



2025

**MECKLENBURG EMERGENCY
MEDICAL SERVICES AGENCY
(A COMPONENT UNIT OF MECKLENBURG COUNTY)**

**FINANCIAL STATEMENTS AND
COMPLIANCE REPORT**

As of and for the Year Ended June 30, 2025
And Reports of Independent Auditor

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
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Report of Independent Auditor

To the Agency Board of Commissioners
Mecklenburg Emergency Medical Services Agency
Charlotte, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Mecklenburg Emergency Medical Services Agency (a component unit of Mecklenburg County, North Carolina) (the “Agency”) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Agency’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 governmental activities and each major fund of the Agency, as of June 30, 2025, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 13 to the financial statements, beginning net position and fund balances were restated due to the adoption of GASB Statement 101, *Compensated Absences*, and a change in the financial reporting entity. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Agency’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.

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 opinions. 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency'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 the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying schedule of revenues, expenditures, and changes in fund balances – Capital Projects Fund – Budget and Actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenditures, and changes in fund balances – Capital Projects Fund – Budget and Actual is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2025, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Agency's 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 Agency's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cherry Bekaert LLP".

Charlotte, North Carolina
November 24, 2025

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY

(A Component Unit of Mecklenburg County)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

Introduction

Management's Discussion and Analysis provides a narrative discussion of Mecklenburg Emergency Medical Services ("EMS") Agency's (the "Agency") financial activities for the fiscal year ended June 30, 2025 with comparisons to the prior year, where appropriate. The Agency is a component unit of Mecklenburg County (the "County"). The information complements the data presented in the financial statements, which follow this narrative.

Financial Highlights

- The Agency's total net position increased by \$9,713,050 largely due to the increase in revenue of charges for services as well as an increase in assets.
- As of the close of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of \$25,045,200 after a net increase of \$11,006,224 primarily due to higher than anticipated reimbursement rates for transports, Medicaid expansion as well as an overall increase in billable transports.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$14,156,255.

Overview

The Agency's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances and provide long-term information about the Agency's financial status as a whole. These statements use the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. Under the accrual basis of accounting all revenues and expenses are taken into account regardless of when cash is received.

The two government-wide statements, the statement of net position and the statement of activities, report the Agency's net position and how they have changed. Net position is the difference between the Agency's total assets and total liabilities. Measuring net position is one way to gauge the Agency's financial condition.

The government-wide statements report the primary activity of the Agency, providing ambulance service to the residents of Mecklenburg County. Funding for this activity includes user fees and a subsidy from Mecklenburg County.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Agency's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the Agency's budget ordinance. All funds of the Agency are governmental funds.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2025

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Agency's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Agency's programs. The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Agency Board of Commissioners ("ABOC") adopts an annual budget for its General Fund, as required by North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the employees of the Agency, the management of the Agency, and the decisions of the ABOC about which services to provide and how to pay for them. It also authorizes the Agency to obtain funds from identified sources to finance these current period activities, including funding from Mecklenburg County. The budgetary statements provided for the General Fund, the Capital Project Fund, and Special Revenue Fund demonstrate how well the Agency complied with the budget ordinance and whether or not the Agency succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement shows four columns:

1) the original budget as adopted by the Board; 2) the final budget as amended by the ABOC; 3) the actual resources, charges to appropriations, and ending balances; and 4) the difference or variance between the final budget and the actual resources and charges.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 36 of this report.

Interdependence with Other Entities: The Agency depends on financial resources flowing from, or associated with, both the federal government and the County. Because of this dependency, the Agency is subject to changes in specific flows of intergovernmental revenues based on modifications to federal laws and federal and County appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Agency's progress in funding its obligation to provide benefits to its employees. Required supplementary information can be found on page 38 through 40.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2025

Government-Wide Financial Analysis

**Mecklenburg EMS Agency's Net Position
Governmental Activities**

	2025	2024*
Current and other assets	\$ 41,620,029	\$ 28,619,257
Capital assets	15,093,383	14,697,287
Total Assets	56,713,412	43,316,544
Deferred Outflows of Resources	23,498,601	29,418,472
Accounts payable and other accrued liabilities	19,969,952	14,991,495
Total OPEB liability	58,631,419	61,055,806
Net pension liability	37,944,302	36,755,152
Total Liabilities	116,545,673	112,802,453
Deferred Inflows of Resources	14,821,934	17,730,420
Net Position:		
Net investment in capital assets	15,093,383	14,697,288
Restricted	7,282,058	12,321,243
Unrestricted	(73,531,035)	(84,816,387)
Total Net Position	\$ (51,155,594)	\$ (57,797,856)

* 2024 amounts do not include the effects of the GASB 101 implementation.

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The liabilities and deferred inflows of the Agency exceeded assets and deferred outflows by \$51,155,594 as of June 30, 2025. The Agency's net position increased by \$9,713,050 for the fiscal year ended June 30, 2025.

Several particular aspects of the Agency's financial operations influenced the total unrestricted net position:

- Total assets increased by \$13,396,868 due to the increase in cash and accounts receivable with increased charges for services offset by a decrease in due from other governments as the County reimbursed funding used due for the one-time funding for technology and fleet.
- Liabilities increased by \$ 4,978,458 mainly due to the change in compensated absences reporting.
- The total OPEB liability decreased \$2,424,387, related to changes in actuarial assumptions.
- The net pension liability increased by \$1,189,150 related to changes in actuarial assumptions.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2025

Mecklenburg EMS Agency's Changes in Net Position		
Governmental Activities		
	2025	2024*
Revenues:		
Program Revenues:		
Charges for services	\$ 69,725,932	\$ 60,020,963
Operating grants	617,640	600,646
Capital	3,379,207	-
General Revenues:		
Mecklenburg County appropriations	22,450,687	27,734,357
Interest income	397,905	373,906
911 surcharge	357,677	382,834
Gain on disposal of fixed assets	-	146,663
Other income	1,881,810	1,673,311
Total Revenues	<u>98,810,858</u>	<u>90,932,680</u>
Expenses:		
Personnel expenses	68,335,273	66,047,283
Maintenance of vehicles and facilities	5,646,692	5,326,833
Occupancy charges	613,748	2,187,496
Depreciation expense	4,439,321	4,616,066
Other expenses	<u>10,062,774</u>	<u>10,498,204</u>
Total Expenses	<u>89,097,808</u>	<u>88,675,882</u>
Increase in net position	9,713,050	2,256,798
Net position, beginning, as previously reported	(57,797,856)	(60,054,654)
Restatement - Change in accounting principle	<u>(3,070,788)</u>	<u>-</u>
Net position, ending	<u>\$ (51,155,594)</u>	<u>\$ (57,797,856)</u>

* 2024 amounts do not include the effects of the GASB 101 implementation.

