

***EMERGENCY MEDICAL
SERVICES AUTHORITY***

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL SCHEDULES

YEARS ENDED JUNE 30, 2023 AND 2022

WITH

INDEPENDENT AUDITOR'S REPORT

EMERGENCY MEDICAL
SERVICES AUTHORITY

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL SCHEDULES

YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

EMERGENCY MEDICAL SERVICES AUTHORITY

**FINANCIAL STATEMENTS
WITH SUPPLEMENTAL SCHEDULES**

Years Ended June 30, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 27, 2023 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, KS
September 27, 2023

EMERGENCY MEDICAL SERVICES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended June 30, 2023

This Management's Discussion and Analysis (MD&A) of the Emergency Medical Services Authority (Authority) provides an overview of the Authority's financial activities for the years ended June 30, 2023 and 2022. 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 decreased in 2023 by \$8,723 or 35.82% and increased in 2022 by \$1,693 or 7.47%.
- The Authority's net position increased in 2023 by \$9,288 or 25.95% and increased in 2022 by \$4,430 or 14.12%.
- The Authority reported operating losses both in 2023 of \$3,697 and 2022 of \$7,423. The operating loss in 2023 decreased by \$3,726 or 50.20% over the operating loss reported in 2022. The operating loss in 2022 increased by \$5,751 or 343.86% over the operating loss reported in 2021.
- Net nonoperating revenues increase by \$1,133 or 9.56% in 2023 compared to an increase by \$739 or 6.65% in 2022.

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 Statements 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, 2023

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 \$9,288 or 25.95% in 2023 over 2022 and increased by \$4,430 or 14.12% in 2022 over 2021, as shown on Table 1.

Table 1 - Assets, Liabilities and Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets			
Current and other assets	\$ 32,836	\$ 43,573	\$ 43,230
Capital assets, net	21,944	16,902	10,278
Total assets	<u>\$ 54,780</u>	<u>\$ 60,475</u>	<u>\$ 53,508</u>
Liabilities			
Current liabilities	\$ 8,776	\$ 23,037	\$ 19,793
Noncurrent liabilities	927	1,649	2,356
Total liabilities	<u>\$ 9,703</u>	<u>\$ 24,686</u>	<u>\$ 22,149</u>
Net Position			
Investment in capital assets	\$ 20,294	\$ 14,546	\$ 7,231
Unrestricted	24,783	21,243	24,128
Total net position	<u>\$ 45,077</u>	<u>\$ 35,789</u>	<u>\$ 31,359</u>
Total liabilities and net position	<u>\$ 54,780</u>	<u>\$ 60,475</u>	<u>\$ 53,508</u>

Current and other assets decreased in 2023 by \$10,737 and increased in 2022 by \$343. The decrease in 2023 is due to the settlement of a contract dispute with the prior ambulance contractor. This is discussed further in Note 10. Cash and cash equivalents have decreased by \$8,723 or 35.82%.

Current liabilities decreased in 2023 by \$14,261 or 61.90% due to the settlement of the contract dispute discussed above. The noncurrent liabilities in 2023 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 2023 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 2023, operating revenues increased \$24,540 or 36.67%. The increase in operating revenue is due primarily to volume growth in both divisions.

In 2023, operating expenses increased \$20,813 or 28.00%, primarily due to increased cost associated with staffing and increased volume.

EMERGENCY MEDICAL SERVICES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2023

Table 2 - Operating Results and Changes in Net Position

	2023	2022	2021
Operating revenues	\$ 91,458	\$ 66,918	\$ 70,979
Nonoperating revenues	13,107	11,920	11,210
Total revenues	\$ 104,565	\$ 78,838	\$ 82,189
Operating expense	\$ 95,154	\$ 74,341	\$ 72,651
Nonoperating expense	122	68	97
Total expenses	\$ 95,276	\$ 74,409	\$ 72,748
Increase in net position	\$ 9,289	\$ 4,429	\$ 9,441

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 increased in 2023 by \$45 or 6.67% and decreased in 2022 by \$115 or 14.72%. Grants received in 2022 decreased due to the end of one of the grant programs the authority participated in.

Noncapital subsidies received increased by \$1,106 or 9.90% in 2023 due to increases in requests for payments from both beneficiary and non-beneficiary cities in the Western Division due to temporary higher cost structure experienced due to staffing shortages.

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 2023 and 2022 discussed earlier.

Capital Assets

At the end of 2023, the Authority had \$21,944 invested in capital assets, net of accumulated depreciation, as detailed in Note 5 to the financial statements. In 2023, the Authority purchased new equipment and building improvements costing \$8,873 compared to \$8,650 in 2022.

