

MEDICAL RESCUE TEAM SOUTH AUTHORITY  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
WITH  
INDEPENDENT AUDITOR'S REPORT

MEDICAL RESCUE TEAM SOUTH AUTHORITY  
YEARS ENDED DECEMBER 31, 2020 AND 2019

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# *Zelenkofske Axlerod LLC*

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

Board of Directors  
Medical Rescue Team South Authority

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the MEDICAL RESCUE TEAM SOUTH AUTHORITY, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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Board of Directors  
Medical Rescue Team South Authority  
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**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the MEDICAL RESCUE TEAM SOUTH AUTHORITY, as of December 31, 2020 and 2019, and the respective changes in financial position, and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Adoption of GASB Statements**

As described in Note 1 to the financial statements, in 2020 the Authority adopted the provisions of Governmental Accounting Standards Board's Statement No. 84 "Fiduciary Activities" and Statement No. 90 "Majority Equity Interests (an Amendment of GASB Statements No. 14 and No. 61)", and certain provisions of Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – and amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". Our opinion is not modified in respect to these matters.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Zelenkofske Axelrod LLC*

ZELENKOFSCHE AXELROD LLC

November 15, 2021  
Pittsburgh, Pennsylvania

MEDICAL RESCUE TEAM SOUTH AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

As management of the Medical Rescue Team South Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2020.

### Financial Highlights

- The assets of Medical Rescue Team South Authority exceeded its liabilities at the close of the most recent fiscal year (2020) by \$918,207 (*net position*), an increase of 10% over the prior fiscal year (2019).
- There were changes in both net investment in capital assets and unrestricted net position in 2020. Net investment in capital assets increased by \$58,587 or 6% in 2020, while unrestricted net position decreased by \$20,863 or 33% for the same period, decreasing the unrestricted net position to (\$81,002) at the end of the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority is engaged in only business-type activities (functions that are intended to recover all, or a significant portion of, their costs through user fees and charges). Therefore, the Authority has not presented government-wide financial statements, and has presented only the financial statements required for an enterprise fund (proprietary fund financial statements). The Authority's basic financial statements are comprised of two components: 1) proprietary fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Proprietary Fund Financial Statements.** 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 Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the proprietary fund financial statements. The notes to the financial statements can be found on pages 10 to 19 of the 2020 audited financial statement report.

MEDICAL RESCUE TEAM SOUTH AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

### Financial Analysis

Net position may serve over time as a useful indicator of the Authority's financial position. In the case of Medical Rescue Team South Authority, assets exceeded liabilities by \$918,207 at the close of the most recent fiscal year for a 5% increase from fiscal year 2019.

The net position total includes as part of its calculation, a balance in unrestricted net position of (\$81,002). Unrestricted net position decreased by 33% during the current fiscal year.

#### NET POSITION

	<u>2020</u>	<u>2019</u>
Current assets	\$ 1,421,850	\$ 906,729
Capital assets	<u>1,842,071</u>	<u>1,669,414</u>
Total assets	<u>3,263,921</u>	<u>2,576,143</u>
Current liabilities	1,503,602	1,161,057
Non-current liabilities	<u>842,032</u>	<u>534,523</u>
Total liabilities	<u>2,345,634</u>	<u>1,695,580</u>
Net position:		
Net investment in capital assets	999,289	940,702
Unrestricted	<u>(81,002)</u>	<u>(60,139)</u>
Total net position	<u>\$ 918,287</u>	<u>\$ 880,563</u>

Total net position increased in 2020 in the amount of \$37,724. As noted earlier, this amount includes the unrestricted net position balance of (\$81,002) at the end of the current fiscal year.

#### CHANGES IN NET POSITION

	<u>2020</u>	<u>2019</u>
Operating revenues - charges for services	\$ 3,356,147	\$ 3,748,225
Operating expenses	<u>5,068,554</u>	<u>5,062,096</u>
Operating loss	(1,712,407)	(1,313,871)
Non-operating revenues (expenses)	<u>986,438</u>	<u>624,031</u>
Loss before Community Assessment	(725,969)	(689,840)
Community Assessment	<u>763,693</u>	<u>773,508</u>
Changes in net position	37,724	83,668
Net position - beginning of year	<u>880,563</u>	<u>796,895</u>
Net position - end of year	<u>\$ 918,287</u>	<u>\$ 880,563</u>

Total operating revenues were down from prior years as a result of the COVID-19 pandemic. Related operating expenses decreased slightly, but not commensurate with operating revenues. Non-operating revenues increased as a result of additional pandemic related grant funds.

