



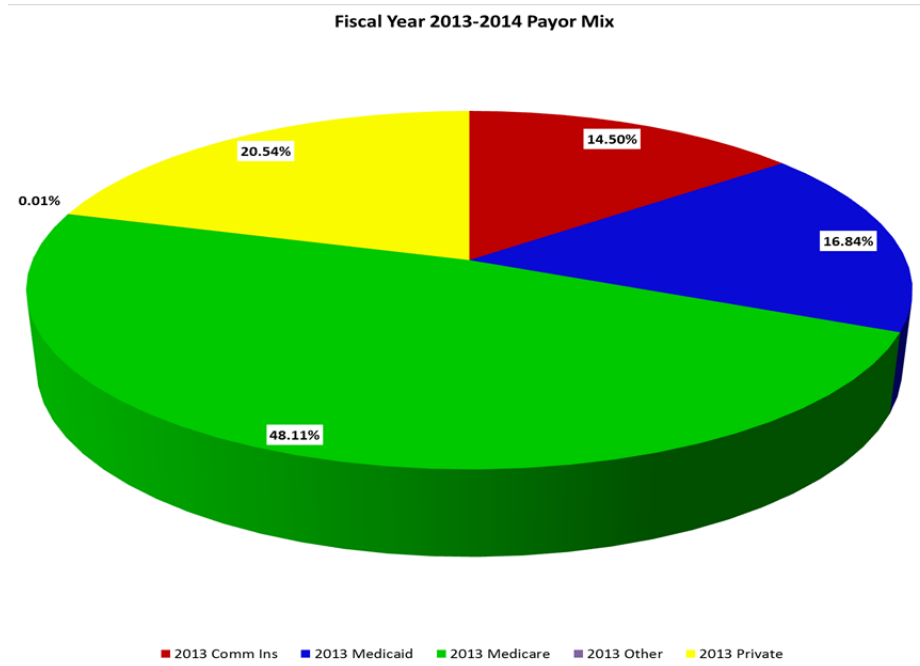
1204 East High Street • Davenport, Iowa 52803-2436 • (563) 323-6806

October 13, 2014

Ms. Dee Bruemmer, Scott County Administrator
600 West Fourth Street
Davenport, IA 52801

Dear Ms. Bruemmer:

On September 25, 2014, the MEDIC EMS Board of Directors held its annual meeting, which included the presentation of the 2014 fiscal year annual audit. This year's audit revealed an operational loss of \$231,657, resulting from several factors. As an example, payor mix was negatively affected by an increase in "Private" or "Self" pay patients, a 3% reduction in commercial insurance payors, and a Medicare 2% sequestration.



The current agreement held between MEDIC EMS and Scott County, dated July 1, 2011, and in effect until June 30, 2016, describes the "Matter of Financing" under Section 4.A, specifically stating, "...Scott County agrees to reimburse MEDIC EMS two-thirds (2/3) of any and all cumulative deficit incurred at the end of each one-year period of July 1 through June 30 during the term of this Agreement and any extensions hereof. The cumulative deficit, if any, shall be shown on the year-end audited financial report prepared by MEDIC EMS."

Although MEDIC EMS reported deficits for the years ending June 30, 2013 (\$159,426) and June 30, 2012 (\$307,806), the Board of Directors agreed not to request reimbursement from Scott County at that time. At the September 25, 2014 MEDIC EMS Annual Meeting, the MEDIC EMS Board of Directors voted to request reimbursement of two-thirds of the cumulative deficit for the year ending June 30, 2014, in the amount of \$155,210. MEDIC EMS currently has approximately 17 days of cash on hand for expenses.

Please contact me if you have any questions regarding this deficit funding request at (563) 323-6806.