Long-Term Debt

At the end of 2023, the Authority had \$927 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, 2023 and 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 15,632,848	\$ 24,356,284
Patient accounts receivable, net of allowance for bad debts and contractual allowances of \$48,209,910 and \$59,864,950	13,155,571	16,171,817
Grant receivables	214,319	231,591
Receivables from contractor, net of allowance for doubtful accounts of \$0 and \$16,039,896	--	380,170
Other receivables	2,815,689	1,442,154
Prepaid expenses	1,002,281	974,786
	<hr/>	<hr/>
Total current assets	32,820,708	43,556,802
Capital assets, non depreciable	1,198,701	64,200
Capital assets, net of depreciation	20,745,223	16,837,774
Other assets	15,733	15,733
	<hr/>	<hr/>
Total assets	\$ 54,780,365	\$ 60,474,509

LIABILITIES AND NET POSITION

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 8,053,739	\$ 22,330,131
Current maturities of long-term debt	722,603	706,419
	<hr/>	<hr/>
Total current liabilities	8,776,342	23,036,550
	<hr/>	<hr/>
Long-term debt, less current maturities	926,773	1,649,377
	<hr/>	<hr/>
Total liabilities	9,703,115	24,685,927
	<hr/>	<hr/>
NET POSITION		
Net investment in capital assets	20,294,548	14,546,178
Unrestricted	24,782,702	21,242,404
	<hr/>	<hr/>
Total net position	45,077,250	35,788,582
	<hr/>	<hr/>
Total liabilities and net position	\$ 54,780,365	\$ 60,474,509

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUE, NET	\$ 91,457,664	\$ 66,917,794
OPERATING EXPENSES		
Contracted professional services	4,007,465	3,223,387
Salaries, wages and benefits	69,073,863	52,041,484
Lease, maintenance and utilities	8,825,239	7,985,586
Medical supplies and other	9,551,659	8,403,278
Grant expenditures	674,630	661,309
Depreciation	3,021,345	2,025,747
	<u>95,154,201</u>	<u>74,340,791</u>
Total operating expenses		
	(3,696,537)	(7,422,997)
NONOPERATING REVENUE (EXPENSE)		
Investment income	123,659	86,921
Interest expense	(47,745)	(67,240)
Loss on disposal of fixed assets	(74,638)	(1,161)
Noncapital grants and contributions	712,445	667,882
Capital and noncapital subsidies	12,271,484	11,165,915
	<u>12,985,205</u>	<u>11,852,317</u>
Total nonoperating revenues		
Change in net position	9,288,668	4,429,320
Net position, beginning of year	<u>35,788,582</u>	<u>31,359,262</u>
Net position, end of year	<u>\$ 45,077,250</u>	<u>\$ 35,788,582</u>

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

EMERGENCY MEDICAL SERVICES AUTHORITY

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Receipts from and on behalf of patients	\$ 94,473,910	\$ 68,282,142
Payments to suppliers and contractors	(35,847,771)	(20,782,661)
Payments to and on behalf of employees	(69,534,172)	(47,642,068)
Grant expenditures	(674,630)	(661,309)
Net cash flow from operating activities	<u>(11,582,663)</u>	<u>(803,896)</u>
Cash flows from noncapital financing activities:		
Noncapital subsidies received	10,897,949	11,139,269
Noncapital grants and gifts received	729,717	679,604
Net cash flow from noncapital financing activities	<u>11,627,666</u>	<u>11,818,873</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(8,515,614)	(8,650,122)
Gain(loss) on disposal of capital assets	(74,638)	(1,161)
Proceeds on disposal of capital assets	452,319	--
Payments on long-term debt	(706,420)	(690,532)
Interest paid on term debt	(47,745)	(67,240)
Net cash flow from capital and related financing activities	<u>(8,892,098)</u>	<u>(9,409,055)</u>
Cash flows from investing activities:		
Interest on deposits	123,659	86,921
Purchase/sale or maturity of investments	--	1,038,648
Net cash flow from investing activities	<u>123,659</u>	<u>1,125,569</u>
Net change in cash and cash equivalents	(8,723,436)	2,731,491
Cash and cash equivalents, beginning of year	<u>24,356,284</u>	<u>21,624,793</u>
Cash and cash equivalents, end of year	\$ 15,632,848	\$ 24,356,284

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

EMERGENCY MEDICAL SERVICES AUTHORITY

STATEMENTS OF CASH FLOWS
(CONTINUED)