The Agency's net position increased by \$9,713,050. Key elements of this increase are as follows:

- Increased revenues due to an increase in transport volume as well as Medicaid expansion.
- Overall expenses slightly increased, due to increase in other expenses and occupancy charges.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2025

Financial Analysis of the Agency's Funds

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Agency's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Agency. At the end of the current fiscal year, the Agency's fund balance available in the General Fund was \$14,156,255 while total fund balance reached \$21,438,313. The Agency's governing board does not have a minimum fund balance policy.

At June 30, 2025 the governmental funds of the Agency reported a combined fund balance of \$25,045,200, a 78.4% increase over last year.

General Fund Budgetary Highlights

During the fiscal year, the Agency made one revision to the adopted budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services.

Revenue had a favorable variance due to an increase in charges for services, as the Agency had record breaking transport income and higher earned interest greater than budgeted.

Capital Assets

The Agency's capital assets for its governmental activities as of June 30, 2025 totaled \$15,093,383 (net of accumulated depreciation). These assets include vehicles, patient equipment, computer equipment, and buildings and improvements. Major capital asset transactions during the year included the purchase of vehicles and AEDs.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2025

Mecklenburg EMS Agency's Capital Assets
(Net of Accumulated Depreciation)

Governmental Activities

Additional information on the Agency's capital assets can be found in the notes to the financial statements.

	2025	2024
Vehicles	\$ 5,242,328	\$ 4,164,240
Fleet equipment	16,658	21,418
Patient equipment	6,885,310	7,980,005
Computer equipment	2,812,272	2,364,785
Buildings and improvements	136,815	166,840
Total Capital Assets	<u>\$ 15,093,383</u>	<u>\$ 14,697,288</u>

Long-term Obligations

As of June 30, 2025, the Agency had a total outstanding obligations of \$ 104,297,401, for obligations of compensated absences, pension, and OPEB liabilities. There were no lease or SBITA obligations during FY 2025.

Long-Term Outstanding Obligation

	2025	2024
Compensated absences	\$ 7,721,680	\$ 3,953,207
Net pension liability (LGERS)	37,944,302	36,755,152
Net OPEB liability	58,631,419	61,055,806
Total	<u>\$ 104,297,401</u>	<u>\$ 101,764,165</u>

Economic Factors and Next Year's Budgets and Rates

The Agency experienced record breaking increases in transport volume during fiscal year 2025; transports increased 6.13% from prior year along with increased reimbursement rates, shifts in payer mix, and timing of collections. However, due to the unpredictable nature of a post-pandemic environment the Agency's budget was conservatively built. Medicaid expansion also contributed to the increase in revenues over forecasted budget. The Agency's transport volume is trending to return to pre-pandemic volume.

Budget Highlights for the Fiscal Year Ended June 30, 2026

The Agency's FY 2026 General Fund budget increased by 8.4% compared to the FY 2025 budget. The Agency forecasted and is expected to see an increase of \$6.8 million in transport revenue due to a combination of anticipated increase in transports, increase in reimbursement rates and Medicaid Expansion. The Agency's priorities for FY 2026 are a focus on headcount, pathway programs, increased fleet size and an EMS study.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2025

Requests for Information

This report is designed to provide an overview of the Agency's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Manager, 4425 Wilkinson Boulevard, Charlotte, North Carolina 28208, or by calling (704) 943-6000.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
STATEMENT OF NET POSITION

JUNE 30, 2025

ASSETS

Cash and investments	\$ 26,503,008
Receivables (net of allowance for doubtful accounts and contractual adjustments)	14,144,384
Due from other governments	971,392
Prepaid	1,245
Capital Assets (Net of Accumulated Depreciation):	
Vehicles	5,242,328
Fleet equipment	16,658
Patient equipment	6,885,310
Computer equipment	2,812,272
Buildings and improvements	136,815
Total Capital Assets	<u>15,093,383</u>

Total Assets

56,713,412

Deferred Outflows of Resources

23,498,601

LIABILITIES

Accounts payable and other accrued liabilities	12,248,272
Compensated absences	7,721,680
Total other postemployment benefit "OPEB" liability	58,631,419
Net pension liability	37,944,302

Total Liabilities

116,545,673

Deferred Inflows of Resources

14,821,934

NET POSITION

Net investment in capital assets	15,093,383
Restricted	7,282,058
Unrestricted	<u>(73,531,035)</u>

Total Net Position

\$ (51,155,594)

The accompanying notes to the financial statements are an integral part of this statement.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Charges for Services	Operating Grant	Capital	Net (Expense) Revenue and Change in Net Position
Governmental Activities					
Emergency medical services	\$ 89,097,808	\$ 69,725,932	\$ 617,640	\$ 3,379,207	\$ (15,375,029)
General Revenues:					
Interest income					397,905
Other income					1,881,810
911 surcharge funds					357,677
Mecklenburg County-Subsidy					22,450,687
Total General Revenues					25,088,079
Change in net position					9,713,050
Net position, beginning, as previously reported					(57,797,856)
Restatement - Change in accounting principle					(3,070,788)
Net position, beginning, as restated					(60,868,644)
Net position, ending, as restated					\$ (51,155,594)

The accompanying notes to the financial statements are an integral part of this statement.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
BALANCE SHEET - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue	Capital Projects	Total Governmental Funds
Assets				
Cash and investments	\$ 22,896,121	\$ -	\$ 3,606,887	\$ 26,503,008
Receivables (net of allowance for doubtful accounts and contractual adjustments)	14,144,384	-	-	14,144,384
Due from other governments	74,232	92,150	805,010	971,392
Prepaid	1,245	-	-	1,245
Total Assets	<u>\$ 37,115,982</u>	<u>\$ 92,150</u>	<u>\$ 4,411,897</u>	<u>\$ 41,620,029</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and other accrued liabilities	\$ 8,741,112	\$ 92,150	\$ 805,010	\$ 9,638,272
Total Liabilities	<u>8,741,112</u>	<u>92,150</u>	<u>805,010</u>	<u>9,638,272</u>
Deferred Inflows of Resources				
Unavailable ambulance billings	6,936,557	-	-	6,936,557
Total Deferred Inflows of Resources	<u>6,936,557</u>	<u>-</u>	<u>-</u>	<u>6,936,557</u>
Fund Balances				
Restricted:				
Stabilization by State Statute	7,282,058	-	-	7,282,058
Committed	-	-	3,606,887	3,606,887
Unassigned	14,156,255	-	-	14,156,255
Total Fund Balances	<u>21,438,313</u>	<u>-</u>	<u>3,606,887</u>	<u>25,045,200</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 37,115,982</u>	<u>\$ 92,150</u>	<u>\$ 4,411,897</u>	<u>\$ 41,620,029</u>
Amounts reported in the Statement of Net Position are different because:				
Total fund balance governmental funds				\$ 25,045,200
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds				15,093,383
Liabilities that are not due and payable in the current funding period and, therefore, are not reported in the funds:				
Compensated absences				(7,721,680)
Total OPEB obligation				(58,631,419)
Net pension liability				(37,944,302)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position				6,494,072
Contributions to OPEB plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position				853,778
OPEB related deferrals				(9,032,765)
Pension related deferrals				10,361,582
Workers' compensation obligation				(1,845,000)
General liability and auto liability				(765,000)
Recognition of deferred inflows of resources as revenue				6,936,557
Net Position of Governmental Activities				<u>\$ (51,155,594)</u>

