

Kootenai County Emergency Medical Services System

Financial Statements
SEPTEMBER 30, 2023 AND 2022

Kootenai County Emergency Medical Services System

TABLE OF CONTENTS September 30, 2023 and 2022

FINANCIAL SECTION:

Independent Auditor's Report 1 - 3

Management's Discussion and Analysis 4 - 13

Basic Financial Statements:

Statements of Net Position 14

Statements of Revenues, Expenses and Changes
in Net Position..... 15

Statements of Cash Flows..... 16

Schedule of Other Operating Expenses 17

Notes to the Financial Statements..... 18 - 30

Schedule of Employer's Share of Net Pension Liability 31

Schedule of Employer Contributions..... 31

REPORT REQUIRED BY THE GAO:

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards* 32 – 33

SINGLE AUDIT SECTION:

Report on Compliance for Each Major Federal Program and
On Internal Control over Compliance Required by OMB Circular A-133 34 - 36

Schedule of Expenditures of Federal Awards 37

Notes to Schedule of Expenditures of Federal Awards..... 38

Schedule of Findings and Questioned Costs 39 - 40

Financial Section

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Joint Power Board of Commissioners of
Kootenai County Emergency Medical Services System
Coeur d'Alene, Idaho 83814

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Kootenai County Emergency Medical Services System, (the "System"), a component unit of Kootenai County, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Kootenai County Emergency Medical Services System, as of September 30, 2023, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Kootenai County Emergency Medical Services System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 with accounting principles generally accepted in the United States of America; 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 System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT (Continued)

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 generally accepted auditing standards 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, forger, 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 generally accepted auditing standards 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 System'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that required supplementary information, as listed in the table of contents, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my 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.

INDEPENDENT AUDITOR'S REPORT (Concluded)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kootenai County Emergency Medical Services System's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2024, on our consideration of Kootenai County Emergency Medical Services System's internal control over financial reporting and on our tests of its compliance with certain provisions, 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 Kootenai County Emergency Medical Services System's internal control over financial reporting and compliance.

Scott P. Hoover, CPA

Scott P. Hoover, CPA, PLLC
Liberty Lake, WA

January 25, 2024

Financial Section

Management's Discussion and Analysis



Kootenai County Emergency Medical Services System Management Discussion and Analysis Report For the Years Ended September 30th, 2023 and 2022

The Kootenai County Emergency Medical Services System's (KCEMSS) management discussion and analysis report is designed to (a) assist the reader in focusing on the significant financial issues, (b) provide an overview of the System's financial activity, (c) identify changes in the System's financial position, (d) identify any material deviations from the financial plan, and (e) identify any concerns.

FINANCIAL HIGHLIGHTS

- The assets of KCEMSS exceeded its liabilities at the close of 2023 by \$9,484,170 (net position). Of this \$9,484,170, \$6,328,433 or 66.7% is unrestricted and may be used to meet the System's ongoing obligations.
- The System's net position increased by \$2,100,906 in 2023, an increase of 28.4%.
- Ambulance revenues, net of contractual adjustments, increased by \$598,902 or 9.8%.
- KCEMSS received grant income in 2023 from various programs totaling \$1,259,701.
- The System ended 2023 with total liabilities of \$822,472, a reduction of \$58,332 or 6.6% down from the previous year.
- KCEMSS' capital purchases in 2023 include 4 Ambulances, 4 Stryker Power Load Systems, 7 Stryker Gurneys, 2 Zoll Heart Monitors, and 1 Pyxis Med Bank. 1 vehicle was sold, and 1 heart monitor was disposed of.
- GASB 68 rules are in effect for 2023 and 2022 so financial statements reflect the System's estimated net pension liability along with inflow and outflow estimates.
- The Kootenai County Emergency Medical Services System reports a sound financial position at the close of the 2023 fiscal year.

These highlights and more will be outlined in this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis report is intended to serve as an introduction to the Kootenai County Emergency Medical Services System's basic financial statements. The basic financial statements consist of the statement of net position, and the statement of activities including notes to the financial statements and other supplemental information.

- The *statement of net position* presents information on the Systems assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in net positions may serve as a useful indicator of whether the financial position of the System is improving or deteriorating.
- The *statement of activities* presents information showing how the System's net positions changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes, uncollected patient billings, and unpaid payroll and vendor expenses).

The notes to the financial statements provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the System's financial activities and position. Other supplemental information further explains and supports the financial statements by including a comparison of the System's budget data for the year.



**Kootenai County Emergency Medical Services System
Management Discussion and Analysis Report
For the Years Ended September 30th, 2023 and 2022**

FINANCIAL ANALYSIS

These statements include all assets and liabilities using the accrual basis of accounting, with the addition of reporting depreciation on capital assets. This method is similar to the basis of accounting used by most private-sector companies.

NET POSITION

The change in net position over time is one indicator of whether the System's financial health is improving or deteriorating. The difference between assets and liabilities equal net position. On September 30th, 2023, KCEMSS' net position was \$9,484,170.

**Table 1
STATEMENTS OF NET POSITION
For Periods Ending September 30, 2023 and 2022**

	2023	2022
ASSETS		
Current and other assets	\$ 6,877,850	\$ 5,471,721
Capital assets, net of accumulated depreciation	3,216,405	2,501,985
Total Assets	10,094,255	7,973,706
 DEFERRED OUTFLOWS OF RESOURCES		
Proportionate share of collective outflows of resources	212,387	292,822
Total deferred outflows of resources	212,387	292,822
 LIABILITIES		
Current liabilities	250,572	268,941
Long-term liabilities	571,900	611,863
Total Liabilities	822,472	880,804
 DEFERRED INFLOWS OF RESOURCES		
Proportionate share of collective inflows of resources	0	2,460
Total deferred inflows of resources	0	2,460
 NET POSITION		
Net investment in capital assets	3,155,737	2,410,983
Unrestricted	6,328,433	4,972,281
Total net position	\$ 9,484,170	\$ 7,383,264



Kootenai County Emergency Medical Services System Management Discussion and Analysis Report For the Years Ended September 30th, 2023 and 2022

CHANGES IN NET POSITION

The System's net position increased by \$2,100,906 in FY2023, compared to FY2022, or 28.4%.

The unrestricted funds increased by \$1,356,152, or 27.3%. The unrestricted funds of \$6,328,433 represent 66.7% of total net position and is available for the System's ongoing obligations.

The increase in the net position and unrestricted funds are attributed to multiple factors including \$624,000 in capital and other projects tagged for FY2023 that were not completed and carried forward into FY2024. Other factors include an increase in ambulance revenue from increased billable ambulance calls, high interest income yields on reserves, and planned capital reserve savings for ambulance and medical equipment replacement and additions over the next several years.

KCEMSS is reporting positive balances in each of the net position categories.