Best Regards,



Linda Frederiksen
Executive Director

Enclosures: 1. Scott County/MEDIC EMS Agreement 20G-01-1200/DHAC dated July 1, 2011
2. MEDIC EMS Financial Statements, June 30, 2014 and 2013 (With Independent Auditors Report Thereon)

RECEIVED

SCOTT COUNTY HEALTH DEPARTMENT

Administrative Center
600 West 4th St.
Davenport, Iowa 52801-1004
Office: (563) 326-8618 Fax: (563)326-8774
www.scottcountyiowa.com

JUN 24 2011



Date: July 1, 2011

Agreement #: 20G-01-1200/DHAC

Agreement Parties: Scott County Board of Health

600 W 4th St
Davenport, IA 52801

Davenport Hospital Ambulance Corporation
1204 E High Street
Davenport, IA 52803

Purpose: Davenport Hospital Ambulance Corporation ("MEDIC EMS") provides basic life support and advanced life support and emergency and transfer services within geographical areas "C", "D" and "E" of the Scott County Code of Ordinances, Chapter 28, Ambulance Service, and back-up for areas "A" and "B". Areas "A" through "E" are delineated on the maps attached hereto. The Scott County Board of Health ("Scott County") recognizes that the services provided by MEDIC EMS are essential to the health and safety of the residents of Scott County and Scott County seeks to ensure the availability of these vital services.

The parties hereby agree to perform the work, fulfill the obligations, to provide the services and abide by all terms and conditions described in the Agreement, consisting of these cover pages and the following pages consisting of Sections I through VII, for the consideration herein. The parties hereto have executed this contract on the day and year last specified below.

For and on behalf of the Scott County Board of Health:

By: Denise Coener
Chairman

Date: 6-16-11

For and on behalf of the Davenport Hospital Ambulance Corporation:

By: Linda Frederiksen
Executive Director

Date: May 31, 2011

For and on behalf of the Scott County Board of Supervisors:

By: Tom Anderson
Chairman

Date: 6-9-11

I. Identification of Parties

- A. The Chairperson of the Scott County Board of Health is the Authorized County Official for this Agreement. The Authorized County Official shall have the authority to authorize this Agreement, and any changes in the terms, conditions, or amounts specified in this Agreement. Negotiations concerning this Agreement should be referred to the Chairperson. The Scott County Board of Health hereinafter will be referred to as "Scott County."
- B. The Executive Director is the Authorized Davenport Hospital Ambulance Corporation Official for this Agreement. This individual is responsible for financial and administrative matters of this Agreement and shall have the authority to authorize this Agreement and any changes in the terms, conditions or amounts specified in this Agreement. Negotiations concerning this Agreement should be referred to the Executive Director. The Davenport Hospital Ambulance Corporation hereinafter will be referred to as "MEDIC EMS."

II. Term of Agreement

- A. The effective date and initial term of this Agreement shall begin on July 1, 2011 and shall continue until June 30, 2013 and shall thereafter renew annually commencing at the expiration of the initial term of this Agreement for up to three (3) additional terms of one (1) year each. This Agreement shall remain in effect unless one party serves written notice to the other at least ninety (90) days prior to the expiration of the initial term or any renewal term of the Agreement that it desires for any reason to terminate this Agreement.
- B. This Agreement may be terminated by any party upon not less than forty-five (45) business days prior written notice to the other party specifying the date on which termination will become effective, in the event of any action or threatened action by local, state, or federal governmental or accrediting bodies, or any opinion of legal counsel to the effect that any provision of state or federal law or regulations creates a serious risk of assessment, sanction, penalty, or other significant consequence (collectively referred to as "supervening law") to the party giving such notice. The parties acknowledge that this Agreement is being entered into at a time of significant change in state and federal law regarding the delivery and financing of health services and all parties agree to negotiate in good faith to reform or modify this Agreement, as necessary in the event of supervening law as defined herein prior to terminating this Agreement, unless termination is necessary to prevent imminent adverse legal consequence.

- C. This Agreement may be terminated by any party, for cause consisting of material breach or default by another party, by giving the other party not less than thirty (30) business days prior notice of termination in writing, specifying the alleged breach or default and the date on which termination will be effective, provided, that in the event of termination for cause under this subparagraph, the party receiving notice shall have twenty (20) business days from the date of receipt of such notice in which to correct or cure the alleged default, provided, however, that if such default cannot reasonably be cured in twenty (20) business days, the breaching party shall have a reasonable period of time thereafter to cure the alleged default.
- D. This agreement may be amended in whole or in part, by mutual consent of the parties, provided that no such amendment shall become effective unless in writing and properly executed by both parties.

