To the Board of Trustees
Emergency Medical Services Authority

We are pleased to present this report related to our audits of the financial statements and schedule of expenditures of federal awards of the Emergency Medical Services Authority (the Authority) as of and for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Authority's financial reporting process.

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

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

Our Responsibilities with Regard to the Financial Statement Audit
Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated June 14, 2023. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit
We have issued a separate communication dated June 14, 2023 regarding the planned scope and timing of our audit and identified significant risks. We made no significant changes to the scope or timing of procedures.

Accounting Policies and Practices
Preferability of Accounting Policies and Practices - Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies - Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. The following is a description of significant accounting policies or their application that were either initially selected or changed during the year:

- On July 1, 2022, the Authority adopted GASB statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about the governments' subscription-based information technology arrangements (SBITA's). A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. This statement establishes that a SBITA results in an intangible right-to-use subscription asset and a corresponding subscription liability. The Authority has evaluated this standard and determined there was an immaterial impact to the financial statements. As a result, no lease liability or right-to-use asset was recorded. Management should continue to evaluate agreements as someday this may become more relevant.

Significant Accounting Policies - We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant or Unusual Transactions - We identified the following significant or unusual transaction and the policies and practices management used to account for this transaction:

- In October 2022, the Authority and AMRAS settled the lawsuit which resulted in the recognition of $5,339,896 of revenue associated with provision of the contract and is included in operating revenue on the Authority's Statement of Revenues, Expenses, and Changes in Net Position. This fully settled all amounts owed to the Authority by AMRAS and all amounts owed to AMRAS by the Authority.

Management's Judgments and Accounting Estimates - Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in the Authority's financial statements.

- Allowance for Doubtful Accounts: The allowance for doubtful accounts is based on management's estimate of collectability of identified receivables, as well as aging of customer accounts. The allowance is adjusted as information and specific accounts become available. The Authority also compares current allowance amounts to prior-year collection or write-off experience. We tested the underlying information supporting this allowance, including the most recent aging reports and collection experience.
- Allowance for Contractual Adjustments: The allowance for contractual adjustments is based on third-party payor contracts, analysis of historical trends and other factors. The contractual allowances are adjusted as information about third-party payor contracts becomes available, as changes in contracts occur and as payment items are known. We tested the underlying information supporting this allowance, including the most recent accounts receivable reports by payor and write-off experience.

Audit Adjustments and Uncorrected Misstatements
There were no audit adjustments made to the original trial balance presented to us to begin our audit.

Uncorrected misstatements are summarized below. Uncorrected misstatements or matters underlying these uncorrected misstatements could potentially cause future period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Description	Effect—Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
Carryover impact from previous years	$ --	$ --	$ (1,903,000)	$ 1,903,000	$ --
Current year difference in estimate:					
To reclassify payable balances out of accounts receivable and adjust the allowance for doubtful accounts as a result	534,000	2,491,000	--	(1,957,000)	--
To reduce accounts payable to match the accounts payable detail		(96,677)	--	--	(96,677)
Subtotal	$ 34,000	$ 2,394,323		$ (54,000)	$ (96,677)
Effect of current year passed adjustments on change in net position			(42,677)		
Total estimated effect on net position			$ (1,860,323)		

Cybersecurity Risk
Effective cybersecurity risk management has never been more important than in today's environment. Boards of Trustees and executive management (the governance team) face an enormous challenge: to oversee how the organization manages cybersecurity risk.

An effective cybersecurity risk management program provides reasonable, but not absolute, assurance that material breaches are prevented or detected, and mitigated in a timely manner. The combined effects of an organization's dependency on IT, the complexity of IT networks and business applications, extensive reliance on third parties and human nature (i.e., susceptibility to social engineering) are only likely to increase the need for effective cybersecurity risk management programs. Elements of an effective cyber risk management program should include:

- A comprehensive and documented risk assessment. Such assessment should not fall solely on the IT team. It is a governance and management challenge that should involve executive management and others charged with governance.
- Control assessments should include, at a minimum, an information technology systems general controls review, social engineering testing and, potentially, internal and/or external penetration testing.
- A vulnerability assessment will identify potential network vulnerabilities that can leave a company open to significant risk. Using automated scanners, this will help the organization identify and resolve vulnerabilities before they are exploited by cybercriminals.

The organization has annual IT assessments and vulnerability assessments, which we believe is imperative in today's environment. We encourage executive management to be intimately involved with the review and summary reports should also be shared with the governance team.

Management Representations
In connection with our audit procedures, we have obtained a written management representation letter. This representation letter constitutes written acknowledgments by management that it has the primary responsibility for the fair presentation of the financial statements in conformity with generally accepted accounting principles and also includes the more significant and specific oral representations made by officers and employees during the course of the audit. The letter is intended to reduce the possibility of misunderstandings between us and the Authority and reminds the signing officers to consider seriously whether all material liabilities, commitments and contingencies or other important financial information have been brought to our attention.