REVENUE SOURCES

Kootenai County Emergency Medical Services has two main sources of revenue:

1. **Ambulance Revenue** is generated by billing the users of the EMS System for ambulance and medical services provided by KCEMSS and partner agencies. KCEMSS bills at rates approved by the Board of County Commissioners, but KCEMSS is bound by what government services such as Medicare and Medicaid will pay. Medicare has payment caps that on average pays 51% of each bill submitted to them by KCEMSS. The unpaid balance is written off to contractual adjustments and KCEMSS cannot by law bill the patient for any difference other than the deductible owed identified by Medicare. Medicaid has even lower reimbursements rates allowing on average 39% of each bill. For the 2023 fiscal year \$4,546,479 was written off to contractual adjustments due to these caps from Federal, State, and other contracted payers. 82% to 84% of KCEMSS payers fall within the various payer groups who have these caps. The percentage varies slightly from year to year.

KCEMSS' total call volume for FY2023 was 17,539 calls, but only 12,081 calls or 68.9% of total calls generated revenue, leaving 5,458 calls or 31.1% of total call volume not billable for a variety of reasons such as patient refusing treatment, minor treatments on scene without a transport, cancellations in route or on scene, welfare checks and more.

2. **Property Tax Revenue** is the second largest source of income for KCEMSS. Because of the limitations on ambulance revenues set by the various payer groups described in #1 above, KCEMSS receives property taxes through the Kootenai County Board of Commissioners from the "Ambulance District" tax levy. Without this levy, we could not provide the level of services to the citizens and visitors of Kootenai County that we currently provide.

For the 2023 fiscal year, the Ambulance District tax levy was 0.0000713570 which calculates out to \$35.68 a year for a property with an assessed value of \$500,000. The KCEMSS ambulance tax levy is one of the lowest tax levies in Kootenai County, and one of the lowest for EMS services statewide.

INVESTMENTS

For both fiscal years 2023 and 2022 KCEMSS' cash investments were held in the LGIP (Local Government Investment Pool) through the State of Idaho. On 9/30/2023 the balance with the LGIP was \$5,190,829 and at 9/30/2022 the balance was \$4,101,757. In FY2023 the interest yield on the LGIP account started the year at 2.5420% with a steady increase to 5.3511% by year end.



**Kootenai County Emergency Medical Services System
Management Discussion and Analysis Report
For the Years Ended September 30th, 2023 and 2022**

**Table 2
Statement of Activities : Revenues, Expenses, and Changes in Net Position
For the Years Ended September 30, 2023 and 2022**

	2023	2022
OPERATING REVENUES		
Ambulance services (net of contractual adjustments)	\$ 6,723,220	\$ 6,124,318
Miscellaneous income	12,670	5,259
Total operating revenue	6,735,890	6,129,577
OPERATING EXPENSES		
Contracts	6,037,485	5,634,310
Subsidies	148,642	143,258
Depreciation expense	767,209	675,521
Employee benefits	160,561	155,118
Payroll taxes	41,109	42,518
Bad debt write-offs	529,775	381,494
Wages and salaries	558,499	571,337
Medical supplies	342,047	322,130
Billing services	289,018	271,545
Fuel	149,677	150,668
Vehicle Maintenance	195,975	136,067
Equipment under threshold	152,867	56,703
Medical Director contract	74,000	74,000
Change in net pension liability	134,145	148,829
Education & Training	46,697	35,360
Software Service Fees	74,926	67,993
Other operating expenses	154,662	120,229
Total operating expenses	9,857,294	8,987,079
Operating (loss)	(3,121,404)	(2,857,502)
NON-OPERATING REVENUES (EXPENSES)		
Tax transmittal revenue	3,563,350	3,355,416
Gain (Loss) on Disposal of Asset	36,768	0
Grants	1,259,701	208,940
Impact Fee Revenue	163,280	0
Rent Income	4,800	4,800
Other income	29,788	9,200
Interest income	164,623	25,114
Non-Operating Expense	0	-577
Total non-operating revenues (expenses)	5,222,310	3,602,893
CHANGE IN NET POSITION		
Total net position - beginning	7,383,264	6,637,873
Total net position - ending	\$ 9,484,170	\$ 7,383,264



Kootenai County Emergency Medical Services System Management Discussion and Analysis Report For the Years Ended September 30th, 2023 and 2022

BUSINESS OPERATIONS

Operating Revenue:

KCEMSS generated ambulance service revenue, net of contractual adjustments, in the amount of \$6,723,220 from patient billings in FY2023, an increase of \$598,902 or 9.8% compared to FY2022. Of the 9.8% increase over the prior year, 7.4% is from an increase in ambulance transports, and the remaining 2.4% increase is from inflation payment increases and a percentage shift to higher levels of care calls provided.

Operating Expenses:

KCEMSS' operating expenses include the cost of providing emergency medical services to all of Kootenai County residents and visitors. These costs include:

- Contracts with fire districts to provide the personnel for the delivery of emergency medical services throughout Kootenai County.
- The cost of purchasing and maintaining emergency response vehicles, medical equipment, medical supplies, and pharmaceuticals.
- Medical Director oversight contracts.
- Costs associated with patient billing and bad debt collections.
- Critical care transport services, administrative and management personnel expenses, and overhead costs.

Operating expenses increased by \$870,215 in 2023 compared to 2022. The major increases over last year were as follows:

- A planned increase to contracts and subsidies totaling \$408,559 went to fire districts. A 4% increase to existing contracts plus a new service contract with Coeur d'Alene Fire Department for an added part-time Ambulance (M-34). 62.7% of the System's operating expenses were allocated to these contracts for a total of \$6,186,127 in FY2023, which pays for the personnel needed to operate KCEMSS ambulances and subsidizes "quick response units" and ambulance services in rural areas of Kootenai County.
- Equipment purchases were up by \$96,164 including PAX bags, stair chairs, Nitronix units, and miscellaneous equipment for ambulances.
- KCEMSS entered into a maintenance agreement with Kootenai County Fire & Rescue for the management of the KCEMSS' fleet and some of the medical equipment. The contract started mid-year and increased our overall maintenance cost for the year by \$59,908.
- Bad Debt write-offs were up by \$148,281 and depreciation expenses were up by \$91,688 from the capital purchases in FY2023.
- Other increases in operating expenses include medical supplies, billing services and training.

