MEMORANDUM

Date: June 22, 2016

To: Board of Trustees

From: Kent Torrence

Subject: **Budget for Year Ending June 30, 2017**

Included with this memo are the following for the year ending June 30, 2017:

- Comparison of Budget to Actual
- Budget for Payroll and Benefits
- Capital Budget
- Profit and Loss Projections
- Cash Projections

Following is background information on the assumptions and estimates used in the budget and cash projections, as well as a discussion of how budgeted revenues and expenses for 2017 compare to estimated actual expenses for the year ended June 30, 2016.

Allocation of Costs
Costs of the ambulance contract and expenses relating to joint efforts are allocated on a pro-rata basis based upon the relative unit hours expended by the contractor in each division.

For the year 2017 budget and forecasts for years 2018-2021, we assumed allocation percentages of 47% for the Eastern Division and 53% for the Western Division which are reflective of the projected unit hours required to accommodate the requirements of each division.

Transport Estimates
The 2016 transports are an approximation of the annualized YTD 3/16 transport volumes. Transport numbers are summarized as follows:

	2017 Budget Eastern	2016 Budget Eastern	2016 Actual* Eastern	2017 Budget Western	2016 Budget Western	2016 Actual* Western
Emergency	61,700	60,000	61,700	73,000	73,300	73,000
Non-emergency	8,800	9,000	8,800	6,800	6,600	6,800
Total	70,500	69,000	70,500	79,800	79,900	79,800

* Projected

We anticipate no significant change in our overall payer and service mix.

Ambulance Revenue
Ambulance revenue (or "gross charges") is simply transports times rates. The emergency, non-emergency, and mileage rates remain the same.

Utility Bill Revenue (East)
Utility bill revenue reflects 104,000 water taps at $5.45 per month per tap. The amount received is reflective of the limitation on total cash the East can maintain as per ordinance.

Subscription Revenue
Subscription revenue is expected to decrease consistent with the previous years' decreases.

Deductions from Revenue/Collection Rate
Deductions from revenue generally represent the difference between gross billings and the associated receipts. Receipts have been adjusted for changes in volume and changes in rates and are reflective of current collection experience.

Ambulance Contract Service
Increases are reflective of increases in the contractor's contractual rate.

Employee Compensation and Benefits
Employee compensation and benefits reflect no increase in wage rates and the addition of three positions.

Medical Supplies
Costs increase due to inflation. The budget does not include any anticipated effects of any new protocols or protocol changes.

Building Rent, Utilities and Maintenance
Building rent for 2017 reflects expenses per contractual obligations.

EMSAcare Campaign Expenses
The costs are expected to approximate the prior year's costs.

Equipment Maintenance Expense
Various changes in systems' configurations produce reductions in equipment maintenance expenses that offset the contractual cost increases on those that remain.

Quality Assurance Fees
Costs decline as wage rates are held constant and the costs associated with an existing position decline.

Telephone
Telephone expenses are per contractual obligations. Base rate charges decrease as audit work reveals certain rates exceed the proper government rates. Cellular rates decrease as certain devices that are no longer needed are removed from the account.

Professional Services
Legal costs are expected to increase due to certain legal proceedings that are new and some that are ongoing.

Community Relations
This is expected to approximate the previous year.

Postage and Courier Services
Postage expenses are expected to remain relatively the same giving effect to a small rate decrease.

Equipment Lease Expense
Tower lease expense declines as towers are no longer needed in the East as the Authority transitions to 800mhz and away from UHF.

Office Supplies
Office supplies reflect an increase in volume and price for recurring items.

Miscellaneous Supplies
These costs are reflective of 2016 experience adjusted for changes in volume and prices.

Insurance Expense
Insurance expense is increased to reflect an increase in rates and increase in property values.

Business Travel and Training Expense
Business travel approximates prior year.

Other Fees and Expenses
These services are affected by changes in volume and increases in the cost of these services.

Depreciation
The fixed asset system projects depreciation on current balances and 2017–2021 additions are depreciated over an average 3-6 years depending on the type of asset.

