

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

We have audited the financial statements of Metropolitan Area EMS Authority (the “Authority”) for the year ended September 30, 2019, and have issued our report thereon dated January 15, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 19, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and other matters noted during our audit in a separate letter to you dated January 15, 2020.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and our firm, including its employees, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Organization's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in Note B to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are management's estimate of the allowance for doubtful accounts and the estimate of the incurred but not reported ("IBNR") accrual.

Management's estimate of the allowance for doubtful accounts is based on historical loss levels and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accrual for medical insurance claims that have been incurred but not reported is based on prior year claims and a projected analysis of outstanding claims at year-end. We evaluated the key factors and assumptions used to develop the IBNR accrual and reviewed a lag report in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive disclosures affecting the Authority's financial statements during the year ended September 30, 2019.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The attached schedule (Exhibit B) summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. See Exhibit A for such misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated January 15, 2020.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Authority's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have: applied certain limited procedures to management's discussion and analysis, which is required supplementary information ("RSI") that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with GAAP, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were also engaged to report other financial information which is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other financial information has not been subjected to the auditing procedures applied in the audit of the basic financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

* * * * *

This report is intended solely for the information and use of the Members of the Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Fort Worth, Texas
January 15, 2020

January 15, 2020

Whitley Penn LLP
640 Taylor Street, Suite 2200
Fort Worth, Texas 76102

This representation letter is provided in connection with your audits of the financial statements of Metropolitan Area EMS Authority (the "Authority"), which comprise the statements of net position as of September 30, 2019 and 2018, 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, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted for governments in the United States of America ("U.S. GAAP").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 19, 2019, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
5. We have reviewed, approved, and taken responsibility for the financial statements and related notes.

6. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
7. There are no related-party relationships and transactions that should have been accounted for and disclosed in accordance with the requirements of U.S. GAAP.
8. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
9. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
10. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements (Exhibit B) is attached to the representation letter.
11. You have recommended certain adjusting journal entries (Exhibit A). We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Authority's accounts.
12. In regards to the financial statement preparation services performed by you, we have
 - Made all management decisions and performed all management functions.
 - Designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services.
 - Evaluated the adequacy and results of the services performed.
 - Accepted responsibility for the results of the services.
13. Deposit and investment risks have been properly and fully disclosed.
14. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
15. All components of net position are properly classified and, if applicable, approved.
16. All required supplementary information is measured and presented within the prescribed guidelines.

Information Provided

17. We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
 - Additional information that you have requested from us for the purpose of the audits;
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
 - Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
18. All transactions have been recorded in the accounting records and are reflected in the financial statements.
19. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
20. We have no knowledge of any fraud or suspected fraud that affects the Authority and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others when the fraud could have a material effect on the financial statements.
21. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators, or others.
22. We have disclosed to you the identity of the Authority's related parties and all the related-party relationships and transactions of which we are aware.
23. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
24. The Authority has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
25. We have disclosed to you all guarantees, whether written or oral, under which the Authority is contingently liable.

26. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 62 (“GASB-62”), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the statement of net position date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
27. The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such long-lived assets; nor has the entity pledged any long-lived assets as collateral, except as disclosed in the notes to the financial statements.
28. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
29. Provisions for uncollectible receivables have been properly identified and recorded based on historical collection rates and the net patient accounts receivable has been reduced to the amount expected to be collected in subsequent years.
30. We have provided you with all the information related to our collections process as it relates to patient accounts receivable.
31. A new capitalization policy for property and equipment was approved by management and established effective October 1, 2018 and will be applied on a prospective basis.
32. We have performed a thorough review of the property and equipment detail and related depreciation expense and accumulated depreciation and believe all activity has been properly recorded and the net book value of property and equipment is properly stated as of September 30, 2019.
33. We began using a Tyler enterprise resource planning system, Munis, effective October 1, 2018, and we represent that all beginning account balances were properly recorded in Munis as of this date. Additionally, we believe all transactions were properly recorded in Munis during the year ended September 30, 2019.
34. We believe that the incurred but not reported (“IBNR”) health insurance claims that were paid during 2019 but incurred during 2018 were not estimable in 2018 and as such no accrual was recorded at September 30, 2018 due to information not being provided by the claims processor. We believe this to be a change in accounting estimate and have recorded the expenses in the 2019 statement of revenues, expenses, and changes in net position. Additionally, we believe the IBNR accrual at September 30, 2019 is appropriate based on the historical data used to calculate the estimate as well as based on actual claims paid by the Authority after year-end.