Other Information Included in Annual Reports
Our responsibility for other information included in annual reports is to read the information and consider whether its content or the manner of its presentation is materially inconsistent with the financial information covered by our auditor's report, whether it contains a material misstatement of fact or whether the other information is otherwise misleading. We read the Authority's transmittal letter and statistical sections. We did not identify material inconsistencies with the audited financial statements.

Observations About the Audit Process
We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit year; we encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements; we are not aware of any consultations management had with other accountants about accounting or auditing matters; no significant issues arising from the audit were discussed or the subject of correspondence with management; we did not encounter any difficulties in dealing with management relating to the performance of the audit; and we did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Shared Responsibilities for Independence
Independence is a **joint responsibility** and is managed most effectively when management, audit committees, and audit firms work together in considering compliance with AICPA and *Government Accountability Office* (GAO) independence rules. For Allen, Gibbs & Houlik, L.C. (AGH) to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and AGH each play an important role.

Our Responsibilities
- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. AGH is to ensure that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality control over compliance with independence rules and firm policies.

The Authority's Responsibilities
- Timely inform AGH, before the effective date of transactions or other business changes, of the following:
  - New affiliates, directors, officers, or persons in financial reporting and compliance oversight roles.
  - Changes in the reporting entity impacting affiliates such as partnerships, related entities, investments, joint ventures, component units, jointly governed organizations.

- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the Authority and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with AGH.
- Not entering into arrangements of nonaudit services resulting in AGH being involved in making management decisions on behalf of the Authority.
- Not entering into relationships resulting in AGH, AGH covered persons or their close family members, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the Authority.

Internal Control Matters
In planning and performing our audit of the financial statements of Emergency Medical Services Authority as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority'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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

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. We consider the following deficiencies in the Authority's internal control to be significant deficiencies:

Segregation of Duties - Individuals within the accounting department have incompatible duties in several financial statement reporting transaction cycles. A summary of the incompatible functions within each transaction cycle that are not adequately segregated are as follows:

- The CFO has the ability to both create and post manual journal entries without secondary review. Segregation of incompatible functions exists within the CFO level because the CFO also has approval rights over entries made by the accounting staff, has the ability to change user access rights within the financial reporting software, has access to the payroll software, and is an authorized signer on the Authority's bank accounts.

Mitigating controls are in place in order to compensate for the inherent risk of these segregation issues. The key compensating controls include, management's monthly review of the financial statements as presented to the Board, independent reconciliations of cash and generations of check runs, and duel manual signatures on checks over $10,000. To improve the key compensating controls, we recommend the Authority separate these responsibilities to reduce the risk of improper financial statement transactions.

Other Matters

Pending Governmental Accounting Standards - GASB Statement No. 100, *Accounting Changes and Error Corrections*, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates and changes to or within the financial reporting entity. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for each type of accounting change and error corrections. This statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period. This statement also requires disclosure in the notes to the financial statements of descriptive information about accounting changes and error corrections. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. The provisions of this statement are effective for financial statements for the Authority's fiscal year ending June 30, 2024.

GASB Statement No. 101, *Compensated Absences*, better meets the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this statement are effective for financial statements for the Authority's fiscal year ending June 30, 2024.

Comprehensive Policy and Procedure Review - Given the broad and deep scope of your operations, you should consider completing a comprehensive evaluation of the adequacy and effectiveness of the entity's internal financial policies, processes and procedures, including a comparison to best practices among organizations the same size.

For entities that have experienced budget cuts in the finance area or those that have experienced turnover, a periodic review of controls is imperative. Even if your finance team has been stable over the years, we remind you that even the best design of controls is only as good as the people who carry out and execute such controls.

Financial policies, procedures and processes are a key element of sound fiscal administration. When policies are effective, they can preserve or enhance the fiscal health and wealth of the organization and create efficiencies for staff members.

This comprehensive evaluation could include:

1. Evaluation of existing controls
2. Identification of financial policies that could lead to vulnerability to fraud and/or abuse
3. For those identified weaknesses and risks, recommendations for improvements.

AGHUniversity Resources - As part of AGH's ongoing commitment to serve as a trusted advisor, we offer these resources as a key part of the additional value AGH provides beyond the engagement itself:

- AGHUniversity.com - a full schedule of complimentary CPE or current and relevant topics and other updates to clients throughout the year. Free registration and webinars are available for the Company's staff and board members at aghuniversity.com. A sample of recent topics include Lease accounting; Become a destination employer: 5 factors you must get right; 6 steps to improving employee soft skills – Along with productivity and profitability; Measuring what matters in your 401(k) plan for recruitment, retention and reward; Cybersecurity: Protect your organization from cybercriminals; and 10 steps to prepare your business for a sale.
- AGH alerts and newsletters - this includes periodic mailings or emails to alert clients to new accounting standards or regulatory changes.

Closing
We will be pleased to respond to any questions you have about this report or set up an introductory meeting to discuss the other recommendations at no charge. We appreciate the opportunity to continue to be of service to Emergency Medical Services Authority.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Wichita, KS
September 27, 2023