METROPOLITAN AREA
EMS AUTHORITY

FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION

Years ended September 30, 2023 and 2022
with Report of Independent Auditors

METROPOLITAN AREA
EMS AUTHORITY

FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION

Years ended September 30, 2023 and 2022

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REPORT OF INDEPENDENT AUDITORS

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

Opinion

We have audited the accompanying financial statements of Metropolitan Area EMS Authority (the "Authority"), which comprise the statements of net position as of September 30, 2023 and 2022, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2023 and 2022, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and our 2023 audit in accordance with the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2024, 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 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 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.

Other Information

Required Supplementary Information

GAAP requires that the management's discussion and analysis on pages 4 through 10 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.

Whitley Penn LLP

Fort Worth, Texas
January 30, 2024

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" or "MedStar") 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 non-capital 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, 2023	**2022**
Total current assets	$ 40,561,819	$ 33,884,936
Total capital assets, net, at cost	42,882,905	40,781,435
Total assets	83,444,724	74,666,371
Total current liabilities	6,331,702	6,831,246
Total noncurrent liabilities	11,343,532	10,270,924
Total liabilities	17,675,234	17,102,170
Net investment in capital assets	28,583,771	28,558,970
Restricted	475,471	475,471
Unrestricted	36,710,248	28,529,760
Total net position	$ 65,769,490	$ 57,564,201

During 2023, the financial position of the Authority saw an increase in net position of $8,205,289, primarily resulting from an increase in total assets of $8,778,353. The increase in total assets is due to a net increase in cash and cash equivalents of $2.96M, a net increase in net accounts receivable the Authority expects to collect of $3.8M and a net increase in capital assets of $2.1M. Total capital assets purchased in 2023 was $5.8M. In 2023, MedStar financed the ambulance purchases for $3M.

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 state of 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 finance lease and subscription liabilities, accounts payable and accrued liabilities, and unearned revenue. 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 composed of deferred subscriptions revenue unearned prior to September 30. Subscriptions are being amortized over the period during which the subscriber is allowed to use the Authority's services. Current liabilities decreased from the prior year primarily due to the decrease in accounts payable year over year.

Noncurrent liabilities are the portions of the long-term debt and right-of-use finance lease liabilities, right-of-use subscription liabilities, and prepaid expenses which are due greater than twelve months from the date of the financial statements. The noncurrent liabilities increased due to the financing of ambulance purchases in 2023 of $3M, the presentation of Governmental Accounting Standards Board ("GASB") 87, and the implementation of GASB 96 that increased the noncurrent liabilities by $680K.

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 finance lease obligation. 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 to support the operations of the Authority.

	September 30, 2022	September 30, 2021
Total current assets	$ 33,884,936	$ 31,967,310
Total capital assets, net, at cost	40,781,435	38,154,706
Total assets	74,666,371	70,122,016
Total current liabilities	6,831,246	5,014,622
Total noncurrent liabilities	10,270,924	12,223,011
Total liabilities	17,102,170	17,237,633
Net investment in capital assets	28,558,970	24,037,044
Restricted	475,471	475,471
Unrestricted	28,529,760	28,371,868
Total net position	$ 57,564,201	$ 52,884,383

During 2022, the financial position of the Authority saw an increase in net position of $4,679,818, primarily resulting from an increase in total assets of $4,544,355. The increase in total assets is due to a net increase in net accounts receivable the Authority expects to collect of $4.2M and a net increase in capital assets of $2.6M. Total capital assets purchased in 2022 was $4.4M.

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 amount of cash on hand. Receivables are from services provided and the state of 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 current portion of long-term debt, current portion of finance lease obligation, accounts payable and accrued liabilities, and unearned revenue. 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 composed of deferred subscriptions revenue unearned prior to September 30. 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 accounts payable year over year.

Noncurrent liabilities are the portions of the long-term debt and finance lease obligation which are due greater than twelve months from the date of the financial statements. The noncurrent liabilities decreased due to no additions in 2022 and the continued paying down of principle of loans outstanding.

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 finance lease obligation. 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,	
	2023	**2022**
Operating revenues	$ 264,760,816	$ 236,416,078
Less estimated uncollectible fees	(195,724,880)	(175,384,284)
Net operating revenues	69,035,936	61,031,794
Operating expenses	62,571,646	57,005,553
Operating income	6,464,290	4,026,241
Total nonoperating revenues, net	1,740,999	653,577
Change in net position	8,205,289	4,679,818
Net position, beginning of year	57,564,201	52,884,383
Net position, end of year	$ 65,769,490	$ 57,564,201

An analysis of the accrual basis operating budget revenues and expenditures shows that for fiscal 2023, budgeted total net operating revenues were $59,620,307. An analysis of the actual results compared to the operating budget shows net operating revenues of $69,035,936, which is $9,415,629, or 16%, over budgeted net operating revenues. The majority of this variance is due to gross patient revenue over budget by 8%, billable patient encounters over budget by 6.4%, and a larger-than-expected cash collections from prior year 2022 of $1.6M.