35. We represent that the Medstar Foundation (the "Foundation") is separate from the Authority and the Authority is not the sole-corporate member of the Foundation, as defined in state statute, articles of incorporation, or bylaws. Additionally, the Board of Directors of the Authority do not have a controlling interest in the board of the Foundation. As such, we do not believe that the Foundation is a component unit of the Authority which should be reported in the Authority's financial statements.
36. With respect to the Required Supplementary Information ("RSI") accompanying the financial statements:
- We acknowledge our responsibility for the presentation of the RSI in accordance with U.S. GAAP.
 - We believe the RSI, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
37. With respect to the supplementary information and other financial information accompanying the financial statements:
- We acknowledge our responsibility for the presentation of the supplementary information and other financial information in accordance with U.S. GAAP.
 - We believe the supplementary information and other financial information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - We have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information and other financial information.


Douglas R. Hooten, Chief Executive Officer


Steve Post, Chief Financial Officer

Metropolitan Area EMS Authority
Exhibit A - Adjusting Journal Entries
Year Ended September 30, 2019

Account	Description	Debit	Credit	(Increase) Decrease to Change in Net Position
Adjusting Journal Entries JE # 1				
Entry to reclassify current portion of long-term debt for financial reporting purposes.				
290100	Frost Construction Loan	\$ 249,474		
220100	Current Portion - Constr Loan		\$ 249,474	
Total		<u>\$ 249,474</u>	<u>\$ 249,474</u>	\$ -
Adjusting Journal Entries JE # 2				
Entry to properly state depreciation for the current year.				
191003	Accum Deprec - Comm Eq	\$ 1,722		
191004	Accum Deprec - DP Equipment	3,770		
970000-10010	Depreciation	712,376		
191001	Accum Deprec - Bldg and Improv		\$ 58,685	
191002	Accum Deprec - Office Furn & E		88,977	
191005	Accum Deprec - Medical Equipme		449,364	
191006	Accum Deprec - Ambulance Fleet		110,890	
191008	Accum Deprec Fleet Equipment		9,952	
Total		<u>\$ 717,868</u>	<u>\$ 717,868</u>	712,376
Adjusting Journal Entries JE # 3				
Entry to record accrued interest on certificate of deposit at year-end.				
110014	Investment CD Frost	\$ 61,757		
489001-10010	Interest Income On Investments		\$ 61,757	
Total		<u>\$ 61,757</u>	<u>\$ 61,757</u>	(61,757)
Adjusting Journal Entries JE # 4				
Entry to properly state long-term debt balance as of year-end.				
290000	Construction Loan LT	\$ 66,329		
720000-10010	Interest	7,356.00		
110001	Operating Bank Account		\$ 73,685	
Total		<u>\$ 73,685</u>	<u>\$ 73,685</u>	7,356

Metropolitan Area EMS Authority
Exhibit A - Adjusting Journal Entries
Year Ended September 30, 2019

Account	Description	Debit	Credit	(Increase) Decrease to Change in Net Position
Adjusting Journal Entries JE # 5				
Entry to record the accrual of construction in progress invoices at year-end.				
180007	Building Construction in Progr	\$ 584,243		
217001	Accounts Payable		\$ 584,243	
Total		<u>\$ 584,243</u>	<u>\$ 584,243</u>	-
Adjusting Journal Entries JE # 6				
Entry to reclassify land from CIP.				
180000	Land	\$ 1,044,060		
180007	Building Construction in Progr		\$ 1,044,060	
Total		<u>\$ 1,044,060</u>	<u>\$ 1,044,060</u>	-
Net Decrease to Change in Net Position				<u>\$ 657,975</u>

Metropolitan Area EMS Authority
Exhibit B - Proposed Journal Entries
Year Ended September 30, 2019

Account	Description	Debit	Credit	(Increase) Decrease to Change in Net Position
Proposed Journal Entries JE # 101				
Entry to reclassify credit balances in accounts receivable to accounts payable.				
111001	Patient Accounts Receivable	\$ 560,566		
217001	Accounts Payable		\$ 560,566	
Total		<u>\$ 560,566</u>	<u>\$ 560,566</u>	\$ -
Proposed Journal Entries JE # 104				
Entry to push depreciation expense to proper period for 2015 addition that had improper useful life.				
309001	Fund Bal Unreserved Undesignat	\$ 436,086		
970000-10010	Depreciation		\$ 436,086	
Total		<u>\$ 436,086</u>	<u>\$ 436,086</u>	<u>(436,086)</u>
Net (Increase) to Change in Net Position				<u>\$ (436,086)</u>