III. Scope of Services

- A. MEDIC EMS will provide basic life support and advanced life support emergency and transfer services within geographical areas "C", "D" and "E" of the ambulance service area described in Scott County Code of Ordinances, Chapter 28, Ambulance Service. In addition of providing full time ambulance service as above described, MEDIC EMS agrees to provide standby and/or backup service within geographic areas "A" and "B" of the ambulance service area, upon request of Scott County as required by Section 28-4, Subsection F of the Scott County Code of Ordinances, Chapter 28, Ambulance Service.
- B. MEDIC EMS shall comply with Scott County Code of Ordinances, Chapter 28, Ambulance Service and all Iowa Department of Public Health EMS rules, regulations, and laws.

IV. Manner of Financing

- A. Scott County agrees to reimburse MEDIC EMS two-thirds (2/3) of any and all cumulative deficit incurred at the end of each one-year period of July 1 through June 30 during the term of this Agreement and any extensions hereof. The cumulative deficit, if any, shall be shown on the year-end audited financial report prepared by MEDIC EMS.
- B. MEDIC EMS, at its place of business, shall keep accurate and complete financial books and records in accordance with sound and generally accepted accounting principles. If necessary to fulfill its obligations under this Agreement, Scott County shall have the right at all times during business hours, upon reasonable notice to MEDIC EMS, to inspect such financial books and records, to make extracts therefrom as necessary and/or to speak with the auditors thereof.

- C. Upon preparation and review of the year-end audited financial report, MEDIC EMS shall invoice Scott County for the cumulative deficit shown, if any. This invoice shall be sent on or before five (5) business days from the beginning of the calendar month succeeding the completion of the year-end financial report. Scott County shall pay its share of the deficit no later than thirty (30) days after the date of the invoice, provided that reasonable access to the MEDIC EMS records, if necessary and requested in accordance with this Agreement, has been provided in a timely manner.
- D. Scott County and MEDIC EMS each acknowledge that the payments herein to be made are to supplement and not supplant other available sources of income to MEDIC EMS, such as fees collected for services provided to individual patients.
- E. Pursuant to Paragraph B above, MEDIC EMS may disclose or reveal to Scott County orally, in writing, or by inspection, confidential information. Confidential information (hereinafter "Information") shall mean any data or information that is competitively sensitive and not generally known to the public. Such Information shall include, but is not limited to, financial statements, tax returns, cost and expense data, and other information that is not generally ascertainable from public or published information.

If such confidential information is disclosed, Scott County shall treat all Information received from MEDIC EMS as confidential, and Scott County, nor any of its respective officers, agents or employees shall disclose the Information to any third parties or use any Information received from MEDIC EMS for any purpose unrelated to this Agreement.

All Information pertaining to MEDIC EMS shall remain the property of MEDIC EMS, and all written or stored Information, with all copies thereof, shall be returned to MEDIC EMS upon its written request.

V. Liability and Insurance

MEDIC EMS shall maintain comprehensive liability insurance as required by Scott County Code of Ordinances, Chapter 28, Ambulance Service, Section 28-4, Subsection D, and shall be in an amount of at least \$1 million per occurrence/, \$3 million annual aggregate for general liability and professional liability coverage. Scott County shall be named as an additional insured under the general liability policy maintained by MEDIC EMS and providing minimum coverage of \$1 million. A copy of the certificate of insurance shall be on file at the Scott County Health Department.

VI. Reports

- A. MEDIC EMS agrees to submit the following reports to Scott County on or before the following dates:
- i. Certificate of insurance: Annually at the time of renewal
 - ii. First quarter outcomes: October 31st
 - iii. Second quarter outcomes: January 31st
 - iv. Third quarter outcomes: April 30th
 - v. Fourth quarter outcomes: August 31st
 - vi. Final financial profile: August 31st
 - vii. Audit report: 150 days from the end of the agency's fiscal year.
 - viii. Notification of any significant changes in funding, staffing or programming; including the expansion of an existing program or the addition of any new funding source and/or program within 30 days of the change.