MEDICAL RESCUE TEAM SOUTH AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

**Capital Asset and Debt Administration**

**Capital assets.** Medical Rescue Team South Authority's investment in capital assets for its business type activities as of December 31, 2020 amounts to \$1,842,071 (net of accumulated depreciation). This investment in capital assets includes land, vehicles and equipment, office furniture and equipment, and building. The total increase in the Authority's capital assets for the current fiscal year was 10.3%. There were capital assets totaling \$439,229 purchased during the 2020 fiscal year.

	<u>2020</u>	<u>2019</u>
Land	\$ 259,908	\$ 256,708
Construction in process	357,842	-
Building	1,931,518	1,927,953
Ambulances	1,808,048	1,808,048
Equipment	1,119,805	1,045,183
Vehicles	75,127	75,127
Leasehold improvements	185,905	185,905
Accumulated depreciation	<u>(3,896,082)</u>	<u>(3,629,510)</u>
	<u>\$ 1,842,071</u>	<u>\$ 1,669,414</u>

Additional information on Medical Rescue Team Authority's capital assets can be found in note 4 on page 16 of the audited financial statements.

**OUTSTANDING DEBT**

	<u>2020</u>	<u>2019</u>
Loans payable	\$ 1,385,482	\$ 728,712
Total outstanding debt	<u>\$ 1,385,482</u>	<u>\$ 728,712</u>

**Long-term debt.** At the end of the current fiscal year, the Authority had total long term debt outstanding of \$1,385,482, which is related to obligations outstanding for the Authority's Debt issuance in 2020 for capital improvements as well as a refinancing of the existing debt. The Authority also includes a Payroll Protection Program loan in the amount of \$542,700 in long term debt, which was subsequently forgiven in 2021.

Additional information on the Authority's long-term debt can be found in note 5 on pages 16 and 17 of the audited financial statements.

MEDICAL RESCUE TEAM SOUTH AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

**Economic Factors and Next Year's Budgets and Rates**

These economic factors are considered important to Medical Rescue Team South Authority's operations for the 2020 fiscal year.

- The Authority will continue to analyze and maintain competitive vendor rates for all of its insurances related to health care, liability, disability, and vehicle coverage. These rates, in particular, along with all vendor rates are reviewed annually by the current administration.

**Requests for Information**

This financial report is designed to provide a general overview of Medical Rescue Team Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director at 315 Cypress Way, Pittsburgh, PA 15228.



MEDICAL RESCUE TEAM SOUTH AUTHORITY  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2020 AND 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current:		
Cash and cash equivalents	\$ 398,988	\$ 134,832
Accounts receivable, net	1,015,241	740,431
Prepaid expenses	7,621	31,466
	<hr/>	<hr/>
Total current assets	1,421,850	906,729
Capital assets, net of accumulated depreciation of \$3,896,082 and \$3,629,510 for 2020 and 2019, respectively	1,842,071	1,669,414
	<hr/>	<hr/>
Total Assets	<u>\$ 3,263,921</u>	<u>\$ 2,576,143</u>
 <u>Liabilities and Net Position</u>		
Current Liabilities:		
Accounts payable	\$ 269,355	\$ 140,069
Accrued payroll and payroll withholding	74,732	30,422
Accrued FICA taxes and retirement	22,314	-
Accrued sick pay buy back	23,845	29,784
Accrued compensated absences	4,695	61,046
Unearned subscription revenue	320,173	126,558
Line of credit	245,038	578,989
Long-term debt, current portion	543,450	194,189
	<hr/>	<hr/>
Total current liabilities	1,503,602	1,161,057
Long-Term Liabilities:		
Loans payable	842,032	534,523
	<hr/>	<hr/>
Total long term liabilities	842,032	534,523
	<hr/>	<hr/>
Total Liabilities	2,345,634	1,695,580
	<hr/>	<hr/>
Net Position:		
Net investment in capital assets	999,289	940,702
Unrestricted	(81,002)	(60,139)
	<hr/>	<hr/>
Total Net Position	918,287	880,563
	<hr/>	<hr/>
Total Liabilities and Net Position	<u>\$ 3,263,921</u>	<u>\$ 2,576,143</u>

See accompanying notes to the financial statements.