The accompanying notes to the financial statements are an integral part of this statement.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY**(A Component Unit of Mecklenburg County)****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS***YEAR ENDED JUNE 30, 2025*

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:				
Mecklenburg County appropriations	\$ 22,450,687	\$ -	\$ 2,759,207	\$ 25,209,894
Charges for services	68,264,791	-	-	68,264,791
Grants & Intergovernmental	617,640	357,677	620,000	1,595,317
Interest income	397,905	-	-	397,905
Other income	1,881,810	-	-	1,881,810
Total Revenues	93,612,833	357,677	3,379,207	97,349,717
Expenditures:				
Emergency Medical Services:				
Personnel:				
Salaries	48,448,157	-	-	48,448,157
Employee benefits	19,887,116	-	-	19,887,116
Total Personnel	68,335,273	-	-	68,335,273
Maintenance of Vehicles and Facilities:				
Utilities and telephone	881,570	11,402	-	892,972
Building and grounds maintenance and repairs	49,990	-	-	49,990
Equipment rental, maintenance, and repairs	1,840,078	323,104	-	2,163,182
Vehicle operation and maintenance	2,540,548	-	-	2,540,548
Total Maintenance of Vehicles and Facilities	5,312,186	334,506	-	5,646,692
Occupancy Charges:				
Real estate rental	54,444	-	-	54,444
Insurance, other than group	559,304	-	-	559,304
Total Occupancy Charges	613,748	-	-	613,748
Other Expenditures:				
Contractual services	3,719,739	-	-	3,719,739
Supplies	1,934,914	-	-	1,934,914
Administrative expenditures	1,233,004	23,171	-	1,256,175
Total Other Expenditures	6,887,657	23,171	-	6,910,828

The accompanying notes to the financial statements are an integral part of this statement.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY**(A Component Unit of Mecklenburg County)****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)**

YEAR ENDED JUNE 30, 2025

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Capital Outlay:				
Computer equipment	-	-	1,161,535	1,161,535
Patient equipment	-	-	787,462	787,462
Vehicles	-	-	2,887,955	2,887,955
Total Capital Outlay	-	-	4,836,952	4,836,952
Total Expenditures	81,148,864	357,677	4,836,952	86,343,493
Excess (deficiency) of revenues over expenditures	12,463,969	-	(1,457,745)	11,006,224
Other Financing Sources (Uses):				
Transfer in	-	-	1,132,689	1,132,689
Transfer out	(1,132,689)	-	-	(1,132,689)
Total Other Financing Sources (Uses)	(1,132,689)	-	1,132,689	-
Net change in fund balance	11,331,280	-	(325,056)	11,006,224
Fund balance, beginning, as previously reported	14,038,976	-	-	14,038,976
Restatement - change in financial reporting entity	(3,931,943)	-	3,931,943	-
Fund balance, beginning, as restated	10,107,033	-	3,931,943	14,038,976
Fund balance, ending	<u>\$ 21,438,313</u>	<u>\$ -</u>	<u>\$ 3,606,887</u>	<u>\$ 25,045,200</u>

The accompanying notes to the financial statements are an integral part of this statement.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY**(A Component Unit of Mecklenburg County)****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES***YEAR ENDED JUNE 30, 2025*

Net change in fund balances - total governmental funds	\$ 11,006,224
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.	397,633
Loss on disposal of non- fully depreciated assets	(1,538)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	6,494,072
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	853,778
OPEB expense	1,070,293
Agency's portion of collective pension expense	(10,194,291)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	1,461,141
Expenses in the Statement of Activities that do not require current financial resources are not reported as expenses in the funds:	
Compensated Absences	(697,685)
Worker's Comp	88,423
General Liability and Auto Liability	(765,000)
Change in net position of governmental activities	<u>\$ 9,713,050</u>

The accompanying notes to the financial statements are an integral part of this statement.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY**(A Component Unit of Mecklenburg County)****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
Revenues:				
Mecklenburg County appropriations	\$ 22,450,687	\$ 22,450,687	\$ 22,450,687	\$ -
Charges for services	56,739,095	56,861,095	68,264,791	11,403,696
Grants & Intergovernmental	714,920	935,538	617,640	(317,898)
Interest income	310,042	310,042	397,905	87,863
Other income	1,510,295	1,705,315	1,881,810	176,495
Total Revenues	81,725,039	82,262,677	93,612,833	11,350,156
Expenditures:				
Emergency Medical Services:				
Personnel:				
Salaries	46,372,116	46,576,872	48,448,157	(1,871,285)
Employee benefits	20,659,005	20,659,005	19,887,116	771,889
Total Personnel	67,031,121	67,235,877	68,335,273	(1,099,396)
Maintenance of Vehicles and Facilities:				
Utilities and telephone	911,168	911,168	881,570	29,598
Building and grounds maintenance and repairs	72,213	72,213	49,990	22,223
Equipment rental, maintenance, and repairs	1,773,329	1,773,329	1,840,078	(66,749)
Vehicle operation and maintenance	2,672,580	2,672,580	2,540,548	132,032
Total Maintenance of Vehicles and Facilities	5,429,290	5,429,290	5,312,186	117,104
Occupancy Charges:				
Real estate rental	54,768	54,768	54,444	324
Insurance, other than group	1,300,000	1,300,000	559,304	740,696
Total Occupancy Charges	1,354,768	1,354,768	613,748	741,020
Other Expenditures:				
Contractual services	4,235,683	4,373,545	3,719,739	653,806
Supplies	2,227,719	2,227,719	1,934,914	292,805
Administrative expenditures	1,446,458	1,641,478	1,233,004	408,474
Total Other Expenditures	7,909,860	8,242,742	6,887,657	1,355,085
Total Expenditures	81,725,039	82,262,677	81,148,864	1,113,813

The accompanying notes to the financial statements are an integral part of this statement.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY**(A Component Unit of Mecklenburg County)****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND - BUDGET AND ACTUAL (CONTINUED)***YEAR ENDED JUNE 30, 2025*

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
Excess of revenues over expenditures	-	-	12,463,969	12,463,969
Other Financing Sources (Uses):				
Transfer out	-	-	(1,132,689)	(1,132,689)
Total Other Financing Sources (Uses)	-	-	(1,132,689)	(1,132,689)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	11,331,280	<u>\$ 11,331,280</u>
Fund balance, beginning, as previously reported			<u>14,038,976</u>	
Restatement-change in financial reporting entity			(3,931,943)	
Fund balance, beginning, as restated			<u>10,107,033</u>	
Fund balance, ending			<u><u>\$ 21,438,313</u></u>	