VII. Other Conditions

- A. MEDIC EMS shall comply with all applicable laws and regulations pertaining to its operation, and shall not discriminate in providing services on the basis of race, color, creed, national origin, sex, handicapped condition or religious affiliation.
- B. None of the funds provided through this Agreement shall be used for any partisan political activity nor shall they be used to further the election of any candidate for political office.
- C. Severability. In the event that any one or more of the provisions contained in this Agreement shall for any reason be held by any court or by the Office of Inspector General (OIG) of the United States Department of Health and Human Services to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions and the Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in it.

MEDIC EMS

Financial Statements

June 30, 2014 and 2013

**(With Independent Auditor's
Report Thereon)**

Preliminary Draft

MEDIC EMS

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Preliminary Draft

Independent Auditor's Report

The Board of Directors
MEDIC EMS:

We have audited the accompanying financial statements of MEDIC EMS (the "Corporation") which comprise the balance sheets as of June 30, 2014 and 2013 and the related statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MEDIC EMS as of June 30, 2014 and 2013, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Bettendorf, Iowa
September 16, 2014

MEDIC EMS

Balance Sheets

June 30, 2014 and 2013

<u>Assets (notes 9 and 10)</u>	<u>2014</u>	<u>2013</u>
Current assets:		
Cash (note 8)	\$ 631,633	974,482
Accounts receivable:		
Hospitals - patient services (note 8)	74,658	51,593
Patients, net of allowance for estimated uncollectible accounts of \$11,525,252 in 2014 and \$5,308,800 in 2013 (note 8)	1,841,298	1,629,786
Prepaid expenses	74,793	72,485
Total current assets	<u>2,622,382</u>	<u>2,728,346</u>
Property and equipment (note 9)		
Land	146,786	146,786
Buildings	1,782,829	1,776,863
Ambulances	1,812,673	1,957,670
Radio equipment	68,534	61,453
Medical equipment	691,385	680,095
Office equipment	1,566,903	1,442,349
	<u>6,069,110</u>	<u>6,065,216</u>
Less accumulated depreciation	<u>3,839,176</u>	<u>3,670,753</u>
Net property and equipment	<u>2,229,934</u>	<u>2,394,463</u>
Total assets	<u>\$4,852,316</u>	<u>5,122,809</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Current installments of long-term debt (note 10)	52,191	29,125
Accounts payable (note 7)	91,842	146,282
Accrued expenses:		
Payroll	210,634	176,372
Payroll taxes	15,587	13,252
Earned time	414,749	431,095
Collection fees	166,337	201,230
Health insurance reimbursement	2,812	5,700
Total current liabilities	<u>954,152</u>	<u>1,003,056</u>
Long-term liabilities - long-term debt less current installments (note 10)	<u>56,189</u>	<u>46,121</u>
Total liabilities	<u>1,010,341</u>	<u>1,049,177</u>
Net assets – unrestricted	<u>3,841,975</u>	<u>4,073,632</u>
Total liabilities and net assets	<u>\$4,852,316</u>	<u>5,122,809</u>

See accompanying notes to financial statements.

MEDIC EMS

Statements of Operations

Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted revenues, gains, and other support:		
Patient service revenue, net of contractual allowances and discounts (note 4)	\$ 8,602,636	9,189,138
Provision for bad debts	(826,600)	(1,078,100)
Net patient service revenue, less provision for bad debts	7,776,036	8,111,038
Dispatching	158,967	164,128
Interest income	555	1,728
Patient care record hosting	65,785	62,276
Gain on disposal of property and equipment	-	17,083
Recoveries of bad debts	2,013	3,012
Total revenue, gains, and other support	<u>8,003,356</u>	<u>8,359,265</u>
Expenses:		
Salaries	4,698,098	4,703,555
Payroll taxes	348,759	345,668
Employee benefits	451,136	520,071
Pension (note 5)	227,931	266,090
Depreciation	605,172	635,705
Insurance	196,892	188,496
Repairs and maintenance	194,499	241,907
Gas and oil	257,790	247,908
Vehicle taxes and licenses	2,131	2,145
Medical supplies	206,278	213,089
Office supplies	186,137	149,956
Legal and accounting	52,180	49,388
Billing services	471,453	595,511
Occupancy and telephone	138,414	136,569
Education expense	980	12,301
Public relations	21,097	23,816
Uniforms	36,429	36,291
Subcontract	65,049	74,148
Travel and meetings	14,624	13,235
Dues and subscriptions	21,708	24,011
Miscellaneous	23,756	22,713
Small equipment	11,117	26,253
Interest expense	3,383	1,784
Total expenses	<u>8,235,013</u>	<u>8,530,610</u>
Deficit of revenues, gains, and other support over expenses before grants for property and equipment acquisition	(231,657)	(171,345)
Grant for property and equipment acquisition	<u>-</u>	<u>11,919</u>
Change in net assets	<u>\$(231,657)</u>	<u>(159,426)</u>