Interest Expense
Interest expense in the East is associated with the financing of the Lansing building addition. The addition is financed at 2.25% over ten years with interest only the first two years and principal and interest over the remaining eight years. Also, interest expense for the East and West reflects the interest associated with an installment purchase of radios paid for over a five year period starting 7//1/16.

Gain (Loss) on Disposal of Assets
No significant disposals of assets with book value are anticipated for fiscal 2017.

Cash Projections for 2017 through 2021
The cash, division capital and net income (loss) projections for fiscal 2017 through 2021 are based on the following assumptions:

1. Transport volumes are held constant throughout the period.
2. The emergency, non–emergency and mileage rates are held constant throughout the period.
3. There will be no change in payer mix or service type mix.
4. Collection rates are assumed to be the same throughout the period.
5. Joint costs are split between the East and West 47/53 through 2021.
6. Other operating expenses are increased 3% per year for inflation.

7. EMSAcare subscription revenues are projected to steadily decline as a result of new members not replacing a declining renewal base. For each year, we predicted a 5% decline in base subscription receipts.
8. The Tulsa utility fee rate ($5.45 per month per tap at 104,000 taps) is increased to $7.95 per month effective 7/1/18 (2019 fiscal year).

EMSA
Comparison of Budget to Actual
6/30/17

	June 30, 2017 Eastern Division	June 30, 2017 Western Division	June 30, 2017 EMSA Total	% Change	Actual for June 30, 2016 Eastern Division	Actual for June 30, 2016 Western Division	Actual for June 30, 2016 EMSA Total
Net patient service revenue:							
Ambulance revenue	$ 88,280,000	103,800,000	192,080,000	-0.2%	89,001,744	103,410,141	192,411,885
Utility bill revenue	5,600,000		5,600,000	24.6%	4,494,876		4,494,876
Subscription revenue	100,000	100,000	200,000	6.3%	104,062	84,000	188,062
Special Events	190,000	150,000	340,000	-4.6%	206,964	149,583	356,547
Total patient service revenue	94,170,000	104,050,000	198,220,000	0.4%	93,807,646	103,643,724	197,451,370
Deductions from revenue	65,000,000	75,500,000	140,500,000	2.0%	63,798,713	73,925,514	137,724,227
Net patient service revenue	29,170,000	28,550,000	57,720,000	-3.4%	30,008,933	29,718,210	59,727,143
Operating expenses other than depreciation and amortization:							
Ambulance service contract	23,600,000	26,900,000	50,500,000	3.2%	22,912,000	26,019,000	48,931,000
Employee compensation and benefits*	1,931,000	2,178,000	4,109,000	2.5%	1,885,940	2,122,680	4,008,620
Medical supplies					-	-	
Nondisposable equipment and supplies	198,000	247,000	445,000	8.2%	186,792	224,528	411,320
Medical waste disposal	16,800	33,000	49,800	2.7%	16,153	32,351	48,504
Building rent, utilities and maintenance expense					-	-	
Rent	6,600	395,000	401,600	2.3%	6,584	386,134	392,717
Utilities	105,000	127,000	232,000	11.8%	94,805	112,715	207,520
Repairs and maintenance	170,000	192,000	362,000	-8.4%	177,784	217,456	395,240
Janitorial	28,500	50,300	78,800	5.6%	26,753	47,880	74,633
TotalCare campaign expenses	30,000	15,000	45,000	-5.0%	31,500	15,850	47,350
Equipment maintenance expense					-	-	
Radio and communication equipment	59,000	67,000	126,000	-22.9%	80,325	83,168	163,493
CAD equipment	223,000	252,000	475,000	12.5%	158,807	263,566	422,373
Computer equipment	5,000	5,000	10,000	0.0%	5,000	5,000	10,000
Office equipment	11,000	13,000	24,000	17.2%	9,330	11,153	20,483
Medical equipment	115,000	120,000	235,000	11.3%	100,454	110,711	211,164
Ambulances	15,000	15,000	30,000	3.0%	14,563	14,563	29,126
Other	296,000	334,000	630,000	-12.2%	374,438	342,781	717,218

