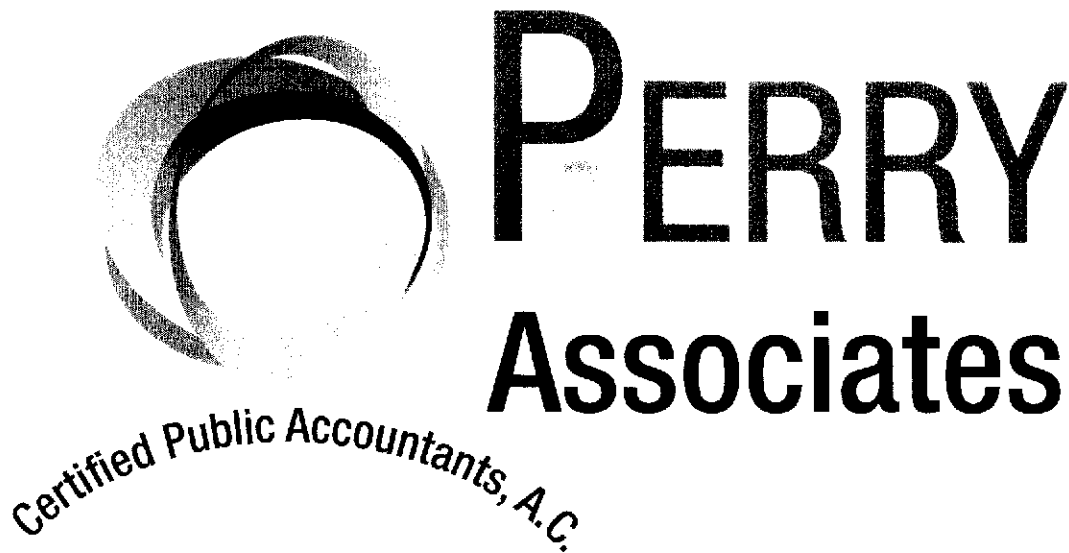


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**BERKELEY COUNTY  
EMERGENCY AMBULANCE AUTHORITY  
Regular Audit  
For the Year Ended June 30, 2014**

**RFP #14-067  
Berkeley County**

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*...“bringing more to the table”*

**BERKELEY COUNTY  
EMERGENCY AMBULANCE AUTHORITY**

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# *Perry & Associates*

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## INDEPENDENT AUDITOR'S REPORT

January 30, 2015

Berkeley County Emergency Ambulance Authority  
400 W. Stephen Street, Suite 207  
Martinsburg, WV 25401

To the Board Members:

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the **Berkeley County Emergency Ambulance Authority** (the Authority) a component unit of Berkeley County Commission, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Berkeley County Emergency Ambulance Authority as of June 30, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

***Prior Period Financial Statements Audited by a Predecessor Auditor***

The financial statements of the Berkeley County Emergency Ambulance Authority (the Authority), as of and for the year ended June 30, 2013, were audited by a predecessor auditor whose report dated April 14, 2014, expressed an unmodified opinion on those statements.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2015, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**BERKELEY COUNTY  
EMERGENCY AMBULANCE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014  
(Unaudited)**

The discussion and analysis of the Berkeley County Emergency Ambulance Authority's (the Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Authority's financial statements.

**FINANCIAL HIGHLIGHTS**

The Authority's net position increased \$0.6 million as a result of this year's operations or 23 percent compared to the previous year.

The Authority's operating revenues increased by \$0.5 million and operating expenses remained constant compared to the previous year.

Change in net position excluding depreciation was \$0.8 million for 2014, an increase of \$0.5 million over the previous year. Capital expenditures were \$0.2 million for both 2014 and 2013.

Fixed debt obligations were \$0.3 million for both 2014 and 2013.

**USING THIS ANNUAL REPORT**

1. Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements and Notes to the Financial Statements included in this report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for proprietary fund types.

2. Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to private-sector business. They consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows.

The Statement of Net Position presents information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in different fiscal periods (e.g., depreciation and earned but unused vacation leave).

The Statement of Cash Flows presents the Authority's sources and uses of cash and changes in cash balances between the current and prior year.

The basic financial statements report all Authority financial activities. The activities are primarily supported by user and service fees. The Authority's mission is to provide emergency ambulance service to all residents of Berkeley County, West Virginia, and to provide basic and advanced life support and medical transport services.

**BERKELEY COUNTY  
EMERGENCY AMBULANCE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014  
(Unaudited)**

**USING THIS ANNUAL REPORT (CONTINUED)**

3. Notes to Financial Statements

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to Financial Statements can be found in the financial statements mentioned above.

**REPORTING THE AUTHORITY AS A WHOLE**

The analysis below focuses on net position (Table 1) and changes in net position (Table 2) of the Authority's financial activities.