The accompanying notes to the financial statements are an integral part of this statement.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY**(A Component Unit of Mecklenburg County)****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUND - BUDGET AND ACTUAL***YEAR ENDED JUNE 30, 2025*

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
Revenues:				
Grants & Intergovernmental	\$ 336,496	\$ 372,494	\$ 357,677	\$ (14,817)
Total Revenues	336,496	372,494	357,677	(14,817)
Expenditures:				
Utilities and telephone	19,200	19,200	11,402	7,798
Equipment rental, maintenance, and repairs	293,503	329,501	323,104	6,397
Administrative expenditures	23,793	23,793	23,171	622
Total Expenditures	336,496	372,494	357,677	14,817
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning			-	
			-	
			-	
Fund balance, ending			\$ -	

The accompanying notes to the financial statements are an integral part of this statement.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 1—General information and summary of significant accounting policies

The accounting policies of Mecklenburg Emergency Medical Services Agency (a component unit of Mecklenburg County) (the “Agency”) conform to accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applicable to governments. The following is a summary of the Agency’s more significant accounting policies:

Reporting Entity – The Agency was created by a joint agreement dated September 11, 1996, between Mecklenburg County and the Charlotte-Mecklenburg Hospital Authority, dba Atrium Health, pursuant to North Carolina General Statute 160A-462 as a separate unit of government for the purpose of providing emergency medical services in Mecklenburg County. The Agency began operations on October 8, 1996. The Agency is governed by a seven-member Board of Commissioners, appointed by the Mecklenburg County Board of Commissioners. The Agency Board of Commissioners (“ABOC”) is comprised of three members from Atrium Health, three from Novant Healthcare, and one from Mecklenburg County, North Carolina.

U.S. GAAP requires the Agency’s financial statements to include: (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the Agency’s financial statements to be misleading or incomplete. The criteria provided by the Government Accounting Standards Board (“GASB”) have been considered and there are no agencies or entities, which should be included as part of the Agency’s reporting entity. The Agency is included as a component unit of Mecklenburg County, North Carolina.

Government-Wide Financial Statements – The statement of net position and the statement of activities display financial information about the Agency. These comprise the government-wide financial statements. The statements present information on all the non-fiduciary activities of the primary government. The primary government consists of governmental activities, which are generally supported by Mecklenburg County subsidy and charges for service.

The statement of net position presents the difference between assets, deferred outflows, liabilities, and deferred inflows at the end of the fiscal year June 30, 2025. The difference, net position, is subdivided into three categories: net investment in capital assets, restricted net position, and unrestricted net position.

The statement of activities, which shows the change in net position, presents direct expenses offset by program revenues for each function of the Agency’s governmental activities. Program revenues include fees and charges paid for services provided. Revenues that are not classified as program revenues, including subsidies from Mecklenburg County, are presented as general revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Financial Presentation, Measurement Focus, Basis of Accounting

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Amounts reported as program revenues include fees and charges paid for services provided. General revenues include amounts received from Mecklenburg County.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 1—General information and summary of significant accounting policies (continued)

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Agency considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for expenditures for compensated absences, workers comp, and general and auto liabilities which are recognized when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases and subscription-based information technology arrangements are reported as other financing sources.

The fund financial statements provide information about the Agency's funds. The Agency has three governmental funds: the General Fund, the Capital Fund and the Special Revenue Fund.

The General Fund is the Agency's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Fund accounts for the Agency's share of the monthly 911 surcharge imposed by the City of Charlotte, pursuant to North Carolina General Statute 60 A-4 to be used for the lease, purchase, or maintenance of emergency telephone equipment and necessary computer hardware, software, and database provisions addressing the recurring costs of establishing a 911 system.

The Capital Project Fund accounts for capital outlay purchases that may cross fiscal years.

Budgetary Control – As required by the North Carolina Budget and Fiscal Control Act ("North Carolina General Statute 159"), the Agency adopts, an annual balanced budget ordinance for all funds. The budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations. The appropriations in the three funds are budgeted at the department level and controlled by overall level. The annual budget is prepared on the modified accrual basis of accounting as required by the statutes. The budget process starts in January and ends with the adoption of the budget by the ABOC in June.

The statements of revenues, expenditures, and changes in fund balances – budget and actual presents the adopted and final budget and actual amounts for the General Fund, and the Special Revenue Fund.

Cash and Investments

Deposits – The deposits of the Agency are governed by North Carolina General Statute 159. All of the Agency's deposits are insured or collateralized by using the pooling of collateral method. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Agency, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual, current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Agency or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Agency under the Pooling Method, the potential exists for under- collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Agency does not have a policy regarding the custodial credit risk for deposits.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 1—General information and summary of significant accounting policies (continued)

At June 30, 2025, the Agency’s deposits had a carrying value of \$15,779,846 and a bank balance of \$16,034,456. As of June 30, 2025, the cash balance exceeded insured limits by \$15,784,456.

At June 30, 2025, the Agency had no cash on hand.

Investments

As of June 30, 2025, the Agency had the following investments:

Investment Type	Valuation	Fair Value
	Measurement Method	
NC Capital Management Trust - Government Portfolio	Amortized Cost	<u>\$ 10,723,162</u>

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Agency’s investment policy limits the Agency’s investment portfolio to a maximum time of three years.

Credit Risk – The Agency has no formal policy regarding credit risk but maintains internal management procedures that limit the Agency’s investments to the provisions of North Carolina General Statute 159-30 that restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Agency’s investments in the NC Capital Management Trust Government Portfolio carry a credit rating of AAA by Standard & Poor’s.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The NC Capital Management Trust Government Portfolio is a diversified investment portfolio and helps the Agency reduce custodial risk.

Capital Assets – Capital assets, which include vehicles, furniture and other equipment, patient equipment, computer equipment, buildings and improvements, and right-of-use assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined as assets with an initial, individual, purchase price of \$5,000 or more and an estimated useful life of one year or more. Capital assets are recorded at historical cost or estimated historical cost if the asset is purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 1—General information and summary of significant accounting policies (continued)

Depreciation is provided over the following useful lives of each asset class using the straight-line method:

Vehicles	4 years
Furniture and other equipment	3 - 10 years
Patient equipment	3 - 10 years
Computer equipment	3 - 5 years
Buildings and improvements	10 years

Compensated Absences

The sick policy of the agency caps sick payout at 25% upon termination. Vacation leave accrued in excess of 280 hours during the calendar year will be converted to sick leave after the conclusion of the current calendar year. A maximum of 280 hours can be carried into each new calendar year. Employees who leave employment with the agency are paid 100% of their accrued balance at separation. Accumulated earned vacation and sick leave at June 30, 2025 was \$7,721,680 as compared to the June 30, 2024 restated net position of \$7,023,995.

