

Kootenai County Emergency Medical Services System

Financial Statements
SEPTEMBER 30, 2025 AND 2024

Kootenai County Emergency Medical Services System

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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, 2025, 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, 2025, 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, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT (Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025, 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

December 18, 2025

Financial Section

Management's Discussion and Analysis



Kootenai County Emergency Medical Services System Management Discussion and Analysis Report For the Years Ended September 30th, 2025, and 2024

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 FY2025 by \$14,029,960 (net position). Of this \$14,029,960, \$8,083,192 or 57.6% is unrestricted and may be used to meet the System's ongoing obligations.
- The System's net position increased by \$2,369,687 in FY2025, an increase of 20.3%.
- Ambulance revenues, net of contractual adjustments, increased by \$962,848 or 13%.
- KCEMSS received grant income for the 2025 Fiscal Year in the amount of \$16,103.
- The System ended FY2025 with total liabilities of \$643,742, a reduction of \$94,022 or 12.7% down from the previous year.
- KCEMSS' capital purchases in FY2025 included facility improvements and purchases including heart monitors, ambulances, CPR devices, supply locker systems, power gurneys, power load systems, and more that will be outlined in this report.
- KCEMSS Ambulance call volume for the year was 19,166 with 75% of the calls billable.
- The Kootenai County Emergency Medical Services System reports a sound financial position at the close of the 2025 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 System's 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 position 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 position 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, 2025, and 2024

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 equals net position. On September 30th, 2025, KCEMSS' net position was \$14,029,960.

Table 1
STATEMENTS OF NET POSITION
For Periods Ending September 30, 2025, and 2024

	2025	2024
ASSETS		
Current and other assets	9,170,650	8,804,569
Capital assets, net of accumulated depreciation	5,566,832	3,549,291
Total Assets	14,737,482	12,353,860
DEFERRED OUTFLOWS OF RESOURCES		
Proportionate share of collective outflows of resources	106,567	103,358
Total deferred outflows of resources	106,567	103,358
LIABILITIES		
Current liabilities	251,443	231,155
Long-term liabilities	392,299	506,609
Total Liabilities	643,742	737,764
DEFERRED INFLOWS OF RESOURCES		
Proportionate share of collective inflows of resources	170,347	59,181
Total deferred inflows of resources	170,347	59,181
NET POSITION		
Net investment in capital assets	5,566,832	3,518,957
Restricted cash on hand	379,936	88,766
Unrestricted	8,083,192	8,052,550
Total net position	14,029,960	11,660,273



Kootenai County Emergency Medical Services System Management Discussion and Analysis Report For the Years Ended September 30th, 2025, and 2024

CHANGES IN NET POSITION

The System's net position increased by \$2,369,687 in FY2025 or 20.3%.

The unrestricted funds increased by \$30,642 or .4%. The unrestricted funds of \$8,083,192 represent 57.6% of the total net position and are available for the Systems ongoing obligations.

The increase in the net position and unrestricted funds is attributed to multiple factors including an increase in ambulance revenue from increased ambulance calls, improved collection rates, 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 pay 54% 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 by the patient identified by Medicare. Medicaid has even lower reimbursements rates paying on average 43% of each bill. For the 2025 fiscal year \$4,474,767 was written off to contractual adjustments due to these caps from Federal, State, and other contracted payers. Approximately 81% 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 FY2025 was 19,166 calls, with 14,366 calls, or 75% of total calls generating revenue, leaving 4,800 calls or 25% of total call volume not billable for a variety of reasons such as patient refusing treatment, minor treatments on scene without 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 2025 fiscal year, the Ambulance District tax levy was 0.000077741 which calculates out to \$38.87 a year for a property with an assessed taxable 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 2025 and 2024 KCEMSS' cash investments were held in the LGIP (Local Government Investment Pool) through the State of Idaho. On 9/30/2025 the balance with the LGIP was \$7,018,229 and at 9/30/2024 the balance was \$6,786,567. In FY2025 the interest yield on the LGIP account ranged between 5.0% and 4.3% throughout the year.