Table 1 - Net Position (in Millions)

	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 1.5	\$ 0.8
Capital assets	<u>2.1</u>	<u>2.2</u>
<b>Total assets</b>	<b><u>\$ 3.6</u></b>	<b><u>\$ 3.0</u></b>
Debt outstanding	\$ 0.3	\$ 0.3
Other liabilities	<u>0.1</u>	<u>0.1</u>
<b>Total liabilities</b>	<b><u>0.4</u></b>	<b><u>0.4</u></b>
<b>Net position:</b>		
Investment in capital assets	1.9	1.9
Unrestricted	<u>1.3</u>	<u>0.7</u>
<b>Total net position</b>	<b><u>3.2</u></b>	<b><u>2.6</u></b>
<b>Total liabilities and net position</b>	<b><u>\$ 3.6</u></b>	<b><u>\$ 3.0</u></b>

Net position of the Authority increased by 23 percent (\$0.6 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from \$0.7 million at June 30, 2013, to \$1.3 million at June 30, 2014.

By far, the largest portion of the Authority's assets reflects its investment in capital assets. Investment in capital assets decreased by \$0.1 million or 5 percent compared to the previous year. The Authority uses these capital assets to provide ambulance, life support, and transport services to its users; consequently, these assets are not available for future spending.

**BERKELEY COUNTY  
EMERGENCY AMBULANCE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014  
(Unaudited)**

**REPORTING THE AUTHORITY AS A WHOLE (CONTINUED)**

Table 2 - Changes in Net Position (in Millions)

	<u>2014</u>	<u>2013</u>
Operating revenues	\$ 4.2	\$ 3.7
Operating expenses	<u>3.6</u>	<u>3.6</u>
Operating income	0.6	0.1
Non-operating revenues (expenses)	<u>-</u>	<u>-</u>
Changes in net position	<u>\$ 0.6</u>	<u>\$ 0.1</u>

The Authority's operating revenues increased by \$0.5 million or 14 percent. The operating expenses remained constant at \$3.6 million.

**BUDGETARY HIGHLIGHTS**

For the year ended June 30, 2014, budgets were prepared by the Authority and were approved by the Authority's Board of Directors. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the modified cash basis of accounting which is different than generally accepted accounting principles used to prepare the basic financial statements.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2014, the Authority had \$2.1 million invested in a broad range of capital assets, including land, buildings, medical equipment, and medical transport and other vehicles (see Table 3 below). This amount represents a net decrease (including additions and disposals) of \$0.1 million.

**BERKELEY COUNTY  
EMERGENCY AMBULANCE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014  
(Unaudited)**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

**Capital Assets (Continued)**

Table 3 - Capital Assets at Year-End (Net of Depreciation, in Millions)

	2014	2013
Capital assets not depreciated - land	\$ 0.5	\$ 0.5
Capital assets depreciated	2.9	2.7
Totals	3.4	3.2
Accumulated depreciation	(1.2)	(1.0)
Capital assets, net of depreciation	\$ 2.1	\$ 2.2
Major capital additions during the year ended June 30, 2014:		
Various medical equipment including monitors and defibrillators	\$ 0.2	

**Debt**

At year-end, the Authority had \$0.3 million in debt outstanding which is constant with the previous year.

The debt resulted from a note payable used to finance construction of the South End Station.

Other long-term obligations include the earned but unused vacation leave. More detailed information about the Authority's liabilities is presented in the notes to the financial statements.

**ECONOMIC FACTORS**

The Authority's appointed officials considered many factors when setting the fiscal-year 2014 budget. One of those factors was the economy. The County's population has a direct impact on the Authority's economic growth.

The Authority is optimistic about its potential for economic growth in the future. The increasing population and infrastructure improvements are all positive indicators for continued economic growth of the Authority.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, customers, and investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the EMS Director at 304-264-1921, 400 W. Stephen Street, Suite 207, Martinsburg, WV 25401.



**BERKELEY COUNTY  
EMERGENCY AMBULANCE AUTHORITY  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	2014	2013
<b>OPERATING REVENUES:</b>		
User fees	\$ 1,914,942	\$ 1,520,312
Service fees	2,240,944	2,177,197
Other	9,422	19,172
<b>Total operating revenue</b>	<b>4,165,308</b>	<b>3,716,681</b>
<b>OPERATING EXPENSES:</b>		
Compensation and benefits	2,717,747	2,795,706
Transport, vehicle, and equipment expense	177,700	153,327
Facilities	79,715	68,417
Supplies	131,193	191,773
Insurance and taxes	91,144	91,994
Administration	176,292	150,164
Depreciation and amortization	190,201	190,634
<b>Total operating expenses</b>	<b>3,563,992</b>	<b>3,642,015</b>
<b>Operating income</b>	<b>601,316</b>	<b>74,666</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Gain on disposition of fixed assets	2,750	0
Interest income	2,564	2,936
Interest expense	(10,515)	(12,050)
<b>Total non-operating revenues (expenses)</b>	<b>(5,201)</b>	<b>(9,114)</b>
<b>Change in net position</b>	<b>596,115</b>	<b>65,552</b>
<b>NET POSITION AT BEGINNING OF THE YEAR</b>	<b>2,598,114</b>	<b>2,532,562</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 3,194,229</b>	<b>\$ 2,598,114</b>

The accompanying notes are an integral part of these financial statements.