Operating expenses, excluding depreciation and amortization, for the year ended September 30, 2023, of $58,024,701, were $2,384,065, or 4.3%, over budgeted expenses of $55,640,636. The majority of this variance is due to higher-than-expected salaries and wages of $1.3M, health insurance claims paid of $644K, retirement plan contributions of $145K, and expenses associated with the ransom attack of $884K.

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 include other program income, which consists primarily of fees from Mobile Integrated Health programs for services.

Operating expenses 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, Mobile Integrated Health, Communications Center, and Logistics. Ambulance fleet operations expenses are expenses incurred to maintain the ambulances.

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, prescription pharmacy rebates, AFG Grant funds, and NCTTRAC deployments and gain (loss) on disposal of assets. The increase in nonoperating revenues primarily relates to revenues from the AFG Grant funds.

	Year Ended September 30,	
	2022	**2021**
Operating revenues	$ 236,416,078	$ 200,845,536
Less estimated uncollectible fees	(175,384,284)	(152,256,024)
Net operating revenues	61,031,794	48,589,512
Operating expenses	57,005,553	52,657,929
Operating income (loss)	4,026,241	(4,068,417)
Total nonoperating revenues, net	653,577	1,751,129
Change in net position	4,679,818	(2,317,288)
Net position, beginning of year	52,884,383	55,201,671
Net position, end of year	$ 57,564,201	$ 52,884,383

An analysis of the accrual basis operating budget revenues and expenditures shows that for fiscal 2022, budgeted total net operating revenues were $52,529,542. An analysis of the actual results compared to the operating budget shows net operating revenues of $61,031,794, which is $8,502,252, or 16%, over budgeted net operating revenues. The majority of this variance is due to gross patient revenue over budget by 12%, billable patient encounters over budget by 4%, and larger-than-expected cash collections from prior year 2021 of $3.2M.

Operating expenses, excluding depreciation, for the year ended September 30, 2022, of $53,325,193, were $4,408,737, or 9%, over budgeted expenses of $48,916,456. The majority of this variance is due to higher-than-expected salaries and wages of $2.8M, health insurance claims paid of $567K, and fuel of $731K.

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 include other program income, which consists primarily of fees from hospital patients for service.

Operating expenses 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.

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 the ASPP Medicaid Cost Report reimbursement.

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 2023 are as follows: communication 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, and medical equipment, ambulance fleet, and fleet equipment 3 to 20 years.

Capital assets increased from 2022 to 2023 primarily due to additions to the ambulance fleet (approximately $3.5M), Medical Equipment (approximately $1.15M), and Building Improvements and Computer Equipment (approximately $735K). Several of the Authority's ambulances were replaced during the current year, which resulted in disposals of approximately $935K that offset the ambulance purchases in 2023. MedStar also disposed of approximately $645K in medical equipment.

Capital assets increased from 2021 to 2022 primarily due to additions to the ambulance fleet (approximately $2.3M) and additions to Medical Equipment (approximately $4.2M). Several of the authority's ambulance chassis were replaced during the current year, which resulted in disposals of approximately $462K that offset the ambulance purchases in 2022. MedStar also refreshed the medical equipment associated with ambulance stretcher units, which resulted in disposals of approximately $2M that offset the new addition of stretcher units.

At September 30, 2023, capital assets before depreciation, which includes both depreciable and non-depreciable assets, totaled $72,484,847. This is an increase of $4,245,605 over 2022. Accumulated depreciation increased by $3,228,528 to $30,686,335 at September 30, 2023.

At September 30, 2022, capital assets before depreciation, which includes both depreciable and non-depreciable assets, totaled $68,239,242. This is an increase of $4,424,608 over 2021. Accumulated depreciation increased by $1,797,879 to $27,457,807 at September 30, 2022.

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

Long-Term Debt

At September 30, 2023, the Authority had approximately $13.2M outstanding on its notes payable, which is an increase of approximately $1.0M for the prior year. The increase in the balance resulted from ambulance purchases in 2023 of $3M. The notes payable consist of two term notes and three finance leases from the ambulance purchases in 2020, 2021, and 2023.

