

**METROPOLITAN AREA
EMS AUTHORITY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

**Years ended September 30, 2021 and 2020
with Report of Independent Auditors**

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EMS AUTHORITY**

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Years ended September 30, 2021 and 2020

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REPORT OF INDEPENDENT AUDITORS

To the Members of the Board of Directors of
Metropolitan Area EMS Authority

We have audited the accompanying financial statements of Metropolitan Area EMS Authority, which comprise the statements of net position as of September 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our 2021 audit 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. We conducted our 2020 audit in accordance with GAAS. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metropolitan Area EMS Authority as of September 30, 2021 and 2020, and the changes in net position and cash flows for the years then ended in accordance with GAAP.

Other Matters

Required Supplementary Information

GAAP requires that the management's discussion and analysis on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplemental information and other financial information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental 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. Such information has been subjected to the auditing procedures applied in the audits 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The other financial information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Whitley Penn LLP

Fort Worth, Texas
January 25, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") is intended to assist the reader in assessing whether the financial position of Metropolitan Area EMS Authority (the "Authority") has improved or deteriorated as a result of the year's activities. The analysis should comment on changes in funds and significant budget variances. The analysis should describe capital asset and long-term debt activity. Finally, it should conclude with a description of currently known facts, decisions, or conditions that are expected to have a significant effect on financial positions or results of operations.

All of the information in this section of the financial report is the responsibility of the Authority's management.

Basic Financial Statements

The three basic financial statements presented in this financial report are: the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows.

The statements of net position report all assets and liabilities with the net result presented as net position.

A "special-purpose government engaged in business-type activities" is intended to recover from "customers" a significant portion of the cost of providing goods and services. To help financial statement users assess the degree to which this goal has been achieved, the statements of revenues, expenses, and changes in net position is presented in a format similar to the income statement of a for-profit business enterprise. Revenues and expenses are segregated into *operating* and *nonoperating* classifications. Net operating revenues are amounts received from patient service fees and subscription and program income, less estimated uncollectible fees. Operating expenses are the costs incurred by the Authority to provide emergency and non-emergency transportation within our member jurisdictions. Nonoperating revenues and expenses include other income, gain (loss) on disposition of assets, and interest expense.

The statements of cash flows provide financial statement users with the information to assess the adequacy of the Authority's cash flows, including the ability to generate sufficient cash to meet its obligations in a timely manner. Cash flows are classified into four categories:

- Cash flows from operating activities (operating revenues and expenses).
- Cash flows from noncapital financing activities – such as receipts from subsidies and community health programs.
- Cash flows from capital and related financing activities. This category includes capital expenditure outlays; proceeds from capital-related debt; debt service payments on capital-related debt; and proceeds from the sale of capital assets and insurance recoveries.

- Cash flows from investing activities - interest on investment activities. The Authority did not have any cash flows related to this category.

Statements of Net Position

The statements of net position include all assets and liabilities, with the net result presented as net position. Over time, increases or decreases in net position is one indicator of the improvement or erosion of the Authority's financial health.

	September 30,	
	2021	2020
Total current assets	\$31,967,310	\$33,946,230
Total capital assets, net, at cost	38,154,706	37,323,093
Total assets	<u>70,122,016</u>	<u>71,269,323</u>
Total current liabilities	5,014,622	4,849,689
Total noncurrent liabilities	12,223,011	11,217,963
Total liabilities	<u>17,237,633</u>	<u>16,067,652</u>
Net investment in capital assets	24,037,044	24,959,913
Restricted	475,471	475,471
Unrestricted	<u>28,371,868</u>	<u>29,766,287</u>
Total net position	<u>\$52,884,383</u>	<u>\$55,201,671</u>

During 2021, the financial position of the Authority saw a decrease in net position of \$2,317,288, primarily resulting from the net loss sustained in 2021. The Authority's total assets also decreased \$1,147,307 due to a decrease in patient accounts receivable of \$1,636,866, partially offset by a net increase in capital assets. Total liabilities increased \$1,169,981 due to financing the 2021 purchase of ambulances through a capital lease obligation offset by payments on capital lease obligations and long-term debt. The current ratio changed from 7.0 in 2020 to 6.4 in 2021.

Current assets consist of cash and cash equivalents, restricted cash, certificate of deposit, receivables, supplies inventory, and prepaid expenses. Cash and cash equivalents are maintained at levels necessary to cover current liabilities as they come due. Restricted cash relates to the Emergency Physicians Advisory Board ("EPAB") amount of cash on hand. Receivables are from services provided and the Texas Ambulance Supplemental Payment Program ("ASPP") for governmental entities; supplies inventory is the amount of supplies on hand at the end of the fiscal year, while prepaid expenses are primarily attributed to annual contracts for computer maintenance software.

Current liabilities are comprised of current portion of long-term debt, current portion of capital lease obligations, accounts payable and accrued liabilities, and unearned revenue. Accounts payable and accrued liabilities are the liabilities, at September 30, 2021, for goods and services received prior to the end of the fiscal year. Unearned revenue is composed of deferred subscriptions revenue unearned prior to September 30, 2021. Subscriptions are being amortized over the period during which the subscriber is allowed to use the Authority's services. Current liabilities increased from the prior year primarily due to the increase in the current portion of capital lease obligation due to the 2021 ambulance purchases.

Noncurrent liabilities are the portions of the long-term debt and capital lease obligation which are due in the future. The noncurrent liabilities increased due to proceeds from the capital lease obligation for ambulances purchased in 2021.

Net position consists of net investment in capital assets, restricted net position, and unrestricted net position. The net investment in capital assets is the total of property and equipment, less accumulated depreciation, and any related debt and capital lease obligation. The restricted net position is the total amounts related to EPAB, which are restricted in accordance with the 2017 Restated Interlocal Cooperative Agreement (“Interlocal Agreement”). Unrestricted net position is the remaining net position available for use by the Authority for which a specific use has not been designated by the Authority.

	September 30,	
	2020	2019
Total current assets	\$33,946,230	\$32,824,568
Total capital assets, net, at cost	<u>37,323,093</u>	<u>33,011,097</u>
Total assets	<u>71,269,323</u>	<u>65,835,665</u>
Total current liabilities	4,849,689	3,899,167
Total noncurrent liabilities	<u>11,217,963</u>	<u>6,637,030</u>
Total liabilities	<u>16,067,652</u>	<u>10,536,197</u>
Net investment in capital assets	24,959,913	26,124,593
Restricted	475,471	503,013
Unrestricted	<u>29,766,287</u>	<u>28,671,862</u>
Total net position	<u><u>\$55,201,671</u></u>	<u><u>\$55,299,468</u></u>

During 2020, the financial position of the Authority saw a decrease in net position of \$97,797, primarily resulting of an increase in total liabilities of \$5,531,455. The increase in total liabilities is due to the Authority completing the construction of the North Deployment Center and financing the 2020 purchase of ambulances through a capital lease obligation. Total assets increased by \$5,433,658 primarily due to investment in capital and increase in cash year over year. The current ratio changed from 8.4 in 2019 to 7.0 in 2020.