NON-OPERATING REVENUES AND EXPENSES

Property Tax Income:

Revenues generated from EMS operations are not enough to support the Kootenai County Emergency Medical Services System's operations as outlined on "Table 2" which shows an operating loss of \$(3,121,404). Tax revenues are crucial to the success of the EMS system. Tax revenues in the amount of \$3,563,350 were collected in 2023, an increase of \$207,934 or 6.2% compared to 2022. The tax increase includes the 3% allowed annual increase, new development added to the tax rolls and increases from sales tax and DMV fees allocated to EMS agencies. These tax revenues are used for EMS operating expenses in excess of operating revenues, to purchase assets outlined in the "Capital Assets" section of this report, to strengthen the System's financial position allowing for future capital replacement when an asset life is depleted and planning for expansion with the ongoing growth in Kootenai County. Tax receipts accounted for 29.7% of KCEMSS' total revenue in 2023, which is down from 2022.



Kootenai County Emergency Medical Services System Management Discussion and Analysis Report For the Years Ended September 30th, 2023 and 2022

Grant Income:

KCEMSS had a busy grant year from both Federal and State sources as follows:

Federal Grants:

In FY2023 KCEMSS received Covid relief funding from:

- United States Department of the Treasury (ARPA):
 - Coronavirus State & Local Fiscal Recovery Funds: \$1,031,872 3 Ambulances/Equipment
 - Coronavirus State & Local Fiscal Recovery Funds: \$ 14,087 PPE/Supplies Reimbursed
- Federal Emergency Management Agency (FEMA):
 - Idaho Office of Emergency Management: \$ 23,718 PAX Bags
 - Idaho Office of Emergency Management: \$ 26,503 PPE/Supplies Reimbursed

In FY2022 KCEMSS received Covid relief funding from two provider relief programs:

- HHS Stimulus: \$ 41,379 Lost revenue reimbursement
- FEMA: \$ 44,225 Oxygen generator partial reimbursement

State and Local Grants:

In FY2023 KCEMSS received the following grants from local sources:

- Idaho Department of Health and Welfare: \$ 125,000 Ambulance Remount
- Idaho Department of Health and Welfare: \$ 23,718 PAX Bags
- North Idaho Healthcare Coalition: \$ 14,800 Nitronox Field Units

In FY2022 KCEMSS received the following grants from these sources:

- State of Idaho: \$ 66,000 Auto Pulse Resuscitation Systems
- Panhandle Health: \$ 3,523 Training equipment
- Dept. of Health & Welfare: \$ 4,952 VR1 Pneupac vents
- Panhandle Health (KH): \$ 48,861 Hamilton Vents

Impact Fees:

In April of 2021, KCEMSS along with most of the Fire Districts throughout Kootenai County embarked on an Impact Fee Study with Galena Consulting and established the framework and calculated impact fee rates based on projected growth and a 10-year Capital Improvement Plan (CIP). Impact fees are one way to have growth help pay for increased service needs. Impact fees can be used to purchase capital improvements with a 10-year life span or longer and can include rolling stock and equipment if within these parameters. Part of the process was establishing agreements with the cities and county to collect the fees on KCEMSS' behalf. Late in FY2022 and throughout FY2023, KCEMSS began receiving impact fee payments from the Cities and the County. Between July of 2022, and September 30th, 2023, KCEMSS received \$161,253.81 plus earned interest of \$2026.41 for a total of \$163,280.22. Below is the breakdown of Impact fee receipts as of 9/30/2023:

• City of Rathdrum	\$ 47,805.77
• City of Athol	\$ 10,661.15
• City of Hauser Lake	\$ 2,772.00
• City of Hayden	\$ 17,903.18
• Kootenai County	\$ 24,612.51
• City of Post Falls	\$ 57,074.64
• City of Coeur d'Alene	\$ 424.56
• Interest	<u>\$ 2,026.41</u>
Total:	\$163,280.22



Kootenai County Emergency Medical Services System Management Discussion and Analysis Report For the Years Ended September 30th, 2023 and 2022

Impact Fees Continued:

The impact fees established by the Galena Consulting Group based on the KCEMSS' CIP and growth over the next 10 years calculated out to \$132.00 per residential structure, and \$.07 per square foot on commercial structures. In FY2023, KCEMSS applied the collected impact fees to date against 2 projects that are impact fee eligible as follows:

Impact Fee Study:	\$ 8,000.00
New Ambulance – Added Service: M-34 Operated by Coeur d'Alene Fire:	\$ 155,280.22

Other Non-Operating Income:

Other non-operating income for FY2023 include:

- Rent & equipment lease income: \$14,000
- Interest Income from the LGIP (Local Government Investment Pool): \$164,623
- Urban Renewal close out: \$20,087
- Net gain on sale/disposal of asset: \$36,768
- Misc: \$500

CAPITAL ASSET AND DEBT ADMINISTRATION (Capital Asset Threshold \$5000)

Building and Improvements:

- There were no building purchases or improvement projects in the 2023 fiscal year.

Vehicles Purchased:

- 4 Each F-550 Ford - Horton Ambulances were purchased at a total cost of \$1,131,476. Three of these ambulances were paid for with ARPA grant funding. One of these ambulances is an added service and is being paid for with impact fees.

Equipment Purchased:

- 7 Each Stryker Power Pro 2 Gurneys: Total Cost of all 7: \$203,358. Three of these gurneys were paid for with ARPA funding received through Kootenai County.
- 2 Each Zoll X Series Monitors: Total Cost: \$65,705.
- 1 Each BD Pyxis Med Bank Machine: \$28,854.
- 2 Each Power Load Systems: Total Cost: \$57,468 for 2 remounts under construction at year end.

Vehicles Sold / Disposed Of:

- 2015 Chevrolet 4X4 Crew Cab Truck sold to highest bid for: \$42,001.00

Equipment Sold / Disposed Of:

- 1 Each Zoll X Series Heart Monitor purchased 2/28/2017 Damaged beyond Repair: Book Loss of (\$5,233.34)



**Kootenai County Emergency Medical Services System
Management Discussion and Analysis Report
For the Years Ended September 30th, 2023 and 2022**

**Capital Assets (net of depreciation)
As of September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Land	403,990	403,990
Building & Improvements	751,943	807,979
Ambulance Build in Progress	57,468	94,344
Vehicles	1,283,117	540,084
Equipment	<u>719,887</u>	<u>655,588</u>
Total	<u>3,216,405</u>	<u>2,501,985</u>

Debt Administration:

- In FY2015 KCEMSS entered into a purchase agreement with SunTrust Equipment for Fifteen (15) new Ford/Horton 4X4 ambulances. In the 2022 Fiscal year, KCEMSS made the last payment on this lease/purchase agreement and ends the 2022 year with a zero balance to SunTrust Equipment.
- In FY2020 KCEMSS entered into a purchase agreement with Motorola. The purchase agreement is for \$151,671 at an annual interest rate of 0%. The length of the purchase agreement is for five annual payments of \$30,334 with the first payment due 6/30/2021 and last payment due 6/30/2025. The loan paid for 18 APX8500 All Band Motorola radios for each of our response vehicles. On 9/30/23 the principal balance owing was \$60,668.
- In FY2015 the GASB 68 rule came into effect which stated agencies must identify and record their portion of any pension liabilities. The System's estimated net pension liability from Persi (Public Employee Retirement System of Idaho) is \$541,566 at 9/30/2023 and \$551,195 at 9/30/2022.
- Total liabilities at the end of FY2023 were \$822,472, a reduction over last year of \$58,332 due to the reduced Accounts payable liability, reduction of 1 Motorola payment liability and a reduction in the net pension liability reported under GASB 68 rule.