EMSA
Comparison of Budget to Actual
6/30/17

	June 30, 2017				Actual for June 30, 2016		
	Eastern Division	Western Division	EMSA Total	% Change	Eastern Division	Western Division	EMSA Total
Quality assurance fees	409,000	427,000	836,000	-2.2%	401,955	453,269	855,225
Telephone expense					-	-	
Base	245,000	340,000	585,000	-0.9%	260,977	329,364	590,340
Cellular	73,000	81,000	154,000	-13.7%	87,780	90,573	178,353
Professional services expense					-	-	
Accounting and auditing	22,000	25,000	47,000	-7.1%	23,336	27,232	50,568
Legal	129,000	146,000	275,000	26.7%	105,000	112,000	217,000
Pension plans	3,000	4,000	7,000	0.0%	3,000	4,000	7,000
Government relations	26,000	28,000	54,000	0.0%	26,000	28,000	54,000
Medicare consulting	9,000	11,000	20,000	0.0%	9,000	11,000	20,000
Other consulting	79,000	90,000	169,000	-18.1%	95,830	110,508	206,339
Community relations					-	-	
Professional services	25,000	27,000	52,000	0.0%	25,000	27,000	52,000
State fair	11,000		11,000	0.0%	11,000	-	11,000
Other	100,000	50,000	150,000	-10.1%	111,356	55,568	166,924
Postage and courier expense					-	-	
Postage - general	24,000	27,300	51,300	-2.3%	24,566	27,935	52,501
Courier service	8,000	10,000	18,000	4.4%	7,900	9,344	17,244
Equipment lease expense					-	-	
Towers	15,000	0	15,000	-24.6%	19,898	-	19,898
Other	8,000	9,000	17,000	-0.7%	8,008	9,120	17,128
Office supplies expense	24,000	26,000	50,000	6.3%	19,338	27,708	47,046
Miscellaneous supplies expense					-	-	
Janitorial	8,800	11,000	19,800	6.1%	8,771	9,897	18,668
Software	12,000	14,000	26,000	21.4%	10,088	11,334	21,422
Repair supplies	55,000	60,000	115,000	-19.3%	66,436	76,088	142,524
Outside copying/printing	2,000	3,000	5,000	8.7%	1,856	2,743	4,599
Other	130,000	132,000	262,000	4.2%	124,810	126,720	251,530
Insurance expense	92,000	105,000	197,000	4.8%	85,981	101,941	187,922
Business travel and training expense	25,000	30,000	55,000	3.0%	24,271	29,126	53,397
Other fees and expenses					-	-	
Medicaid terminal	14,000	16,000	30,000	32.3%	10,548	12,119	22,667

EMSA
Comparison of Budget to Actual
6/30/17

	June 30, 2017				Actual for June 30, 2016		
	Eastern Division	Western Division	EMSA Total	% Change	Eastern Division	Western Division	EMSA Total
Pike Pass	1,000	2,000	3,000	41.4%	685	1,436	2,121
Outside mailing services	70,000	80,000	150,000	-10.4%	78,161	89,190	167,351
Offsite storage	15,500	9,000	24,500	13.0%	15,181	6,493	21,674
Bank charges	20,000	20,000	40,000	23.1%	15,186	17,305	32,491
Weather paging/archiving/ACOG	90,000	122,000	212,000	-0.6%	90,553	122,716	213,269
Miscellaneous operating	100,000	65,000	165,000	10.5%	104,108	45,188	149,296
Subscriptions	7,000	8,000	15,000	6.4%	6,222	7,876	14,098
Dues	15,000	15,000	30,000	13.4%	11,961	14,497	26,458
	28,677,200	32,936,600	61,613,800	2.7%	27,975,990	32,006,826	59,982,816
Operating income (loss) before depreciation	492,800	(4,386,600)	(3,893,800)	1423.0%	2,032,943	(2,288,616)	(255,673)
					-		
Depreciation & Amortization	2,400,000	1,500,000	3,900,000	-6.7%	2,300,000	1,877,960	4,177,960
Operating income (loss)	(1,907,200)	(5,886,600)	(7,793,800)	-75.8%	(267,057)	(4,166,576)	(4,433,633)
Nonoperating income (expense):							
Interest expense	41,000	16,000	57,000	1325.0%	4,000		4,000
Interest income			-	-100.0%	2,000	3,000	5,000
Total nonoperating income (expense)	(41,000)	(16,000)	(57,000)	-5800.0%	(2,000)	3,000	1,000
Net income (loss)	(1,948,200)	(5,902,600)	(7,850,800)	-77.1%	(269,057)	(4,163,576)	(4,432,633)

Note: Please refer to the accompanying narrative for a discussion of the assumptions utilized in the preparation of this budget.