**BERKELEY COUNTY  
EMERGENCY AMBULANCE AUTHORITY  
STATEMENTS OF NET POSITION  
AS OF JUNE 30, 2014 AND 2013**

	2014	2013
<b>ASSETS:</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1,092,059	\$ 609,038
Accounts receivable, net	386,442	251,567
Inventory of medical supplies	5,000	5,000
Prepaid expenses	2,500	2,500
<b>Total current assets</b>	<b>1,486,001</b>	<b>868,105</b>
<b>Capital Assets:</b>		
Land	468,018	468,018
Land improvements	148,329	148,329
Buildings	733,975	733,975
Medical transport and other vehicles	1,249,884	1,274,884
Medical equipment	699,342	545,398
Furniture and fixtures	15,939	13,089
Office equipment	25,797	25,797
Accumulated depreciation	(1,201,218)	(1,036,017)
<b>Total capital assets</b>	<b>2,140,066</b>	<b>2,173,473</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,626,067</b>	<b>\$ 3,041,578</b>
<b>LIABILITIES:</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 31,857	\$ 39,192
Accrued interest	1,203	1,337
Compensation liabilities	57,184	48,869
Note payable	267,845	276,255
<b>Total current liabilities</b>	<b>358,089</b>	<b>365,653</b>
<b>Long-term Liabilities</b>		
Accrued compensated absences	73,749	77,811
<b>Total Long-Term Liabilities</b>	<b>73,749</b>	<b>77,811</b>
<b>TOTAL LIABILITIES</b>	<b>431,838</b>	<b>443,464</b>
<b>NET POSITION:</b>		
Investment in capital assets	1,872,221	1,897,218
Unrestricted	1,322,008	700,896
<b>TOTAL NET POSITION</b>	<b>3,194,229</b>	<b>2,598,114</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 3,626,067</b>	<b>\$ 3,041,578</b>

The accompanying notes are an integral part of these financial statements.

**BERKELEY COUNTY  
EMERGENCY AMBULANCE AUTHORITY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from revenues and support	\$ 4,030,433	\$ 3,781,121
Cash payments for goods and services	(663,379)	(642,329)
Cash payments for employee services	(2,713,494)	(2,810,781)
	<u>653,560</u>	<u>328,011</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	<u>2,564</u>	<u>2,936</u>
	<u>2,564</u>	<u>2,936</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	(156,794)	(155,811)
Proceeds from disposition of capital assets	2,750	-
Interest paid on note	(10,649)	(11,953)
Note principal payments	(8,410)	(7,675)
	<u>(173,103)</u>	<u>(175,439)</u>
Net cash (used) in capital and related financing activities	<u>(173,103)</u>	<u>(175,439)</u>
Net increase in cash	483,021	155,508
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>609,038</u>	<u>453,530</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,092,059</u>	<u>\$ 609,038</u>
<b>RECONCILIATION OF OPERATING SUPPORT AND REVENUES LESS OPERATING EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating support and revenues less operating expenses	\$ 601,316	\$ 74,666
Adjustments to reconcile operating support and revenues less operating expenses to net cash provided by operating activities		
Depreciation and amortization	190,201	190,634
Change in current assets and liabilities		
Decrease (increase) in accounts receivable	(134,875)	64,440
Increase (decrease) in accounts payable	(7,335)	13,346
Increase (decrease) in compensation liabilities	4,253	(15,075)
	<u>653,560</u>	<u>328,011</u>
Net cash provided by operating activities	<u>\$ 653,560</u>	<u>\$ 328,011</u>

The accompanying notes are an integral part of these financial statements.

**BERKELEY COUNTY  
EMERGENCY AMBULANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1: Description of Reporting Entity**

The Berkeley County Emergency Ambulance Authority (the Authority) is a public corporation, which was created by the Berkeley County Commission under the provisions of the Emergency Ambulance Service Act of 1975 (Chapter 7, Article 15 of the Code of the State of West Virginia, as amended).

The purpose of the Authority is to provide emergency ambulance service to all residents of Berkeley County, West Virginia. In addition, the Authority provides basic and advanced life support and medical transport services. The Authority grants credit to clients served on an individual basis and does not require collateral to secure credit granted.

