

Various items included in ambulance and other vehicles, ambulance equipment, and radio equipment were purchased through grants received from Emergency Medical Services West (“EMS West”). EMS West is a non-profit Pennsylvania corporation, and normally awards 50% of the cost of such equipment and other expendable supplies. According to the terms of the contract entered into at the time of these grants, EMS West stipulated, among other things, that the title of such equipment shall be considered to be owned jointly by EMS West and the Authority in the same proportion as their respective financial contributions toward the purchase of it. The current method of recording the amount of grants received on such equipment is a reduction of the cost of the equipment. Effective June 1, 2015, the Authority is no longer receiving grants from EMS West.

6. PAYCHECK PROTECTION PROGRAM GRANT

On April 10, 2020, the Authority was granted a loan from First National Bank of Pennsylvania in the amount of \$396,800 under the Paycheck Protection Program (“PPP”), which was established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). The loan was set to mature on April 21, 2022. The Authority used the entire loan amount for qualifying expenses and during June 2021, the loan was forgiven in its entirety.

7. EXPENSE REIMBURSEMENT

The Authority has an agreement with Quaker Valley Ambulance Authority (“QVAA”) wherein both parties have agreed to act jointly for the purpose of sharing certain expenses. Effective June 1, 2002, the Authority is to pay all operating expenses, and QVAA is to reimburse the Authority for a minimum of 25% and a maximum of 40% of the expenses, with certain expenses excluded.

Wheelchair van trips are a significant part of the total trips taken by the Authority and QVAA. As a result of the continued review of the expense reimbursement methods employed, and specifically how the wheelchair van trips effect this calculation, a “revised” calculation was implemented. The “revised” calculation handles the wheelchair van trips and their associated cost separately. Each authority is charged a \$50 cost assessment for each wheelchair van trip. This amount is then subtracted from the total monthly reimbursable expenses, and the remaining expenses are split based on the number of ambulance trips only.

During the years ended May 31, 2023 and 2022, the Authority invoiced QVAA \$846,142 and \$830,955, respectively, under this agreement. As of May 31, 2023 and 2022, \$69,553 and \$64,907, respectively, were included in accounts receivable on the statements of net position.

QVAA is also to pay the Authority a monthly rental of \$1,000. Rent income for both years ended May 31, 2023 and 2022 was \$12,000.

8. DEFINED CONTRIBUTION PLAN

The Authority sponsors an Internal Revenue Code (“IRC”) 403(b) Tax Deferred Annuity (“TDA”) Plan for full-time employees. The plan was established June 1, 1989 and amended to a “non-ERISA” plan effective January 1, 2015. The plan year is from June 1 to May 31. Employees can elect to contribute a percentage of their salary to the plan. The Authority contributes 4% of participating employees’ annual salary regardless of the employees’ contributions. In addition, the Authority then matches \$0.40 for every \$1.00, up to 10% of the employee’s base wage. The total maximum annual plan liability of the Authority is 8%. Employees are 100% vested immediately in their own contributions and after three years in matching contributions. The TDA contribution for the years ended May 31, 2023 and 2022 were \$85,622 and \$81,022, respectively.

The Authority also established an IRC 457(b) Deferred Compensation Plan effective September 1, 2002. This plan was established to provide deferred compensation payments for a select group of management employees or independent contractors of the Authority. This plan operates independent of, and in addition to, any other plan maintained by the Authority. The Authority does not match eligible employees’ elective deferrals.

9. TRANSACTION WITH RELATED PARTY

For the years ended May 31, 2023 and 2022, respectively, the Authority paid \$7,903 and \$8,687 to Public Safety Marketing, a division of J.R. Henry Consulting, Inc., for mailings connected with the recent subscription/fund drive. The President of J.R. Henry Consulting Inc. is J.R. Henry, the Executive Director of the Authority, and the Vice President is Michael Henry, the Executive Director’s son. Initially, when selecting the vendor for this service, management, excluding J.R. Henry, solicited three estimates for the mailings. The Board of Directors chose Public Safety Marketing based on these three estimates and also on some features that only Public Safety Marketing offered.

10. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to the following: torts and civil rights claims (including patient care and employment related exposures); theft, damage and destruction of its real and personal assets; workers’ compensation losses; errors and omissions of Authority employees and officials; and natural disasters. The Authority carries commercial insurance to cover risks of losses. The commercial insurance coverage is provided through the Municipal Risk Management (“MRM”) Property and Liability Insurance Trust. There have been no reductions in insurance coverage or settlements exceeding insurance coverage for each of the past three years.

The MRM Workers' Compensation Pooled Trust is a trust of which the Authority is a voting member. The Authority's initial commitment to this trust was a four-year period commencing June 1, 1994, and afterwards annually. The fund self-insures for the first \$750,000 per occurrence and reinsures the liability over \$750,000 to insure against catastrophic losses. Premium payments are paid directly to the trust, and the trust pays all workers' compensation claims. The premiums paid to the trust are based on the remuneration and assigned rates for different job classifications, further modified by an experience modifier based on the particular member's claims experience.

11. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Authority to concentrations of credit risk consist principally of accounts receivable from insurance companies, Medicare/Medicaid, and patients. The patients are local residents and are insured under third-party payor agreements. Concentrations are limited due to the large number of patients served by the Authority.

12. CONTINGENCIES

In the normal course of business, the Authority is subject to certain contingent liabilities and unasserted claims. These contingencies are evaluated in light of their probability of being asserted and the estimated amount of the claims. It is the opinion of Authority management that the ultimate resolution of these contingencies, if any, will not have a material effect on the financial position of the Authority.

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Authority is in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.