Current assets consist of cash and cash equivalents, restricted cash, certificate of deposit, receivables, supplies inventory, and prepaid expenses. Cash and cash equivalents are maintained at levels necessary to cover current liabilities as they come due. Restricted cash relates to the EPAB, which was assumed by the Authority during 2017 as a result of the Interlocal Agreement. The certificate of deposit was required as part of the refinancing arrangement on existing obligations with Frost Bank. Receivables are from services provided and the Texas ASPP for governmental entities; supplies inventory is the amount of supplies on hand at the end of the fiscal year, while prepaid expenses are primarily attributed to annual contracts for computer maintenance software.

Current liabilities are comprised of the current portion of long-term note payable, accounts payable and accrued liabilities, and unearned revenue. Current portion of accounts payable and accrued liabilities are the liabilities, at September 30, for goods and services received prior to the end of the fiscal year. Unearned revenue is comprised of subscriptions and subsidies received but unearned prior to September 30, 2020. Subscriptions are being amortized over the period during which the subscriber is allowed to use the Authority's services. Current liabilities increased from the prior year primarily due to the increase in accrued vacation and accrued liabilities as a result of timing of payments. Current liabilities also increased due to increases in the current portions of the long-term notes payable attributed to the completion of the North Deployment Center and the new financing of the 2020 ambulance purchase.

Non-current liabilities are the portions of the long-term note payable which are due in the future. The non-current liabilities increased due to proceeds from long term note payment to finance the North Deployment Center construction and the lease for ambulances in 2020.

Net position consists of net investment in capital assets, restricted net position, and unrestricted net position. The net investment in capital assets is the total of property and equipment, less accumulated depreciation, and any related debt. The restricted net position is the total amounts related to EPAB which are restricted in accordance with the Interlocal Agreement. Unrestricted net position is the remaining net position available for use by the Authority for which a specific use has not been designated by the Authority.

Statements of Revenues, Expenses, and Changes in Net Position

The statements of revenues, expenses, and changes in net position present the revenues earned and the expenses incurred during the year. Activities are reported as either operating or nonoperating.

	Year Ended September 30,	
	2021	2020
Operating revenues	\$200,845,536	\$172,035,590
Less estimated uncollectible fees	<u>(152,256,024)</u>	<u>(125,389,694)</u>
Net operating revenues	48,589,512	46,645,896
Operating expenses	<u>52,657,929</u>	<u>48,269,880</u>
Operating loss	(4,068,417)	(1,623,984)
Total nonoperating revenues, net	<u>1,751,129</u>	<u>1,526,187</u>
Change in net position	(2,317,288)	(97,797)
Net position, beginning of year	<u>55,201,671</u>	<u>55,299,468</u>
Net position, end of year	<u>\$ 52,884,383</u>	<u>\$ 55,201,671</u>

An analysis of the accrual basis operating budget revenues and expenditures shows that for fiscal year 2021, budgeted total net operating revenues were \$49,717,671. An analysis of the actual results compared to the operating budget shows net operating revenues of \$48,589,512, which is \$1,128,159, or 2.3%, under budgeted net operating revenues. The majority of this variance is due to a larger than expected provision for uncollectible accounts.

Operating expenses, excluding depreciation, for the year ended September 30, 2021, of \$48,957,860 were \$2,098,475, or 4.4%, over budgeted expenses of \$46,859,385. The majority of this variance is due to incentive bonuses paid to field employees and a mid-year salary adjustment to meet competitive salary adjustments due to the COVID pandemic.

Operating revenues consist mainly of patient services fees and other, which includes ASPP and subscription income. Patient service fees are gross billings to the Authority's customers for ambulance services provided. The subscription income is annual dollars received from the Authority's customers for a household membership. Operating revenues also includes other program income, which consists primarily of fees from hospital patients for service. These revenue sources, less estimated uncollectible fees, which are calculated based on the estimated collection percentage for the fiscal year, results in net operating revenue of \$48,589,512 and \$46,645,896 for 2021 and 2020, respectively. The increase in net operating revenues is primarily related to the increase in transports year over year of 7%, as well as a modest increase in fees during 2021.

Operating expenses of \$52,657,929 and 48,269,880 for 2021 and 2020, respectively, are from field operations, ambulance fleet operations, general and administrative, and depreciation. The field operation expenses are expenses the Authority incurred for the field personnel and also the office staff for the departments of Clinical, Community Health, Communication Center, Health & Safety, Logistics and Deployment. Ambulance fleet operations expenses are expenses incurred to maintain the ambulances. The increase in total operating expenses is directly related to the non-budgeted incentives paid to personnel and a mid-year hourly rate increase to retain employees due to the increase in salaries seen from our competitors due to the COVID pandemic.

General and administrative expenses are the expenses incurred to manage the general operational functions of the Authority, including billing, collections, Human Resources, Transformation Office and IT and infrastructure maintenance. Depreciation expense is provided on a straight-line basis and the methods are designed to amortize the cost of assets over their estimated useful lives.

Total nonoperating revenues consist primarily of interest expense, other income, Provider Relief Funds received, and NCTTRAC deployments and gain(loss) on disposal of assets. The increase in nonoperating revenues primarily relates to additional revenues from additional NCTTRAC deployments from the prior year.

	Year Ended September 30,	
	2020	2019
Operating revenues	\$172,035,590	\$177,408,806
Less estimated uncollectible fees	(125,389,694)	(128,723,366)
Net operating revenues	<u>46,645,896</u>	<u>48,685,440</u>
Operating expenses	<u>48,269,880</u>	<u>50,654,546</u>
Operating loss	(1,623,984)	(1,969,106)
Total nonoperating revenues, net	<u>1,526,187</u>	<u>168,504</u>
Change in net position	(97,797)	(1,800,602)
Net position, beginning of year	<u>55,299,468</u>	<u>57,100,070</u>
Net position, end of year	<u>\$ 55,201,671</u>	<u>\$ 55,299,468</u>

An analysis of the accrual basis operating budget revenues and expenditures shows that for the fiscal year 2020, budgeted net operating revenues were \$50,970,201. An analysis of the actual results compared to the operating budget shows net operating revenues of \$46,645,896, which is \$4,324,305 or 8.5% under budgeted net operating revenues. The majority of this variance is due to a negative to budget variance for transports of 3.5% due to the coronavirus pandemic and an increase in the estimated uncollectible fees.