Note: 6/30/16 figures are annualized nine months ended 3/31/16

* Additional information included in schedules that follow

EMSA

Budget for Payroll and Benefits

Year Ending June 30, 2017

# of Employees	Department	Annual Comp.	Car Allow.	Total Comp.	FICA	Company Paid	Life	Retirement	PPACA	Total
5	OFFICERS	$ 951,703	$ 14,400	$ 966,103	$ 50,743	$ 38,000	$ 2,741	$ 105,784	$ -	$ 1,163,371
5	MANAGEMENT AND SUPPORT	303,319		303,319	23,204	27,870	874	27,905	-	383,172
5	CODERS	179,317		179,317	13,718	32,120	516	16,497	-	189,266
12	PRE-INVOICE	406,805		406,805	31,121	96,360	1,172	37,426	-	572,883
2	ACCOUNTING/FINANCE	119,559		119,559	9,146	21,940	344	10,999	-	161,989
6	INFORMATION SERVICES	354,334		354,334	27,107	43,510	1,020	32,599	-	458,570
22	PATIENT ACCOUNTING	678,226		813,614	62,241	66,760	2,343	74,852		866,310
1	CITIZENS CPR - TULSA	36,656		36,656	2,804	10,970	106	3,372	-	53,908
58	GRAND TOTAL	$ 3,029,919	$ 14,400	$ 3,179,707	$ 220,084	$ 337,530	$ 9,116	292,533		4,038,970
							Other			70,000
										4,108,970

Note: Please refer to the accompanying narrative for a discussion of the assumptions utilized in the preparation of this budget.

EMSA Eastern Division

Capital Budget

Years Ending June 30, 2017 through 2021

Description	2017	2018	2019	2020	2021
2017 ambulance replacement - (eleven)					
New units	1,269,000				
Miscellaneous (logos, sirens, power supply)	20,000				
2018 ambulance replacement - (eleven)					
New units		1,309,000			
Miscellaneous (logos, sirens, power supply)		20,000			
2019 ambulance replacement - (eleven)					
New units			1,361,000		
Miscellaneous (logos, sirens, power supply)			20,000		
2020 ambulance replacement - (ten)					
New units				1,287,000	
Miscellaneous (logos, sirens, power supply)				20,000	
2021 ambulance replacement - (ten)					
New units					1,326,000
Miscellaneous (logos, sirens, power supply)					20,000
New units	169,000		179,000		185,000
Repairs	25,000	25,000	25,000	25,000	25,000
On-board equipment:					
Lifepack 15's			1,500,000		
Equipment for new units	64,000		64,000		64,000
Ventilators		350,000			
Computer tablets	61,000				
Cots		800,000			
Stair chairs	5,000	5,000		90,000	
Miscellaneous	31,000	32,000	33,000	34,000	35,000
CAD and radio equipment:					
Mobile data terminals	67,000				
Equipment for new units	14,000		14,000		14,000
Recording system	61,000				

EMSA Eastern Division

Capital Budget

Years Ending June 30, 2017 through 2021

Description	2017	2018	2019	2020	2021
Building expenses:					
Office furniture		10,000		10,000	
Garage - general	25,000		15,000		15,000
Common use vehicle				35,000	
Miscellaneous	42,000	43,000	44,000	45,000	46,000
Computer equipment:					
Firewall and network security	47,000				
UPS batteries	5,000		5,000		5,000
Miscellaneous IT needs	94,000	94,000	94,000	94,000	94,000
TOTAL	1,999,000	2,688,000	3,354,000	1,640,000	1,829,000

NOTE: Please refer to the accompanying narrative for a discussion of the assumptions utilized in the preparation of this budget.