See accompanying notes to financial statements.

MEDIC EMS

Statements of Changes in Net Assets

Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted net assets:		
Change in net assets	\$(231,657)	(159,426)
Net assets, beginning of year	<u>4,073,632</u>	<u>4,233,058</u>
Net assets, end of year	<u>\$ 3,841,975</u>	<u>4,073,632</u>

Preliminary Draft

See accompanying notes to financial statements.

MEDIC EMS

Statements of Cash Flows

Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flow from operating activities:		
Change in net assets	\$(231,657)	(159,426)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	605,172	635,705
Gain on disposal of property and equipment	-	(17,083)
Increase in receivables	(234,577)	(189,265)
(Increase) decrease in prepaid expenses	(2,308)	31,291
Decrease in accounts payable	(54,440)	(61,447)
Increase (decrease) in accrued expenses	(17,530)	162,821
Net cash provided by operating activities	<u>64,660</u>	<u>402,596</u>
Cash flows from investing activities:		
Purchase of property and equipment	(440,643)	(511,027)
Proceeds from sale of property and equipment	-	21,508
Net cash used for investing activities	<u>(440,643)</u>	<u>(489,519)</u>
Cash flows from financing activities:		
Proceeds received from loan receivable	-	7,857
Proceeds from long-term borrowings	67,581	89,365
Principal payments on long-term debt	(34,447)	(14,119)
Net cash provided by financing activities	<u>33,134</u>	<u>83,103</u>
 Net decrease in cash	 (342,849)	 (3,820)
Cash and cash equivalents, beginning of year	<u>974,482</u>	<u>978,302</u>
Cash and cash equivalents, end of year	<u>\$ 631,633</u>	<u>974,482</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 3,383</u>	<u>1,784</u>

See accompanying notes to financial statements.

MEDIC EMS

Notes to Financial Statements

June 30, 2014 and 2013

(1) Nature of Organization

MEDIC EMS (the Corporation or Medic) is a non-profit organization which provides emergency ambulance services and transport services, primarily in Scott and Clinton Counties, Iowa. For the years ended June 30, 2014 and 2013, Medic had a third-party provider prepare billings for patient services.

(2) Summary of Significant Accounting Policies

The significant accounting policies of the Corporation, which conform with health care industry practice pursuant to the Audit and Accounting Guide for Audits of Health Care Organizations, are as follows:

(a) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

(b) Property and Equipment

Property and equipment are stated at cost, or if donated, the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the assets which ranges from five to thirty-three years. Depreciation expense for the years ended June 30, 2014 and 2013 amounted to \$605,172 and \$635,705, respectively.

Grants that must be used to acquire long-lived assets are reported as temporarily restricted support. Expiration of grantor restrictions are reported when the acquired assets are placed in service. There are no outstanding grants receivable as of June 30, 2014 and 2013.

(c) Net Patient Service Revenue

Net patient service revenue represents the estimated net realizable amounts from patients and the hospitals for services rendered.

The Corporation has an agreement with LifeQuest Services (the entity) whereby the entity bills patients or third party payors for the Scott County ambulance services. The entity has agreements with third-party payors that provide for payments to the entity at amounts different from Medic's established rates. For the years ended June 30, 2014 and 2013, the Corporation reports gross charges billed to patients by LifeQuest Services and provides an allowance for uncollectible accounts and contractual adjustments. The entity reviews the estimated allowance for uncollectible accounts and actual bad debts and adjusts the estimated allowances as necessary.