Kootenai County Emergency Medical Services System Management Discussion and Analysis Report For the Years Ended September 30th, 2025, and 2024

Statement of Activities: Revenues, Expenses, and Changes in Net Position
For the Years Ended September 30, 2025, and 2024
Table 2

	2025	2024
OPERATING REVENUES		
Ambulance services (net of contractual adjustments)	8,355,838	7,392,990
Miscellaneous income	34,698	22,562
Total operating revenue	8,390,536	7,415,552
OPERATING EXPENSES		
Contracts	6,665,254	6,299,780
Subsidies	108,993	146,412
Depreciation expense	690,247	457,221
Wages and salaries	619,448	553,027
Employee benefits	144,167	143,252
Payroll taxes	48,302	41,197
Contract Labor	28,590	0
Insurance	37,367	29,396
Bad debt write-offs	640,623	398,872
Medical supplies	275,011	333,899
Billing services	347,182	317,632
Fuel	120,021	122,867
Vehicle maintenance	211,908	207,621
Equipment under threshold	99,358	53,678
Medical Director contract	72,000	79,000
Change in net pension liability	61,530	124,744
Education & training	68,949	39,559
IT & software service fees	84,425	91,210
Facility expenses	61,161	46,913
Other operating expenses	195,639	91,320
Total operating expenses	10,580,177	9,577,600
Operating (loss)	-2,189,641	-2,162,048
NON-OPERATING REVENUES (EXPENSES)		
Tax transmittal revenue	3,958,530	3,737,621
Grants	16,103	0
Rent income	4,800	4,800
Other income	0	20,913
Impact fee revenue	291,676	275,500
Interest income	288,219	299,317
Total non-operating revenues (expenses)	4,559,328	4,338,151
CHANGE IN NET POSITION	2,369,687	2,176,103
Total net position - beginning	11,660,273	9,484,170
Total net position - ending	14,029,960	11,660,273



Kootenai County Emergency Medical Services System Management Discussion and Analysis Report For the Years Ended September 30th, 2025, and 2024

BUSINESS OPERATIONS

OPERATING REVENUE:

KCEMSS generated ambulance service revenue, net of contractual adjustments, in the amount of \$8,355,838 from patient billings in FY2025, an increase of \$962,848 compared to FY2024. Of the \$962,848 increase over the prior year, 68% is attributed to increased ambulance transports, and 32% was attributed to a reduction in contractual adjustments, or in other words, increased insurance reimbursements.

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 who provide the personnel for the delivery of emergency medical services for all of Kootenai County.
- The cost of purchasing and maintaining emergency response vehicles, medical equipment, medical supplies, and pharmaceuticals.
- Facility expenses.
- Medical Director oversight.
- Costs associated with patient billing and bad debt collections.
- KCEMSS staffing expenses. Current staffing includes: Chief Officer, Division Chief, Finance Director, Purchasing and Provider Services Specialist, Accounting Clerk, Support Services Technician, and a Joint Powers Board that oversees the operation.

Operating expenses increased by \$1,002,577 in FY2025 compared to FY2024.

Increased expenses compared to prior year include:

- A planned increase to contracts and subsidies totaling \$328,054 went to fire districts. 64% of the Systems operating expenses were allocated to these contracts for a total of \$6,774,246 in FY2025.
- Depreciation Expense increased by \$233,026 from increased assets and adjustments to accelerate the depreciation rate from 10 to 8 years on recent ambulance purchases.
- Equipment expenses under the \$5,000 threshold increased by \$45,681 for patient lift devices and medical equipment for 4 new ambulances received in FY2025.
- Increases in wages and payroll burden of \$74,441 from planned matrix steps, COLA increases, wage adjustments, and increases in health insurance costs.
- Bad debt expense increase of \$241,751. Bad debt is the balance owed by patients after insurance has paid, but the patient is unable to pay their portion.
- Billing service expense increase of \$29,550 from increased billable call volume of 6.9% along with a contract COLA increase.
- Education and training increased by \$29,390 which included documentation training for the Systems EMS providers.
- Facility expenses increased by \$14,248 for planned projects including floor replacements, parking lot resurfacing, and deck maintenance.
- Contract Labor – a onetime cost of \$28,560 for a necessary IT project.

Reduced expenses compared to prior year:

- KCEMSS realized reduced expenses in many categories including IT & Software service fees, medical director contract, fuel, and medical supplies.



Kootenai County Emergency Medical Services System Management Discussion and Analysis Report For the Years Ended September 30th, 2025, and 2024

NON-OPERATING REVENUES AND EXPENSES

PROPERTY TAX REVENUE:

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 \$(2,189,641). Tax revenues are crucial to the success of the EMS system. Tax revenues in the amount of \$3,958,530 were collected in FY2025, an increase of \$220,909 or 5.9% compared to FY2024. The tax increase includes 3% allowed annual increase, new development added to the tax rolls and revenues collected 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 and planning for expansion with the ongoing growth in Kootenai County. Tax receipts accounted for 30.6% of KCEMSS' total revenue in FY2025.

IMPACT FEE REVENUE:

KCEMSS participated in 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 KCEMSS began receiving impact fee payments from Cities and Kootenai County.

The impact fees established by the Galena Consulting Group are based on the KCEMSS' CIP and estimated growth over a 10-year period, which calculated out to \$132.00 per residential structure, and \$.07 per square foot on commercial structures.