At September 30, 2022, the Authority had approximately $12.2M outstanding on its notes payable, which is a decrease of approximately ($1.9M) from the prior year. The decrease in the balance resulted from the debt service of the notes payable. The notes payable consist of two term notes and two finance leases for the ambulance purchases in 2020 and 2021.

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. MedStar will continue to monitor and analyze the Fair Health Consumer Database and consumer price index and continue to adjust rates as applicable 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, 2023	September 30, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 17,453,496	$ 14,491,793
Cash and cash equivalents - restricted	475,471	475,471
Certificate of deposit	4,397,737	4,246,762
Patient and other accounts receivable, less allowance for uncollectible accounts of $62,911,068 in 2023; $60,255,148 in 2022	16,648,683	12,852,877
Supplies inventory	505,001	409,910
Prepaid items	1,081,431	1,408,123
Total current assets	40,561,819	33,884,936
Property and equipment, net	41,798,512	40,781,435
Right-of-use assets - leases, net	314,530	-
Right-of-use assets - subscriptions, net	769,863	-
Total assets	$ 83,444,724	$ 74,666,371
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 3,318,489	$ 4,773,737
Current portion of long-term debt	2,551,366	1,951,541
Current portion of lease liabilities	100,038	-
Current portion of subscription liabilities	245,685	-
Unearned revenue	84,659	105,968
Total current liabilities	6,300,237	6,831,246
Noncurrent liabilities		
Long-term debt, net of current portion	10,663,375	10,270,924
Lease liabilities, net of current portion	231,430	-
Subscription liabilities, net of current portion	480,192	-
Total liabilities	17,675,234	17,102,170
Net position		
Net investment in capital assets	28,610,819	28,558,970
Restricted - Emergency Physicians Advisory Board	475,471	475,471
Unrestricted	36,683,200	28,529,760
Total net position	$ 65,769,490	$ 57,564,201

See accompanying notes to financial statements.

METROPOLITAN AREA EMS AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Year Ended September 30, 2023	2022
Operating revenues		
Patient service fees and other	$264,016,146	$235,521,312
Membership income	274,586	334,710
Program income	470,084	560,056
	264,760,816	236,416,078
Less estimated uncollectible fees	(195,724,880)	(175,384,284)
Net operating revenues	69,035,936	61,031,794
Operating expenses		
Field operations	35,392,897	33,323,598
Ambulance fleet operations	3,389,693	3,391,894
General and administrative	19,242,111	16,609,700
Depreciation	4,218,730	3,680,361
Amortization	328,215	-
Total operating expenses	62,571,646	57,005,553
Operating income	6,464,290	4,026,241
Nonoperating revenues (expenses)		
Other income	2,021,343	1,151,834
Interest expense	(420,591)	(408,223)
Gain (loss) on disposition of assets	140,247	(90,034)
Total nonoperating revenues, net	1,740,999	653,577
Change in net position	8,205,289	4,679,818
Net position, beginning of year	57,564,201	52,884,383
Net position, end of year	$ 65,769,490	$ 57,564,201

See accompanying notes to financial statements.

METROPOLITAN AREA EMS AUTHORITY

STATEMENTS OF CASH FLOWS

	Year Ended September 30, 2023	2022
Cash flows from operating activities		
Patient service fees received	$ 65,218,821	$ 56,770,957
Cash paid to suppliers	(25,083,299)	(21,040,860)
Cash paid to employees	(34,176,367)	(32,823,703)
Net cash provided by operating activities	5,959,155	2,906,394
Cash flows from noncapital financing activities		
Income from community health programs	1,180,651	1,151,834
Income from federal grants	840,692	-
Net cash provided by noncapital financing activities	2,021,343	1,151,834
Cash flows from capital and related financing activities		
Purchase of certificate of deposit	(150,975)	-
Proceeds from sale of capital assets	709,457	63,219
Principal paid on capital long-term debt	(2,081,940)	(1,895,197)
Interest paid on capital long-term debt	(420,591)	(408,223)
Capital expenditures	(2,730,801)	(5,108,152)
Payments on right-of-use lease liabilities	(89,806)	-
Payments on right-of-use subscription liabilities	(254,139)	-
Net cash used in capital and related financing activities	(5,018,795)	(7,348,353)
Net increase (decrease) in cash and cash equivalents	2,961,703	(3,290,125)
Cash and cash equivalents at beginning of year	14,491,793	17,781,918
Cash and cash equivalents at end of year	$ 17,453,496	$ 14,491,793
Reconciliation of operating loss to net cash provided by operating activities		
Operating income	$ 6,464,290	$ 4,026,241
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	4,218,730	3,680,361
Amortization of leases	106,744	-
Amortization of subscriptions	210,153	-
Changes in assets and liabilities		
Patient and other accounts receivable	(3,795,806)	(4,246,553)
Supplies inventory	(95,091)	(26,429)
Prepaid expenses	326,692	(934,769)
Accounts payable and accrued liabilities	(1,455,248)	421,827
Unearned revenue	(21,309)	(14,284)
Net cash provided by operating activities	$ 5,959,155	$ 2,906,394

See accompanying notes to financial statements.

