

EMERGENCY MEDICAL SERVICES AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

12. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2019, the City of Tulsa purchased no capital assets for the Authority's use, and the City of Oklahoma City purchased \$257,374 of equipment for the Authority's use. As of June 30, 2019, the cities of Tulsa and Oklahoma City have purchased capital assets currently in service for the Authority's use at a cost of \$1,739,278 and \$9,745,386, respectively. The Cities hold title to these assets and are responsible for managing the assets. If the Authority retained ownership of the assets in the Eastern and Western Divisions, the accompanying statement of operations for 2019 would reflect additional depreciation expense of \$18,199 and \$1,545,458, respectively.

During the year ended June 30, 2018, the City of Tulsa purchased no capital assets for the Authority's use, and the City of Oklahoma City purchased \$2,768,523 of equipment for the Authority's use. As of June 30, 2018, the cities of Tulsa and Oklahoma City have purchased capital assets currently in service for the Authority's use at a cost of \$1,744,406 and \$10,833,294, respectively. The Cities hold title to these assets and are responsible for managing the assets. If the Authority retained ownership of the assets in the Eastern and Western Divisions, the accompanying statement of operations for 2018 would reflect additional depreciation expense of \$42,614 and \$1,270,567, respectively.

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

	<u>2019</u>	<u>2018</u>
Payments from the City of Tulsa for medical services program fees	<u>\$ 4,597,000</u>	<u>\$ 7,081,000</u>
Payments from the City of Oklahoma City for medical services program fees	<u>\$ 4,474,000</u>	<u>\$ 6,572,000</u>

SUPPLEMENTAL SCHEDULES

DRAFT
Incomplete Work Product

EMERGENCY MEDICAL SERVICES AUTHORITY

Supplementary Information of Operating Divisions

Statement of Net Position Information

June 30, 2019

<u>ASSETS</u>				
	Eastern Division	Western Division	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,414,996	\$ 3,072,275	\$ --	\$ 4,487,271
Short-term deposits	504,610	504,610	--	1,009,220
Patient accounts receivable, net	8,035,983	9,155,071	--	17,191,054
Grant receivables	238,571	--	--	238,571
Receivables from contractor	398,436	--	--	398,436
Other receivables	11,797	780,626	--	792,423
Interdivision receivable	170,330	365,127	(535,457)	--
Prepaid expenses	311,223	391,971	--	703,194
Total current assets	11,085,946	14,269,680	(535,457)	24,820,169
Capital assets, non-depreciable	150,412	10,500	--	160,912
Capital assets, net of depreciation	11,057,698	3,159,493	--	14,217,191
Other assets	18,935	7,461	--	26,396
Total assets	\$ 22,312,991	\$ 17,447,134	\$ (535,457)	\$ 39,224,668
<u>LIABILITIES AND NET POSITION</u>				
	Eastern Division	Western Division	Eliminations	Total
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 7,147,671	\$ 5,469,358	\$ --	\$ 12,617,029
Current maturities of long-term debt	1,025,172	187,988	--	1,213,160
Interdivision payable	365,127	170,330	(535,457)	--
Total current liabilities	8,537,970	5,827,676	(535,457)	13,830,189
Long-term debt, less current maturities	3,921,359	196,372	--	4,117,731
NET POSITION				
Net investment in capital assets	6,261,579	2,785,633	--	9,047,212
Unrestricted	3,592,083	8,637,453	--	12,229,536
Total net position	9,853,662	11,423,086	--	21,276,748
Total liabilities and net position	\$ 22,312,991	\$ 17,447,134	\$ (535,457)	\$ 39,224,668