Impact Fees Received / Used:

Impact Fee Area	FY2022	FY2023	FY2024	FY2025	Total:
City of Rathdrum	1,344.00	46,461.77	\$ 41,315.00	\$ 47,686.00	136,806.77
City of Athol	-	10,661.15	(152.37)	1,377.68	11,886.46
City of Hauser Lake	-	2,772.00	2,376.00	132.00	5,280.00
City of Hayden Lake	-	17,903.18	55,260.42	35,216.90	108,380.50
Kootenai County	-	24,612.51	51,933.40	52,443.90	128,989.81
City of Post Falls	-	57,074.64	77,572.95	54,083.70	188,731.29
City of Coeur d'Alene	-	424.56	41,201.67	91,619.82	133,246.05
Interest	-	2,026.41	5,215.61	8,609.66	15,851.68
Total:	1,344.00	161,936.22	274,722.68	291,169.66	729,172.56

Funding Applied to Projects through FY2025:

Impact Fee Study	8,000.00
Medic 34 Ambulance: New Service Operated by Coeur d'Alene Fire:	341,236.71
After Hours Room Addition @ KCEMSS Facility:	46,926.96
Total funds Applied to Projects:	396,163.67

Reserved Impact Fees @ 9/30/2025 for Future Projects:	333,008.89
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Kootenai County Emergency Medical Services System Management Discussion and Analysis Report For the Years Ended September 30th, 2025, and 2024

NON-OPERATING REVENUES AND EXPENSES CONTINUED

GRANT REVENUE:

FY2025 State and Local Grants:

North Idaho Healthcare Coalition

- 12 Each CPR Manikins \$ 1,423
- 14 Each Patient Lift Devices \$14,680

OTHER NON-OPERATING INCOME:

Other non-operating income for FY2025 include:

- Rent income: \$4,800
- Interest Income from the LGIP (Local Government Investment Pool): \$288,219

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

FY2025 IMPROVEMENTS / ASSETS PURCHASED:

Building and Improvements:

- Croc Coating (Penntek) Floor Application: South Shop & Medical Supply Room: \$22,440
- After-Hours Room Addition \$29,939

Vehicles Purchased:

- 4 Each F-550 Ford – Braun N.W. Remounted Ambulances total: \$1,056,969

Equipment Purchased:

- 26 Each Zoll X Series Heart Monitors: \$855,935
- 6 Each Stryker Power Load Systems: \$184,687
- 7 Each Stryker Gurneys: \$248,124
- 9 Each Lucas CPR Devices: \$168,565
- 2 Each VenNovation Supply Locker Systems: \$31,930
- 2 Each Upgrades on X Series Monitors for CCT: \$12,200
- 3 Each Vehicle Radios: \$25,350
- 3 Each Stair Chairs: \$15,364
- 1 Each Ambulance Camera: \$13,245

FY2025 ASSETS SOLD / DISPOSED OF:

Vehicles Sold / Disposed Of:

- 6 Each of the 2015 Horton Ambulance Chassis were traded in and salvaged after the vehicle was stripped of the ambulance box and other components needed for the new remounts built by Braun N.W. 4 Of these remounts were completed in FY2025, with 2 under construction at the end of FY2025.

Equipment Sold / Disposed Of:

- 17 Each Zoll X Series Heart Monitors were traded in on the 26 Zoll Heart Monitor purchase. Each of these monitors had reached the end of their useful life.
- 1 Each Stryker Power Gurney that had reached the end of its useful life was salvaged.



Kootenai County Emergency Medical Services System Management Discussion and Analysis Report For the Years Ended September 30th, 2025, and 2024

Capital Assets (net of depreciation) As of September 30, 2025, and 2024

	<u>2025</u>	<u>2024</u>
Land	403,990	403,990
Building & Improvements	726,415	725,007
Ambulance Build in Progress	156,471	60,588
Vehicles	2,581,694	1,735,522
Equipment	<u>1,698,262</u>	<u>624,184</u>
Total	<u>5,566,832</u>	<u>3,549,291</u>

Debt Administration:

- 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 the response vehicles. On 9/30/25 the principal balance owing was \$0.
- 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 \$304,543 at 9/30/2025 and \$431,933 at 9/30/2024.
- Total liabilities at the end of FY2025 were \$643,743, a reduction over last year of \$94,022 due to the reduction of 1 Motorola payment liability and a reduction in the net pension liability reported under GASB 68 rule.