Debt as of September 30, 2023, and 2022

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts payables	\$ 120,255	\$ 142,321
Accrued liabilities	99,983	94,942
Deferred revenues – impact fees	0	1,344
Capital lease payable – current portion	<u>30,334</u>	<u>30,334</u>
Total Current Liabilities	<u>250,572</u>	<u>268,941</u>
LONG-TERM LIABILITIES		
Capital lease payable – non-current portion	30,334	60,668
Net pension liability	<u>541,566</u>	<u>551,195</u>
Total long-term liabilities	<u>571,900</u>	<u>611,863</u>
TOTAL LIABILITIES	<u><u>\$ 822,472</u></u>	<u><u>\$ 880,804</u></u>



Kootenai County Emergency Medical Services System Management Discussion and Analysis Report For the Years Ended September 30th, 2023 and 2022

BUDGET TO ACTUAL VARIANCES:

Each year the Joint Powers Board adopts the annual operating budget for KCEMSS effective the first day of October. The budget does not include depreciation expense or the year end net pension liability adjustments as both are book entries only and do not affect cash. Capital purchases and cash reserve usage are both shown as budget line items. There was one budget amendment for FY2023 to recognize grants, expenses related to the grants received, and added projects.

	FY2023 Actual	FY2023 Budget	(Under) over
Revenue	11,963,430	11,677,977	285,453
Cash Reserves Used:	0	0	0
Total Revenue & Cash:	11,963,430	11,677,977	285,453
Expenses (Minus Depreciation/GASB 68)	9,026,971	9,153,658	-126,687
Loan Payments:	30,334	30,334	0
Capital Purchases:	1,486,861	2,493,985	-1,007,124
Total Expenses, Loans & Capital:	10,544,167	11,677,977	-1,133,810

The FY2023 final approved budget was \$11,677,977. The actual expenses including loan payments and capital purchases for FY2023 totaled \$10,544,167, which is \$1,133,810 under budget. The capital purchases line item showing \$1,007,124 under budget includes \$420,000 is capital reserves planned for future capital expenditures, and timing issues on several capital projects for FY2023 that will carry forward into FY2024, including two ambulance remounts and building improvements on the HVAC systems.

KOOTENAI COUNTY EMERGENCY MEDICAL SERVICES – LOOKING FORWARD

The state of Idaho is in the process of setting up a GEMT program that KCEMSS fully supports and plans to apply for as soon as it is available. KCEMSS has been receiving GEMT funding from the State of Washington for the last two years. These programs provide federal funding to states to help pay for ambulance transport services for state Medicaid patients.

The fiscal year 2024 budget was approved and adopted by the Joint Powers Board in July 2023 and approved by the County Commissioners in August 2023. The budget includes a property tax increase of 3%, plus new development. Ambulance call volume is expected to increase with the continued growth in Kootenai County.

Factors bearing on the district's future include:

- Inflation has been a big concern for KCEMSS in recent years with substantial price increases to fuel, medical supplies, and equipment since the Covid-19 onset. In FY2023 and moving into FY2024 we have seen the cost of medical supplies start to level out, however, the big-ticket items such as vehicles, ambulances and medical equipment are continuing to rise with these items in high demand with low inventories. While operating costs continue to rise, revenue streams are limited.
- Medicare and Medicaid payment rates are far lower than the cost of doing business, but we have seen some increases due to inflation for FY2022 and FY2023, but more work is needed in this area.
- Tax increase limitations remain at 3% plus a portion of new development annually. Recently passed legislation dropped the amount of new development an agency can now claim, lowering the amount a taxing district can collect each year.
- Call volume is an uncontrollable and unpredictable budgeting factor. Sudden declines or increases in demand can happen without notice or reason as illustrated in prior years.
- Medicare is looking at a "Pay for Performance" model for ambulance service providers. It is unknown what this will look like if implemented. No updates at this time on if/when it will be implemented.



Kootenai County Emergency Medical Services System Management Discussion and Analysis Report For the Years Ended September 30th, 2023 and 2022

-
- Medicare is undergoing a four-year cost analysis study on ambulance services nationwide. Our hopes are that the study will result in higher reimbursement rates in the future. The study is still ongoing, and we do not anticipate any changes from the study until 2026 or later.

Despite KCEMSS' revenue limitations, the System is financially strong and works with partnering agencies that support the EMS System and understands the revenue limitations we face.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the Systems' finances and to show the Systems' accountability for the resources it receives. If you have questions about this report or need more information, you may contact the Finance Director Tracy Abrahamson at Kootenai County Emergency Medical Services System, 4381 W. Seltice Way, Coeur d'Alene, ID 83814, or call (208) 930-4224.

Financial Section

Basic Financial Statements

Kootenai County Emergency Medical Services System

STATEMENTS OF NET POSITION
September 30, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 5,462,011	\$ 4,282,129
Accounts receivable, net of allowance for doubtful accounts and contractual adjustments of \$1,248,367 and \$994,686, respectively	1,128,140	906,392
Receivable from County	13,010	13,754
Other receivables	49,732	16,211
Insurance deposit	4,644	7,217
Prepaid expenses	8,606	9,694
Inventory - medical supplies	211,707	234,983
Restricted cash and cash equivalents - impact fees	-	1,341
Total current assets	<u>6,877,850</u>	<u>5,471,721</u>
Noncurrent assets:		
Land	403,990	403,990
Construction in progress	57,468	94,344
Building (net of accumulated depreciation)	751,943	807,979
Vehicles (net of accumulated depreciation)	1,283,117	540,084
Equipment (net of accumulated depreciation)	719,887	655,588
Total noncurrent assets	<u>3,216,405</u>	<u>2,501,985</u>
Total assets	<u>10,094,255</u>	<u>7,973,706</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows	212,387	292,822
Total deferred outflows of resources	<u>212,387</u>	<u>292,822</u>
LIABILITIES		
Current liabilities:		
Accounts payable	120,255	142,321
Accrued payroll and related expenses	99,983	94,942
Deferred revenues - impact fees	-	1,344
Long-term liabilities:		
Due within one year:		
Loans payable, current portion	30,334	30,334
Due in more than one year:		
Loans payable, noncurrent portion	30,334	60,668
Net pension liability	541,566	551,195
Total liabilities	<u>822,472</u>	<u>880,804</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	-	2,460
Total deferred inflows of resources	<u>-</u>	<u>2,460</u>
NET POSITION		
Net investment in capital assets	3,155,737	2,410,983
Unrestricted	6,328,433	4,972,281
Total net position	<u>\$ 9,484,170</u>	<u>\$ 7,383,264</u>

The accompanying "Notes to the Financial Statements" are an integral part of these financial statements.