EMSA Western Division

Capital Budget

Years Ending June 30, 2017 through 2021

Description	2017	2018	2019	2020	2021
Ambulances					
2017 ambulance replacement - (eleven)					
New units	1,269,000				
Miscellaneous (springs, logos, sirens, power supply)	20,000				
2018 ambulance replacement - (eleven)					
New units		1,310,000			
Miscellaneous (springs, logos, sirens, power supply)		20,000			
2019 ambulance replacement - (ten)					
New units			1,240,000		
Miscellaneous (springs, logos, sirens, power supply)			20,000		
2020 ambulance replacement - (ten)					
New units				1,287,000	
Miscellaneous (springs, logos, sirens, power supply)				20,000	
2020 ambulance replacement - (eleven)					
New units					1,416,000
Miscellaneous (springs, logos, sirens, power supply)					20,000
New units	169,000		179,000		
Repairs	25,000	25,000	25,000	25,000	25,000
On-board equipment:					
LP 15's			1,800,000		
Power cots		900,000			
Stair chairs	5,000	5,000		100,000	100,000
Training manikin					
Equipment for new units(1)	64,000		64,000		
Ventilators		330,000			
Computer tablets	69,000				
Miscellaneous	39,000	40,000	41,000	42,000	42,000
CAD and radio equipment:					
Mobile data terminals	76,000				
Equipment for new units	14,000		14,000		
Radio infrastucture (NG911 system)	55,040				
Recording system	69,000				

EMSA Western Division

Capital Budget

Years Ending June 30,2017 through 2021

Description	2017	2018	2019	2020	2021
Building expenses:					
Bldg improvements	11,000		10,000		
Office furniture		10,000			
Parking lot and grounds		10,000			
Miscellaneous	47,000	48,000	49,000	50,000	50,000
Computer equipment:					
Server upgrade (accounting)		10,000			
UPS batteries		5,000			
Server upgrade (network)			50,000		
Billing/CAD system hardware			10,000		
Firewall and network security	73,000				
Miscellaneous IT needs	106,000	106,000	106,000	106,000	106,000
	2,111,040	2,819,000	3,608,000	1,630,000	1,759,000

NOTE: Please refer to the accompanying narrative for a discussion of the assumptions utilized in the preparation of this budget.

EMSA Eastern Division

P&L Forecast

Years Ending June 30, 2017 - 2021

	2017	2018	2019	2020	2021
Ambulance revenue	88,470,000	88,470,000	88,470,000	88,470,000	88,470,000
Utility bill revenue	5,600,000	7,000,000	7,940,000	8,520,000	8,320,000
Subscription revenue	100,000	95,000	90,000	86,000	81,000
	94,170,000	95,565,000	96,500,000	97,076,000	96,871,000
Deductions:					
Allowance and collection fees	65,000,000	65,000,000	65,000,000	65,000,000	65,000,000
Net Revenue	29,170,000	30,565,000	31,500,000	32,076,000	31,871,000
Operating expense:					
Contractor	23,600,000	24,300,000	25,000,000	25,700,000	26,000,000
Other	5,077,000	5,200,000	5,400,000	5,500,000	5,700,000
	28,677,000	29,500,000	30,400,000	31,200,000	31,700,000
Depreciation & Amor	2,400,000	3,100,000	4,200,000	4,300,000	3,000,000
Operating income	(1,907,000)	(2,035,000)	(3,100,000)	(3,424,000)	(2,829,000)
Nonoperating income (expense):					
Interest expense	41,000	103,000	88,000	69,000	52,000
Net income (loss)	(1,948,000)	(2,138,000)	(3,188,000)	(3,493,000)	(2,881,000)

Note: Please refer to the accompanying narrative for a discussion of the assumptions utilized in the preparation of this forecast.