Debt as of September 30, 2025, and 2024

	<u>2025</u>	<u>2024</u>
CURRENT LIABILITIES		
Accounts payables	216,318	172,122
Accrued liabilities	35,125	28,699
Capital lease payable – current portion	<u>0</u>	<u>30,334</u>
Total Current Liabilities	251,443	231,155
LONG-TERM LIABILITIES		
Compensated absences	87,756	74,676
Net pension liability	<u>304,543</u>	<u>431,933</u>
Total long-term liabilities	392,299	506,609
TOTAL LIABILITIES	<u><u>643,742</u></u>	<u><u>737,764</u></u>



Kootenai County Emergency Medical Services System Management Discussion and Analysis Report For the Years Ended September 30th, 2025, and 2024

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 expenses. Capital purchases and cash reserve usage are both shown as budget line items. There were no budget amendments for FY2025.

	FY2025 Actual	FY2025 Budget	(Under) over
Revenue	12,949,865	11,572,763	1,377,102
Cash Reserves Used:	0	1,032,063	-1,032,063
Total Revenue & Cash:	12,949,865	12,604,826	345,039
Expenses (Minus Depreciation)	9,889,930	10,442,129	-552,199
Loan Payments:	30,334	30,334	0
Capital Purchases & WIP:	2,668,462	2,132,363	536,099
Total Expenses, Loans & Capital:	12,588,726	12,604,826	-16,101

The FY2025 budget approved by the KCEMSS Joint Powers Board was in the amount of \$12,604,826. The actual expenses including loan payments and capital purchases for FY2025 totaled \$12,588,726, which is \$16,101 under budget. Operating and non-operating expenses combined came in under budget by \$552,199, while capital purchases came in over budget by \$536,099. Savings in operating expenses included planned contract increases for new and growing services that were not put into place or realized which saved \$171,503 in contracts, \$120,733 was saved in medical supplies & equipment purchases, and labor expenses were down by \$192,386 due to a planned position not filled, and a change in personnel that saved on longevity pay and benefits. Fuel and vehicle maintenance expenses combined were under budget by \$50,537.

Discussions with KCEMSS' Joint Powers Board regarding the decline of the KCEMSS fleet and equipment led the Joint Powers Board to approve additional capital replacement spending on ambulance purchases and equipment purchases. KCEMSS was able to do this without revising the FY2025 budget with total expenditures remaining under budget.

KOOTENAI COUNTY EMERGENCY MEDICAL SERVICES – LOOKING FORWARD

The state of Idaho officially moved forward with the GEMT program. This program, much like the Washington State GEMT program, will reimburse ambulance providers for a portion of the costs associated with Idaho Medicaid patient transports above the amounts initially paid from Medicaid ambulance bill reimbursements throughout the year. Idaho GEMT will pay retroactively to January 2023, and as of the end of FY2025, KCEMSS has submitted its first application to the Idaho GEMT program which covers January 2023 through September 2023. KCEMSS is anticipating Idaho GEMT funding sometime in the 2026 fiscal year assuming there are no interruptions with the program. FY2024 and FY2025 applications are scheduled for submission later within the 2026 fiscal year. This is a welcome and needed funding mechanism to help cover the cost of operations.

The fiscal year 2026 budget was approved and adopted by the Joint Powers Board in July 2025 and approved by the County Commissioners in August 2025. The budget includes a property tax increase of 3%, plus new development. Ambulance call volume is expected to increase by 4-5% if we see continued growth in Kootenai County as seen in the past few years.

Factors bearing on the district's future include:

- Inflation continues to be a big concern for KCEMSS with limited resources. KCEMSS' operating expenses increased in FY2025 by 9.3%. Inflation plus the need to add service due to growth will increase these cost percentages in future years.
- 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.



Kootenai County Emergency Medical Services System Management Discussion and Analysis Report For the Years Ended September 30th, 2025, and 2024

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- Call volume is an uncontrollable and unpredictable budgeting factor. Sudden declines or increases in demand can happen without notice as illustrated during the Covid epidemic.
 - Medicare has completed a four-year cost analysis study on ambulance services nationwide. Early analysis of this study has shown that Medicare reimbursement rates are far below the costs associated with ambulance service delivery. We are hoping for a full report from Medicare sometime in 2026.

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 System's finances and to show the System's accountability for the resources it receives. If you have questions about this report or need more information, you may contact the Chief Officer Jay Wojnowski or 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, 2025 and 2024