METROPOLITAN AREA EMS AUTHORITY

STATEMENTS OF CASH FLOWS *(continued)*

	Year Ended September 30, 2023	2022
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 420,591	$ 408,223
Schedule of non-cash capital and related financing activities:		
Non-cash proceeds from sale of capital assets	$ -	$ 498,250
Capital assets acquired via accounts payable	$ -	$ 1,850,441
Capital assets acquired via financing arrangement	$ 3,074,216	$ -
Right-of-use asset assumed through lease liability	$ 409,031	$ -
Right-of-use assets assumed through subscription liabilities	$ 968,443	$ -

See accompanying notes to financial statements.

A. Nature of Operations

Metropolitan Area EMS Authority (the "Authority"), formerly known as Area Metropolitan Ambulance Authority, provides emergency medical service and transportation to individuals in Member Municipalities in Denton, Johnson, Parker, Tarrant, and Wise counties. The Authority's accounts receivable are due from county residents, Medicare, Medicaid, insurance providers, and the state of Texas Health and Human Services Commission.

B. Significant Accounting Policies

The financial statements of the 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:

Reporting Entity

For financial reporting purposes, management has considered all potential component units. The decision whether 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.

B. 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 2023 and 2022 indicated the 2022 and 2021 allowance for uncollectible accounts was overstated based on actual cash collections. As a result, the Authority revised the allowance for uncollectible accounts as of September 30, 2023 and 2022. The effect of this change in estimate was a decrease to the 2023 and 2022 provision for uncollectible fees of approximately $1,685,000 and $3,178,000, respectively.

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.

B. 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, 2023, the Authority's investments consisted of a certificate of deposit that matures in November 2023. 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,:

	2023	2022
	Level 2	Level 2
Certificate of deposit	$ 4,397,737	$ 4,246,762

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

B. Significant Accounting Policies – continued

Capital Assets – continued

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

Category	Estimated Life
Buildings and improvements	10 – 30 Years
Medical equipment	5 – 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
Right of use lease assets	Lease Term
Right of use subscription assets	Subscription Term

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, 2023 and 2022.

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.

B. Significant Accounting Policies – continued

Leases

In June 2017, GASB issued guidance (GASB Statement No. 87: *Leases*) to increase the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under the standard, a lessee is required to recognize a right-of-use ("ROU") lease liability and an intangible ROU lease asset on the statement of net position, thereby enhancing the relevance and consistency of information about leasing activities. Under the standard, a contract that transfers ownership of the underlying asset to the lessee by the end of the contract should be reported as a financed purchase of the underlying asset by the lessee. Under the standard, a contract with a duration of 12 months or less will not record ROU assets or liabilities. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Authority adopted this standard effective October 1, 2021. Under the standard, the capital lease previously reported by the Authority for the acquisition of ambulances did not meet the definition of a lease and was reclassified to a financing arrangement.

The discount rate used to determine the commencement date present value of lease payments is the interest rate implicit in the lease, or when that is not readily determinable, the Authority utilizes its incremental borrowing rate, which is based on an estimated secured rate comprised of a risk-free rate plus a credit spread as secured by our assets. ROU assets include any lease payments required to be made prior to commencement and exclude lease incentives. Both ROU assets and lease liabilities exclude variable payments not based on an index or rate, which are treated as period costs. The Authority's lease agreements do not contain significant residual value guarantees, restrictions, or covenants.

Subscriptions

In May 2022, GASB issued guidance (GASB Statement No. 96: *Subscription-Based Information Technology Arrangements*) to increase the usefulness of financial statements by requiring recognition of certain subscription-based assets and liabilities for leases that previously were classified as outflows of resources based on the payment provisions of the contract. It establishes a single model for accounting based on the foundational principle that subscriptions are financings of the right to use an underlying asset. Under the standard, a user is required to recognize an ROU subscription liability and an intangible ROU subscription asset on the statement of net position, thereby enhancing the relevance and consistency of information about leasing activities. Under the standard, a contract with a duration of 12 months or less will not record ROU assets or liabilities. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from subscriptions. The Authority adopted this standard effective October 1, 2022.