Operating expenses, excluding depreciation, for the year ended September 30, 2020, of \$44,193,632 were \$1,713,661, or 3.7%, under budgeted expenses of \$45,907,293.

Operating revenues consist mainly of patient services fees and other, which includes ASPP and subscription income. Patient service fees are gross billings to the Authority's customers for ambulance services provided. The subscription income is annual dollars received from the Authority's customers for a household membership. Operating revenues also includes other program income, which consists primarily of fees from hospital patients for service. These revenue sources, less estimated uncollectible fees, which are calculated based on the estimated collection percentage for the fiscal year, results in net operating revenue of \$46,645,896 and \$48,685,440 for 2020 and 2019, respectively. The decrease in net operating revenues is primarily related to a decrease in transports year over year of 3.0%.

Operating expenses of \$48,269,880 and \$50,654,546 for 2020 and 2019, respectively, are from field operations, ambulance fleet operations, general and administrative, and depreciation.

The field operation expenses are expenses the Authority incurred for the field personnel, and also the office staff for the departments of Clinical, Community Health, Communication Center, Health & Safety, Logistics, and Deployment. Ambulance fleet operations expenses are expenses incurred to maintain the ambulances. The increase in field operating expenses is directly related to the increase in cost to deliver services during the COVID pandemic.

General and administrative expenses are the expenses incurred to manage the general operational functions of the Authority, including billing, collections, human resources, the strategic integration office, information technology, and infrastructure maintenance. Depreciation expense is provided on a straight-line basis and the methods are designed to amortize the cost of assets over their estimated useful lives. Depreciation increased due to increased capital assets and continued depreciation on prior year assets. Decreases in general and administrative expense are primarily due to a decrease in health insurance claims and patient insurance verification expense in the billing department.

Total nonoperating revenues consist primarily of interest expense, other income, subsidy income, and gain on disposition of assets. The increase in nonoperating revenues primarily relates to a new rebate program for RX Benefits and CARES Act Provider Relief Funds.

Capital Assets and Debt Administration

Capital Assets

Capital assets consist of property and equipment, less accumulated depreciation. The depreciation methods are designed to amortize the cost of assets over their estimated useful lives. Estimated useful lives of the major categories of property and equipment during 2021 are as follows: communications equipment 3 to 10 years, data processing equipment and software 3 to 7 years, office furniture and equipment 7 years, building and improvements 10 to 30 years, medical equipment 7 to 10 years, ambulance fleet and fleet equipment 3 to 20 years.

Capital assets increased from 2020 to 2021 primarily due to additions to the ambulance fleet (approximately \$3.8 million) and additions to buildings and improvements (approximately \$580,000). Several of the authority's ambulance chassis were replaced during the current year, which resulted in disposals of approximately \$475,000 that offset the ambulance purchases in 2021.

Capital assets increased from 2019 to 2020 primarily due to additions to the North Deployment Center (approximately \$2.9 million), additions to the ambulance fleet (approximately \$5.1 million), and additions to data processing equipment, medical equipment, and office equipment (approximately \$626,000). Several of the Authority's ambulance chassis were replaced during the 2020, which resulted in disposals of approximately \$2.9 million that offset the ambulance purchases in 2020.

At September 30, 2021, capital assets before depreciation, which includes both depreciable and nondepreciable assets, totaled \$63,814,634. This is an increase of \$4,110,185 over 2020. Accumulated depreciation increased by \$3,278,572 to \$25,659,928 at September 30, 2021.

During 2021, buildings and improvements increased \$580,513 and ambulance fleet increased by approximately \$3,321,672 related to fleet acquisitions and upgrades made throughout the year. Due to these additions, depreciation expense also increased.

At September 30, 2020, capital assets before depreciation, which includes both depreciable and nondepreciable assets, totaled \$59,704,449. This is an increase of \$5,638,294 over 2019. Accumulated depreciation increased by \$1,326,298 to \$22,381,356 at September 30, 2020.

During 2020, buildings and improvement increased \$5,339,215 due to the completion of the North Deployment Center. Ambulance fleet increased by approximately \$2,198,439 related to fleet acquisitions and upgrades made throughout the year. Due to these additions, depreciation expense also increased.

More detailed information on capital assets can be found in Note D of the financial statements.

Long-Term Debt

As September 30, 2021 the Authority's notes payable consisted of two term notes and two capital leases for the ambulance purchases in 2021 and 2020. The Authority had approximately \$14.1 million outstanding on these obligations, an increase of approximately \$1.75 million from the prior year. The increase was the result of the capital lease of additional ambulances in 2021.

At September 30, 2020 the Authority's notes payable consisted of two term notes and a capital lease for the ambulance purchases in 2020. The Authority had approximately \$12.3 million outstanding on these obligations, an increase of approximately \$5.4 million from the prior year. The increase was the result of the completion of the North Deployment Center and the capital lease of additional ambulances in 2020.

Economic Factors and Next Year's Rates

The Authority's mission is to manage the assets and resources under its stewardship in order to provide emergency medical service and transportation to individuals in Member Municipalities in Denton, Johnson, Parker, Tarrant, and Wise counties. It is the intent of the Authority to establish its fees and other charges at a level to recover the cost of its activities, including renewal and replacement of its facilities and equipment. The Authority will continue to monitor and analyze the Fair Health Consumer Database and continue to adjust rates to the average rates set forth for the applicable year.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of this information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 2900 Alta Mere Drive, Fort Worth, Texas 76116.