ASSETS	2025	2024
Current assets:		
Cash and cash equivalents	\$ 7,087,963	\$ 6,919,125
Accounts receivable, net of allowance for doubtful accounts and contractual adjustments of \$1,285,512 and \$1,479,743, respectively	1,285,957	1,363,378
Receivable from County	13,778	9,103
Other receivables	131,255	134,358
Insurance deposit	3,476	4,594
Prepaid expenses	31,659	52,334
Inventory - medical supplies	236,626	232,911
Restricted cash and cash equivalents - impact fees	379,936	88,766
Total current assets	<u>9,170,650</u>	<u>8,804,569</u>
Noncurrent assets:		
Land	403,990	403,990
Ambulance build in progress	156,471	60,588
Building (net of accumulated depreciation)	726,415	725,007
Vehicles (net of accumulated depreciation)	2,581,694	1,735,522
Equipment (net of accumulated depreciation)	1,698,262	624,184
Total noncurrent assets	<u>5,566,832</u>	<u>3,549,291</u>
Total assets	<u>14,737,482</u>	<u>12,353,860</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows	106,567	103,358
Total deferred outflows of resources	<u>106,567</u>	<u>103,358</u>
LIABILITIES		
Current liabilities:		
Accounts payable	216,318	172,122
Accrued payroll and related expenses	35,125	28,699
Long-term liabilities:		
Due within one year:		
Loans payable, current portion	-	30,334
Due in more than one year:		
Compensated absences	87,756	74,676
Net pension liability	304,543	431,933
Total liabilities	<u>643,742</u>	<u>737,764</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	170,347	59,181
Total deferred inflows of resources	<u>170,347</u>	<u>59,181</u>
NET POSITION		
Net investment in capital assets	5,566,832	3,518,957
Restricted - impact fees	379,936	88,766
Unrestricted	8,083,192	8,052,550
Total net position	<u>\$ 14,029,960</u>	<u>\$ 11,660,273</u>

See accompanying "Notes to the Financial Statements"
and Independent Auditor's Report

Kootenai County Emergency Medical Services System

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended September 30, 2025 and 2024

	2025	2024
Operating revenues:		
Ambulance services, net of contractual adjustments of \$4,474,767 and \$4,780,090, respectively	\$ 8,355,838	\$ 7,393,190
Miscellaneous income	34,698	22,362
Total operating revenue	8,390,536	7,415,552
Operating expenses:		
Contracts	6,665,254	6,299,780
Depreciation expense	690,247	457,221
Employee benefits	144,167	143,252
Insurance	37,367	29,396
Legal and professional	7,694	31,009
Payroll taxes	48,302	41,197
Bad debt	640,623	398,872
Wages and salaries	619,448	553,027
Other operating expenses (scheduled)	1,665,545	1,499,072
Change in net pension liability	61,530	124,774
Total operating expenses	10,580,177	9,577,600
Operating loss	(2,189,641)	(2,162,048)
Non-operating revenues (expenses):		
Tax transmittal revenue	3,958,530	3,737,621
Capital grants	16,103	-
Rent income	4,800	4,800
Other income	-	20,913
Interest income	288,219	299,317
Impact fees	291,676	275,500
Total non-operating revenues (expenses)	4,559,328	4,338,151
Change in net position	2,369,687	2,176,103
Net position- beginning	11,660,273	9,484,170
Net position- ending	\$ 14,029,960	\$ 11,660,273

See accompanying "Notes to the Financial Statements"
and Independent Auditor's Report

Kootenai County Emergency Medical Services System

Statements of Cash Flows For the Years Ended September 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Ambulance services	\$ 7,795,739	\$ 6,674,454
Miscellaneous income	34,698	22,362
Payments to employees, payroll taxes, and benefits	(852,699)	(844,009)
Payments for contracts	(6,665,254)	(6,299,780)
Payments for insurance	(36,249)	(29,346)
Payments for legal and professional	(7,694)	(31,009)
Other	(1,625,064)	(1,468,409)
Net cash (used) by operating activities	(1,356,523)	(1,975,737)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Tax transmittal receipts from County	3,953,855	3,741,528
Other income	-	20,913
Net cash provided by noncapital financing activities	3,953,855	3,762,441
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	(2,707,788)	(790,107)
Payments on long-term borrowings	(30,334)	(30,334)
Capital grant proceeds	16,103	-
Impact fee receipts	291,676	275,500
Net cash (used) by capital and related financing activities	(2,430,343)	(544,941)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	288,219	299,317
Rental income	4,800	4,800
Net cash provided by investing activities	293,019	304,117
Net increase in cash and cash equivalents	460,008	1,545,880
Cash and cash equivalents, October 1	7,007,891	5,462,011
Cash and cash equivalents, September 30	\$ 7,467,899	\$ 7,007,891
Reconciliation of operating loss to net cash (used) by operating activities:		
Operating loss	\$ (2,189,641)	\$ (2,162,048)
Adjustments to reconcile net operating loss to net cash (used) by operating activities		
Depreciation expense	690,247	457,221
Decrease (increase) in accounts receivable, (net)	80,524	(319,864)
(Increase) in inventories	(3,715)	(21,204)
Decrease (increase) in prepaid expenses	20,675	(43,728)
Decrease in insurance deposits	1,118	50
Increase in accounts payable	44,196	51,867
Increase in accrued payroll and related expenses	19,506	3,392
Net change in net pension liability	(19,433)	58,577
Total adjustments	833,118	186,311
Net cash (used) by operating activities	\$ (1,356,523)	\$ (1,975,737)