MEDICAL RESCUE TEAM SOUTH AUTHORITY  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Operating Revenue:		
Ambulance service	\$ 3,353,479	\$ 3,738,139
Community education	2,668	10,086
Total Operating Revenue	<u>3,356,147</u>	<u>3,748,225</u>
Operating Expenses:		
Salaries and fringes	2,953,800	3,140,237
Depreciation	266,572	291,905
Service and programs	4,446	4,375
Insurance	60,894	56,423
Vehicle maintenance and repairs	36,094	31,244
Building maintenance and support	138,356	151,478
Professional services	652,104	323,191
Fuel expense	30,990	37,479
Supplies	63,726	55,881
Miscellaneous	72,075	65,069
Bad debt expense	789,497	904,814
Total Operating Expenses	<u>5,068,554</u>	<u>5,062,096</u>
Operating Loss	<u>(1,712,407)</u>	<u>(1,313,871)</u>
Non-operating Revenues (Expenses)		
Subscriptions	555,607	592,223
Grants and donations	237,823	14,294
Standby revenue	20,550	8,213
Miscellaneous	14,477	10,699
Interest income	260	178
Refunds	199,538	44,695
Interest expense	(41,817)	(46,271)
Total Non-operating Revenue (Expenses)	<u>986,438</u>	<u>624,031</u>
Net Loss	(725,969)	(689,840)
Community Assessment	<u>763,693</u>	<u>773,508</u>
Change in Net Position after Community Assessment	37,724	83,668
Net Position, Beginning of Year	<u>880,563</u>	<u>796,895</u>
Net Position, End of Year	<u>\$ 918,287</u>	<u>\$ 880,563</u>

See accompanying notes to the financial statements.

MEDICAL RESCUE TEAM SOUTH AUTHORITY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Cash Flow From Operating Activities:	2020	2019
Receipts from customers and users	\$ 2,291,840	\$ 2,952,934
Payments to suppliers	(905,554)	(599,436)
Payments to employees	(2,949,466)	(3,203,876)
Net cash used in operating activities	(1,563,180)	(850,378)
Cash Flow From Non-Capital Financing Activities:		
Receipts from subscriptions	749,222	(471,464)
Receipts from grants and donations	237,823	14,294
Receipts from community assessments	763,693	773,508
Receipts from other non-capital financing activities	35,027	18,912
Receipts (payments) from/on line of credit	(333,951)	(171,011)
Net cash provided by non-capital financing activities	1,451,814	164,239
Cash Flow From Capital and Related Financing Activities:		
Purchase of capital assets	(439,229)	(333,312)
Principal paid on capital debt	(728,543)	(220,541)
Debt for capital assets additions	1,385,313	325,000
Interest paid on capital debt	(41,817)	(46,271)
Net cash used in capital and related financing activities	175,724	(275,124)
Cash Flow From Investing Activities		
Interest on investments	260	178
Refund of prior year expenses	199,538	44,695
Net cash provided by investing activities	199,798	44,873
Net Increase in Cash and Cash Equivalents	264,156	(916,390)
Cash and Cash Equivalents		
Beginning of Year	134,832	1,051,222
End of Year	\$ 398,988	\$ 134,832
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:		
Operating Loss	\$ (1,712,407)	\$ (1,313,871)
Adjustments to reconcile operating loss to net cash Used in operating activities:		
Depreciation	266,572	291,905
Change In:		
Accounts receivable	(274,810)	109,253
Accounts payable	129,286	112,359
Prepaid and other assets	23,845	13,345
Accrued payroll and related liabilities	4,334	(63,639)
Total adjustments	149,227	463,223
Net cash used in operating activities	\$ (1,563,180)	\$ (850,648)

See accompanying notes to the financial statements.