Utilizing a first in first out flow assumption, the liability is calculated using the pay rates in effect as of the end of the reporting period and includes applicable salary-related payments. Under this standard, all leave that has been earned and is attributable to services already rendered, and that is more likely not to be used or paid, is recognized as a liability.

Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivable that were written off in prior years.

Inventories and Prepaid Items

The inventories of the Agency are valued at cost (first in, first out), which approximates market. The Medic's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures as used rather than when purchased.

Long-term Obligations

In the government-wide financial statements, long term debt and other long-term obligations are reported as liabilities on the statement of net position.

Net Position/Fund Balances

Net Position – Net position in government-wide financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances – In the governmental fund financial statements, fund balance is composed of five classifications

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 1—General information and summary of significant accounting policies (continued)

designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either: (a) not in spendable form or (b) legally or contractually required to be maintained intact. The Agency has no non-spendable fund balance as of June 30, 2025.

Restricted Fund Balance – This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute – Portion of fund balance that is restricted by State Statute [General Statute Chapter 159-8(a)].

Committed Fund Balance – Portion of fund balance that can only be used for specific purpose imposed by majority vote of the Agency's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body. The Agency has \$3,606,887 in committed fund balance as of June 30, 2025, to support the continuation of current capital projects.

Assigned Fund Balance – Portion of fund balance that is constrained by the government's intent to be used for specific purposes but that is neither restricted nor committed. The Agency has no assigned fund balance as of June 30, 2025.

Unassigned Fund Balance – Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Due to and Due from Other Governments

The Agency includes subsidies from the County that have not been collected before year-end within the Due from Other Governments. The balance due from other governments as of June 30, 2025 was \$971,392.

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, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The Agency has several items that meet this criterion – contributions made to the pension and other postemployment benefits ("OPEB") plan in the current fiscal year and other pension and OPEB-related deferrals on the government-wide financial statements. In addition to liabilities, the statement of net position can also report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The Agency has several items that meet the criterion for this category – pension and OPEB related deferrals on the government-wide financial statements, and gross ambulance billings on the governmental fund financial statements for services performed prior to June 30, 2025 that were not collected within 60 days after year-end.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 1—General information and summary of significant accounting policies (continued)

Defined Benefit Pension Plan and Other Postemployment Benefits

The Agency participates in a cost-sharing, multiple-employer defined benefit pension plan that is administered by the Local Governmental Employees' Retirement System ("LGERS"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense information about the fiduciary net position of the state-administered defined benefit pension plan fiduciary net position have been determined on the same basis as they are reported by the state-administered defined benefit pension plan. For this purpose, plan member contributions are recognized when due and the Agency has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined pension plans. Investments are reported at fair value.

The Agency participates in another OPEB for health insurance (the "Plan"). The Agency currently finances the Plan following a pay-as-you-go approach, paying an amount each year equal to the premiums related to the coverage. For purposes of measuring the total OPEB liability, deferred inflows and inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 2—Accounts receivable and charges for services revenue

Accounts receivable and charges for services revenue are recorded at estimated net realizable amount from patients, third party payers, and others for services rendered at pre-determined contractual rates. Differences between established billing rates and actual reimbursements are recorded as contractual adjustments to reduce charges for services revenue.

An allowance for doubtful accounts and contractual adjustments is maintained in accounts receivable. The allowance is based on historical collection ratios and management's evaluation of outstanding accounts receivable at year-end. At June 30, 2025, the allowance for uncollectible accounts and contractual adjustments was \$10,987,363.

Receivables at the government-wide and general fund level at June 30, 2025 were as follows:

Governmental activities:

Governmental Activities:

Patients and insurance	\$ 17,242,878
Medicare and Medicaid	7,888,869
Total gross receivables	<u>25,131,747</u>
Allowance for doubtful accounts and contractual adjustments	<u>(10,987,363)</u>
Total governmental activities	<u><u>\$ 14,144,384</u></u>

The Agency's mix of charges for services revenue for the year ended June 30, 2025 were as follows:

Medicare	41%
Medicaid	22%
Commercial Insurance	24%
Private Pay	13%
	<u>100%</u>

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 3—Capital assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets being depreciated:				
Vehicles	\$ 19,324,199	\$ 2,887,956	\$ (438,171)	\$ 21,773,984
Furniture and other equipment	2,985,204	-	-	2,985,204
Fleet equipment	23,798	-	-	23,798
Patient equipment	10,081,224	787,462	-	10,868,686
Computer equipment	9,834,729	1,161,536	-	10,996,265
Buildings and improvements	300,258	-	-	300,258
Total capital assets being depreciated	<u>42,549,412</u>	<u>4,836,954</u>	<u>(438,171)</u>	<u>46,948,195</u>
Less accumulated depreciation:				
Vehicles	(15,159,960)	(1,808,329)	436,633	(16,531,656)
Furniture and other equipment	(2,985,203)	-	-	(2,985,203)
Fleet equipment	(2,380)	(4,760)	-	(7,140)
Patient equipment	(2,101,219)	(1,882,157)	-	(3,983,376)
Computer equipment	(7,469,944)	(714,049)	-	(8,183,993)
Buildings and improvements	(133,418)	(30,026)	-	(163,444)
Total accumulated depreciation	<u>(27,852,124)</u>	<u>(4,439,321)</u>	<u>436,633</u>	<u>(31,854,812)</u>
Governmental activities capital assets, net	<u>\$ 14,697,288</u>	<u>\$ 397,633</u>	<u>\$ (1,538)</u>	<u>\$ 15,093,383</u>

Note 4—Accounts payable and other accrued liabilities

The components of accounts payable and other current liabilities at June 30, 2025 for the governmental activities as reported in the statement of net position are as follows:

	Vendors	Salaries and Benefits	Claims Payable	Other	Total
Total governmental activities	<u>\$ 758,329</u>	<u>\$ 3,454,203</u>	<u>\$ 2,610,000</u>	<u>\$ 5,425,740</u>	<u>\$ 12,248,272</u>

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 4—Accounts payable and other accrued liabilities (continued)

The components of accounts payable and other current liabilities at June 30, 2025 for the general fund as reported in the balance sheet are as follows:

	Vendors	Salaries and Benefits	Other	Total
Total general fund	<u>\$ 758,389</u>	<u>\$ 3,454,203</u>	<u>\$ 4,528,520</u>	<u>\$ 8,741,112</u>

Note 5—Pension plan obligations

Plan Description – The Agency is a participating employer in the statewide LGERS, a cost-sharing, multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (“LEOs”) of participating local governmental entities. Article 3 of General Statute Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The LGERS is included in the Annual Comprehensive Financial Report (“ACFR”) for the state of North Carolina. The state’s ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided – LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member’s average final compensation times the member’s years of creditable service. A member’s average final compensation is calculated as the average of a member’s four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor’s Alternate Benefit for life or a return of the member’s contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Contributions – Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Agency employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Agency’s contractually required contribution rate for the year ended June 30, 2025 was 13.60% for general employees actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Agency were \$6,494,072 for the year ended June 30, 2025.