See accompanying "Notes to the Financial Statements"
and Independent Auditor's Report

Kootenai County Emergency Medical Services System

SCHEDULE OF OTHER OPERATING EXPENSES For the Years Ended September 30, 2025 and 2024

	2025	2024
Other operating expenses:		
Subsidy	\$ 108,993	\$ 146,412
Billing services	347,182	317,632
Medical supplies	275,011	333,899
Equipment under threshold for capitalization	99,358	53,678
Fuel	120,021	122,867
Medical director	72,000	79,000
Vehicle maintenance and repair	211,908	207,621
Software service fees	84,425	91,210
Training	68,949	39,559
Administrative and building expenses	54,964	40,907
Supplies	36,940	20,388
Long distance transports	300	7,725
Miscellaneous expenses	114,951	934
Contract labor	28,590	-
Telephone	15,996	15,913
Equipment maintenance	5,785	5,639
Administrative conferences and meetings	6,299	1,537
Dues and subscriptions	460	670
Postage	635	1,020
Printing and logo design	323	731
Standby expense	12,455	11,730
Total other operating expenses	<u>\$ 1,665,545</u>	<u>\$ 1,499,072</u>

See accompanying "Notes to the Financial Statements"
and Independent Auditor's Report

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025 and 2024

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 System'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 as applied to local governments. The System applies all applicable Governmental Accounting Standards Board (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, 2025 and 2024

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. 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. The System's capitalization policy includes all items with a unit cost of \$5,000 or greater, 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, 2025 and 2024

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 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 on the 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.

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, 2025 and 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

N. Compensated Absences

Effective fiscal year 2025, KCEMSS implemented GASB Statement No. 101 *Compensated Absences*. GASB Statement No. 101 replaced and superseded GASB Statement No. 16.

Under the new guidance, a liability for unused leave is recognized if it is attributable to services already rendered, accumulates, and is more likely than not (> 50% likelihood) to be used as time off, paid in cash, or settled through noncash means.

The System provides compensated absences in form of Paid Time Off (PTO). Under the System's PTO policy, employees accumulate accrued PTO hours each pay period, subject to established limits, and based on the number of years employment. Unused accrued PTO hours are paid out upon separation on a tiered percentage rate based on length of employment. The liability for unused leave is measured using the employees' pay rate applied to each employee's PTO hour balance as of fiscal year end September 30th.

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025 and 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

N. Compensated Absences (Concluded)

The implementation of GASB Statement. No. 101 did not require a remeasurement of the liability for compensated absences as of September 30, 2024 because the System's methodology for calculating accrued compensated absences was already in alignment with the new requirements of GASB 101. Accordingly, no prior period adjustment was required as a result of implementing the new accounting standard.

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 \$7,467,899 and \$7,487,993, respectively, as of September 30, 2025 and \$7,007,891 and \$7,038,128, respectively as of September 30, 2024. As of September 30, 2025 and 2024, the System's deposits were exposed to custodial credit risk and were categorized as follows:

Deposits without exposure to custodial credit risk:

	2025	2024
Amounts insured by FDIC	\$ 89,828	\$ 162,795

Deposits with exposure to custodial credit risk:

Amounts collateralized with securities held in trust, but not in the System's name	7,398,165	6,875,333
Total deposits	<u>\$ 7,487,993</u>	<u>\$ 7,038,128</u>

Cash and cash equivalents at September 30th consist of the following:

Deposits	\$ 69,734	\$ 132,558
Idaho State Investment Pool (LGIP)	7,398,165	6,875,333
Total	<u>7,467,899</u>	<u>7,007,891</u>

The carrying amount is displayed in the financial statements as follows:

Cash and cash equivalents	7,087,963	6,919,125
Restricted cash and cash equivalents - impact fees	379,936	88,766
Total carrying amount of cash and cash equivalents	<u>\$ 7,467,899</u>	<u>\$ 7,007,891</u>

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025 and 2024

NOTE 2: CASH AND CASH EQUIVALENTS (Concluded)

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 \$7,398,165 and \$6,875,333 as of September 30, 2025 and 2024, respectively, which approximates fair market value. The System's portion of the Idaho State Investment Pool had an unrealized gain of \$11,837 and \$17,876 as of September 30, 2025 and 2024, 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.