Years Ended June 30, 2023 and 2022

Reconciliation of cash and cash equivalents to the statement of net position:		
Cash and cash equivalents	<u>\$ 15,632,848</u>	<u>\$ 24,356,284</u>
Total cash and cash equivalents	<u>\$ 15,632,848</u>	<u>\$ 24,356,284</u>
Reconciliation of operating loss to net cash flow from operating activities:		
Operating loss	\$ (3,696,537)	\$ (7,422,997)
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Depreciation	3,021,345	2,025,747
Changes in operating assets and liabilities:		
Patient accounts receivable, net	3,016,246	1,364,348
Receivables from contractors	380,170	880
Prepaid expenses	(27,495)	(14,678)
Other assets	--	15,351
Payable to suppliers and contractors	(13,816,083)	1,139,491
Payable to employees	<u>(460,309)</u>	<u>2,087,962</u>
Net cash flow from operating activities	<u>\$ (11,582,663)</u>	<u>\$ (803,896)</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 – the 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, the 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, the 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, 2023 and 2022.

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).

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 funded \$10,523,000 and \$9,528,000 of the noncapital subsidies on the statement of revenues, expenses, and changes in net position for the year ended June 30, 2023 and 2022, respectively 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

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

EMERGENCY MEDICAL SERVICES AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

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

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, 2023 and 2022 was \$1,267,146 and \$1,045,730, 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, 2022, the Authority adopted GASB statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to enhance the relevance and consistency of information about the governments' subscription-based information technology arrangements (SBITA's). A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. This statement establishes that a SBITA results in an intangible right-to-use subscription asset and a corresponding subscription liability. 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.

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 2022 financial statements have been reclassified to conform to the 2023 presentation.

Subsequent Events - These financial statements considered subsequent events through September 27, 2023, the date the financial statements were available to be issued.

2. CASH AND CASH EQUIVALENTS

As of June 30, 2023 and 2022, 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, 2023 and 2022, 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.

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, 2023 and 2022 consisted of:

EMERGENCY MEDICAL SERVICES AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

4. PATIENT ACCOUNTS RECEIVABLE (CONTINUED)

	2023	2022
Medicare	\$ 3,597,961	\$ 7,793,421
Medicaid	4,484,679	5,654,612
Other third-party payors	9,480,805	10,315,003
Patients	<u>43,802,036</u>	<u>52,273,731</u>
	61,365,481	76,036,767
Less allowance for bad debts and contractual allowances	<u>48,209,910</u>	<u>59,864,950</u>
	<u>\$ 13,155,571</u>	<u>\$ 16,171,817</u>

5. CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2023 and 2022 was:

	2023				Ending Balance
	Beginning Balance	Additions	Transfers	Disposals	
Nondepreciable, land	\$ 64,200	\$ --	\$ --	\$ --	\$ 64,200
Nondepreciable, construction in process	--	8,515,614	(7,381,113)	--	1,134,501
Total nondepreciable assets	<u>64,200</u>	<u>8,515,614</u>	<u>(7,381,113)</u>	<u>--</u>	<u>1,198,701</u>
Depreciable:					
Buildings and leasehold improvements	14,787,865	--	143,683	--	14,931,548
Ambulances and other transportation equipment	30,159,170	--	7,146,486	(1,581,366)	35,724,290
Communications and data processing equipment	12,718,121	--	75,278	--	12,793,399
Other equipment	3,173,439	--	15,666	--	3,189,105
Total depreciable assets	<u>60,838,595</u>	<u>--</u>	<u>7,381,113</u>	<u>(1,581,366)</u>	<u>66,638,342</u>
Less accumulated depreciation:					
Buildings and leasehold improvements	4,922,149	869,125	--	--	5,791,274
Ambulances and other transportation equipment	24,078,694	1,923,851	--	(1,129,047)	24,873,498
Communications and data processing equipment	11,931,588	187,823	--	--	12,119,411
Other equipment	3,068,390	40,546	--	--	3,108,936
Total accumulated depreciation	<u>44,000,821</u>	<u>3,021,345</u>	<u>--</u>	<u>(1,129,047)</u>	<u>45,893,119</u>
Total capital assets being depreciated, net	<u>16,837,774</u>	<u>(3,021,345)</u>	<u>7,381,113</u>	<u>(452,319)</u>	<u>20,745,223</u>
Capital assets, net	<u>\$ 16,901,974</u>	<u>\$ 5,494,269</u>	<u>\$ --</u>	<u>\$ (452,319)</u>	<u>\$ 21,943,924</u>

EMERGENCY MEDICAL SERVICES AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS (CONTINUED)

	2022				Ending Balance
	Beginning Balance	Additions	Transfers	Disposals	
Nondepreciable, land	\$ 64,200	\$ --	\$ --	\$ --	\$ 64,200
Nondepreciable, construction in process	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	\$ 10,277,599	\$ 6,624,375	\$ --	\$ --	\$ 16,901,974

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses included in current liabilities as of June 30, 2023 and 2022 consisted of:

	2023	2022
Payable to suppliers and contractors	\$ 4,636,329	\$ 18,452,412
Accrued expenses (including payroll taxes and benefits)	3,417,410	3,877,719
	<u>\$ 8,053,739</u>	<u>\$ 22,330,131</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, 2023. As of June 30, 2023 and 2022, 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, 2023 and 2022. Any 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 7.00% for June 30, 2023 and 2022, respectively. The full amount was available for borrowing as of June 30, 2023.