B. Significant Accounting Policies – continued

Subscriptions – continued

The discount rate used to determine the commencement date present value of subscription payments is the interest rate implicit in the subscription, or when that is not readily determinable, the Authority utilizes its incremental borrowing rate, which is based on an estimated secured rate comprised of a risk-free rate plus a credit spread as secured by the assets of the Authority. ROU assets include any subscription payments required to be made prior to commencement and exclude any incentives. Both ROU assets and subscription liabilities exclude variable payments not based on an index or rate, which are treated as period costs. The Authority's subscription agreements do not contain significant residual value guarantees, restrictions, or covenants.

Operating Revenues

Operating revenues generally consist mainly of patient services fees, including the state of Texas Ambulance Supplemental Payment Program ("ASPP"), membership 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 membership 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 memberships received but unearned. Memberships are amortized over the period during which the member 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 lease liabilities 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.

B. Significant Accounting Policies – continued

Recently Issued Accounting Pronouncements

New accounting standards were effective for the fiscal year ended September 30, 2022. 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, 2022, are summarized below.

> GASB Statement No. 87, *Leases*. This statement was issued in June 2017 and establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible ROU lease asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. Under the standard, a contract that transfers ownership of the underlying asset to the lessee by the end of the contract should be reported as a financed purchase of the underlying asset by the lessee.

New accounting standards were effective for the fiscal year ended September 30, 2023. The new accounting standards effective for the year ended September 30, 2023, are summarized below.

> GASB No. 96, *Subscription-Based Information Technology Arrangements*. This statement was issued in May of 2022 and establishes a single model for subscription accounting based on the foundational principle that subscriptions are financings of the right to use an underlying asset. Under the standard, an organization is required to recognize a subscription liability and an intangible ROU subscription asset. thereby enhancing the relevance and consistency of information about governments' subscription-based activities.

C. 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.

C. Cash and Investments – continued

Custodial Credit Risk – continued

As of September 30, 2023 and 2022, the carrying amount of the Authority's cash on hand was $17,453,496 and $14,491,793, respectively, and the bank balance was $18,516,678 and $16,355,536, respectively.

D. 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, 2023 and 2022, were approximately $1,012,000 and $975,000 (which includes approximately $12,000 and $85,000 of forfeitures allocated to participant accounts), respectively. Employee contributions for the years ended September 30, 2023 and 2022, were approximately $971,000 and $972,000, respectively.

E. Capital Assets Activity

Capital asset activity for the Authority for the years ended September 30, 2023 and 2022, was as follows:

	Beginning Balance 10/1/2022	Additions	Retirements	Transfers	Ending Balance 9/30/2023
Capital assets not being depreciated:					
Land	$ 1,644,946	$ -	$ -	$ -	$ 1,644,946
Total capital assets not being depreciated	1,644,946	-	-	-	1,644,946
Capital assets being depreciated:					
Communication equipment	3,928,534	294,463	-	-	4,222,997
Data processing equipment and software	8,804,278	346,178	-	-	9,150,456
Office furniture and equipment	2,592,770	-	-	10,900	2,603,670
Buildings and improvements	24,888,214	389,379	-	-	25,277,593
Ambulance fleet, medical, and fleet equipment	26,380,500	4,797,472	1,581,887	(10,900)	29,585,185
Total capital assets being depreciated	66,594,296	5,827,492	1,581,887	-	70,839,901
Total at historical cost	68,239,242	5,827,492	1,581,887	-	72,484,847
Less accumulated depreciation:					
Communication equipment	3,213,181	270,112	-	-	3,483,293
Data processing equipment and software	7,249,848	675,318	-	-	7,925,166
Office furniture and equipment	2,334,114	60,555	(5,320)	-	2,399,989
Buildings and improvements	5,739,972	895,620	-	-	6,635,592
Ambulance fleet, medical, and fleet equipment	8,920,692	2,317,125	995,522	-	10,242,295
Total accumulated depreciation	27,457,807	4,218,730	990,202	-	30,686,335
Capital assets, net, at cost	$40,781,435	$ 1,608,762	$ 591,685	$ -	$41,798,512