NOTE 3: CAPITAL ASSETS

Following is a recap of capital assets for the fiscal year ended September 30, 2025:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 403,990	\$ -	\$ -	\$ -	\$ 403,990
Construction in progress	60,588	156,471	-	(60,588)	156,471
Total capital assets, not being depreciated	<u>464,578</u>	<u>156,471</u>	<u>-</u>	<u>(60,588)</u>	<u>560,461</u>
Capital assets, being depreciated:					
Buildings	1,315,398	65,819	-	-	1,381,217
Equipment	2,120,157	1,357,467	(513,931)	-	2,963,693
Vehicles	<u>4,898,727</u>	<u>1,128,031</u>	<u>(1,237,216)</u>	<u>60,588</u>	<u>4,850,130</u>
Total capital assets being depreciated	<u>8,334,282</u>	<u>2,551,317</u>	<u>(1,751,147)</u>	<u>60,588</u>	<u>9,195,040</u>
Less accumulated depreciation:					
Building	(590,391)	(64,411)	-	-	(654,802)
Equipment	(1,495,973)	(283,389)	513,931	-	(1,265,431)
Vehicles	<u>(3,163,205)</u>	<u>(342,447)</u>	<u>1,237,216</u>	<u>-</u>	<u>(2,268,436)</u>
Total accumulated depreciation	<u>(5,249,569)</u>	<u>(690,247)</u>	<u>1,751,147</u>	<u>-</u>	<u>(4,188,669)</u>
Total capital assets, being depreciated, net	<u>3,084,713</u>	<u>1,861,070</u>	<u>-</u>	<u>60,588</u>	<u>5,006,371</u>
Governmental activities capital assets, net	<u>\$ 3,549,291</u>	<u>\$ 2,017,541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,566,832</u>

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025 and 2024

NOTE 3: CAPITAL ASSETS (Concluded)

Following is a recap of capital assets for the fiscal year ended September 30, 2024:

	Beginning Balance	Increases	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 403,990	\$ -	\$ -	\$ -	\$ 403,990
Construction in progress	57,468	60,588	-	(57,468)	60,588
Total capital assets, not being depreciated	461,458	60,588	-	(57,468)	464,578
Capital assets, being depreciated:					
Buildings	1,294,996	30,000	(9,598)	-	1,315,398
Equipment	2,151,886	90,141	(121,870)	-	2,120,157
Vehicles	4,644,287	609,378	(412,406)	57,468	4,898,727
Total capital assets being depreciated	8,091,169	729,519	(543,874)	57,468	8,334,282
Less accumulated depreciation:					
Building	(543,053)	(56,936)	9,598	-	(590,391)
Equipment	(1,431,999)	(185,844)	121,870	-	(1,495,973)
Vehicles	(3,361,170)	(214,441)	412,406	-	(3,163,205)
Total accumulated depreciation	(5,336,222)	(457,221)	543,874	-	(5,249,569)
Total capital assets, being depreciated, net	2,754,947	272,298	-	57,468	3,084,713
Governmental activities capital assets, net	\$ 3,216,405	\$ 332,886	\$ -	\$ -	\$ 3,549,291

NOTE 4: LOANS PAYABLE

In fiscal year 2020, the System financed the purchase of several radios with a lender. The loan called for 5 annual payments of \$30,334 and no interest. The loan was collateralized by the underlying acquired assets. During fiscal 2025, the System made its final payment of \$30,334, satisfying the obligation in full.

NOTE 5: CHANGES IN LONG-TERM DEBT AND CURRENT MATURITIES

Changes in long-term liabilities for the year ended September 30, 2025 are as follows:

	Balance 9/30/2024	Additions	Reductions	Balance 9/30/2025	Due Within 1 Year
Loans payable	\$ 30,334	\$ -	\$ (30,334)	\$ -	\$ -
Accrued compensated absences	74,676	13,080 *	-	87,756	-
Net pension liability	431,933	-	(127,390)	304,543	-
Total long-term liabilities	\$ 536,943	\$ 13,080	\$ (157,724)	\$ 392,299	\$ -

* Net change

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025 and 2024

NOTE 6: 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.

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, 2025, it was 7.18% for general employees and 10.36% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.96% for general employees and 13.48% for public safety. The System's contributions were \$80,963 for the year ended September 30, 2025.

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025 and 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

At September 30, 2025, the System reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, 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, 2025, the System's proportion was 0.012594 percent.

For the year ended September 30, 2025, the System recognized pension expense of \$61,530. At September 30, 2025, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 57,389	\$ -
Changes in assumptions or other inputs	-	53,553
Net difference between projected and actual earnings on pension plan investments	-	78,288
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	30,666	38,506
KCEMSS's contributions subsequent to the measurement date	18,512	-
Total	<u>\$ 106,567</u>	<u>\$ 170,347</u>

\$18,512 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, 2026.

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, 2023, the beginning of the measurement period ended June 30, 2024 is 4.6 years and 4.6 years for the measurement period June 30, 2025.