Kootenai County Emergency Medical Services System

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended September 30, 2023 and 2022

	2023	2022
Operating revenues:		
Ambulance services, net of contractual adjustments of \$4,546,479 and \$4,239,486, respectively	\$ 6,723,220	\$ 6,124,318
Miscellaneous income	12,670	5,259
Total operating revenue	6,735,890	6,129,577
Operating expenses:		
Contracts	6,037,485	5,634,310
Depreciation expense	767,209	675,521
Employee benefits	160,561	155,118
Insurance	25,137	23,759
Legal and professional	12,705	16,355
Payroll taxes	41,109	42,518
Bad debt	529,775	381,494
Wages and salaries	558,499	571,337
Other operating expenses (scheduled)	1,590,669	1,337,838
Change in net pension liability	134,145	148,829
Total operating expenses	9,857,294	8,987,079
Operating loss	(3,121,404)	(2,857,502)
Non-operating revenues (expenses):		
Tax transmittal revenue	3,563,350	3,355,416
Capital grants	1,259,701	208,940
Rent income	4,800	4,800
Other income	29,788	9,200
Gain on disposal of assets	36,768	-
Interest income	164,623	25,114
Interest expense	-	(577)
Impact fees	163,280	-
Total non-operating revenues (expenses)	5,222,310	3,602,893
Change in net position	2,100,906	745,391
Net position- beginning	7,383,264	6,637,873
Net position- ending	\$ 9,484,170	\$ 7,383,264

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

Kootenai County Emergency Medical Services System

**Statements of Cash Flows
For the Years Ended September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Ambulance services	\$ 5,938,176	\$ 5,790,291
Miscellaneous income	12,670	5,259
Payments to employees, payroll taxes, and benefits	(819,839)	(843,194)
Payments for contracts	(6,037,485)	(5,634,310)
Payments for insurance	(22,564)	(26,790)
Payments for legal and professional	(12,705)	(16,355)
Other	(1,588,118)	(1,247,237)
Net cash (used) by operating activities	<u>(2,529,865)</u>	<u>(1,972,336)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Tax transmittal receipts from County	3,564,094	3,353,061
Other income	29,788	9,200
Net cash provided by noncapital financing activities	<u>3,593,882</u>	<u>3,362,261</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	(1,486,862)	(403,422)
Proceeds on sale of capital assets	42,001	-
Payments on long-term borrowings	(30,334)	(313,921)
Capital grant proceeds	1,259,701	208,940
Interest paid on debt	-	(6,920)
Impact fee receipts	161,936	-
Net cash (used) by capital and related financing activities	<u>(53,558)</u>	<u>(515,323)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	164,623	25,114
Rental income	4,800	4,800
Net cash provided by investing activities	<u>169,423</u>	<u>29,914</u>
Net increase in cash and cash equivalents	1,179,882	904,516
Cash and cash equivalents, October 1	<u>4,282,129</u>	<u>3,377,613</u>
Cash and cash equivalents, September 30	<u>\$ 5,462,011</u>	<u>\$ 4,282,129</u>
Reconciliation of operating loss to net cash (used) by operating activities:		
Operating loss	\$ (3,121,404)	\$ (2,857,502)
Adjustments to reconcile net operating loss to net cash (used) by operating activities		
Depreciation expense	767,209	675,521
Decrease (Increase) in accounts receivable, (net)	(255,272)	47,467
Decrease (Increase) in inventories	23,276	18,345
(Increase) decrease in prepaid expenses	1,088	(9,694)
(Increase) decrease in insurance deposits	2,573	(3,031)
(Decrease) Increase in accounts payable	(20,722)	72,253
Increase in accrued payroll and related expenses	5,041	3,092
Net change in net pension liability	68,346	81,213
Total adjustments	<u>591,539</u>	<u>885,166</u>
Net cash (used) by operating activities	<u>\$ (2,529,865)</u>	<u>\$ (1,972,336)</u>

The accompanying "Notes to Financial Statements" are an integral part of this statements

Kootenai County Emergency Medical Services System

SCHEDULE OF OTHER OPERATING EXPENSES For the Years Ended September 30, 2023 and 2022

	2023	2022
Other operating expenses:		
Subsidy	\$ 148,642	\$ 143,258
Billing services	289,018	271,545
Medical supplies	342,047	322,130
Equipment under threshold for capitalization	152,867	56,703
Fuel	149,677	150,668
Medical director	74,000	74,000
Vehicle maintenance and repair	195,975	136,067
Software service fees	74,926	67,993
Training	46,697	35,360
Administrative and building expenses	56,401	25,485
Supplies	24,185	22,098
Bank fees and vendor finance charges	53	9
Long distance transports	4,262	2,616
Miscellaneous expenses	6,797	4,935
Telephone	17,602	15,852
Equipment maintenance	2,605	3,641
Administrative conferences and meetings	826	744
Dues and subscriptions	630	930
Postage	774	964
Printing and logo design	389	264
Standby expense	2,296	2,576
Total other operating expenses	\$ 1,590,669	\$ 1,337,838

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2023 and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Entity

Kootenai County Emergency Medical Services System (the "System") was created by the county commissioners in 1987 by County ordinance number 112. In January of 1999, a contract was established between Kootenai County and Kootenai County Emergency Medical Services System where the commissioners appointed the board members. When the bylaws were formed in April of 1999, they further outlined the terms and appointment of the board members. The System provides emergency and non-emergency ambulance transport, critical care transport, on-site medical services, disaster response and EMS training to residents within the designated service areas as licensed by the State.

Kootenai County Emergency Medical Services System is considered a component unit of Kootenai County on the basis of financial accountability. The Kootenai County Board of Commissioners (BOCC) has the authority to modify or approve the annual budget of Kootenai County Emergency Medical Services System.

The financial statements of the System consist only of the funds of the System. The System has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the System. Control or dependence is determined on the basis of budget adoptions, taxing authority, funding and appointment of the respective governing board.

B. Basis of Presentation and Accounting

The Board's basic financial statements are presented on the full-accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The Board has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Fund and Other Governmental Activities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

Budget – The System annually adopts a budget for its proprietary fund. The budget is on the same basis of accounting as the financial statements. All budget appropriations lapse at year-end.

Income Tax Status – As a local government organization, the System is exempt from federal and state income taxes.

C. Revenue Recognition

Ambulance service revenues are recorded at or near the time of service. Approximately 45 to 50 percent of gross revenue is adjusted down due to insurance limitations and/or due to uncollectibility.

