

MEDICAL RESCUE TEAM SOUTH AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
WITH
INDEPENDENT AUDITOR'S REPORT

MEDICAL RESCUE TEAM SOUTH AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020

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Independent Auditor's Report

Board of Directors
Medical Rescue Team South Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of the Medical Rescue Team South Authority ("MRTSA"), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities, of MRTSA, as of December 31, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 MRTSA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

MRTSA's 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 MRTSA's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 GAAS 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.



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To the Board of Directors
Medical Rescue Team South Authority
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In performing an audit in accordance with GAAS, 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 MRTSA'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 MRTSA'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 *management's discussion and analysis and budgetary comparison information on pages 3 through 6* 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.

Zelenkofske Axlerod LLC

ZELENKOFSCHE AXELROD LLC

May 25, 2022

MEDICAL RESCUE TEAM SOUTH AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021.

Financial Highlights

- The assets of Medical Rescue Team South Authority exceeded its liabilities at the close of the most recent fiscal year (2021) by \$1,075,241 (*net position*), an increase of 17% over the prior fiscal year (2020).
- There were changes in both net investment in capital assets and unrestricted net position in 2021. Net investment in capital assets decreased by \$449,247 or 45% in 2021, while unrestricted net position increased by \$606,201 or 748% for the same period, increasing the unrestricted net position to \$525,199 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 8 of the 2021 audited financial statement report.

MEDICAL RESCUE TEAM SOUTH AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

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 \$1,075,241 at the close of the most recent fiscal year for a 17% increase from fiscal year 2020.

The net position total includes as part of its calculation, a balance in unrestricted net position of \$525,199. Unrestricted net position increased by 548% during the current fiscal year.

NET POSITION

	<u>2021</u>	<u>2020</u>
Current assets	\$ 1,517,755	\$ 1,421,850
Capital assets	<u>2,892,042</u>	<u>1,842,071</u>
Total assets	<u>4,409,797</u>	<u>3,263,921</u>
Current liabilities	1,545,556	1,503,602
Non-current liabilities	<u>1,789,000</u>	<u>842,032</u>
Total liabilities	<u>3,334,556</u>	<u>2,345,634</u>
Net position:		
Net investment in capital assets	550,042	999,289
Unrestricted	<u>525,199</u>	<u>(81,002)</u>
Total net position	<u>\$ 1,075,241</u>	<u>\$ 918,287</u>

CHANGES IN NET POSITION

	<u>2021</u>	<u>2020</u>
Operating revenues - charges for services	\$ 4,185,257	\$ 3,911,754
Operating expenses	<u>5,578,459</u>	<u>5,068,554</u>
Operating loss	(1,393,202)	(1,156,800)
Non-operating revenues (expenses)	<u>717,516</u>	<u>430,831</u>
Loss before Community Assessment	(675,686)	(725,969)
Community Assessment	<u>832,640</u>	<u>763,693</u>
Changes in net position	156,954	37,724
Net position - beginning of year	<u>918,287</u>	<u>880,563</u>
Net position - end of year	<u>\$ 1,075,241</u>	<u>\$ 918,287</u>

Total operating revenues increased from the prior year due to 2020 having lower than normal demand for services as a result of the COVID-19 pandemic. Related operating expenses increased in line with the increased revenues during 2021. Non-operating revenues increased as a result of the SBA forgiving the Authority's \$542,700 PPP loan.

MEDICAL RESCUE TEAM SOUTH AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021 amounts to \$2,892,042 (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 57%. There were capital assets totaling \$1,408,570 purchased during the 2021 fiscal year.

	2021	2020
Land	\$ 259,908	\$ 259,908
Construction in process	-	357,842
Building	1,931,518	1,931,518
Vehicles	2,649,317	1,883,175
Equipment	1,424,868	1,119,805
Leasehold improvements	881,112	185,905
Accumulated depreciation	(4,254,681)	(3,896,082)
	<u>\$ 2,892,042</u>	<u>\$ 1,842,071</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

	2021	2020
Loans payable	\$ 2,342,000	\$ 1,385,482
Total outstanding debt	<u>\$ 2,342,000</u>	<u>\$ 1,385,482</u>

Long-term debt. At the end of the current fiscal year, the Authority had total long term debt outstanding of \$2,342,000, 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 for 2020, which was subsequently forgiven in 2021.

Additional information on the Authority's long-term debt can be found in note 5 on pages 5 and 6 of the audited financial statements.