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025 and 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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:

Year ended:

2026	46,917
2027	(56,067)
2028	(51,747)
2029	(21,395)

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, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.15%
Salary inflation	3.15%
Investment rate of return	6.55%, 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%

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, 2025 is based on the results of an actuarial valuation date July 1, 2025.

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.

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025 and 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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 2025.

Asset Class	Index	Target Allocation*	10-Year Projected Real Rate of Return**
Large Cap US Equity	S&P 500	22%	4.75%
Small/Mid Cap US Equity	Russell 2500	10%	4.95%
Developed ex-US Equity	MSCI World ex USA	11%	4.75%
Emerging Markets Equity	MSCI Emerging Markets	11%	4.95%
Core US Fixed	Bloomberg Aggregate	20%	2.25%
TIPS	Bloomberg TIPS	10%	2.05%
Core Real Estate	NCREIF ODCE	8%	3.75%
Private Equity	Cambridge Private Equity	8%	6.00%
Portfolio 10-Year Projected Real Rate of Return, Net of Investment Expenses			4.71%
Portfolio Standard Deviation			12.57%

Valuation Assumptions Chosen by PERSI Board

Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.15%
Assumed Inflation	<u>2.40%</u>
Long-Term Expected Nominal Rate of Return, Net of Investment Expenses	6.55%

* PERSI strategic policy

** Net of investment expenses

Kootenai County Emergency Medical Services System

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025 and 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Concluded)

Discount Rate

The discount rate used to measure the total pension liability was 6.55%. 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 6.55 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 (5.55 percent) or 1 percentage point higher (7.55 percent) than the current rate:

	1% Decrease (5.55%)	Current Discount Rate (6.55%)	1% Increase (7.55%)
Employer's proportionate share of the net pension liability	\$ 732,733	\$ 304,543	\$ (45,268)

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, 2025, 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, 2025 and 2024

NOTE 7: 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.

NOTE 8: 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, 2025 and 2024, the System contracted for personnel services provided by these entities as follows:

	September 30, 2025	September 30, 2024
Northern Lakes Fire District	\$ 1,619,868	\$ 1,571,638
Kootenai Fire & Rescue	\$ 1,700,912	\$ 1,650,254
City of Coeur d'Alene	\$ 1,965,240	\$ 1,910,418
Timberlake Fire Protection District	\$ 243,968	\$ 236,547

NOTE 9: CHANGE IN ESTIMATE

In July 2025, the System changed the estimated useful life for certain ambulances in its fleet from 10 years to 8 years. This change was made to better align the allocation of the ambulances' costs with their remaining expected economic benefit.

The change in estimate is accounted for prospectively, meaning prior periods are not restated. The effect of this change on the current period is an increase in depreciation expense and accumulated depreciation in the amount of approximately \$39,500.

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 ***

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's portion of the net pension liability (asset)	0.0125940%	0.0115470%	0.0135708%	0.0139941%	0.0132249%	0.0137270%	0.0144259%	0.0145984%	0.0130919%	0.0123497%
Employer's proportionate share of the net pension liability (asset)	\$ 304,543	\$ 431,933	\$ 541,566	\$ 551,195	\$ (10,445)	\$ 318,759	\$ 164,668	\$ 215,329	\$ 205,782	\$ 250,347
Employer's covered-employee payroll	\$ 595,278	\$ 537,024	\$ 543,280	\$ 552,262	\$ 516,568	\$ 473,308	\$ 485,632	\$ 467,661	\$ 417,229	\$ 370,362
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	51.16%	80.43%	99.68%	99.81%	-2.02%	67.35%	33.91%	46.04%	49.32%	67.60%
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.89%	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%

* 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 ***

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 80,963	\$ 66,197	\$ 65,799	\$ 67,616	\$ 62,727	\$ 56,241	\$ 56,590	\$ 53,944	\$ 48,429	\$ 42,803
Contributions in relation to the statutorily required contribution	\$ (80,963)	\$ (66,197)	\$ (65,799)	\$ (67,616)	\$ (62,727)	\$ (56,241)	\$ (56,590)	\$ (53,944)	\$ (48,429)	\$ (42,803)
Contribution (deficiency) excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 595,278	\$ 537,024	\$ 543,280	\$ 552,262	\$ 516,568	\$ 473,308	\$ 485,632	\$ 467,661	\$ 417,229	\$ 370,362
Contributions as a percentage of covered-employee payroll	13.60%	12.33%	12.11%	12.24%	12.14%	11.88%	11.65%	11.53%	11.61%	11.56%

* 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 (the "System"), a component unit of Kootenai County, as of and for the year ended September 30, 2025, 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 December 18, 2025.

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 our 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

December 18, 2025