MEDICAL RESCUE TEAM SOUTH AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Medical Rescue Team South Authority (Authority) was originally incorporated in 1984 under the provisions of the Municipal Authorities Act of 1945. The Authority is organized to provide emergency medical services (EMS) to its six contiguous participating municipalities: Baldwin Township, Castle Shannon, Dormont, Greentree, Mt. Lebanon, and Whitehall. At December 31, 2020 and 2019, all of these municipalities were member communities. All member communities have voting representation on the Board of Directors (Board).

In addition to EMS, the Authority also provides non-emergency transportation services (NETS) to the participating communities.

Reporting Entity

The governing body of the Authority is its Board, which is comprised of two members from each member community. The Board appoints the operations director to administer the affairs of the Authority. Beyond appointing Board members, the individual member communities do not have the ability to significantly influence the Authority's operations. Therefore, the Authority is not considered a component unit of any one member community.

In the event the Authority's expenses exceed its revenues, or if the Authority were to default on its outstanding debt, contributions could be required from member communities.

Measurement Focus and Basis of Accounting

The Authority accounts for its activities as an Enterprise Fund which is similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Accordingly, the financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized as earned and expenditures are recognized as incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for ambulance and related services. Operating expenses include the cost of those services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

MEDICAL RESCUE TEAM SOUTH AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Unearned Subscription Revenue

The Authority begins each year's subscription drive during the latter part of the previous year. Accordingly, the subscriptions received as of December 31<sup>st</sup> are deferred and recognized in the following year.

Compensated Absences

Full-time employees are granted five to twenty-five days of vacation leave per year, dependent upon employment classification and length of service. Vacation days are earned based upon the previous year's service and unused days are payable upon termination or retirement. Full-time employees are granted 10 sick days per year. The employees may sell their sick days back to the Authority the first pay of the next year based on the amount used during the previous year at various rates. Accordingly, the Authority has recorded a liability for unused vacation days and sick pay buy back due to employees at December 31, 2020 and 2019. As of 2015, employees also have the option to "bank" sick days into a Short Term Disability (STD) bank at one third of their hourly rate. In the event that the employee is injured, they can use the STD bank to make themselves "whole".

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Authority considers all highly liquid investments purchased with maturities of three months or less when purchased to be cash equivalents.

Allowance for Doubtful Accounts

At December 31, 2020 and 2019, in addition to amounts previously reserved as uncollectible, the Authority had an allowance for doubtful accounts of \$100,000. Bad debt expense was \$789,497 and \$904,814 at December 31, 2020 and 2019, respectively.

MEDICAL RESCUE TEAM SOUTH AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2020 AND 2019

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
 (CONTINUED)

Capital Assets

Capital assets, which include property, equipment, vehicles, and leasehold improvements, are defined as assets with an initial individual cost of more than \$500 and an estimated useful life of five years or more. Such assets are recorded at historical cost. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building	39
Ambulances	5
Equipment	5
Vehicles	5
Leasehold improvements	5

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as invested capital assets (net of related debt) and unrestricted.

- Net investment in capital assets - This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction, or improvement of these assets.
- Unrestricted - This component of net position consists of net position that does not meet the definition of "net investment in capital assets."

Adoption of Governmental Accounting Standards Board Statements

The Authority adopted the requirements of GASB Statement No. 84, "Fiduciary Activities". The adoption of this statement had no effect on the Authority's financial statements.

The Authority adopted the requirements of GASB Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*". The adoption of this statement had no effect on the Authority's financial statements.

The Authority adopted the requirements of GASB Statement No. 90 "Majority Equity Interests (an Amendment of GASB Statements No. 14 and No. 61)". The adoption of this statement had no effect on the Authority's financial statements.

The Authority adopted certain requirements of GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". The adoption of this statement had no effect on the Authority's financial statements.

MEDICAL RESCUE TEAM SOUTH AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Pending Changes in Accounting Principles

In June 2017, the GASB issued Statement No. 87, "Leases". The Authority is required to adopt Statement No. 87 for its calendar year 2022 financial statements.

In June of 2018, the GASB issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period." The Authority is required to adopt statement No. 89 for its calendar year 2021 financial statements.

In May of 2019, the GASB issued Statement No. 91, "Conduit Debt Obligations". The Authority is required to adopt Statement No. 91 for its calendar year 2022 financial statements.