FINANCIAL STATEMENTS

METROPOLITAN AREA EMS AUTHORITY

STATEMENTS OF NET POSITION

	September 30,	
	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 17,781,918	\$ 18,162,943
Cash and cash equivalents - restricted	475,471	475,471
Certificate of deposit	4,246,762	4,245,738
Patient and other accounts receivable, less allowance for uncollectible accounts of \$131,024,226 in 2021; \$99,819,815 in 2020	8,606,324	10,243,190
Supplies inventory	383,481	358,990
Prepaid expenses	473,354	459,898
Total current assets	31,967,310	33,946,230
Capital assets, at cost		
Land	1,644,946	1,644,946
Communication equipment	3,864,245	3,731,088
Data processing equipment and software	8,661,956	8,587,113
Office furniture and equipment	2,571,565	2,571,565
Buildings and improvements	24,777,652	24,197,139
Ambulance fleet	22,294,270	18,972,598
	63,814,634	59,704,449
Less accumulated depreciation	25,659,928	22,381,356
Total capital assets, net, at cost	38,154,706	37,323,093
 Total assets	 \$ 70,122,016	 \$ 71,269,323
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,999,719	\$ 3,573,990
Current portion of long-term debt	910,215	734,195
Current portion of capital lease obligation	984,436	411,022
Unearned revenue	120,252	130,482
Total current liabilities	5,014,622	4,849,689
Noncurrent liabilities		
Long-term debt, net of current portion	8,531,080	9,462,801
Capital lease obligation, net of current portion	3,691,931	1,755,162
Total liabilities	17,237,633	16,067,652
Net position		
Net investment in capital assets	24,037,044	24,959,913
Restricted - Emergency Physicians Advisory Board	475,471	475,471
Unrestricted	28,371,868	29,766,287
Total net position	\$ 52,884,383	\$ 55,201,671

See accompanying notes to financial statements.

METROPOLITAN AREA EMS AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Year Ended September 30,	
	2021	2020
	<u> </u>	<u> </u>
Operating revenues		
Patient service fees and other	\$ 200,264,783	\$ 171,318,292
Subscription income	360,873	359,167
Program income	219,880	358,131
	<u>200,845,536</u>	<u>172,035,590</u>
Less estimated uncollectible fees	(152,256,024)	(125,389,694)
Net operating revenues	<u>48,589,512</u>	<u>46,645,896</u>
 Operating expenses		
Field operations	31,527,904	28,056,709
Ambulance fleet operations	2,372,323	2,121,188
General and administrative	15,057,633	14,015,735
Depreciation	3,700,069	4,076,248
Total operating expenses	<u>52,657,929</u>	<u>48,269,880</u>
 Operating loss	(4,068,417)	(1,623,984)
 Nonoperating revenues (expenses)		
Other income	2,043,225	1,849,848
Interest expense	(345,790)	(233,180)
Gain (loss) on disposition of assets	53,694	(90,481)
Total nonoperating revenues, net	<u>1,751,129</u>	<u>1,526,187</u>
 Change in net position	(2,317,288)	(97,797)
 Net position, beginning of year	<u>55,201,671</u>	<u>55,299,468</u>
 Net position, end of year	<u><u>\$ 52,884,383</u></u>	<u><u>\$ 55,201,671</u></u>

See accompanying notes to financial statements.

METROPOLITAN AREA EMS AUTHORITY

STATEMENTS OF CASH FLOWS

	Year Ended September 30,	
	2021	2020
Cash flows from operating activities		
Patient service fees received	\$ 50,216,148	\$ 48,338,909
Cash paid to suppliers	(17,133,357)	(16,754,761)
Cash paid to employees	(32,464,721)	(27,359,506)
Net cash provided by operating activities	618,070	4,224,642
Cash flows from noncapital financing activities		
Income from community health programs	2,043,225	1,849,848
Restricted cash	-	27,542
Net cash provided by noncapital financing activities	2,043,225	1,877,390
Cash flows from capital and related financing activities		
Proceeds from redemption of certificate of deposit	-	266,019
Purchase of certificate of deposit	(1,024)	-
Proceeds from sale of capital assets	2,426	22,483
Proceeds from capital long-term debt	-	3,559,995
Proceeds from insurance recoveries	104,500	-
Principal paid on capital long-term debt	(755,701)	(249,503)
Principal paid on capital leases	(457,208)	-
Interest paid on capital long-term debt	(345,790)	(233,180)
Capital expenditures	(1,589,523)	(6,046,285)
Net cash used in capital and related financing activities	(3,042,320)	(2,680,471)
Net increase (decrease) in cash and cash equivalents	(381,025)	3,421,561
Cash and cash equivalents at beginning of year	18,162,943	14,741,382
Cash and cash equivalents at end of year	\$ 17,781,918	\$ 18,162,943
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (4,068,417)	\$ (1,623,984)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	3,700,069	4,076,248
Changes in assets and liabilities		
Accounts receivable	1,636,866	1,772,273
Supplies inventory	(24,491)	(73,833)
Prepaid expenses	(13,456)	307,898
Accounts payable and accrued liabilities	(602,271)	(154,700)
Unearned revenue	(10,230)	(79,260)
Net cash provided by operating activities	\$ 618,070	\$ 4,224,642
Schedule of non-cash capital and related financing activities:		
Capital assets acquired via accounts payable	\$ 28,000	\$ 453,272
Capital assets acquired via capital leases	\$ 2,967,391	\$ 2,166,184

See accompanying notes to financial statements.

METROPOLITAN AREA EMS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 and 2020

A. Significant Accounting Policies

The financial statements of Metropolitan Area EMS Authority (the “Authority”), formerly known as Area Metropolitan Ambulance Authority, are presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”) applicable to independent enterprise agencies as prescribed by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the nature of operations and significant accounting policies:

Nature of Operations

The Authority provides emergency medical service and transportation to individuals in Member Municipalities in Denton, Johnson, Parker, Tarrant, and Wise counties. All of the Authority’s accounts receivable are due from county residents, Medicare, Medicaid, insurance providers, and the state of Texas Health and Human Services Commission.

Reporting Entity

For financial reporting purposes, management has considered all potential component units. The decision whether or not to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*.

No entities met the above requirements to be considered component units. In addition, the Authority is not a component unit of any other governmental entity.

Measurement Focus and Basis of Accounting

The Authority uses the economic resources measurement focus. This means that all assets, liabilities, net position, revenues, and expenses are accounted for using the accrual basis of accounting.

Revenue is recognized when earned and expenses are recognized when they are incurred.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

METROPOLITAN AREA EMS AUTHORITY

NOTES TO FINANCIAL STATEMENTS *(continued)*

A. Significant Accounting Policies – continued

Use of Estimates – continued

Included in the accompanying financial statements are estimates of uncollectible patient services fees based upon past collections history of the Authority and estimates of self-insurance claims incurred, but not paid, based on past history and other factors. It is reasonably possible that the actual uncollectible patient services fees and self-insurance claims incurred, but not paid, may differ and that the difference may be material to the financial statements.

The Authority's policy is to regularly review the allowance for uncollectible accounts. This review during 2020 indicated that the 2019 allowance for uncollectible accounts was understated based on actual cash collections, specifically cash collections on patient accounts receivable related to insurance providers. As a result, the Authority revised the allowance for uncollectible accounts as of September 30, 2020. The effect of this change in estimate was an increase to the 2020 provision for uncollectible fees of approximately \$960,000. There was no such change in estimate during 2021.