Refunds of Contributions – Agency employees, who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members include interest (currently 4% per year) regardless of the number of years of retirement service credit or of the reason for separation from service. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual’s right to employer contributions, or any other benefit provided by LGERS.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 5—Pension plan obligations (continued)

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

At June 30, 2025, the Agency reported a liability of \$37,944,302 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024, utilizing update procedures incorporating the actuarial assumptions. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2024 (the measurement date), the Agency's portion was 0.563%, which was an increase of 0.008% from its proportion measured as of June 30, 2024.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

At June 30, 2025, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,649,279	\$ 44,707
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	5,158,505	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,401,495
Employer contributions subsequent to the measurement date	6,494,072	-
	<u>\$ 18,301,856</u>	<u>\$ 1,446,202</u>

\$6,494,072 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a decrease in net pension liability in the year ending June 30, 2026.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30,

2026	\$ 2,969,640
2027	7,002,164
2028	973,058
2029	(583,280)
	<u>\$ 10,361,582</u>

Future ad hoc COLA amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 5—Pension plan obligations (continued)

\$7,721,680 of long-term liabilities due within one year represents compensated absences at June 30, 2025. The \$96,575,721 of long-term liabilities due in more than one year represents the unfunded liability for future post-employment healthcare benefits and the net pension liability.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	33.0%	2.4%
Global equity	38.0%	6.9%
Real estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Opportunistic fixed income	7.0%	5.3%
Inflation sensitive	6.0%	4.3%
	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary and is part of the asset liability and investment policy of the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. All rates of return and inflation are annualized.

Discount Rate – The discount rate used to measure the total pension liability was 6.5%. 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 and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the 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.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 5—Pension plan obligations (continued)

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 6.5%, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current rate:

	1% Decrease (5.50)%	Current Discount Rate (6.50)%	1% Increase (7.50)%
Agency's proportionate share of the net pension liability (asset)	<u>\$ 67,238,414</u>	<u>\$ 37,944,302</u>	<u>\$ 13,845,866</u>

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the state of North Carolina.

Note 6—Supplemental retirement plans

The Agency offers employees a deferred compensation plan created in accordance with Internal Revenue Code ("IRC") Sections 457 and a 401(k) supplemental retirement income plan through the state of North Carolina that is also in compliance with the IRC. All regular, full-time, and part-time employees are eligible to participate in one or both of the two plans.

The deferred compensation plan permits participants to defer a portion of their salaries to future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Agency has complied with changes in the laws which govern deferred compensation plans, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. The 401(k) supplemental retirement income plan allows eligible participants to contribute up to the maximum allowable under the law as a percentage of base salary.

The Agency matches 100% of the first 5% of each participant's total annual contribution. Total contributions to the plans by the Agency were \$1,514,726 for the year ended June 30, 2025.

Note 7—Other postemployment benefits

Plan Description – As a component unit of Mecklenburg County, the Agency's employees participate in Mecklenburg County's healthcare plan, a single employer plan. As of October 8, 1996, this plan provides postemployment healthcare benefits to retirees of the Agency, provided they participate in the LGERS and have at least 20 years of creditable service with the Agency. After 10 years of service but prior to 20 years, the Agency pays 50% of the cost. The Agency's retirees can purchase coverage for their dependents at the Agency's group rates. Effective June 1, 2010, the plan was closed to new entrants. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided – The Agency provides healthcare and life insurance benefits for retirees and their dependents. Employees with 10 to 20 years of service pay 50% of the cost. Employees with over 20 years of service receive the full benefit. A separate report was not issued for the plan.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 7—Other postemployment benefits (continued)

Membership of the plan consisted of the following at January 1, 2024, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	104
Active plan members	104
	<u>208</u>

Total OPEB Liability – The Agency’s total OPEB liability of \$58,631,419 was measured as of June 30, 2025, and was determined by an actuarial valuation as of January 1, 2024.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.25% - 8.41%
Investment rate of return	Pre-65 - 6.75% decreasing to an ultimate rate of 4.50% by 2033
	Post-65 - 5.00% decreasing to an ultimate rate of 4.5% by 2026

The discount rate was based on the Bond Buyer GO 20-Bond Municipal Bond Index as of the measurement date.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at June 30, 2024	<u>\$ 61,055,806</u>
Changes for the year:	
Service cost	1,140,115
Interest	2,248,810
Differences between expected and actual experience	(2,331,603)
Changes in assumptions or other inputs (including benefit terms)	(2,301,780)
Benefit payments	(1,179,929)
Net changes	<u>(2,424,387)</u>
Balance at June 30, 2025	<u><u>\$ 58,631,419</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.65% to 3.93%.

Mortality rates were based on the PUB-2010 mortality tables, with adjustments for LGERS experience and general mortality improvements using Scale MP-2019.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 7—Other postemployment benefits (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current discount rate:

	1% Decrease (2.93)%	Current Discount Rate (3.93)%	1% Increase (4.93)%
Total OPEB liability	<u>\$ 69,798,035</u>	<u>\$ 58,631,419</u>	<u>\$ 49,924,627</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Discount Rate (Trend Rate)	1% Increase
Total OPEB liability	<u>\$ 49,202,396</u>	<u>\$ 58,631,419</u>	<u>\$ 70,817,854</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2025, the Agency recognized net OPEB benefit of \$914,774. At June 30, 2025, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,220,854	\$ 1,847,713
Changes of assumptions or other inputs	1,122,113	11,528,019
Benefit payments made subsequent to the measurement date	853,778	-
	<u>\$ 5,196,745</u>	<u>\$ 13,375,732</u>

The \$853,778 reported as deferred outflows of resources related to OPEB resulting from Agency contributions subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2026.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 7—Other postemployment benefits (continued)

Other amounts reported as deferred outflow of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

Years Ending June 30,

2026	\$ (3,418,254)
2027	(4,239,312)
2028	(1,375,199)
	<u>\$ (9,032,765)</u>

Note 8 - Risk management

The Agency 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 Agency's Risk Management Program is a self-funded, risk-financing program administered by the City of Charlotte's Risk Management Office of the City Management and Financial Services Department, as trustee for the Agency. The Agency obtains property coverage equal to replacement cost values of owned property, general, auto, professional, and employment practices liability coverage of \$5 million per occurrence, physical damage coverage for owned ambulances at replacement cost values and other owned autos at actual cash value, crime coverage of \$1 million per occurrence, and workers' compensation coverage up to the North Carolina statutory limits.