E. Capital Assets Activity – continued

	Beginning Balance 10/1/2021	Additions	Retirements	Transfers	Ending Balance 9/30/2022
Capital assets not being depreciated:					
Land	$ 1,644,946	$ -	$ -	$ -	$ 1,644,946
Total capital assets not being depreciated	1,644,946	-	-	-	1,644,946
Capital assets being depreciated:					
Communication equipment	3,864,245	64,289	-	-	3,928,534
Data processing equipment and software	8,661,956	142,322	-	-	8,804,278
Office furniture and equipment	2,571,565	21,205	-	-	2,592,770
Buildings and improvements	24,777,652	110,562	-	-	24,888,214
Ambulance fleet, medical, and fleet equipment	22,294,270	6,620,212	2,533,982	-	26,380,500
Total capital assets being depreciated	62,169,688	6,958,590	2,533,982	-	66,594,296
Total at historical cost	63,814,634	6,958,590	2,533,982	-	68,239,242
Less accumulated depreciation:					
Communication equipment	2,955,722	257,459	-	-	3,213,181
Data processing equipment and software	6,527,046	722,802	-	-	7,249,848
Office furniture and equipment	2,209,721	124,393	-	-	2,334,114
Buildings and improvements	4,839,333	900,639	-	-	5,739,972
Ambulance fleet, medical, and fleet equipment	9,128,106	1,675,068	1,882,482	-	8,920,692
Total accumulated depreciation	25,659,928	3,680,361	1,882,482	-	27,457,807
Capital assets, net, at cost	$38,154,706	$ 3,278,229	$ 651,500	$ -	$40,781,435

F. 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, 2023 or 2022.

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.

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, 2023 is $2,960,769. 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, 2023, is $4,628,579. 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, 2023, the Authority was in compliance with these covenants and financial ratios.

G. Long-Term Debt – continued

The annual requirements to amortize all long-term debt outstanding as of September 30, 2023, are as follows:

Year Ending September 30	Principal	Interest	Total
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	1,071,023	133,986	1,205,009
2028	1,106,171	98,838	1,205,009
2029 - 2030	2,401,117	87,112	2,488,229
Total	$ 7,589,348	$ 923,926	$ 8,513,274

The following is a summary of long-term debt transactions of the Authority for the years ended September 30, 2023 and 2022:

Beginning Balance 10/1/2022	Increases	Decreases	Ending Balance 9/30/2023	Due Within One Year
$ 8,530,381	$ -	$ (941,033)	$ 7,589,348	$ 970,771

Beginning Balance 10/1/2021	Increases	Decreases	Ending Balance 9/30/2022	Due Within One Year
$ 9,441,295	$ -	$ (910,914)	$ 8,530,381	$ 940,322

During 2021, the Authority entered into financing arrangements to purchase vehicles. These arrangements transfer ownership upon maturity and expire at various dates through 2026. The Authority did not enter into any new financing arrangements during 2022. During 2023, the Authority entered into an additional financing arrangement to purchase vehicles. These arrangements transfer ownership upon maturity and expire at various dates through 2028. Assets totaling approximately $8,208,000 and $5,134,000 are included in the Ambulance Fleet section of capital assets, in the accompanying statements of financial position at September 30, 2023 and 2022, respectively. Depreciation expense for financed assets for the years ended September 30, 2023 and 2022, was approximately $831,000 and $677,000, respectively. Interest expense for assets acquired under these financing arrangements for the years ended September 30, 2023 and 2022, was approximately $140,000 and $114,000, respectively.

G. Long-Term Debt – continued

Future minimum annual payments under the financing arrangements consisted of the following at September 30, 2023:

Year Ending September 30	Principal	Interest	Total
2024	$ 1,580,595	$ 247,687	$ 1,828,282
2025	1,647,826	180,456	1,828,282
2026	1,197,594	115,207	1,312,801
2027	667,380	62,489	729,869
2028	531,998	15,554	547,552
Total	$ 5,625,393	$ 621,393	$ 6,246,786

H. Leases

The Authority has leases for various pieces of office equipment. These leases have remaining lease terms of up to 2 years. As of September 30, 2023, assets recorded under leases were approximately $409,000, and accumulated amortization associated with leases was approximately $95,000. There were no short-term lease costs, for leases with terms of less than 12 months, during 2023.

The components of lease expense during the year ended September 30, 2023 is as follows:

Lease cost	
Amortization of right-of-use assets	$ 94,501
Interest on lease liabilities	12,243
Total lease cost	$ 106,744

Weighted average lease term and discount rate for leases as of September 30, 2023, is as follows:

Weighted average remaining lease term (years)	2.62
Weighted average discount rate	3.21%

Cash paid during the year ended September 30, 2023, for leases was as follows:

Operating cash flows	$ 12,243
Financing cash flows	$ 89,806

H. Leases – continued

Assets obtained in exchange for lease liabilities during the year ended September 30, 2023, were approximately $409,000. During the year ended September 30, 2022, the Authority did enter into agreements which met the criteria of leases under GASB 87, but the underlying ROU assets and liabilities were immaterial.