Cash Flows Presentation

For purpose of the statement of cash flows, investments and time deposits with maturities of three months or less when purchased are considered cash equivalents.

Investments

Investments with readily determinable fair values are stated at fair value with realized and unrealized gains and losses included in the statement of revenues, expenses, and changes in net position.

The Authority measures its investments at fair value. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

A three-tier fair value hierarchy is established as a basis for considering such assumptions for inputs used in the valuation methodologies in measuring fair value as follows:

Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Other inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the markets or can be derived from observable market data. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, foreign exchange rates, and credit ratings.

METROPOLITAN AREA EMS AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

A. Significant Accounting Policies – continued

Investments – continued

Level 3 – inputs that are unobservable for the particular asset or liability due to little or no market activity and are significant to the fair value of the asset or liability. These inputs reflect assumptions that market participants would use when valuing the particular asset or liability.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs.

At September 30, 2021, the Authority’s investments consisted of a certificate of deposit that matures in November 2022. The certificate of deposit is valued at the principal balance plus accrued interest, which approximates fair value, and is therefore considered Level 2 within the fair value hierarchy.

Investments measured at fair value on a recurring basis at September 30,:

	<u>2021</u>	<u>2020</u>
	<u>Level 2</u>	<u>Level 2</u>
Certificate of deposit	\$ 4,246,762	\$ 4,245,738

Allowance for Uncollectible Accounts

An allowance for uncollectible billed accounts receivable is provided based on an analysis of historical trends.

Supplies Inventory

Supplies inventory are stated at the lower of cost (first-in, first-out) or net realizable value.

Capital Assets

Capital assets having an original cost of \$5,000 or more and over one year of useful life are capitalized. All purchased capital assets are valued at cost where historical records exist. Donated fixed assets are valued at their estimated fair value on the date received. Maintenance, repairs, renewals, and betterments which do not enhance the value or increase the basic productive capacity of assets are charged to expense as incurred.

Depreciation is provided on the straight-line basis. Depreciation methods are designed to amortize the cost of assets over their estimated useful lives.

METROPOLITAN AREA EMS AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

A. Significant Accounting Policies – continued

Capital Assets – continued

Estimated useful lives of major categories of capital assets are as follows:

<u>Category</u>	<u>Estimated Life</u>
Buildings and improvements	10 – 30 Years
Medical equipment	7 – 10 Years
Ambulance fleet	3 – 5 Years
Fleet equipment	5 – 20 Years
Communications equipment	3 – 10 Years
Data processing equipment and software	3 – 7 Years
Office furniture and equipment	7 Years

Long-Lived Assets

The Authority evaluates its long-lived assets, including for impairment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of these assets is measured by comparison of their carrying amounts to future undiscounted cash flows that the assets are expected to generate. If long-lived assets are considered to be impaired, the impairment to be recognized equals the amount by which the carrying value of the asset exceeds its fair market value and is recorded in the period the determination was made. Based upon management’s assessment, there was no impairment of long-lived assets at September 30, 2021 and 2020.

Accumulated Vacation and Sick Leave

Employees of the Authority earn vacation and sick leave. Unused vacation leave up to 240 hours may be carried over to subsequent periods. Employees are compensated for unused vacation leave, if separating, if they have worked for the Authority for at least 90 consecutive days unless they have changed their status to part-time prior to separation. However, employees will not be compensated for their unused sick leave.

Capital Leases

Assets held under capital leases are recorded at the lower of the net present value of the minimum lease payments or fair value of the leased assets at the inception of the lease. Depreciation expense is computed using the straight-line method over the useful lives of the assets.

METROPOLITAN AREA EMS AUTHORITY

NOTES TO FINANCIAL STATEMENTS (*continued*)

A. Significant Accounting Policies – continued

Operating Revenues

Operating revenues generally consist mainly of patient services fees, including the state of Texas Ambulance Supplemental Payment Program (“ASPP”), subscription income, and program income. Patient service fees are gross billings to the Authority’s patients, and insurance providers, including Medicare, Medicaid, and third parties, for ambulance services provided. The subscription income is annual dollars received from the Authority’s customers for a household membership. Program income consists of fees from patients of hospitals for service.

Nonoperating Revenues

Nonoperating revenues are those revenues that do not relate to the Authority’s nature of operations. These consist of subsidy revenues paid by cities to reduce the cost of emergency medical services to their residents and community health programs initiated by the Authority as a means to provide certified health advice for residents and reduce unnecessary transports, and other income which includes fees for placing ambulances in high-traffic areas to lower response times and fees from hospitals for consulting non-emergency patients to avoid a hospital stay.

Unearned Revenue

Unearned revenue is composed of subscriptions received but unearned. Subscriptions are amortized over the period during which the subscriber is allowed to use the Authority’s services.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing and / or capital lease obligation used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net position represents the accumulated excess of revenue over expenses.

METROPOLITAN AREA EMS AUTHORITY

NOTES TO FINANCIAL STATEMENTS (*continued*)

A. Significant Accounting Policies – continued

Recently Issued Accounting Pronouncements

New accounting standards were effective for the fiscal year ended September 30, 2021. However, the Authority has determined these standards have no impact on the financial statements. The new accounting standards effective for the year ended September 30, 2021, are summarized below.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, provides improvement of the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

GASB No. 98, *The Annual Comprehensive Financial Report*. This statement was issued in October 2021 and establishes the term annual comprehensive financial report and its acronym ACFR. This new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This statement is effective for fiscal years ending after December 15, 2021 but earlier application is encouraged.

B. Cash and Investments

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Authority's investment policy does not contain policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the policy requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the Federal Deposit Insurance Corporation ("FDIC") insurance at all times.

As of September 30, 2021 and 2020, the carrying amount of the Authority's cash on hand was \$17,781,918 and \$18,162,943, respectively, and the bank balance was \$19,027,888 and \$19,022,349, respectively.

METROPOLITAN AREA EMS AUTHORITY

NOTES TO FINANCIAL STATEMENTS *(continued)*

C. Defined Contribution Pension Plan

The Authority has two defined contribution plans created in accordance with applicable sections of the Internal Revenue Code. The plans were previously administered by ICMA Retirement Corporation prior to all assets of both plans being transferred to new plans administered by MassMutual Retirement Services on February 2, 2015. All full-time employees are eligible for participation in these plans after six months of employment. The plans require that the Authority match a portion of participant contributions annually. The Authority's contributions for the years ended September 30, 2021 and 2020, were approximately \$972,000 and \$976,000 (which includes approximately \$159,000 and \$76,000 of forfeitures allocated to participant accounts), respectively. Employee contributions for the years ended September 30, 2021 and 2020, were approximately \$969,000 and \$914,000, respectively.