(d) Deficit of Revenues Over Expenses

The statement of operations includes deficit of revenues over expenses. Changes in unrestricted net assets which are excluded from deficit of revenue over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restrictions were to be used for the purposes of acquiring such assets).

MEDIC EMS

Notes to Financial Statements

(2) Summary of Significant Accounting Policies, continued

(e) Donor-Restricted Grants

Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

(f) Income Taxes

MEDIC EMS is a not-for-profit corporation and has been recognized as exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code.

The Corporation evaluates the tax benefits of a tax position using the "more likely than not" threshold. As of June 30, 2014, management is not aware of any uncertain tax positions and related tax benefits which would be material to the Corporation's financial statements.

The Corporation files a U.S. Federal information return which for fiscal years subsequent to 2010 are subject to examination by taxing authorities. If the Corporation were to incur interest and penalties on these returns, they would be classified under expenses.

(g) Accounts Receivable

Patient accounts receivable are carried at estimated net realizable amounts to be received from patients, third-party payors and others for services rendered less an estimate made for doubtful receivables. Accounts are considered past due after 180 days of non-payment. Accounts are written off after the Corporation's management has determined the account is uncollectable. Management determines the allowance for doubtful accounts on a monthly basis by identifying troubled accounts and by using historical experience applied to an aging of accounts. The Corporation does not charge interest on past due accounts.

(h) Cash and Cash Equivalents

The Corporation considers cash and cash equivalents to include cash on hand, cash in the bank and Certificate of Deposits with a maturity of less than 90 days.

(i) Subsequent Events

The Corporation evaluated subsequent events through September 16, 2014, which is the date the financial statements were available to be issued.

(3) Scott County and Hospitals Funding Agreement

MEDIC EMS has entered into an agreement with the Scott County Board of Health, Genesis Medical Center and Trinity Regional Health System to provide basic life support and advance life support ambulance service for portions of Scott County. Scott County has agreed to subsidize 67% of any deficit resulting from operations of MEDIC EMS. For the year ended June 30, 2013, MEDIC EMS had reported a deficit but had agreed not to request any subsidy payments from Scott County.

MEDIC EMS

Notes to Financial Statements

(4) Net Patient Service Revenue

The following summarizes the differences between gross patient service revenue determined at established rates and net patient service revenue.

	<u>2014</u>	<u>2013</u>
Primary ambulance service:		
Emergency	\$10,698,077	10,139,027
Non-emergency	<u>3,141,600</u>	<u>3,379,675</u>
Total primary ambulance service	13,839,677	13,518,702
Mercy Clinton transfers	1,900,556	1,737,668
Aledo transfers	962	11,840
Hospital transfers and shuttles	292,915	265,539
Other services	<u>187,525</u>	<u>320,566</u>
Gross patient service revenue	16,221,635	15,854,315
Contractual adjustments related to ambulance services	<u>(7,618,999)</u>	<u>(6,665,177)</u>
Net patient service revenue	<u>\$ 8,602,636</u>	<u>9,189,138</u>

(5) Employee Pension Plan

The Corporation has an IRS approved noncontributory employees' money purchase pension plan which covers all employees after one year of service who may enter the Plan beginning July 1, or January 1. The Corporation must contribute an amount equal to 6% of participants' compensation to the plan each year, less forfeitures for non-vested terminated employees. The employees become fully vested after three years of service. The Corporation's contribution expense for 2014 and 2013 amounted to \$197,960 and \$233,300, respectively.

The Corporation also has a defined contribution employee benefit plan under Internal Revenue Code Section 403(b) covering substantially all eligible employees. Under provisions of the plan, eligible employees may make elective deferrals of any amount of their compensation up to the amount specified annually by the IRS. The Corporation makes a 25% matching contribution on the first 4% of the earnings that employees contribute. The Corporation's contribution expense for 2014 and 2013 amounted to \$29,971 and \$32,790, respectively.