Maturities of lease liabilities as of September 30, 2023, are as follows:

2024	$ 100,038
2025	132,007
2026	99,888
2027	13,983
Total lease payments	345,916
Less present value discount	(14,448)
Lease liabilities	$ 331,468

I. Subscription-Based Information Technology Arrangements ("SBITA")

The Authority has subscriptions for various software programs used in their ordinary operations, communications, and cloud-based data storage. These subscriptions have remaining SBITA terms of up to 4 years. As of September 30, 2023, assets recorded under finance leases were approximately $968,000, and accumulated amortization associated with subscriptions was approximately $199,000. Short-term subscription costs, for SBITAs with terms of less than 12 months, were approximately $69,000 during 2023. The Authority also has certain subscriptions which do not meet the criteria to be considered an SBITA, and these subscriptions are expensed as incurred. The Authority also applied a discount rate equal to the Authority's incremental borrowing rate of 3.21% for SBITAs as of September 30, 2023.

Total subscription costs were approximately $254,000 for the year ended September 30, 2023.

I. Subscription-Based Information Technology Arrangements ("SBITA") – continued

ROU assets obtained in exchange for SBITA liabilities during the year ended September 30, 2023, were approximately $968,000.

Maturities of SBITA liabilities as of September 30, 2023, are as follows:

2024	$ 266,752
2025	225,239
2026	152,336
2027	126,434
Total SBITA payments	770,761
Less present value discount	(44,883)
SBITA liabilities	$ 725,877

J. 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. This agreement was not renewed after February 2023.

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.

As of September 30, 2023, the Authority was subject to a continuing class action lawsuit regarding a cyberattack on the Authority's network during October of 2022, during which certain components of operational data were exposed. While the Authority cannot reasonably estimate the amount of the total liability, it is the position of the Authority that all claims paid to any settlement will be covered by the Authority's insurance policies.

K. 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, 2023 and 2022, the IBNR liability of approximately $510,000 and $516,000, 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.

Year Ended September 30,	Beginning of Year Accrual	Current Year Estimates	Claim Payments	End of Year Accrual
2023	$ 515,566	$ 4,780,402	$ (4,786,417)	$ 509,551
2022	$ 325,034	$ 4,111,968	$ (3,921,446)	$ 515,556

L. Concentrations of Credit Risk

Patient service fees from Medicare, Medicaid, and insurance providers accounted for approximately 38%, 17%, and 17%, respectively, of the Authority's patient service fees for the year ended September 30, 2023. Patient service fees from Medicare, Medicaid, and insurance providers accounted for approximately 38%, 17%, and 16%, respectively, of the Authority's patient service fees for the year ended September 30, 2022. Patient accounts receivable, net from Medicare and insurance providers comprised approximately 19% and 55%, respectively, at September 30, 2023. Patient accounts receivable, net from Medicare and insurance providers comprised approximately 25% and 35%, respectively, at September 30, 2022.

M. Subsequent Events

In preparing the financial statements, the Authority has evaluated all subsequent events and transactions for potential recognition or disclosure through January 30, 2024, the date the financial statements were available for issuance.