METROPOLITAN AREA EMS AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)

D. Capital Assets Activity

Capital asset activity for the Authority for the years ended September 30, 2021 and 2020, was as follows:

	Beginning Balance 10/1/2020	Additions	Retirements	Transfers	Ending Balance 9/30/2021
Capital assets not being depreciated:					
Land	\$ 1,644,946	\$ -	\$ -	\$ -	\$ 1,644,946
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	1,644,946	-	-	-	1,644,946
Capital assets being depreciated:					
Communication equipment	3,731,088	133,157	-	-	3,864,245
Data processing equipment and software	8,587,113	74,843	-	-	8,661,956
Office furniture and equipment	2,571,565	-	-	-	2,571,565
Buildings and improvements	24,197,139	580,513	-	-	24,777,652
Ambulance fleet, medical, and fleet equipment	18,972,598	3,796,403	474,731	-	22,294,270
Total capital assets being depreciated	58,059,503	4,584,916	474,731	-	62,169,688
Total at historical cost	59,704,449	4,584,916	474,731	-	63,814,634
Less accumulated depreciation:					
Communication equipment	2,711,192	244,530	-	-	2,955,722
Data processing equipment and software	5,739,849	787,197	-	-	6,527,046
Office furniture and equipment	1,889,663	320,058	-	-	2,209,721
Buildings and improvements	3,974,836	864,497	-	-	4,839,333
Ambulance fleet, medical, and fleet equipment	8,065,816	1,483,787	421,497	-	9,128,106
Total accumulated depreciation	22,831,356	3,700,069	421,497	-	25,659,928
Capital assets, net, at cost	<u>\$37,323,093</u>	<u>\$ 884,847</u>	<u>\$ 53,234</u>	<u>\$ -</u>	<u>\$38,154,706</u>

METROPOLITAN AREA EMS AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)

D. Capital Assets Activity – continued

	Beginning Balance 10/1/2019	Additions	Retirements	Transfers	Ending Balance 9/30/2020
Capital assets not being depreciated:					
Land	\$ 1,603,440	\$ -	\$ -	\$ 41,506	\$ 1,644,946
Construction in progress	2,566,828	2,978,426	164,533	(5,380,721)	-
Total capital assets not being depreciated	4,170,268	2,978,426	164,533	(5,339,215)	1,644,946
Capital assets being depreciated:					
Communication equipment	3,646,294	84,794	-	-	3,731,088
Data processing equipment and software	8,372,610	214,503	-	-	8,587,113
Office furniture and equipment	2,244,900	326,665	-	-	2,571,565
Buildings and improvements	18,857,924	-	-	5,339,215	24,197,139
Ambulance fleet	16,774,159	5,059,811	2,861,372	-	18,972,598
Total capital assets being depreciated	49,895,887	5,685,773	2,861,372	5,339,215	58,059,503
Total at historical cost	54,066,155	8,664,199	3,025,905	-	59,704,449
Less accumulated depreciation:					
Communication equipment	2,495,327	215,865	-	-	2,711,192
Data processing equipment and software	4,973,888	765,961	-	-	5,739,849
Office furniture and equipment	1,599,671	289,992	-	-	1,889,663
Buildings and improvements	3,240,085	734,751	-	-	3,974,836
Ambulance fleet	8,746,087	2,069,679	2,749,950	-	8,065,816
Total accumulated depreciation	21,055,058	4,076,248	2,749,950	-	22,381,356
Capital assets, net, at cost	<u>\$33,011,097</u>	<u>\$ 4,587,951</u>	<u>\$ 275,955</u>	<u>\$ -</u>	<u>\$37,323,093</u>

METROPOLITAN AREA EMS AUTHORITY

NOTES TO FINANCIAL STATEMENTS *(continued)*

E. Risk Management and Commitments

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To mitigate the risk of loss, the Authority carries commercial insurance. There were no significant reductions in coverage during the years ended September 30, 2021 or 2020.

F. Obligations Under Capital Lease

During 2021 and 2020, the Authority entered into agreements to lease vehicles under a capital lease arrangement which expires at various dates through 2026. Leased assets totaling approximately \$5,133,579 and \$2,166,185 are included in capital assets, net, at cost in the accompanying statements of financial position at September 30, 2021 and 2020, respectively. Depreciation expense for leased assets for the years ended September 30, 2021 and 2020, was approximately \$85,560 and \$19,000, respectively.

Future minimum annual payments under the capital lease obligations consisted of the following at September 30, 2021:

2022	\$ 1,098,413
2023	1,098,413
2024	1,098,413
2025	1,098,413
2026	582,929
Total minimum lease payments	<u>4,976,581</u>
Less amounts representing interest	<u>(300,214)</u>
Present value of net minimum lease payments	<u>\$ 4,676,367</u>

G. Long-Term Debt

In June 2013, the Authority issued General Improvement Revenue Bonds. The issuance was for \$8,000,000, which consisted of an equipment loan of \$3,200,000 and a construction loan available for draws of up to \$4,800,000, both of which were for the purpose of providing funds for the purchase of land and expenses associated with the construction of the Authority's administrative headquarters. The equipment loan incurred interest at a rate of 2.27% and was to be paid in monthly installments of \$38,095 plus accrued interest, with a balloon payment required at maturity. The construction loan incurred interest at a rate of 2.27% and was to be paid in monthly installments of \$28,234 plus accrued interest, with a balloon payment required at maturity. The loans were collateralized by patient accounts receivable, supplies inventory, and capital assets. Effective November 28, 2018, the Authority entered into a new term note in the amount of \$4,450,000 for the purpose of refinancing these notes with a new financial institution.

METROPOLITAN AREA EMS AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)

G. Long-Term Debt – continued

The term note maturity date was November 28, 2020. However, on October 29, 2020, the term note was amended, and the new monthly installment is \$39,364 plus accrued interest at a rate of 3.214%, with a balloon payment required at maturity. The amended maturity date is October 1, 2030. The outstanding balance of the term note at September 30, 2021 is \$3,687,609. The term note is collateralized by a certificate of deposit.