EMERGENCY MEDICAL SERVICES AUTHORITY

Supplementary Information of Operating Divisions

Statement of Net Position Information

June 30, 2018

<u>ASSETS</u>				
	Eastern Division	Western Division	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,203,302	\$ 6,497,112	\$ --	\$ 10,700,414
Restricted cash	22,040	--	--	22,040
Patient accounts receivable, net	6,289,121	8,307,684	--	14,596,805
Grant receivables	218,651	--	--	218,651
Receivables from contractor	539,556	--	--	539,556
Other receivables	39,643	50,600	--	90,243
Interdivision receivable	353,584	800,131	(1,153,715)	--
Prepaid expenses	298,074	307,158	--	605,232
Total current assets	11,963,971	15,962,685	(1,153,715)	26,772,941
Capital assets, non-depreciable	64,200	615,885	--	680,085
Capital assets, net of depreciation	12,016,189	3,379,478	--	15,395,667
Other assets	26,662	1,461	--	28,123
Total assets	\$ 24,071,022	\$ 19,959,509	\$ (1,153,715)	\$ 42,876,816
<u>LIABILITIES AND NET POSITION</u>				
	Eastern Division	Western Division	Eliminations	Total
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 6,897,369	\$ 5,337,614	\$ --	\$ 12,234,983
Current maturities of long-term debt	1,334,909	179,959	--	1,514,868
Unearned revenues	22,040	--	--	22,040
Interdivision payable	800,131	353,584	(1,153,715)	--
Total current liabilities	9,054,449	5,871,157	(1,153,715)	13,771,891
Long-term debt, less current maturities	4,944,027	384,360	--	5,328,387
NET POSITION				
Net investment in capital assets	5,801,453	3,431,044	--	9,232,497
Unrestricted	4,271,093	10,272,948	--	14,544,041
Total net position	10,072,546	13,703,992	--	23,776,538
Total liabilities and net position	\$ 24,071,022	\$ 19,959,509	\$ (1,153,715)	\$ 42,876,816

EMERGENCY MEDICAL SERVICES AUTHORITY

Supplementary Information of Operating Divisions

Statement of Revenues, Expenses and Changes in Net Position Information

Year Ended June 30, 2019

	Eastern Division	Western Division	Eliminations	Total
OPERATING REVENUE, NET	\$ 29,198,310	\$ 30,345,089	\$ --	\$ 59,543,399
OPERATING EXPENSES				
Contracted professional services	27,373,741	30,527,478	--	57,901,219
Salaries, wages and benefits	2,155,991	2,382,551	--	4,538,542
Lease, maintenance and utilities	1,794,431	2,663,392	--	4,457,823
Other	783,196	776,546	--	1,559,742
Grant expenditures	808,177	--	--	808,177
Depreciation	2,566,055	1,198,373	--	3,764,428
Total operating expenses	35,481,591	37,548,340	--	73,029,931
Operating loss	(6,283,281)	(7,203,251)	--	(13,486,532)
NONOPERATING REVENUE (EXPENSE)				
Investment income	34,898	54,991	--	89,889
Interest expense	(160,747)	(25,180)	--	(185,927)
Noncapital grants and contributions	808,177	--	--	808,177
Noncapital subsidies	5,382,069	4,892,534	--	10,274,603
Total nonoperating revenues	6,064,397	4,922,345	--	10,986,742
Change in net position	(218,884)	(2,280,906)	--	(2,499,790)
Net position, beginning of year	10,072,546	13,703,992	--	23,776,538
Net position, end of year	\$ 9,853,662	\$ 11,423,086	\$ --	\$ 21,276,748

EMERGENCY MEDICAL SERVICES AUTHORITY

Supplementary Information of Operating Divisions

Statement of Revenues, Expenses and Changes in Net Position Information

Year Ended June 30, 2018

	Eastern Division	Western Division	Eliminations	Total
OPERATING REVENUE, NET	\$ 27,283,427	\$ 30,847,766	\$ --	\$ 58,131,193
OPERATING EXPENSES				
Contracted professional services	27,601,004	29,906,599	--	57,507,603
Salaries, wages and benefits	2,085,851	2,228,697	--	4,314,548
Lease, maintenance and utilities	1,596,229	2,219,665	--	3,815,894
Other	1,027,373	934,770	--	1,962,143
Grant expenditures	923,549	--	--	923,549
Depreciation	2,291,179	1,304,539	--	3,595,718
Total operating expenses	35,525,185	36,594,270	--	72,119,455
Operating loss	(8,241,758)	(5,746,504)	--	(13,988,262)
NONOPERATING REVENUE (EXPENSE)				
Investment income	4,558	6,289	--	10,847
Interest expense	(135,977)	(32,866)	--	(168,843)
Loss on disposal of fixed assets	--	(10,526)	--	(10,526)
Noncapital grants and contributions	923,549	--	--	923,549
Noncapital subsidies	7,866,068	5,501,428	--	13,367,496
Total nonoperating revenues	8,658,198	5,464,325	--	14,122,523
Change in net position	416,440	(282,179)	--	134,261
Net position, beginning of year	9,656,106	13,986,171	--	23,642,277
Net position, end of year	<u>\$ 10,072,546</u>	<u>\$ 13,703,992</u>	<u>\$ --</u>	<u>\$ 23,776,538</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, 2019, 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 __, 2019.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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.

CERTIFIED PUBLIC ACCOUNTANTS

September __, 2019
Wichita, Kansas

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Incomplete Work Product