliminations	Total
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 9,533,003	\$ 9,569,675	\$ --	\$ 19,102,678
Current maturities of long-term debt	690,531	--	--	690,531
Interdivision payable	--	3,263,386	(3,263,386)	--
Total current liabilities	10,223,534	12,833,061	(3,263,386)	19,793,209
Long-term debt, less current maturities	2,355,797	--	--	2,355,797
NET POSITION				
Net investment in capital assets	4,791,490	2,439,781	--	7,231,271
Unrestricted	11,710,610	12,417,381	--	24,127,991
Total net position	16,502,100	14,857,162	--	31,359,262
Total liabilities and net position	<u>\$ 29,081,431</u>	<u>\$ 27,690,223</u>	<u>\$ (3,263,386)</u>	<u>\$ 53,508,268</u>

EMERGENCY MEDICAL SERVICES AUTHORITY

Supplementary Information of Operating Divisions

Statement of Revenues, Expenses and Changes in Net Position Information

Year Ended June 30, 2022

	<u>Eastern Division</u>	<u>Western Division</u>	<u>Eliminations</u>	<u>Total</u>
OPERATING REVENUE, NET	\$ 31,530,568	\$ 35,387,226	\$ --	\$ 66,917,794
OPERATING EXPENSES				
Contracted professional services	1,650,310	3,695,151	--	5,345,461
Salaries, wages and benefits	24,476,308	25,253,722	--	49,730,030
Lease, maintenance and utilities	2,895,815	3,756,947	--	6,652,762
Other	4,297,688	5,627,794	--	9,925,482
Grant expenditures	661,309	--	--	661,309
Depreciation	1,387,480	638,267	--	2,025,747
Total operating expenses	35,368,910	38,971,881	--	74,340,791
Operating loss	(3,838,342)	(3,584,655)	--	(7,422,997)
NONOPERATING REVENUE (EXPENSE)				
Investment income	40,698	46,223	--	86,921
Interest expense	(67,240)	--	--	(67,240)
Loss on disposal of fixed assets	(1,161)	--	--	(1,161)
Noncapital grants and contributions	667,882	--	--	667,882
Capital and noncapital subsidies	5,610,394	5,555,521	--	11,165,915
Total nonoperating revenues	6,250,573	5,601,744	--	11,852,317
Change in net position	2,412,231	2,017,089	--	4,429,320
Net position, beginning of year	16,502,098	14,857,164	--	31,359,262
Net position, end of year	<u>\$ 18,914,329</u>	<u>\$ 16,874,253</u>	<u>\$ --</u>	<u>\$ 35,788,582</u>

EMERGENCY MEDICAL SERVICES AUTHORITY

Supplementary Information of Operating Divisions

Statement of Revenues, Expenses and Changes in Net Position Information

Year Ended June 30, 2021

	<u>Eastern Division</u>	<u>Western Division</u>	<u>Eliminations</u>	<u>Total</u>
OPERATING REVENUE, NET	\$ 34,281,228	\$ 36,697,664	\$ --	\$ 70,978,892
OPERATING EXPENSES				
Contracted professional services	12,552,772	14,220,997	--	26,773,769
Salaries, wages and benefits	13,449,485	14,537,637	--	28,020,117
Lease, maintenance and utilities	2,701,465	3,682,758	--	6,384,223
Other	3,667,694	4,289,226	--	7,923,925
Grant expenditures	773,318	--	--	773,318
Depreciation	1,774,520	1,001,395	--	2,775,915
Total operating expenses	34,919,254	37,732,013	--	72,651,267
Operating loss	(638,026)	(1,034,349)	--	(1,672,375)
NONOPERATING REVENUE (EXPENSE)				
Investment income	42,565	48,805	--	91,370
Interest expense	(88,089)	(8,766)	--	(96,855)
Noncapital grants and contributions	783,185	--	--	783,185
Capital and noncapital subsidies	5,510,394	4,825,022	--	10,335,416
Total nonoperating revenues	6,248,055	4,865,061	--	11,113,116
Change in net position	5,610,029	3,830,712	--	9,440,741
Net position, beginning of year	10,892,069	11,026,452	--	21,918,521
Net position, end of year	<u>\$ 16,502,098</u>	<u>\$ 14,857,164</u>	<u>\$ --</u>	<u>\$ 31,359,262</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Emergency Medical Services Authority

We have audited, in accordance with the 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, the basic financial statements of the Emergency Medical Services Authority (Authority) which comprise the statement of net position as of June 30, 2022, the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to basic financial statements as listed in the table of contents, and have issued our report thereon dated September 29, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as items 2022-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Findings

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control on compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

September 29, 2022
Wichita, Kansas

Finding 2022-001: Segregation of Duties (Significant Deficiency)

Condition: Individuals within the accounting department have incompatible duties in several financial statement reporting transaction cycles. A summary of the incompatible functions within each transaction cycle that are not adequately segregated are as follows:

- The accounting staff has access to post entries into the general ledger. This is a segregation of incompatible functions in relation to the accounting staff because this individual also has the ability to prepare bank reconciliations, add or modify the listing of approved vendors, and generate payment.
- The CFO has the ability to both create and post manual journal entries without secondary review. Segregation of incompatible functions exists within the CFO level because the CFO also has approval rights over entries made by the accounting staff, has the ability to change user access rights within the financial reporting software, has access to the payroll software, and is an authorized signer on the Authority's bank accounts.

Mitigating controls are in place in order to compensate for the inherent risk of these segregation issues. The key compensating controls include, the CFO's review of the accounting staff activity, management's monthly review of the financial statements as presented to the Board, independent reconciliations of cash, and the CFO's review and manual signature on checks. In addition, the Authority hired a senior accountant in June 2022 in order to assist the CFO and other accounting staff.

Criteria or Specific Requirement: Internal controls should be designed to provide adequate control over the preparation of reliable financial statements.

Cause: The Authority has insufficient controls over accounting to achieve sufficient segregation of duties.

Effect: Lack of controls and procedures could result in a material misstatement to the financial statements.

Recommendation: We recommend the Authority separate those responsibilities listed above to reduce the risk of improper financial statement transactions.

Management Response:

EMSA continues to make strides in utilizing technology to improve internal controls while improving efficiencies. In addition, an additional accounting personnel was hired in June to sure up accounting processes and provide further segregation of duties. Additional workflow improvements will be implemented in FY23 to further improve internal control.