Effective November 28, 2018, the Authority entered into a line of credit agreement available for draws up to \$20,000,000 for the purchase of ambulances, land, and construction of future deployment centers. On October 29, 2020, the line of credit agreement was amended and converted to a term note to be paid in monthly installments of \$61,054 plus accrued interest at a rate of 3.214%, with a balloon payment required at maturity. The amended maturity date is October 1, 2030. The outstanding balance of the term note at September 30, 2021, is \$5,753,686. The note is collateralized by the deed of trust of the land purchased for the deployment center. The Authority is required to maintain certain debt covenants and financial ratios under the loans. At September 30, 2021, the Authority was in compliance with these covenants and financial ratios.

The annual requirements to amortize all long-term debt outstanding as of September 30, 2021, are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 910,215	\$ 294,795	\$ 1,205,010
2023	940,322	264,687	1,205,009
2024	970,771	234,238	1,205,009
2025	1,003,536	201,473	1,205,009
2026	1,036,730	168,279	1,205,009
2027 - 2030	<u>4,579,721</u>	<u>358,020</u>	<u>4,937,741</u>
Total	<u>\$ 9,441,295</u>	<u>\$ 1,521,492</u>	<u>\$10,962,787</u>

METROPOLITAN AREA EMS AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)

G. Long-Term Debt – continued

The following is a summary of long-term debt transactions of the Authority for the years ended September 30, 2021 and 2020:

<u>Beginning Balance 10/1/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance 9/30/2021</u>	<u>Due Within One Year</u>
\$10,196,996	\$ -	\$ (755,701)	\$ 9,441,295	\$ 910,215

<u>Beginning Balance 10/1/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance 9/30/2020</u>	<u>Due Within One Year</u>
\$ 6,886,504	\$ 3,559,995	\$ (249,503)	\$10,196,996	\$ 734,195

H. Commitments and Contingencies

Ambulance Purchase Agreement

Effective February 28, 2018, the Authority entered into a five-year purchase agreement relating to the production and delivery of certain ambulance modules. The Authority has agreed to purchase three ambulance units per quarter during the period October 1, 2018 through February 28, 2023. Based on the agreement, the price per ambulance module is approximately \$150,000, and the price will increase by 2% every 12 months after the first year. The first 12-month period will start on the effective date of the purchase agreement.

Legal Considerations

In the normal course of business, the Authority may be subject to allegations that may result in litigation. Some of these allegations may not be covered or are only partially covered by insurance policies. Based upon advice of counsel, management records an estimate of the ultimate expected loss, if any, for these matters.

Risks and Uncertainties

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic, which continues to spread throughout the United States of America. Efforts implemented by local and national governments, as well as businesses, including temporary closures, are expected to have adverse impacts on local, national, and global economies. Although the disruption is currently expected to be temporary, there is uncertainty around the duration and the related economic impact. Therefore, while management expects this matter to have an impact on the Authority’s activities, the continuing impact to the results of operations and financial position cannot be reasonably estimated at this time.

METROPOLITAN AREA EMS AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)

I. Insurance Plan

The Authority became self-insured for health care benefits beginning January 1, 2014. Effective October 1, 2019, the Authority contracts with UMR, Inc. (“UMR”) to facilitate all claims. The Authority is solely responsible for all claim costs, both reported and unreported. UMR provides administrative services to the Authority including claims administration and customer service. The Authority is protected against higher than expected claims costs through the purchase of stop-loss coverage of \$175,000 per covered person. Liabilities include an amount for claims that have been incurred but not reported (“IBNR”). The resulting liability calculation is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards.

Accordingly, claim liabilities are evaluated periodically. At September 30, 2021 and 2020, the IBNR liability of approximately \$325,000 and \$279,000, respectively, is recorded within accounts payable and accrued liabilities in the accompanying statements of net position. The following summarizes the self-insured plan claims and liabilities for health care benefits.

<u>Year Ended September 30,</u>	<u>Beginning of Year Accrual</u>	<u>Current Year Estimates</u>	<u>Claim Payments</u>	<u>End of Year Accrual</u>
2021	\$ 278,567	\$ 3,220,958	\$ (3,174,131)	\$ 325,034
2020	\$ 350,000	\$ 2,732,981	\$ (2,804,414)	\$ 278,567

J. Provider Relief Funds

During April 2020, as part of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), the U.S. Health and Human Services (“HHS”) distributed \$50 billion to providers who bill Medicare fee-for-service in order to provide financial relief during the COVID-19 pandemic. These provider relief funds (“PRFs”) were allocated proportional to providers’ share of 2018 patient revenue. On April 10, 2020, HHS immediately distributed \$30 billion to eligible providers throughout the American healthcare system. The Authority received approximately \$673,000 of general distributions on April 10, 2020.

HHS allocated targeted distribution funding to providers in areas particularly impacted by the COVID-19 outbreak, rural providers, and providers requesting reimbursement for the treatment of uninsured Americans. The Authority received approximately \$268,500 of targeted distributions on May 15, 2020.

The Authority received approximately \$584,300 and \$1,200 on January 27, 2021 and January 28, 2021, respectively. The PRFs are included in other income in the accompanying statements of revenues, expenses, and changes in net position. The PRFs received during 2021 are not included in the schedule of expenditures of federal awards as of September 30, 2021 in accordance with the 2021 Office of Budget Uniform Guidance Compliance Supplement.

METROPOLITAN AREA EMS AUTHORITY

NOTES TO FINANCIAL STATEMENTS *(continued)*

K. Concentrations of Credit Risk

Patient service fees from Medicare, Medicaid, and insurance providers accounted for approximately 40%, 17%, and 16%, respectively, of the Authority's patient service fees for the year ended September 30, 2021. Patient service fees from Medicare, Medicaid, and insurance providers accounted for approximately 40%, 16%, and 16%, respectively, of the Authority's patient service fees for the year ended September 30, 2020. Patient accounts receivable, net from Medicare and insurance providers comprised approximately 30% and 41%, respectively, at September 30, 2021. Patient accounts receivable, net from Medicare and insurance providers comprised approximately 23% and 46%, respectively, at September 30, 2020.

L. Subsequent Events

In preparing the financial statements, the Authority has evaluated all subsequent events and transactions for potential recognition or disclosure through January 25, 2022, the date the financial statements were available for issuance.