EMSA Western Division

P&L Forecast

Years Ending June 30, 2017 - 2021

	2017	2018	2019	2020	2021
Ambulance revenue	103,950,000	103,950,000	103,950,000	103,950,000	103,950,000
Subscription revenue	100,000	95,000	90,000	86,000	81,000
	104,050,000	104,045,000	104,040,000	104,036,000	104,031,000
Deductions:					
Allowance & collection fees	75,500,000	75,500,000	75,500,000	75,500,000	75,500,000
Net Revenue	28,550,000	28,545,000	28,540,000	28,536,000	28,531,000
Operating expense:					
Contractor	26,900,000	27,600,000	28,400,000	29,200,000	31,100,000
Other	6,037,000	6,200,000	6,400,000	6,600,000	6,800,000
	32,937,000	33,800,000	34,800,000	35,800,000	37,900,000
Depreciation & Amor	1,500,000	1,600,000	2,100,000	2,200,000	1,600,000
Operating income (loss)	(5,887,000)	(6,855,000)	(8,360,000)	(9,464,000)	(10,969,000)
Nonoperating income (expense):					
Interest expense	16,000	33,000	25,000	17,000	9,000
Net income (loss)	(5,903,000)	(6,888,000)	(8,385,000)	(9,481,000)	(10,978,000)

Note: Please refer to the accompanying narrative for a discussion of the assumptions utilized in the preparation of this forecast.

EMSA Eastern Division

Cash Projection

Years Ending June 30, 2017 through 2021

	2017	2018	2019	2020	2021	5-year
Receipts:						
Patient accounts	24,500,000	25,000,000	25,000,000	25,000,000	25,000,000	124,500,000
Utility bill receipts	5,600,000	7,000,000	7,940,000	8,520,000	8,320,000	37,380,000
Non-beneficiary subsisdy	810,000	810,000	1,150,000	1,264,000	1,264,000	5,298,000
TotalCare receipts	100,000	95,000	90,000	85,000	80,000	450,000
Total receipts	31,010,000	32,905,000	34,180,000	34,869,000	34,664,000	167,628,000
Disbursements:						
Ambulance contract	23,600,000	24,300,000	25,000,000	25,700,000	26,000,000	124,600,000
Operating expenses	5,100,000	5,300,000	5,400,000	5,600,000	5,700,000	27,100,000
Debt reduction and interest	250,000	774,000	963,000	963,000	963,000	3,913,000
Capital expenditures	1,999,000	2,688,000	3,354,000	1,640,000	1,829,000	11,510,000
Total disbursements	30,949,000	33,062,000	34,717,000	33,903,000	34,492,000	167,123,000
Current year change in cash	$ 61,000	$ (157,000)	$ (537,000)	$ 966,000	$ 172,000	$ 505,000
Cash balance at beginning of year	2,900,000	2,961,000	2,804,000	2,267,000	3,233,000	2,900,000
Increase (decrease) in cash balance for year	61,000	(157,000)	(537,000)	966,000	172,000	505,000
Cash balance at end of year	2,961,000	2,804,000	2,267,000	3,233,000	3,405,000	3,405,000
Beginning Balance Utility Fund	1,400,000					
Addition to Utility Fund				200,000	400,000	
Reduction of Utility Fund		1,400,000				
Utility Fund Balance	1,400,000			200,000	600,000	

Note: Please refer to the accompanying narrative for a discussion of the assumptions utilized in the preparation of this forecast.

EMSA Western Division

Cash Projection

Years Ending June 30, 2017 through 2021

	2017	2018	2019	2020	2021	5-year
Receipts:						
Patient accounts	29,000,000	30,000,000	30,000,000	30,000,000	30,000,000	149,000,000
TotalCare proceeds	100,000	95,000	90,000	85,000	80,000	450,000
Total receipts	29,100,000	30,095,000	30,090,000	30,085,000	30,080,000	149,450,000
Disbursements:						
Ambulance contract	26,900,000	27,600,000	28,400,000	29,200,000	31,100,000	143,200,000
Operating expenses	6,037,000	6,200,000	6,400,000	6,600,000	6,800,000	32,037,000
Capital expenditures	2,111,000	2,819,000	3,608,000	1,630,000	1,759,000	11,927,000
Installment purchase	205,000	205,000	205,000	205,000	205,000	1,025,000
Sinking fund for new building	545,000	700,000	700,000	700,000	700,000	3,345,000
Total disbursements	35,798,000	37,524,000	39,313,000	38,335,000	40,564,000	191,534,000
Ending cash balance	$ (6,698,000)	$ (7,429,000)	$ (9,223,000)	$ (8,250,000)	$ (10,484,000)	$ (42,084,000)

Note: Please refer to the accompanying narrative for a discussion of the assumptions utilized in the preparation of this forecast.