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2023 and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Revenue Recognition (Concluded)

Property tax revenues are recognized when received from Kootenai County. Total property tax revenues to be received are based on a requested amount that is subject to approval by the Kootenai County Board of Commissioners. Funding for property tax revenue is derived from taxes that are payable to Kootenai County, Idaho, the applicable taxing authority, and are remitted to the System in the month following collection. Any taxes collected by Kootenai County in excess of the approved tax revenue funding are not considered a receivable to the System.

D. Cash and Cash Equivalents

The System invests in one 2a-7-like pool, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The Idaho State Investment Pool is duly chartered and administered by the State Treasurer's office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements.

Following GASB 72, paragraphs 69 and b62, the balance that the System has in the Idaho State Investment Pool is carried at cost, which materially approximates fair market value.

The System considers funds held in the Idaho State Investment Pool to be cash equivalents, as the System is able to liquidate its account at any time.

For presentation in the financial statements, investments in the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the System are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Inventory

The System maintains inventory in the form of medical supplies that are stocked in each ambulance. The System uses the consumption method of recording inventory. Consumption method means that acquisition of materials and supplies is recorded initially in inventory accounts and charged to expense when used.

F. Capital Assets and Depreciation

Capital assets are stated at cost when purchased or constructed and at an estimated fair value when donated. For equipment, the System's capitalization policy includes all items with a unit cost of \$5,000 or and an estimated useful life of more than one year. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred.

Depreciation is recorded over the estimated useful lives ranging from three to thirty years using the straight-line method.

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2023 and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The System has only one item that qualifies for reporting in this category. It is the deferred outflows relating to the accounting for the net pension obligation on the government-wide statement of net position, in accordance with GASB 68, *Accounting and Financial Reporting for Pensions*.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The System has only one type of item, which arises only under full-accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item “deferred pension inflows” is reported only on the government-wide statement of net position, and presents the System’s proportionate share of the collective deferred pension inflows in accordance with GASB 68, *Accounting and Financial Reporting for Pensions*.

H. Net Position

The System’s net position is classified as follows:

Net Investment in Capital Assets – This represents the System’s total investment in capital assets, net of accumulated depreciation, net of outstanding debt obligations related to those capital assets, to the extent debt has been incurred but not yet expended for capital assets.

Restricted – Restricted expendable net position includes resources in which the System is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. The System has no restricted net position as of September 30, 2022 and 2021.

Unrestricted – Unrestricted net position represents resources derived from ambulance fees and property taxes. These resources are used for transactions relating to the general operation of the System and may be used at the discretion of the governing board to meet current expenses for any purpose.

I. Classification of Revenues

The System has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as ambulance fees, net of contractual adjustments and refunds.

Non-operating Revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as grants, gifts and contributions, property taxes, investment income, and other revenue sources that are defined as non-operating revenues by GASB 34.

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2023 and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

J. Subcontracts Expense

The System contracts with other emergency entities, primarily local fire departments within Kootenai County, to provide for response to requests for emergency medical services.

K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

L. Impact Fees

Impact fees are one-time charges assessed against new development projects within the System's boundaries that attempt to recover the cost incurred by the System in providing emergency medical services required to serve the new growth and development. Impact fees may only be used to fund facilities and capital acquisitions that are directly associated with the new development and growth in the System's boundaries. Impact fees are recognized as revenues when received and any unspent impact fee revenues are presented as restricted cash and cash equivalents and offset by a restricted net position balance in the statement of net position.

M. Pension Plan

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value

NOTE 2: CASH AND CASH EQUIVALENTS

General:

State statutes authorize the System's investments and deposits. The System is authorized to invest in demand deposits, savings accounts, U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds, debentures or notes of any corporation organized, controlled and operating within the U.S. which have at their purchase an "A" rating or higher, government pool and money market funds consisting of any of these securities listed. No violations of these categories have occurred during the year.

Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a failure of a financial institution, the System's deposits and investments may not be returned to it. The System does not have a deposit policy for custodial credit risk. The carrying amounts of the System's deposits (including deposits with the Idaho State Investment Pool) and the bank balances were \$5,476,649 and \$5,462,011, respectively, as of September 30, 2023 and \$4,291,241 and \$4,283,470, respectively as of September 30, 2022.

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2023 and 2022

NOTE 2: CASH AND CASH EQUIVALENTS (Concluded)

As of September 30, 2023, and 2022, the System's deposits were exposed to custodial credit risk and were categorized as follows:

<u>Deposits without exposure to custodial credit risk:</u>	<u>2023</u>	<u>2022</u>
Amounts insured by FDIC	\$ 131,156	\$ 189,484
<u>Deposits with exposure to custodial credit risk:</u>		
Amounts collateralized with securities held in trust, but not in the System's name	5,345,493	4,101,757
Total deposits	<u>\$ 5,476,649</u>	<u>\$ 4,291,241</u>
<u>Cash and cash equivalents at September 30th consist of the following:</u>		
Deposits	\$ 116,518	\$ 181,713
Idaho State Investment Pool (LGIP)	5,345,493	4,101,757
Total	<u>5,462,011</u>	<u>4,283,470</u>
<u>The carrying amount is displayed in the financial statements as follows:</u>		
Cash and cash equivalents	5,462,011	4,282,129
Restricted cash and cash equivalents - impact fees	-	1,341
Total carrying amount of cash and cash equivalents	<u>\$ 5,462,011</u>	<u>\$ 4,283,470</u>

Fair Value:

The System's investments in 2a-7-like pools are valued based upon the value of pool shares. The System invests in one 2a-7-like pool, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The Idaho State Investment Pool is duly chartered and administered by the State Treasurer's office and consists of U.S. Treasury bills and notes, collateralized certificates of deposit and repurchase agreements.

The System had an aggregate balance in the Idaho State Investment Pool carried at cost of \$5,345,493 and \$4,101,757 as of September 30, 2023 and 2022, respectively, which approximates fair market value. The System's portion of the Idaho State Investment Pool had an unrealized gain/(loss) of \$9,087 and (\$7,379) as of September 30, 2023 and 2022, respectively. As the difference between fair market value and cost is immaterial, the unrealized gain/(loss) has not been recorded in the System's books.

Credit Risk:

The Idaho State Investment Pool does not have an established credit rating, but invests in entities with a minimum credit rating of "A" as stipulated by Idaho code. The System does not have a formal policy for credit risk. Financial information on the investment pool can be obtained by contacting the Idaho State Treasurer.