SUPPLEMENTAL INFORMATION

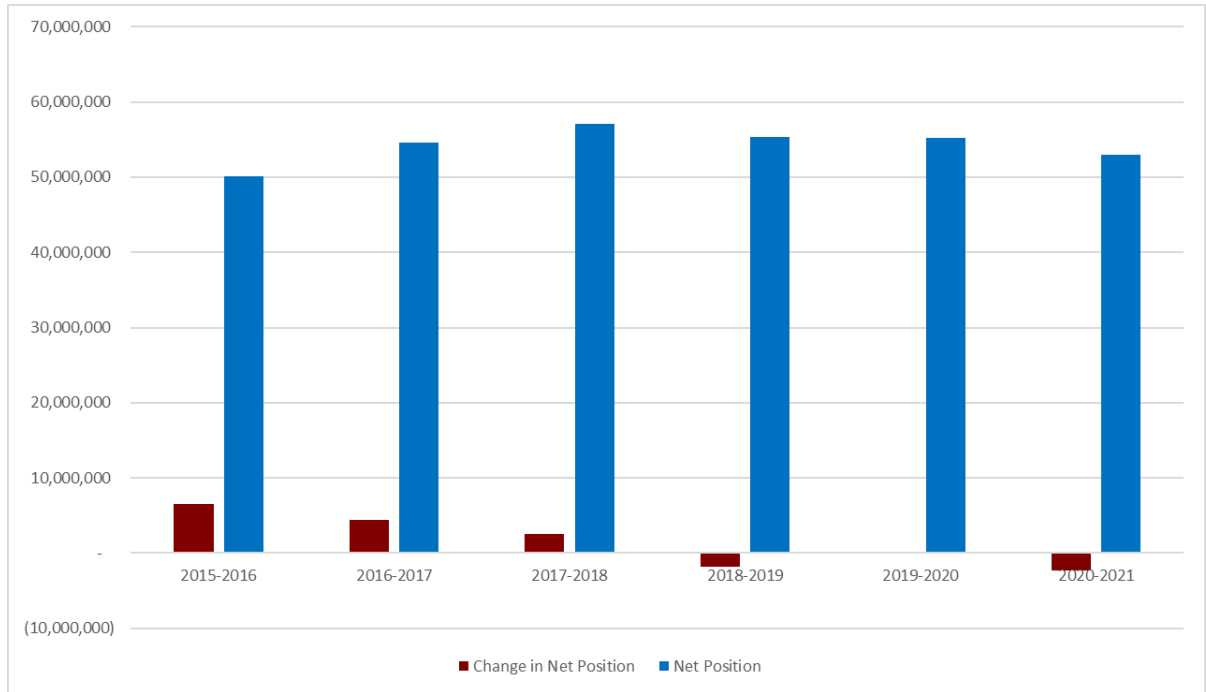
METROPOLITAN AREA EMS AUTHORITY
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES

Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Advertising	\$ -	\$ -
Banking and credit card fees	134,591	104,475
Collection fees	332,285	345,782
Dues and subscriptions	747,731	758,464
Equipment	257,234	200,955
Insurance	3,619,334	2,887,455
Other	198,455	834,731
Payroll taxes	368,026	328,904
Postage	40,050	41,741
Professional fees	1,142,427	1,172,718
Public relations	17,032	55,894
Recruitment and training	-	800
Rent expense	140,459	133,195
Repairs and maintenance	1,563,722	1,462,257
Retirement plan contribution	76,420	147,617
Salaries	5,507,812	4,565,656
Supplies	183,166	197,021
Telephone and utilities	684,497	723,608
Travel	44,392	54,462
	<u>\$15,057,633</u>	<u>\$14,015,735</u>

OTHER FINANCIAL INFORMATION

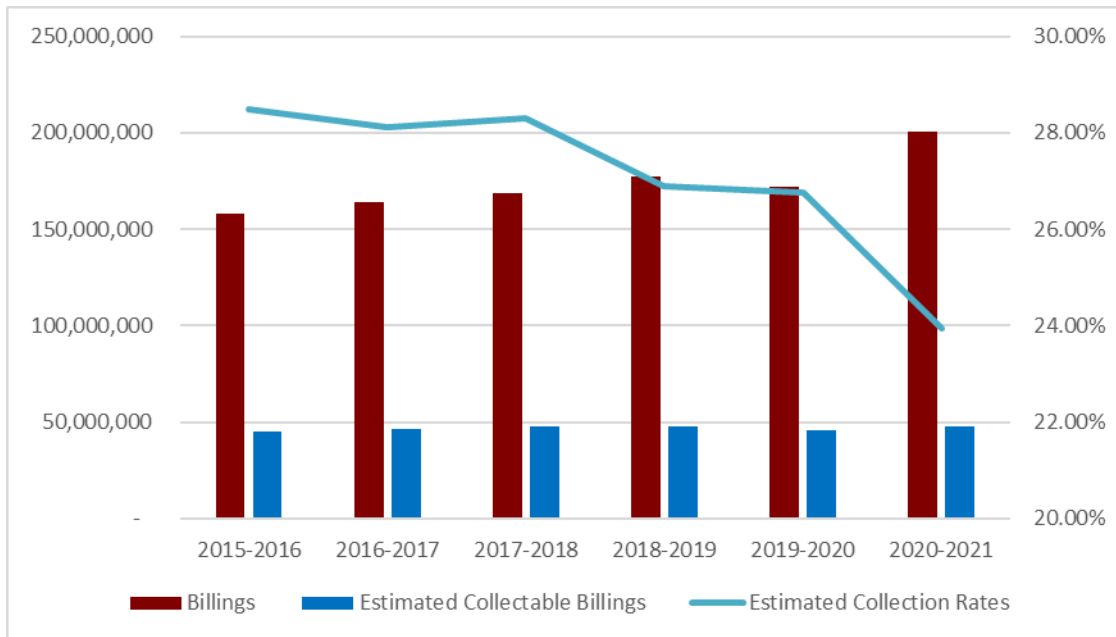
METROPOLITAN AREA EMS AUTHORITY
CHANGE IN NET POSITION VS. NET POSITION



	<u>Change in Net Position</u>	<u>Net Position</u>
2015-2016	6,496,805	50,139,299
2016-2017	4,441,414	54,580,713
2017-2018	2,519,357	57,100,070
2018-2019	(1,800,602)	55,299,468
2019-2020	(97,797)	55,201,671
2020-2021	(2,317,288)	52,884,383

METROPOLITAN AREA EMS AUTHORITY

BILLINGS VS. COLLECTION RATES



	<u>Estimated Collectable Billings</u>	<u>Billings</u>	<u>Estimated Collection Rates</u>
2015-2016	45,129,477	158,375,972	28.50%
2016-2017	46,203,166	164,299,288	28.12%
2017-2018	47,806,964	168,986,409	28.29%
2018-2019	47,605,670	177,090,186	26.88%
2019-2020	45,928,598	171,676,423	26.75%
2020-2021	48,008,759	200,484,663	23.95%