EMERGENCY MEDICAL SERVICES AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 2023:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Term note for building expansion	\$ 2,355,796	\$ --	\$ 706,420	\$ 1,649,376	\$ 722,603

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Term note for building expansion	\$ 3,046,328	\$ --	\$ 690,532	\$ 2,355,796	\$ 706,420

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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2024	\$ 722,603	\$ 31,560	\$ 754,163
2025	739,298	14,865	754,163
2026	187,475	1,066	188,541
	<u>\$ 1,649,376</u>	<u>\$ 47,491</u>	<u>\$ 1,696,867</u>

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 December 31st. Total contributions made by the Authority were \$1,087,401 and \$1,014,964 for years ended June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, there was \$625,256 and \$636,078 accrued for matching contributions, respectively.

EMERGENCY MEDICAL SERVICES AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

9. RETIREMENT PLAN (CONTINUED)

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 met certain eligibility requirements before new enrollments into the plan were discontinued on December 1, 2020. All participating employees are fully vested in the Plan. Under the provisions of the Plan, the Authority will continue to 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, 2023 and 2022 were \$324,678 and \$440,632, respectively. At June 30, 2023 and 2022, \$284,971 and \$324,678, 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, 2023 and 2022.

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 accrued a \$16 million receivable related to this arrangement that was fully reserved. In addition, the Authority recorded a \$16 million payable to AMRAS that they withheld payment on until the matter was settled. In October 2022, the Authority and AMRAS settled the lawsuit which resulted in the recognition of \$5,339,896 of revenue associated with provision of the contract and is included in operating revenue on the Authority's Statement of Revenues, Expenses, and Changes in Net Position. This fully settled all amounts owed to the Authority by AMRAS and all amounts owed to AMRAS by the Authority.

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, 2023, and June 30, 2022, the City of Oklahoma City purchased equipment for the Authority's use of \$0 and \$132,791, 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 as of June 30, 2023, and June 30, 2022, respectively. The City of Tulsa purchased no capital assets for the Authority's use in 2023 and 2022. If the Authority retained ownership of the assets in the Western Division, the accompanying statement of operations would reflect additional depreciation expense of \$1,560,586 for 2023 and \$1,651,566 for 2022.

EMERGENCY MEDICAL SERVICES AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

11. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	<u>2023</u>	<u>2022</u>
Payments from the City of Tulsa for medical services program fees	<u>\$ 4,800,000</u>	<u>\$ 4,800,000</u>
Payments from the City of Oklahoma City for medical services program fees	<u>\$ 5,723,000</u>	<u>\$ 4,728,000</u>

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

12. PENDING GOVERNMENTAL ACCOUNTING STANDARDS

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. The Authority is evaluating the potential effects on the financial statements.

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. The Authority is evaluating the potential effects on the financial statements.

SUPPLEMENTARY SCHEDULES

EMERGENCY MEDICAL SERVICES AUTHORITY

Supplementary Information of Operating Divisions

Statement of Net Position Information

June 30, 2023

ASSETS

	<u>Eastern Division</u>	<u>Western Division</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 5,961,785	\$ 9,671,063	\$ --	\$ 15,632,848
Patient accounts receivable, net	5,425,489	7,730,082	--	13,155,571
Grant receivables	214,319	--	--	214,319
Other receivables	1,241,850	1,573,839	--	2,815,689
Interdivision receivables	10,821,486	--	(10,821,486)	--
Prepaid expenses	536,628	465,653	--	1,002,281
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	24,201,557	19,440,637	(10,821,486)	32,820,708
Capital assets, non depreciable	679,286	519,415	--	1,198,701
Capital assets, net of depreciation	9,237,199	11,508,024	--	20,745,223
Other assets	8,266	7,467	--	15,733
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 34,126,308</u>	<u>\$ 31,475,543</u>	<u>\$ (10,821,486)</u>	<u>\$ 54,780,365</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	\$ 6,952,856	\$ 1,100,883	\$ --	\$ 8,053,739
Current maturities of long-term debt	722,603	--	--	722,603
Interdivision payable	--	10,821,486	(10,821,486)	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	7,675,459	11,922,369	(10,821,486)	8,776,342
Long-term debt, less current maturities	926,773	--	--	926,773
	<hr/>	<hr/>	<hr/>	<hr/>
NET POSITION				
Net investment in capital assets	8,267,109	12,027,439	--	20,294,548
Unrestricted	17,256,967	7,525,735	--	24,782,702
	<hr/>	<hr/>	<hr/>	<hr/>
Total net position	25,524,076	19,553,174	--	45,077,250
Total liabilities and net position	<u>\$ 34,126,308</u>	<u>\$ 31,475,543</u>	<u>\$ (10,821,486)</u>	<u>\$ 54,780,365</u>

