

*Ubernosky & Majeres, PLLC*  
*Certified Public Accountants*

*820 Gessner, Suite 1200 • Houston, Texas 77024 • Office: 713.935.0071 • Fax: 713.935.0639 • www.umpllc.com*

April 15, 2015

To the Commissions  
Harris County ESD #11

Following is a summary of the procedures performed as related to our agreement of January 21, 2015 in regards to our review of certain expenses of Cypress Creek Emergency Medical Services ("CCEMS") for the year ended December 31, 2014.

This summary is intended for use of the Commissioners of Harris County ESD #11 only, and is not to be distributed to any other third parties.

Our review was performed on February 5, 2015 at the CCEMS office located at 7111 Five Forks Dr, Spring, TX. I met with Ralph Biancalana, Chief Accountant, CCEMS, Michael Burcham of Svadlenak, See and Company (CCEMS independent auditor) and Bradley England, Executive Director of CCEMS. Mr. England was not present during our review of the records.

In accordance with the terms of our engagement, we concentrated our efforts on the following expenses agreed to be funded by Harris County ESD #11:

Insurance - Health	\$ 1,950,000
Insurance – Worker’s Comp	\$ 300,000
Medical Supplies	\$ 750,000
Wages – Staff	\$ 6,200,000
Wages – Communications Center	\$ 1,465,365
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Total	<u>\$ 10,665,365</u>

Following is a recap of our procedures performed and results obtained:

**Insurance - Health**

We requested a general ledger detail of expenses incurred during 2014 related to health insurance. Total expenses incurred were \$2,191,032. Of the \$2,191,032 of total health insurance expenses, we verified \$2,075,944.07 by tracing those amounts directly to a summary provided by Frost Bank - Michelle Holcomb, Public Finance. No discrepancies were noted between the Frost Bank summary and the CCEMS general ledger. As the verified amount of \$2,191,032 exceeded the agreed upon reimbursable amount of the \$1,950,000, no additional procedures were performed.

**Insurance – Worker’s Compensation**

We obtained a copy of the workers compensation insurance policy from Texas Mutual Insurance Company covering the period 12-23-13 through 12-23-14. The total policy premium for this period was \$319,856. We traced this amount into the general ledger of CCEMS verifying payment. As the verified amount of \$319,856 exceeded the agreed upon reimbursable amount of \$300,000, no additional procedures were performed.

Medical Supplies

We requested a general ledger detail for medical expense incurred during 2014. Total expenses incurred were \$805,293.73. We randomly selected invoices totaling \$485,337.49, or 60.27% of the total medical expenses incurred. We traced 100% of these selected expenses to the actual paid invoices, verifying date, amount, vendor and propriety of classification as a medical supplies expense. No discrepancies were noted in the sample selected for review and no additional work was performed.

Wages - EMS Staff and Communications Center Staff

We began our review by obtaining a copy of the 2014 Form W-3. Total compensation as reported on the 2014 W-3 was \$9,636,774.90. We traced the total wages of \$9,636,774.90 to the general ledger amount reported in CCMES's accounting software without exception.

We requested and were provided a summary by employee (individual names excluded) grouping of EMS staff and communications center staff reflecting total 2014 compensation. Total compensation per this report was \$6,336,707.22 for EMS staff and \$1,442,624.32 for communications center staff.

From the summary provided, 150 employees were identified as EMS staff, 39 were identified as communications staff.

We traced the amount of wages reported on the summary of the 150 EMS staff employees to actual Form W-2s to verify that the wages reported on the summary were consistent with an actual Form W-2 reported amount, no discrepancies were identified (a Form W-2 existed for every amount on the summary provided). Of the 150 employees identified as EMS staff, we selected every 10<sup>th</sup> employee for additional review to verify classification as EMS staff. We went to the Texas Department of Health and Human Services website and verified that each of the 15 employees tested in the sample were current with their EMS certifications. All 15 staff selected in the sample were current with their EMS certification, no discrepancies were noted.

We traced the amount wages reported on the summary of the 39 communications staff to actual Form W-2s to verify that the wages reported on the summary were consistent with an actual W-2 reported amount, no discrepancies were identified (a Form W-2 existed for every amount on the summary provided). To verify proper classification of these employees as communications center employees, we were provided a dispatch summary indicating the employee name, number of hours worked and calls handled for the month of December, 2014. 100% of the employees on the dispatch report from the communications center were classified as communications center employees on the summary provided by CCEMS. No additional procedures were performed.

Attached is a recap of the funded vs. actual expense for 2014.

Please advise if we can be of any further assistance.

Sincerely,  
Ubernosky & Majeres, PLLC



Richard A. Majeres, CPA

Harris County EMS #11  
2014 Expenses to be funded  
Recap of Budget (funded) vs. Actual Expenses

	<u>Funded</u>	<u>Actual</u>	<u>Variance</u>
Insurance - health (100% all employees)	\$ 1,950,000	\$ 2,075,944	\$ (125,944)
Insurance - workers comp	\$ 300,000	\$ 319,856	\$ (19,856)
Wages - communications center	\$ 1,465,365	\$ 1,442,624	\$ 22,741
Wages - EMS staff	\$ 6,200,000	\$ 6,336,707	\$ (136,707)
Medical Supplies	\$ 750,000	\$ 805,294	\$ (55,294)
Totals	<u>\$ 10,665,365</u>	<u>\$ 10,980,425</u>	<u>\$ (315,060)</u>