In January of 2020, the GASB issued Statement No. 92, "Omnibus 2020". The Authority is required to adopt Statement No. 92 for its calendar year 2022 financial statements.

In March 2020, the GASB issued Statement No. 93, "Replacement of Interbank Offered Rates". The Authority is required to adopt Statement No. 93 for its calendar year 2022 financial statements.

In March 2020, the GASB issued Statement No. 94, "Public-Private and Public-Public Partnership and Availability Payment Arrangements". The Authority is required to adopt Statement No. 94 for its calendar year 2023 financial statements.

In May 2020, the GASB issued Statement No. 96, "Subscription-Based Information Technology Arrangements". The Authority is required to adopt Statement No. 96 for its calendar year 2023 financial statements.

In June 2020, the GASB issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – and amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". The Authority is required to adopt the remaining provisions of Statement No. 97 for its calendar year 2022 financial statements.

In October 2021, the GASB issued Statement No. 98, "The Annual Comprehensive Financial Report". The Authority is required to adopt Statement No. 98 for its calendar year 2021 financial statements.

The Authority has not completed the various analysis required to estimate the financial statement impact of these new pronouncements.

MEDICAL RESCUE TEAM SOUTH AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2020 AND 2019

## NOTE 2: CASH AND CASH EQUIVALENTS

Deposits

The Authority only maintains bank deposits in checking and savings accounts. The following is a description of the Authority's deposit risks:

*Custodial credit risk* – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk. At December 31, 2020 and 2019, the carrying amounts of the Authority's deposits were \$398,988 and \$134,832, respectively. The Authority's bank deposits at December 31, 2020 and 2019 were \$336,099 and \$187,143, respectively. Of the bank balance, \$272,840 and \$187,143 were covered by federal depository insurance at December 31, 2020 and 2019, respectively. The remaining balance was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all government's deposits and have the collateral held by an approved custodian in the institution's name.

## NOTE 3: ACCOUNTS RECEIVABLE

At December 31, 2020 and 2019 accounts receivable are composed of the following:

	<u>2020</u>	<u>2019</u>
Gross Accounts Receivable	1,115,241	840,431
Less: Allowance for Doubtful Accounts	<u>(100,000)</u>	<u>(100,000)</u>
	<u>\$ 1,015,241</u>	<u>\$ 740,431</u>



MEDICAL RESCUE TEAM SOUTH AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2020 AND 2019

## NOTE 4: CAPITAL ASSETS

Capital assets balances at December 31, 2020 are as follows:

	Balance at January 1, 2020	Additions	Deletions	Balance at December 31, 2020
Capital assets, not being depreciated				
Land	\$ 256,708	\$ 3,200	\$ -	\$ 259,908
Construction in process	-	357,842	-	357,842
Total capital assets not being depreciated	<u>256,708</u>	<u>361,042</u>	<u>-</u>	<u>617,750</u>
Capital assets being depreciated				
Building	1,927,953	3,565	-	1,931,518
Ambulances	1,808,048	-	-	1,808,048
Equipment	1,045,183	74,622	-	1,119,805
Vehicles	75,127	-	-	75,127
Leasehold improvements	185,905	-	-	185,905
Total capital assets being depreciated	<u>5,042,216</u>	<u>78,187</u>	<u>-</u>	<u>5,120,403</u>
Less: Accumulated depreciation				
Building	(1,225,201)	(50,028)	-	(1,275,229)
Ambulances	(1,258,089)	(155,161)	-	(1,413,250)
Equipment	(956,997)	(48,095)	-	(1,005,092)
Vehicles	(75,127)	-	-	(75,127)
Leasehold improvements	(114,096)	(13,288)	-	(127,384)
Total accumulated depreciation	<u>(3,629,510)</u>	<u>(266,572)</u>	<u>-</u>	<u>(3,896,082)</u>
Total capital assets being depreciated, net	<u>1,412,706</u>	<u>(188,385)</u>	<u>-</u>	<u>1,224,321</u>
Capital assets, net	<u>\$ 1,669,414</u>	<u>\$ 172,657</u>	<u>\$ -</u>	<u>\$ 1,842,071</u>

## NOTE 5: LONG-TERM DEBT

Changes in long-term debt for the years ended December 31 are as follows:

	2020	2019
Balance - beginning of year	\$ 728,712	\$ 624,253
Additions	1,385,313	325,000
Payments	(728,543)	(220,541)
Balance - end of year	<u>\$ 1,385,482</u>	<u>\$ 728,712</u>
Shown as:		
Current	\$ 543,450	\$ 194,189
Long term	\$ 842,032	\$ 534,523

MEDICAL RESCUE TEAM SOUTH AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019

## NOTE 5: LONG-TERM DEBT (CONTINUED)

2015 Ambulance Loan

During 2015, the Authority entered into a loan for \$270,000 for the purchase of 2 2015 F-450 Ambulances. This agreement is payable over a period of 60 monthly installments of \$4,863 including interest rate of 3.05% per annum. During 2020 and 2019, the Authority made principal payments of \$14,514 and \$56,950 respectively. The Authority has recorded both the fixed asset and debt on its books. The related depreciation for this asset has been included as depreciation expense.

2015 Capital Improvement Loan

During 2015, the Authority entered into a loan for \$171,000 for capital improvements approved by the Board of Directors. This agreement is payable over a period of 120 monthly installments of \$1,683 including interest rate of 3.35% per annum. During 2020 and 2019, the Authority made principal payments of \$96,973 and \$16,595 respectively. This loan was repaid in full by the 2020 Series B Note.

2016 Monitor Loan

During 2016, the Authority entered into a loan for \$165,845 for the purchase of 15 monitors. This agreement is payable over a period of 6 years. The agreement calls for an annual payment of \$16,584 for the first two years, and annual payments of \$33,169 for the 4 remaining years of the agreement.

2018 Ambulance Loan

During 2018, the Authority entered into a loan for \$350,000 for the purchase of 2 Ambulances. This agreement is payable over a period of 5 years with payments of \$6,620 including interest rate of 5.02% per annum. During 2020 and 2019, the Authority made principal payments of \$276,093 and \$63,622. This loan was repaid in full by the 2020 Series B Note.

2019 Ambulance Loan

During 2019, the Authority entered into a loan for \$325,000 for the purchase of 2 Ambulances. This agreement is payable over a period of 5 years with payments of \$6,179 including interest rate of 4.67% per annum. During 2020 and 2019, the Authority made principal payments of \$274,794 and \$50,207, respectively. This loan was repaid in full by the 2020 Series B Note.

2020 Series A Note

During 2020 the Authority entered into a loan for \$1,898,000 to fund capital expenses of the Authority. The loan has a draw period that ends on May 31, 2022. As of December 31, 2020 \$299,613 has been drawn on the loan. The loan bears interest at 2.85% per annum and has a final maturity in December of 2027. No payments have yet been made on this loan.

MEDICAL RESCUE TEAM SOUTH AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2020 AND 2019

## NOTE 5: LONG-TERM DEBT (CONTINUED)

2020 Series B Note

During 2020 the Authority entered into a loan for \$543,000 for the purpose of refinancing the existing 2015, 2018, and 2019 loans and lowering the interest costs. The loan bears interest at 2.80% per annum with a final maturity in June of 2025. During 2020 principal payments of \$33,000 were made on the loan.

Payroll Protection Program Loan

On May 6, 2020, the Authority received loan proceeds in the amount of \$542,700 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying (entities/businesses/not-for-profits—as appropriate) for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying entity. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the program.

The Authority was notified on March 2, 2021, subsequent to year end, by the Small Business Administration (SBA) that the loan, together with accrued interest, had been fully forgiven under the provisions of the PPP program. The Authority has accounted for the loan as debt under GASB Technical Bulletin No. 20-1 . Accordingly, and in compliance with Technical Bulletin No. 20-1, upon the legal release of its obligation by the SBA on March 2, 2021, the Authority, in fiscal year 2021, will recognize other income of \$542,700 and eliminate the debt from its statement of net position.