(6) Related Parties Transactions

MEDIC EMS receives a number of services and supplies from Genesis Medical Center and Trinity Regional Health System, in the normal course of operations. The Corporation rents its building on Genesis West Campus from Genesis Medical Center for \$12,284 a year, including utilities. In addition, medical supplies and pharmaceuticals are purchased from the hospitals at hospital cost plus administrative fees.

(7) Medical Malpractice Claims

MEDIC EMS purchased professional and general liability insurance to cover medical malpractice claims. There are no known claims; however, claims from unknown incidents may be asserted arising from services provided to patients. In management's opinion, purchased liability coverage provides adequate coverage for any loss contingencies.

MEDIC EMS

Notes to Financial Statements

(8) Concentration of Credit Risk

MEDIC EMS provides ambulance services for the hospitals in Eastern Iowa, and bills the patients or hospitals at month end. The percentage of patient service revenue at established rates by payor and patient accounts receivable by payor class as of and for the years ended June 30, 2014 and 2013 were as follows:

	2014		2013	
	<u>Patient Revenue</u>	<u>Receivables</u>	<u>Patient Revenue</u>	<u>Receivables</u>
Genesis Medical Center	14%	6%	8%	6%
Mercy Medical Center	24%	1%	21%	1%
Other	62%	93%	71%	93%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

The Corporation maintains cash balances at local banks. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 for all accounts. As of June 30, 2014 and 2013, the Corporation had no significant uninsured balances. The Corporation maintains certain excess cash in a fixed repurchase agreement which is fully collateralized by U.S. government securities.

(9) Line of Credit

For the years ended June 30, 2014 and 2013, the Corporation has entered into a line of credit with a bank with a borrowing base of the lesser of \$1,800,000 or 80% of accounts receivable under 180 days. This line bears interest at prime, with a floor of 4.25% and a ceiling of 15%. This line is due July 1, 2014 and is secured by virtually all assets of the Corporation. As of June 30, 2014 and 2013, there were no outstanding borrowings under this line of credit. Subsequent to year end, this line was renewed with a borrowing base of \$1,000,000 and a maturity of July 1, 2015, with all other terms remaining consistent with the prior line of credit.

(10) Long-Term Debt

Long-term debt at June 30, 2014 and 2013 consists of the following:

	<u>2014</u>	<u>2013</u>
Note payable to a bank, due in monthly installments of \$2,007, including interest at 4.39%, due March 13, 2017, secured by virtually all assets of the Corporation	\$ 62,269	-
Note payable to a bank, due in monthly installments of \$2,651, including interest at 4.25%, due October 30, 2015, secured by virtually all assets of the Corporation	46,111	75,246
Total notes payable	108,380	75,246
Less current installments	52,191	29,125
Long-term debt, net of current installments	<u>\$ 56,189</u>	<u>46,121</u>

The aggregate future maturities of long-term debt are as follows:

<u>Fiscal Year Ending June 30,</u>	
2015	\$ 52,191
2016	38,466
2017	17,723
	<u>\$108,380</u>

THE COUNTY AUDITOR'S SIGNATURE CERTIFIES
THAT THIS RESOLUTION HAS BEEN FORMALLY
APPROVED BY THE BOARD OF SUPERVISORS ON

DATE

SCOTT COUNTY AUDITOR

R E S O L U T I O N

SCOTT COUNTY BOARD OF SUPERVISORS

October 23, 2014

APPROVAL OF PAYMENT OF \$155,210 AS REQUIRED BY CONTRACT TO FUND A PORTION OF THE FY14 DEFICIT OF MEDIC EMERGENCY MEDICAL SERVICES AGENCY FOR TRANSPORT SERVICES.

BE IT RESOLVED BY the Scott County Board of Supervisors as follows:

Section 1. That the Board of Health and the Board of Supervisors entered into a contract for emergency medical transport services with Medic in May of 2011 which requires the county to fund two thirds of the deficit of the agency in any fiscal year the deficit occurs; and,

Section 2. That Medic has incurred deficits in the prior two fiscal years but did not request payment until Fiscal Year 2014 in the amount of \$155,210. This agreement is in effect until June 30, 2016.

Section 3. This resolution shall take effect immediately.