MEDICAL RESCUE TEAM SOUTH AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

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 2021 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, 2021 AND 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current:		
Cash and cash equivalents	\$ 721,505	\$ 398,988
Accounts receivable, net	796,250	1,015,241
Prepaid expenses	-	7,621
	<hr/>	<hr/>
Total current assets	1,517,755	1,421,850
Capital assets, net of accumulated depreciation of \$4,254,681 and \$3,896,082 for 2021 and 2020, respectively	<hr/>	<hr/>
	2,892,042	1,842,071
	<hr/>	<hr/>
Total Assets	<u>\$ 4,409,797</u>	<u>\$ 3,263,921</u>
<u>Liabilities and Net Position</u>		
Current Liabilities:		
Accounts payable	\$ 106,377	\$ 269,355
Accrued payroll and payroll withholding	98,516	74,732
Accrued FICA taxes and retirement	9,959	22,314
Accrued sick pay buy back	12,146	23,845
Accrued compensated absences	-	4,695
Unearned subscription revenue	337,500	320,173
Line of credit	428,058	245,038
Long-term debt, current portion	553,000	543,450
	<hr/>	<hr/>
Total current liabilities	1,545,556	1,503,602
Long-Term Liabilities:		
Loans payable	<hr/>	<hr/>
	1,789,000	842,032
Total long term liabilities	<hr/>	<hr/>
	1,789,000	842,032
Total Liabilities	<hr/>	<hr/>
	3,334,556	2,345,634
Net Position:		
Net investment in capital assets	550,042	999,289
Unrestricted	525,199	(81,002)
	<hr/>	<hr/>
Total Net Position	1,075,241	918,287
Total Liabilities and Net Position	<u>\$ 4,409,797</u>	<u>\$ 3,263,921</u>

See accompanying notes to the financial statements.

MEDICAL RESCUE TEAM SOUTH AUTHORITY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating Revenue:		
Ambulance service, net	\$ 3,536,565	\$ 3,353,479
Vaccine Clinic	148,513	-
Subscriptions	498,079	555,607
Community education	<u>2,100</u>	<u>2,668</u>
Total Operating Revenue	<u>4,185,257</u>	<u>3,911,754</u>
Operating Expenses:		
Salaries and fringes	2,908,371	2,953,800
Depreciation	358,599	266,572
Service and programs	13,484	4,446
Insurance	50,490	60,894
Vehicle maintenance and repairs	71,082	36,094
Building maintenance and support	200,605	138,356
Professional services	530,079	652,104
Fuel expense	40,548	30,990
Supplies	61,870	63,726
Miscellaneous	102,211	72,075
Bad debt expense	<u>1,241,120</u>	<u>789,497</u>
Total Operating Expenses	<u>5,578,459</u>	<u>5,068,554</u>
Operating Loss	<u>(1,393,202)</u>	<u>(1,156,800)</u>
Non-operating Revenues (Expenses)		
Grants and donations	124,023	237,823
Standby revenue	40,966	20,550
Miscellaneous	57,975	14,477
Interest income	176	260
PPP Loan Forgiveness	542,700	-
Refunds	-	199,538
Interest expense	<u>(48,324)</u>	<u>(41,817)</u>
Total Non-operating Revenue (Expenses)	<u>717,516</u>	<u>430,831</u>
Net Loss	(675,686)	(725,969)
Community Assessment	<u>832,640</u>	<u>763,693</u>
Change in Net Position after Community Assessment	156,954	37,724
Net Position, Beginning of Year	<u>918,287</u>	<u>880,563</u>
Net Position, End of Year	<u>\$ 1,075,241</u>	<u>\$ 918,287</u>

See accompanying notes to the financial statements.