Future maturities for the loans are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 543,450	\$ 30,238	\$ 573,688
2022	651,419	25,730	677,149
2023	167,613	4,060	171,673
2024	19,000	518	19,518
2025	<u>4,000</u>	<u>56</u>	<u>4,056</u>
Total debt	<u>\$ 1,385,482</u>	<u>\$ 60,602</u>	<u>\$ 1,446,084</u>

## NOTE 6: RETIREMENT PLAN &amp; DEFERRED COMPENSATION PLANS

As of April 2009, the Authority's previous Section 403(b) plan was replaced by the current non-matching 401(a) plan in which the Authority will contribute 6% of the employees' gross wages. In addition, the employees may voluntarily participate in a Section 457 plan to which they may contribute at will. All amounts deposited are 100% vested with the employee upon deposit. In 2020 and 2019, the Authority's contributions were \$114,552 and \$123,482, respectively.

MEDICAL RESCUE TEAM SOUTH AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019

NOTE 7: INCOME TAX STATUS

The Authority is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. The Authority is not classified as a private foundation. The accounting standard on accounting for uncertainty income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Authority may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Authority and various positions related to the potential sources of unrelated business taxable income (UBIT). Tax benefits would be recognized in the financial statements from such a position and be measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended December 31, 2020. The Authority files Form 990 in the U.S. federal jurisdiction. The Authority is generally no longer subject to examination by the Internal Revenue Service for years before 2015.

NOTE 8: CONTINGENCIES AND COMMITMENTS

The Authority receives a significant amount of its operating revenues from the federal Medicare program. The receipt of funds from the Medicare program generally requires compliance with the terms and conditions as specified in the federal regulations. Payments for service may also be subject to retrospective review for medical necessity and/or appropriateness. Payments may be disallowed as a result of these reviews thus resulting in a liability to the Authority. The amount, if any, of revenues that may be disallowed by the Medicare program in future audits cannot be determined at this time.

During 2009, the Authority entered into a \$500,000 revolving line of credit with a variable interest rate equal to the Bank's Prime Rate of 3.50% at December 31. During 2012, this revolving line of credit was amended to \$750,000 with a variable interest rate equal to the Bank's Prime Rate of 3.25% at December 31, 2012. The line of credit is secured by a first mortgage on real estate located at 315 Cypress Way, Pittsburgh, PA and business assets, excluding ambulances. This line of credit was paid off in 2020 by a new line of credit with Concord Public Finance. The outstanding line of credit balance at December 31, 2020 and 2019 was \$245,038 and \$578,989, respectively.

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past four years. There were no significant reductions in insurance coverage from coverage in the prior year.

MEDICAL RESCUE TEAM SOUTH AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019

NOTE 8: CONTINGENCIES AND COMMITMENTS (CONTINUED)

For its workers compensation insurance coverage, the Authority participates in the Municipal Risk Management Worker's Compensation Pooled Trust (Trust), a public entity risk pool operated for the benefit of 199 cities, municipalities, boroughs, townships, and municipal authorities. Trust underwriting and rate-setting policies are established after consultation with an independent actuary and certain approvals of the Pennsylvania Department of Labor and Industry as mandated by Act 44 of 1993 (Act 44). All Trust participants may be subject to a supplemental assessment/dividend based on the overall experience of the participants, pursuant to Act 44. Dividends received in 2019 and 2018 were \$61,063 and \$104,998, respectively. Each participant of the Trust agrees to jointly and severally assume and discharge the liabilities arising under the Workers' Compensation Act and Occupational Disease Act of each and every participant of the Trust. Political subdivisions joining the Trust must remain members for a minimum of four years; a member may withdraw from the Trust after that time by giving ninety days notice, subject to approval by the Trust actuary under specified circumstances related to the continued fiscal stability of the pool. At the time of withdrawal, the participant is responsible for their share of assessments, but has no claim on any assets of the Trust.

In the normal course of operations, the Authority is involved in various disputes. Management is of the opinion that any outcome resulting from these actions would not have a material effect of the Authority's financial position.

NOTE 9: MANAGEMENT'S PLANS

The Authority had a negative unrestricted net position balance in the amount of \$(60,139) at December 31, 2019 and (\$81,002) at December 31, 2020. Management will strive to improve the financial position of the Authority by reviewing operations to reduce costs and increase efficiencies. The Authority has the capacity to assess the municipalities to generate additional funds for operations.

NOTE 10: SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 15, 2021, which is the date the financial statements were available to be issued.