All locations have flood insurance, with the amount available dependent upon which zone the address lies in. \$100 million is available for non-high hazard zones and \$10 million for Medium and High Hazard zones (on a per occurrence and annual aggregate basis). Medic also has an excess casualty policy for up to \$10 million in limits, in addition to its \$5 million underlying.

In accordance with G.S. 159-29, Agency employees who have access to \$100 or more at any given time of the Agency's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$1,000,000. The remaining employees who have access to funds are bonded under a blanket bond for \$1,000,000.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs)

Changes in the balances of claims liabilities for worker's compensation during the past fiscal year are as follows:

	<u>2025</u>	<u>2024</u>
Unpaid claims:		
Beginning of year - July 1	\$ 1,814,000	\$ 1,836,478
Incurred claims	815,550	659,806
Claim payments	(784,550)	(682,284)
End of year - June 30	<u>\$ 1,845,000</u>	<u>\$ 1,814,000</u>

Changes in the balances of claims liabilities for auto insurance during the past fiscal year are as follows:

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

	<u>2025</u>	<u>2024</u>
Unpaid claims:		
Beginning of year - July 1	\$ -	\$ -
Incurred claims	449,258	-
Claim payments	<u>(135,258)</u>	<u>-</u>
End of year - June 30	<u>\$ 314,000</u>	<u>\$ -</u>

Changes in the balances of claims liabilities for general liability insurance during the past fiscal year are as follows:

	<u>2025</u>	<u>2024</u>
Unpaid claims:		
Beginning of year - July 1	\$ -	\$ -
Incurred claims	505,696	-
Claim payments	<u>(54,696)</u>	<u>-</u>
End of year - June 30	<u>\$ 451,000</u>	<u>\$ -</u>

Note 9—Related party transactions

The Agency had outstanding accounts payable at June 30, 2025 to Atrium Health of \$97,571 for contract services provided to the Agency and to Mecklenburg County for \$2,154,996. For general services and claims paid for active and inactive employees of the Agency. The total expenditures during the year ended June 30, 2025 to each of these related parties were \$415,331 to Atrium Health and \$8,660,195 to Mecklenburg County.

Note 10—Fund balance

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation.

Total fund balance - General Fund	\$ 21,438,313
Less restricted stabilization by State Statute	<u>(7,282,058)</u>
Unassigned - available for appropriation	<u>\$ 14,156,255</u>

Note 11—Commitments and contingencies

Certain expenditures of federal grant funding received during the year are subject to audit by the grantor, and the reporting entity is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the management of the Agency, no material refunds will be required as a result of expenditures disallowed by the grantors.

Note 12—Subsequent events

In connection with the preparation of the financial statements, the Agency considered for disclosure subsequent events that occurred after the statement of net position date of June 30, 2025 through November 24, 2025, which was the date the financial statements were available to be issued. No subsequent events were noted that required disclosure in the financial statements.

Note 13—Restatement

Adjustment to Restatement for Fund Balance Balances.

The change in financial reporting is due to a change in the financial reporting entity to transfer current operations related to capital projects of the Agency to a separate capital projects fund. In years prior these funds were recorded in the Agency's general fund. The fund balance restated is \$3,931,943 as presented in the Statement of Revenues, expenditures, and Changes in Fund Balances.

Adjustment to Restatement for Change in Accounting Principle

During the fiscal year ended June 30, 2025, GASB implemented Statement Number 101, Compensated Absences, which required a restatement of net position as of July 1, 2024. Calculating this liability at July 1, 2024 resulted in a net decrease of \$3,070,788 to net position

REQUIRED SUPPLEMENTARY INFORMATION

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST EIGHT FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018*
Total OPEB Liability:								
Service cost	\$ 1,140,115	\$ 1,212,600	\$ 1,882,912	\$ 1,932,467	\$ 1,569,460	\$ 1,562,747	\$ 2,026,115	\$ 2,501,715
Interest	2,248,810	2,056,657	1,572,919	1,550,337	2,102,464	2,142,672	2,174,442	1,935,773
Differences between expected and actual experience	(2,331,603)	2,638,768	3,638,474	(221,668)	837,169	1,091,266	(942,273)	(21,654)
Changes of assumptions or other inputs (including benefit terms)	(2,301,780)	(919,389)	(20,178,728)	566,825	6,240,715	940,139	(7,136,166)	(10,443,890)
Benefit payments	(1,179,929)	(1,131,259)	(1,302,171)	(717,311)	(1,200,144)	(1,219,558)	(846,859)	(516,184)
Net change in Total OPEB Liability	(2,424,387)	3,857,377	(14,386,594)	3,110,650	9,549,664	4,517,266	(4,724,741)	(6,544,240)
Total OPEB Liability - beginning	61,055,806	57,198,429	71,585,023	68,474,373	58,924,709	54,407,443	59,132,184	65,676,424
Total OPEB Liability - ending	<u>\$ 58,631,419</u>	<u>\$ 61,055,806</u>	<u>\$ 57,198,429</u>	<u>\$ 71,585,023</u>	<u>\$ 68,474,373</u>	<u>\$ 58,924,709</u>	<u>\$ 54,407,443</u>	<u>\$ 59,132,184</u>
Covered payroll	\$ 8,166,717	\$ 8,400,464	\$ 11,493,727	\$ 12,198,106	\$ 11,922,058	\$ 13,108,841	\$ 13,869,554	\$ 14,484,796
Total OPEB Liability as a percentage of covered payroll	717.93%	726.81%	497.65%	586.85%	574.35%	449.50%	392.28%	408.24%

Notes to Schedule

Changes of Assumptions – Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	3.58%
2019	3.87%
2020	3.51%
2021	2.21%
2022	2.16%
2023	3.54%
2024	3.65%
2025	3.93%

* This schedule is intended to show information for 10 years. However, information prior to the 2018 valuation is not available. Additional years will be included as they become available.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)