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 receivable	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 Revenues, Expenses and Changes in Net Position Information

Year Ended June 30, 2023

	<u>Eastern Division</u>	<u>Western Division</u>	<u>Eliminations</u>	<u>Total</u>
OPERATING REVENUE, NET	\$ 42,571,272	\$ 48,886,392	\$ --	\$ 91,457,664
OPERATING EXPENSES				
Contracted professional services	1,898,107	2,109,358	--	4,007,465
Salaries, wages and benefits	30,226,865	38,846,998	--	69,073,863
Lease, maintenance and utilities	3,948,491	4,876,748	--	8,825,239
Medical supplies and other	3,937,761	5,613,898	--	9,551,659
Grant expenditures	674,630	--	--	674,630
Depreciation	1,668,430	1,352,915	--	3,021,345
Total operating expenses	<u>42,354,284</u>	<u>52,799,917</u>	<u>--</u>	<u>95,154,201</u>
Operating income (loss)	<u>216,988</u>	<u>(3,913,525)</u>	<u>--</u>	<u>(3,696,537)</u>
NONOPERATING REVENUE (EXPENSE)				
Investment income	59,825	63,834	--	123,659
Interest expense	(47,745)	--	--	(47,745)
Gain (loss) on disposal of fixed assets	57,840	(132,478)	--	(74,638)
Noncapital grants and contributions	712,445	--	--	712,445
Capital and noncapital subsidies	5,610,394	6,661,090	--	12,271,484
Total nonoperating revenues	<u>6,392,759</u>	<u>6,592,446</u>	<u>--</u>	<u>12,985,205</u>
Change in net position	6,609,747	2,678,921	--	9,288,668
Net position, beginning of year	<u>18,914,329</u>	<u>16,874,253</u>	<u>--</u>	<u>35,788,582</u>
Net position, end of year	<u>\$ 25,524,076</u>	<u>\$ 19,553,174</u>	<u>\$ --</u>	<u>\$ 45,077,250</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	1,607,507	1,615,880	--	3,223,387
Salaries, wages and benefits	24,613,991	27,427,493	--	52,041,484
Lease, maintenance and utilities	3,403,913	4,581,673	--	7,985,586
Medical supplies and other	3,694,710	4,708,568	--	8,403,278
Grant expenditures	661,309	--	--	661,309
Depreciation	1,387,480	638,267	--	2,025,747
Total operating expenses	<u>35,368,910</u>	<u>38,971,881</u>	<u>--</u>	<u>74,340,791</u>
Operating loss	<u>(3,838,342)</u>	<u>(3,584,655)</u>	<u>--</u>	<u>(7,422,997)</u>
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	<u>5,610,394</u>	<u>5,555,521</u>	<u>--</u>	<u>11,165,915</u>
Total nonoperating revenues	<u>6,250,573</u>	<u>5,601,744</u>	<u>--</u>	<u>11,852,317</u>
Change in net position	2,412,231	2,017,089	--	4,429,320
Net position, beginning of year	<u>16,502,098</u>	<u>14,857,164</u>	<u>--</u>	<u>31,359,262</u>
Net position, end of year	<u>\$ 18,914,329</u>	<u>\$ 16,874,253</u>	<u>\$ --</u>	<u>\$ 35,788,582</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, 2023, 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 27, 2023.

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 2023-001 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

Wichita, KS
September 27, 2023

Finding 2023-001: 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 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, management's monthly review of the financial statements as presented to the Board, independent reconciliations of cash and generations of check runs, and dual manual signature on checks over \$10,000.

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: To improve the key compensating controls, we recommend the Authority separate these responsibilities to reduce the risk of improper financial statement transactions.

Management Response: EMSA continues to make significant strides in process improvement. In FY24, we will begin planning the move to a new accounting system that will enable automation and allow for workflows to be implemented to eliminate the current internal control deficiencies.