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2023 and 2022

NOTE 3: SCHEDULE OF ACCRUED EXPENSES

Accrued expenses consist of the following as of September 30, 2023 and 2022:

	2023	2022
Accrued payroll taxes	\$ 4,512	\$ 4,990
Accrued wages payable	21,081	21,688
Accrued vacation payable	74,390	68,264
Total	\$ 99,983	\$ 94,942

NOTE 4: CAPITAL ASSETS

Following is a recap of capital assets for the fiscal year ended September 30, 2023:

	Beginning Balance	Increases	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 403,990	\$ -	\$ -	\$ -	\$ 403,990
Construction in progress	94,344	57,468	-	(94,344)	57,468
Total capital assets, not being depreciated	498,334	57,468	-	(94,344)	461,458
Capital assets, being depreciated:					
Buildings	1,294,996	-	-	-	1,294,996
Equipment	1,883,274	297,919	(29,307)	-	2,151,886
Vehicles	3,455,464	1,131,476	(36,997)	94,344	4,644,287
Total capital assets being depreciated	6,633,734	1,429,395	(66,304)	94,344	8,091,169
Less accumulated depreciation:					
Building	(487,017)	(56,036)	-	-	(543,053)
Equipment	(1,227,687)	(228,385)	24,073	-	(1,431,999)
Vehicles	(2,915,379)	(482,788)	36,997	-	(3,361,170)
Total accumulated depreciation	(4,630,083)	(767,209)	61,070	-	(5,336,222)
Total capital assets, being depreciated, net	2,003,651	662,186	(5,234)	94,344	2,754,947
Governmental activities capital assets, net	\$ 2,501,985	\$ 719,654	\$ (5,234)	\$ -	\$ 3,216,405

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2023 and 2022

NOTE 4: CAPITAL ASSETS (Concluded)

Following is a recap of capital assets for the fiscal year ended September 30, 2022:

	Beginning Balance	Increases	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 403,990	\$ -	\$ -	\$ -	\$ 403,990
Construction in progress	-	94,344	-	-	94,344
Total capital assets, not being depreciated	<u>403,990</u>	<u>94,344</u>	<u>-</u>	<u>-</u>	<u>498,334</u>
Capital assets, being depreciated:					
Buildings	1,294,996	-	-	-	1,294,996
Equipment	1,574,196	309,078	-	-	1,883,274
Vehicles	3,455,464	-	-	-	3,455,464
Total capital assets being depreciated	<u>6,324,656</u>	<u>309,078</u>	<u>-</u>	<u>-</u>	<u>6,633,734</u>
Less accumulated depreciation:					
Building	(430,025)	(56,992)	-	-	(487,017)
Equipment	(1,034,420)	(193,267)	-	-	(1,227,687)
Vehicles	(2,490,117)	(425,262)	-	-	(2,915,379)
Total accumulated depreciation	<u>(3,954,562)</u>	<u>(675,521)</u>	<u>-</u>	<u>-</u>	<u>(4,630,083)</u>
Total capital assets, being depreciated, net	<u>2,370,094</u>	<u>(366,443)</u>	<u>-</u>	<u>-</u>	<u>2,003,651</u>
Governmental activities capital assets, net	<u>\$ 2,774,084</u>	<u>\$ (272,099)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,501,985</u>

NOTE 5: LOANS PAYABLE

In fiscal year 2015, the System financed the purchase of ambulances with a lender. The loan called for 8 annual payments of principal and interest in the amount of \$287,793 and an annual interest rate of 2.33%. During the fiscal year ended September 30, 2022, the System made its final scheduled payment of principal and interest on the loan, satisfying this obligation in full.

In fiscal year 2020, the System financed the purchase of several radios with a lender. The loan calls for 5 annual payments of \$30,334 and no interest. The loan is collateralized by the underlying acquired assets. The following is a schedule of the remaining required payments for the radio equipment loan.

<u>Year Ending September 30,</u>	<u>Amounts Due</u>
2024	\$ 30,334
2025	30,334
	<u>\$ 60,668</u>

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2023 and 2022

NOTE 6: CHANGES IN LONG-TERM DEBT AND CURRENT MATURITIES

Changes in long-term liabilities for the year ended September 30, 2023 are as follows:

	Balance 9/30/2022	Additions	Reductions	Balance 9/30/2023	Due Within 1 Year
Loans payable	\$ 91,002	\$ -	\$ (30,334)	\$ 60,668	\$ 30,334
Net pension liability	551,195	-	(9,629)	541,566	-
Total long-term liabilities	<u>\$ 642,197</u>	<u>\$ -</u>	<u>\$ (39,963)</u>	<u>\$ 602,234</u>	<u>\$ 30,334</u>

NOTE 7: DEFINED BENEFIT PENSION PLAN

Plan Description

The System contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for the administration of the Base Plan is assigned to the Board comprise of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2023 and 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for public safety. As of June 30, 2023, it was 7.16% for general employees and 9.13% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for public safety. The System's contributions were \$65,799 for the year ended September 30, 2023.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2023, the System reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's proportion of the net pension liability was based on the System's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2023, the System's proportion was 0.01357079 percent.

For the year ended September 30, 2023, the System recognized pension expense of \$134,145. At September 30, 2023, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 92,828	\$ -
Changes in assumptions or other inputs	53,626	-
Net difference between projected and actual earnings on pension plan investments	50,834	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
District's contributions subsequent to the measurement date	15,099	-
Total	\$ 212,387	\$ -

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2023 and 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

\$15,099 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2021, the beginning of the measurement period ended June 30, 2022 is 4.6 years and 4.4 years for the measurement period June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<u>Year Ending</u> <u>September 30,</u>	
2024	70,160
2025	32,970
2026	102,565
2027	(8,407)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assume exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expenses
Cost-of-living adjustments	1%

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries – Males Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries – Females Pub-2010 General Tables, increased 21%
Teachers – Males Pub-2010 Teacher Tables, increased 12%
Teachers – Females Pub-2010 Teacher Tables, increased 21%
Fire & Police – Males Pub-2010 Safety Tables, increased 21%
Fire & Police – Females Pub-2010 Safety Tables, increased 26%
Disabled Members – Males Pub-2010 Disabled Tables, increased 38%
Disabled Members – Females Pub-2010 Disabled Tables, increased 36%

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2023 and 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2022 is based on the results of an actuarial valuation date July 1, 2023.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which the best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for settling the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2023.

Capital Market Assumptions

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	0.00%	0.0%
Large Cap	18.00%	4.50%
Small/Mid Cap	11.00%	4.70%
International Equity	15.00%	4.50%
Emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	-0.25%
TIPS	10.00%	-0.30%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2023 and 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Concluded)

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plan's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense, but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate

The following presents Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.35 percent) or 1 percentage point higher (7.35 percent) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability	\$ 974,028	\$ 541,566	\$ 188,109

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the Pension Plan

At September 30, 2023, the System had no payables outstanding to the defined benefit pension plan for legally required employer contributions or for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2023 and 2022

NOTE 8: RISK MANAGEMENT

The System 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. The System contracts with an insurance company for property insurance (including boiler and machinery) and general liability insurance.