MEDICAL RESCUE TEAM SOUTH AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Cash Flow From Operating Activities:	2021	2020
Receipts from customers and users	\$ 2,665,049	\$ 2,291,840
Receipts from subscriptions	515,406	749,222
Payments to suppliers	(1,225,726)	(905,554)
Payments to employees	(2,913,336)	(2,949,466)
Net cash used in operating activities	(958,607)	(813,958)
Cash Flow From Non-Capital Financing Activities:		
Receipts from grants and donations	124,023	237,823
Receipts from community assessments	832,640	763,693
Receipts from other non-capital financing activities	98,941	35,027
Receipts (payments) from/on line of credit	183,020	(333,951)
Net cash provided by non-capital financing activities	1,238,624	702,592
Cash Flow From Capital and Related Financing Activities:		
Purchase of capital assets	(1,408,570)	(439,229)
Principal paid on capital debt	(99,169)	(728,543)
Debt for capital assets additions	1,598,387	1,385,313
Interest paid on capital debt	(48,324)	(41,817)
Net cash used in capital and related financing activities	42,324	175,724
Cash Flow From Investing Activities		
Interest on investments	176	260
Refund of prior year expenses	-	199,538
Net cash provided by investing activities	176	199,798
Net Increase in Cash and Cash Equivalents	322,517	264,156
Cash and Cash Equivalents		
Beginning of Year	398,988	134,832
End of Year	\$ 721,505	\$ 398,988
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:		
Operating Loss	\$ (1,393,202)	\$ (1,156,800)
Adjustments to reconcile operating loss to net cash		
Used in operating activities:		
Depreciation	358,599	266,572
Change In:		
Accounts receivable	218,991	(274,810)
Accounts payable	(162,978)	129,286
Unearned subscription revenue	17,327	193,615
Prepaid and other assets	7,621	23,845
Accrued payroll and related liabilities	(4,965)	4,334
Total adjustments	434,595	342,842
Net cash used in operating activities	\$ (958,607)	\$ (813,958)

See accompanying notes to the financial statements.

MEDICAL RESCUE TEAM SOUTH AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, 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.

Enterprise 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 an Enterprise 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, 2021 AND 2020

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

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, 2021 and 2020 of \$12,146 and \$23,845, respectively. 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, 2021 and 2020, in addition to amounts previously reserved as uncollectible, the Authority had an allowance for doubtful accounts of \$100,000. Bad debt expense was \$1,241,120 and \$789,497 at December 31, 2021 and 2020, respectively.

Support and Revenue

The operations of the Authority are financed primarily through fees charged for services and subscriptions for ambulance service. The term of the subscriptions are principally for a twelve month period ending December 31 of any year and the revenue is recognized ratably over the subscription year. The portions of subscriptions that are for the periods subsequent to December 31 are deferred as income to the future period. Costs incurred for the yearly subscription drive are also deferred in order to "match" the costs with the revenues and are allocated to expense ratably over the subscription year. Fees charged for services are recorded when earned. The terms of its citizen's subscription agreement are that after payments from third parties, 50% of the remaining balance is written off, with the remaining 50% to be paid by the subscriber.

MEDICAL RESCUE TEAM SOUTH AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2021 AND 2020

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

ORGANIZATION OF OPERATION EMPLOYEES

Effective January 1, 1984, the Authority entered into a collective bargaining agreement with the Association of Professional Emergency Medical Technicians Local 6, which covers all full-time and regular part-time non-professional employees including, but not limited to, emergency medical technicians and paramedics, and excluding management level employees, supervisors, first level supervisors, confidential employees and guards by definition. The original agreement was in effect until December 31, 1985, with a new agreement being renewed from year to year thereafter, provided that either party may reopen or terminate. The contract has been renewed effective January 1, 2019 to December 31, 2022. Negotiations for the next agreement will reopen by June 30, 2022.

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."

MEDICAL RESCUE TEAM SOUTH AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020

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

Adoption of Governmental Accounting Standards Board Statements

The Authority adopted GASB issued Statement No. 98, "The Annual Comprehensive Financial Report". The adoption of this statement had no effect on the Authority's financial statements.

The Authority adopted GASB issued Statement No. 89 "*Accounting for Interest Cost Incurred before the End of a Construction Period.*" The adoption of this statement had no effect on the Authority's financial statements.

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 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.

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, 2021 AND 2020

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, 2021 and 2020, the carrying amounts of the Authority's deposits were \$721,505 and \$398,988, respectively. The Authority's bank deposits at December 31, 2021 and 2020 were \$732,603 and \$336,099, respectively. Of the bank balance, \$323,231 and \$272,840 were covered by federal depository insurance at December 31, 2021 and 2020, 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, 2021 and 2020 accounts receivable are composed of the following:

	2021	2020
Gross Accounts Receivable	896,250	1,115,241
Less: Allowance for Doubtful Accounts	(100,000)	(100,000)
	<u>\$ 796,250</u>	<u>\$ 1,015,241</u>

MEDICAL RESCUE TEAM SOUTH AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2021 AND 2020

NOTE 4: CAPITAL ASSETS

Capital assets balances at December 31, 2021 are as follows:

	Balance at January 1, 2021	Additions	Deletions	Balance at December 31, 2021
Capital assets, not being depreciated				
Land	\$ 259,908		\$ -	\$ 259,908
Construction in process	357,842	-	(357,842)	-
Total capital assets not being depreciated	<u>617,750</u>	<u>-</u>	<u>(357,842)</u>	<u>259,908</u>
Capital assets being depreciated				
Building	1,931,518	-	-	1,931,518
Vehicles	1,883,175	766,142	-	2,649,317
Equipment	1,119,805	305,063	-	1,424,868
Leasehold improvements	185,905	695,207	-	881,112
Total capital assets being depreciated	<u>5,120,403</u>	<u>1,766,412</u>	<u>-</u>	<u>6,886,815</u>
Less: Accumulated depreciation				
Building	(1,275,229)	(49,424)	-	(1,324,653)
Vehicles	(1,488,377)	(171,449)	-	(1,659,826)
Equipment	(1,005,092)	(79,330)	-	(1,084,422)
Leasehold improvements	(127,384)	(58,396)	-	(185,780)
Total accumulated depreciation	<u>(3,896,082)</u>	<u>(358,599)</u>	<u>-</u>	<u>(4,254,681)</u>
Total capital assets being depreciated, net	<u>1,224,321</u>	<u>1,407,813</u>	<u>-</u>	<u>2,632,134</u>
Capital assets, net	<u>\$ 1,842,071</u>	<u>\$ 1,407,813</u>	<u>\$ (357,842)</u>	<u>\$ 2,892,042</u>

NOTE 5: LONG-TERM DEBT

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

	2021	2020
Balance - beginning of year	\$ 1,385,482	\$ 728,712
Additions	1,598,387	1,385,313
PPP Loan Forgiveness	(542,700)	-
Payments	(99,169)	(728,543)
Balance - end of year	<u>\$ 2,342,000</u>	<u>\$ 1,385,482</u>
Shown as:		
Current	\$ 553,000	\$ 543,450
Long term	\$ 1,789,000	\$ 842,032

MEDICAL RESCUE TEAM SOUTH AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020

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. This loan was repaid in full during 2020.

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 was payable over a period of 120 monthly installments of \$1,683 including interest rate of 3.35% per annum. During 2020 the Authority made principal payments of \$96,973. 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 was payable over a period of 6 years. The agreement called 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. This loan was repaid in full during 2021.

2018 Ambulance Loan

During 2018, the Authority entered into a loan for \$350,000 for the purchase of 2 Ambulances. This agreement was payable over a period of 5 years with payments of \$6,620 including interest rate of 5.02% per annum. During 2020, the Authority made principal payments of \$276,093. 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 was payable over a period of 5 years with payments of \$6,179 including interest rate of 4.67% per annum. During 2020, the Authority made principal payments of \$274,794. 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, 2021 \$1,898,000 has been drawn on the loan. The loan bears interest at 2.85% per annum and has a final maturity in December of 2027. Principal payments begin in June of 2022.

MEDICAL RESCUE TEAM SOUTH AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2021 AND 2020

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 2021 and 2020 principal payments of \$66,000 and \$33,000 were made on the loan, respectively.

Dollar Bank Line of Credit

During 2020 the Authority entered into a \$1,000,000 line of credit agreement with Dollar Bank, with an interest rate of one month LIBOR plus 2.50%. This rate is subject to an interest rate floor of 2.75%. Payments are subject to payment on demand, and commencing in November 2020, interest payments are due monthly. The outstanding line of credit balance at December 31, 2021 and 2020 was \$428,058 and \$245,038, respectively.

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 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, recognized other income of \$542,700 and eliminated 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>
2022	\$ 553,000	\$ 60,665	\$ 613,665
2023	465,000	47,637	512,637
2024	331,000	35,388	366,388
2025	324,000	25,977	349,977
2026	330,000	16,729	346,729
Thereafter	<u>339,000</u>	<u>7,268</u>	<u>346,268</u>
Total debt	<u>\$ 2,342,000</u>	<u>\$ 193,664</u>	<u>\$ 2,535,664</u>

MEDICAL RESCUE TEAM SOUTH AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020

NOTE 6: RETIREMENT PLAN & 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 2021 and 2020, the Authority's contributions were \$99,347 and \$114,552, respectively.

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, 2021. 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 2016.

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.

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.

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

MEDICAL RESCUE TEAM SOUTH AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020

NOTE 8: CONTINGENCIES AND COMMITMENTS (CONTINUED)

experience of the participants, pursuant to Act 44. Dividends received in 2021 and 2020 were \$57,975 and \$201,823, 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: SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 25, 2022, which is the date the financial statements were available to be issued.