SUPPLEMENTAL INFORMATION

METROPOLITAN AREA EMS AUTHORITY

SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES

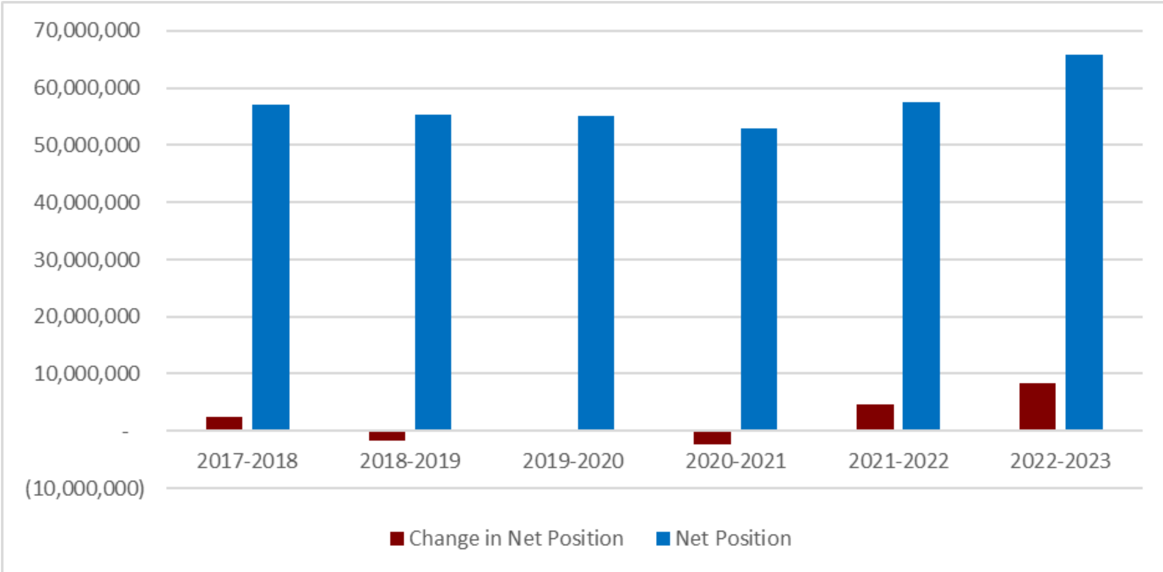
Years Ended September 30, 2023 and 2022

	2023	2022
Banking and credit card fees	$ 41,264	$ 116,763
Collection fees	212,210	208,627
Dues and subscriptions	1,295,791	1,339,085
Equipment	286,937	7,089
Insurance	5,023,344	4,755,357
Other	3,313,298	1,575,914
Payroll taxes	345,741	332,901
Postage	9,061	18,592
Professional fees	949,301	975,442
Public relations	22,022	13,825
Licenses and certifications	4,805	43
Rent expense	18,772	140,882
Repairs and maintenance	2,079,566	1,689,207
Retirement plan contribution	196,207	113,559
Salaries	4,673,851	4,452,771
Supplies	140,858	171,913
Telephone and utilities	538,863	602,895
Recruitment and training	500	-
Travel	89,720	94,835
	$19,242,111	$16,609,700

OTHER FINANCIAL INFORMATION

METROPOLITAN AREA EMS AUTHORITY

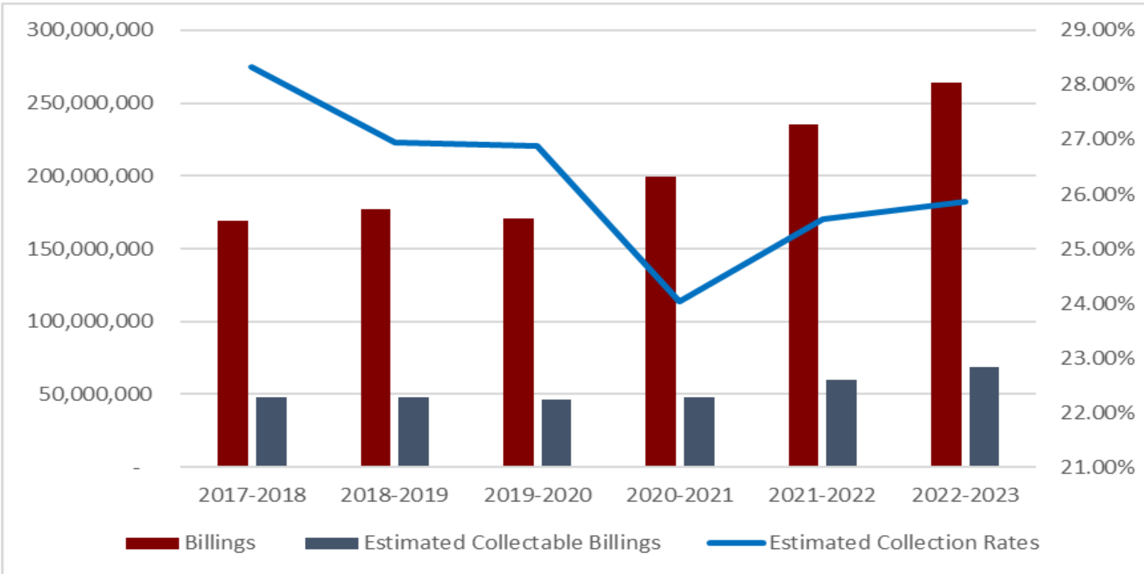
CHANGE IN NET POSITION VS. NET POSITION



	Change in Net Position	Net Position
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
2021-2022	4,679,818	57,564,201
2022-2023	8,205,289	65,769,490

METROPOLITAN AREA EMS AUTHORITY

BILLINGS VS. COLLECTION RATES



	Estimated Collectable Billings	Billings	Estimated Collection Rates
2017-2018	47,806,964	168,766,529	28.33%
2018-2019	47,605,670	176,732,055	26.94%
2019-2020	45,928,598	170,915,273	26.87%
2020-2021	48,008,759	199,778,372	24.03%
2021-2022	60,137,028	235,521,312	25.53%
2022-2023	68,291,266	264,016,146	25.87%