An outside insurance company protects general liability with coverage for general liability, errors and omissions, and auto limits as follows:

- \$500,000 for covered claims brought pursuant to Title 6, Chapter 9, Idaho Code
- \$3,000,000 indemnification limit for all other covered claims and,
- \$2,000,000 Defense Cost Limit for covered claims coverage basis

Additionally, the System pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs. Building and shop located at 4381 W. Seltice Way Coeur d'Alene has a combined \$2,269,811 replacement policy with \$340,000 for office contents.

NOTE 9: RELATED PARTY TRANSACTIONS

The System has transactions in the normal course of business with Northern Lakes Fire Protection District, Kootenai County Fire and Rescue, the City of Coeur d'Alene, and Timberlake Fire Protection District. Each of these entities have board representation on the System's Joint Powers governing board. During the fiscal years ended September 30, 2023 and 2022, the System contracted for personnel services provided by these entities as follows:

	<u>September 30,</u> <u>2023</u>	<u>September 30,</u> <u>2022</u>
Northern Lakes Fire District	\$ 1,533,236	\$ 1,474,533
Kootenai Fire & Rescue	\$ 1,609,564	\$ 1,698,482
City of Coeur d'Alene	\$ 1,864,593	\$ 1,792,490
Timberlake Fire Protection District	\$ 230,434	\$ 221,054

Required Supplementary Information

Kootenai County Emergency Medical Services System

**Schedule of Employer's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years ***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability (asset)	0.0135708%	0.0139941%	0.0132249%	0.0137270%	0.0144259%	0.0145984%	0.0130919%	0.0123497%	0.0101329%
Employer's proportionate share of the net pension liability (asset)	\$ 541,566	\$ 551,195	\$ (10,445)	\$ 318,759	\$ 164,668	\$ 215,329	\$ 205,782	\$ 250,347	\$ 133,434
Employer's covered-employee payroll	\$ 543,280	\$ 552,262	\$ 516,568	\$ 473,308	\$ 485,632	\$ 467,661	\$ 417,229	\$ 370,362	\$ 310,229
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	99.68%	99.81%	-2.02%	67.35%	33.91%	46.04%	49.32%	67.60%	43.01%
Plan fiduciary net position as a percentage of the total pension liability (asset)	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the System will present information for those years for which information is available.

Date reported is measured as of June 30.

**Schedule of Employer Contributions
PERSI - Base Plan
Last 10 - Fiscal Years ***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 65,799	\$ 67,616	\$ 62,727	\$ 56,241	\$ 56,590	\$ 53,944	\$ 48,429	\$ 42,803	\$ 36,266
Contributions in relation to the statutorily required contribution	\$ (65,799)	\$ (67,616)	\$ (62,727)	\$ (56,241)	\$ (56,590)	\$ (53,944)	\$ (48,429)	\$ (42,803)	\$ (36,266)
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 543,280	\$ 552,262	\$ 516,568	\$ 473,308	\$ 485,632	\$ 467,661	\$ 417,229	\$ 370,362	\$ 310,229
Contributions as a percentage of covered-employee payroll	12.11%	12.24%	12.14%	11.88%	11.65%	11.53%	11.61%	11.56%	11.69%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the System will present information for those years for which information is available.

Date reported is measured as of September 30.

Report Required by the GAO



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Joint Power Board of Commissioners of
Kootenai County Emergency Medical Services System
Coeur d'Alene, Idaho 83814

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Kootenai County Emergency Medical Services System, a component unit of Kootenai County, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Kootenai County Emergency Medical Services System's basic financial statements and have issued our report thereon dated January 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kootenai County Emergency Medical Services System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kootenai County Emergency Medical Services System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Kootenai County Emergency Medical Services System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS (CONCLUDED)*

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Scott P. Hoover, CPA

Scott P. Hoover, CPA, PLLC
Liberty Lake, WA

January 25, 2024

Single Audit Section



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Joint Power Board of Commissioners of
Kootenai County Emergency Medical Services System
Coeur d'Alene, Idaho 83814

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kootenai County Emergency Medical Services System's (the "System") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the System's major federal programs for the year ended September 30, 2023. The System's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Kootenai County Emergency Medical Services System complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Kootenai County Emergency Services System and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Kootenai County Emergency Services System's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the System's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Kootenai County Emergency Medical Services System's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the System's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 System's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the System's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Scott P. Hoover, CPA

Scott P. Hoover, CPA, PLLC
Liberty Lake, WA

January 25, 2024

Kootenai County Emergency Medical Services System
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2023

<u>Federal Grantor/Program Title:</u>	<u>Federal ALN/CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
United States Department of the Treasury:			
Coronavirus State and Local Fiscal Recovery Funds FAIN # SLFRP4459 Passthrough Entity: Kootenai County (82-6000304) Project ID: SUB 21.027 EMS1 (Ambulance & Equipment Purchases)	21.027	JDGLH97AM1R1	\$ 935,965
Passthrough Entity: Kootenai County (82-6000304) Project ID: Sub 21.027 EMS2 (PPE Reimbursement)	21.027	JDGLH97AM1R1	<u>14,087</u>
Total Coronavirus State & Local Fiscal Recovery Funds FAIN # SLFRP4456			<u>950,052</u>
Total United States Department of the Treasury			<u>950,052</u>
Department of Homeland Security:			
Idaho Office of Emergency Management - Public Assistance Grant Disaster No: # DR-4534-ID FAIN # 453400000001 Passthrough Entity: Idaho Office of Emergency Management (IOEM) Project ID: PA-10-ID-4534-PW-00129 (677614 - PAX Bags)	97.036	FGE6F23R3J81	<u>23,719</u>
Total Idaho Office of Emergency Management Disaster # DR-4534-ID Covid Relief			<u>23,719</u>
Total Department of Homeland Security			<u>23,719</u>
Total Expenditures of Federal Awards			<u><u>\$ 973,770</u></u>

Kootenai County Emergency Medical Services System

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended September 30, 2023

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Kootenai County Emergency Medical Services System (the "System") under programs of the federal government for the year ended September 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the System, it is not intended to, and does not present, the financial position, changes in net position, or cash flows of the System.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

The Organization has elected not to use the 10-percent de minimis indirect cost rate as allowed by the Uniform Guidance.

Kootenai County Emergency Medical Services System

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

September 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered to be material weakness(es) Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a) Yes No

Identification of major program(s):

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Kootenai County Emergency Medical Services System

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

September 30, 2023

Section II – Findings – Financial Statement Audit

None

Section III – Findings and Questions Costs – Major Federal Award Audit

None

Section IV – Summary of Prior Year Audit Findings Relating to Federal Awards

There were no prior year audit findings relating to Federal Awards.