REQUIRED SUPPLEMENTARY INFORMATION

**AGENCY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (LGERS) AND
SCHEDULE OF AGENCY CONTRIBUTIONS**

LAST TEN FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Agency's proportion of the net pension liability (asset) %	0.56%	0.55%	0.56%	0.56%	0.61%	0.62%	0.62%	0.60%	0.59%	0.54%
Agency's proportion of the net pension liability (asset)	\$ 37,944,302	\$ 36,755,152	\$ 31,389,470	\$ 8,584,457	\$ 21,956,916	\$ 16,860,986	\$ 14,681,001	\$ 9,159,463	\$ 12,604,123	\$ 2,431,880
Agency's covered- employee payroll	44,570,980	41,705,908	38,006,705	34,679,070	34,675,694	33,703,486	31,776,805	29,815,817	28,558,542	27,475,557
Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	85.13%	88.13%	82.59%	24.75%	63.32%	50.03%	46.20%	30.72%	44.13%	8.85%
Plan fiduciary net position as a percentage of the total pension liability	82.49%	82.49%	84.14%	95.51%	88.61%	92.00%	94.18%	91.47%	98.09%	98.79%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contributions in relation to the contractually required contribution	\$ 6,494,072	\$ 5,554,687	\$ 4,929,280	\$ 4,158,161	\$ 3,369,912	\$ 3,001,304	\$ 2,511,191	\$ 2,321,916	\$ 2,086,548	\$ 1,827,778
Contractually required contribution	6,494,072	5,554,687	4,929,280	4,158,161	3,316,323	2,926,858	2,588,920	2,292,939	2,129,153	1,887,493
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,589</u>	<u>\$ 74,446</u>	<u>\$ (77,729)</u>	<u>\$ 28,977</u>	<u>\$ (42,605)</u>	<u>\$ (59,715)</u>
Agency's covered payroll	\$ 48,448,159	\$ 44,570,980	\$ 41,705,908	\$ 38,006,705	\$ 34,679,070	\$ 34,675,694	\$ 33,703,486	\$ 31,776,805	\$ 29,815,817	\$ 28,558,542
Contributions as a percentage of covered payroll	13.40%	12.46%	11.82%	10.94%	9.72%	8.66%	7.45%	7.31%	7.00%	6.40%

SUPPLEMENTARY INFORMATION

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY**(A Component Unit of Mecklenburg County)****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****CAPITAL PROJECTS FUND - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
Revenues:				
Mecklenburg County appropriations	\$ 2,830,000	\$ 4,051,948	\$ 2,759,207	\$ (1,292,741)
Grants & Intergovernmental	-	620,000	620,000	-
Other income	-	1,746,789	-	(1,746,789)
Total Revenues	2,830,000	6,418,737	3,379,207	(3,039,530)
Expenditures:				
Computer equipment	1,320,000	1,532,026	1,161,535	370,491
Patient equipment	-	953,788	787,462	166,326
Vehicles	1,510,000	3,932,923	2,887,955	1,044,968
Total Expenditures	2,830,000	6,418,737	4,836,952	1,581,785
Excess (deficiency) of revenues over expenditures	-	-	(1,457,745)	(1,457,745)
Other Financing Sources (Uses):				
Transfer in	-	-	1,132,689	1,132,689
Total Other Financing Sources (Uses)	-	-	1,132,689	1,132,689
Net change in fund balance	\$ -	\$ -	(325,056)	\$ (325,056)
Fund balance, beginning			-	
Restatement - Change in financial reporting entity			3,931,943	
Fund balance - beginning, as restated			3,931,943	
Fund balance, ending			\$ 3,606,887	

The accompanying notes to the financial statements are an integral part of this statement.

COMPLIANCE SECTION

**Report of Independent Auditor 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**

To the Agency Board of Commissioners
Mecklenburg Emergency Medical Services Agency
Mecklenburg County, North Carolina

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 governmental activities and each major fund of Mecklenburg Emergency Medical Services Agency (a component unit of Mecklenburg County, North Carolina) (the "Agency"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated November 24, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from 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 financial statements. 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*.

Agency's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Agency's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Agency's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Charlotte, North Carolina
November 24, 2025

YEAR ENDED JUNE 30, 2025

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Internal control over financial reporting:

Significant deficiency(ies) identified that are not considered to be material weaknesses	yes	X	none reported

Noncompliance material to financial statements noted _____ yes X no

Criteria: An effective system of internal controls contemplates that management maintain books and records accurately and prepare financial statements in accordance with generally accepted accounting principles (“U.S. GAAP”).

Condition: During the performance of our audit, we identified several items requiring adjustments in order to present the financial statements in accordance with U.S. GAAP.

- Fiscal year 2026 revenue collections were incorrectly included in calculations for deferred inflows of resources and allowance for doubtful accounts.
- Multiple audit adjustments were necessary in order to properly record fund transfers and changes in the financial reporting entity, including an adjustment to increase transport revenue by approximately \$1,132,000 that should have been reported as a transfer out.
- Several adjustments were identified relating to the incurred but not reported claims liability, cash held by a third-party risk pool and other health insurance premiums.
- Several exceptions to U.S. GAAP reporting requirements were identified in the financial statements, relating to the classification of fund balance, net position, due to/from other funds, modified accrual to full accrual reconciling items and other disclosures.

Effect: Accounts receivable and revenues were overstated \$2,613,018 and \$4,262,672, respectively, in the General Fund and Government Wide Statements. Deferred inflows of resources were understated by \$1,649,654 in General Fund.

Transfers out and charges for services were understated by approximately \$1,132,000 in the General Fund related to the classification of a transfer to the Capital Project Fund.

Cause: There was a misapplication by management of the calculation required to properly record deferred inflows related to collections of accounts receivable outside their fund level revenue recognition policy of 60 days and the allowance for doubtful accounts receivable. There was also not appropriate oversight to ensure the financial statement and activity during the year were properly presented in accordance with the requirements of U.S. GAAP and all funds reconciled.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

YEAR ENDED JUNE 30, 2025

Recommendation: We recommend the Agency ensure they utilize a consistent methodology for calculating their deferred inflow and accounts receivable reported at year end and ensure the calculation is in accordance with U.S. GAAP. We further recommend that a year-end checklist be completed to ensure all items are appropriately recorded and disclosed. Specifically, non-routine transactions should be included and reviewed to ensure proper oversight.

View of Responsible Officials: The Agency agrees with this finding; see the Corrective Action Plan for more information.

MECKLENBURG EMERGENCY MEDICAL SERVICES AGENCY
(A Component Unit of Mecklenburg County)
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

YEAR ENDED JUNE 30, 2025

Section III—Schedule of prior year audit findings

2024-001 – Repeated finding at 2025-001

2024-002 – Corrected.

OUR PATIENTS.
OUR PEOPLE.
OUR STEWARDSHIP.
OUR PURPOSE.

**Corrective Action Plan
For the Fiscal Year Ended June 30, 2025**

Section II – Financial Statement Findings

MATERIAL WEAKNESS

2025 – 001

Name of Contact Person: Africa Otis, Finance Director

Corrective Action: For FY 25 a capital project fund was established to account for multi-year projects that had been historically tracked in the general fund. Fund accounting is not supported by the current accounting software, therefore this was a manual process. The Agency has been approved for and is actively working to convert to a governmental accounting software that supports fund accounting thus reducing the potential for errors as a result of manual processing.

A new drafting software was instituted this fiscal year to move the Agency from drafting financial statements from excel spreadsheets. Due to unexpected staffing changes those with limited knowledge of the new software worked to draft the statements. Adjustments and exceptions will be mitigated as the department returns to full staff and staff becomes more proficient with the drafting software.

Management continues to work to move the Agency from manual to automated processes; these improvements will result in more accurate reporting and strengthen internal controls,

Proposed Completion Date: 11/21/2025



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