The Authority complies with Governmental Accounting Standards Board pronouncements pertaining to the financial reporting entity. These standards apply to defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In accordance with the criteria established by the Governmental Accounting Standards Board for defining a reporting entity, Berkeley County Emergency Ambulance Authority is considered to be a Component Unit of Berkeley County Commission, West Virginia.

The Authority considered all potential component units in determining when organizations should be included in the Authority's financial statements. Based on the above criteria, there are no component units to be included in the Authority's financial statements.

The accompanying financial statements include all accounts of Authority operations.

**NOTE 2: Basis of Accounting**

**Basis of Presentation**

The Authority's sole fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

**Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

**BERKELEY COUNTY  
EMERGENCY AMBULANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 3: Summary of Significant Accounting Policies**

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and reporting principles.

**Public Body**

The Authority is a public body corporate and politic pursuant to Laws of the State of West Virginia. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.

**Ambulance Service Fees**

The Authority has implemented a Special Emergency Ambulance Service Fee as permitted by legislative authority under Chapter 7, Article 15, and Section 17 of the Code of West Virginia, as amended.

The fee was established for the purpose of maintaining an adequate emergency ambulance system within the geographic boundaries of Berkeley County, West Virginia. An adequate emergency ambulance system is a necessary governmental responsibility to provide for the health and welfare of the citizens of Berkeley County.

Upon receipt of the Authority's estimated budget, the President of the Authority shall request the Assessor provide the Authority's office with a list of all residential "living units." The annual rate established by Ordinance was \$60 per residential living unit for the years ended June 30, 2014 and 2013.

Ambulance service fees billed must be paid in full not later than September 30<sup>th</sup>. Fees paid after September 30<sup>th</sup> are as follows:

October 1 <sup>st</sup> - December 31 <sup>st</sup>	\$ 85
January 1 <sup>st</sup> - March 31 <sup>st</sup>	\$ 110

On or about April 1<sup>st</sup>, all delinquent accounts shall be turned over to an appropriate collection agency as engaged by the Authority and or submitted to the Berkeley County Magistrate Court for collection.

**Allowance for Doubtful Accounts**

The Authority uses the allowance method of providing for uncollectible accounts. The allowance amounted to \$4,266,527 and \$4,206,879 for the years ended June 30, 2014 and 2013, respectively.

**Property, Plant and Equipment**

Property, plant and equipment is stated at cost for purchased items and fair value for contributed items. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, which range from 5-40 years.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

When capital assets are retired, the cost and accumulated depreciation thereon are eliminated from their respective accounts and any gain or loss on the disposition is reflected in the statement of revenues, expenses, and changes in net position.

The Authority's policy is to capitalize property, plant and equipment costing \$1,000 or greater.

**BERKELEY COUNTY  
EMERGENCY AMBULANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 3: Summary of Significant Accounting Policies (Continued)**

Capitalized Interest

The Authority capitalizes interest costs as a component of construction cost during periods of active construction. There was no interest capitalized during the years ended June 30, 2014 and 2013.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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 reporting cash flows, the Authority considers all certificates of deposit and money market mutual funds with a maturity of three months or less to be cash equivalents.

Contributions of Goods and Services

Contributions of facilities, goods and services, both volunteered and paid from other sources, are not recorded by the Authority.

Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Authority does not have a policy to pay any amounts when employees separate from service with the Authority. All vacation pay is accrued when incurred and reflected in the financial statements.

Inventory

Inventory consists of medical supplies and is stated at cost, determined on the first-in first-out basis. Quantities are determined by physical measurement or count.

Net Position

Equity is classified as net position and displayed in three components:

- a. Investment in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on its use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Net position that does not meet the definition of "restricted" or "investment in capital assets."

**BERKELEY COUNTY  
EMERGENCY AMBULANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 3: Summary of Significant Accounting Policies (Continued)**

**Operating Revenues**

The Authority's Statements of Revenues, Expenses, and Changes in Net Position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing emergency ambulance services and basic life support and advanced life support services, the Authority's principal activities. Nonexchange revenues are reported as nonoperating revenues. Operating expenses are expenses incurred to provide emergency ambulance services and basic life support and advanced support services, other than financing costs.

**NOTE 4: Cash and Cash Equivalents**

Cash and cash equivalents at June 30, 2014 and June 30, 2013 are as follows:

	2014	2013
Cash deposits in bank checking accounts	\$ 66,923	\$ 95,385
Certificates of deposit and money market accounts	1,024,136	512,653
Cash on hand	1,000	1,000
Total cash and cash equivalents	\$1,092,059	\$ 609,038

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's deposits at June 30, 2014 and 2013, were covered under federal depository insurance or fully collateralized by securities held by custodial banks in the Authority's name for deposits in excess of federal depository insurance limits.

**NOTE 5: Pension Plans**

The Authority contributes to the Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). PERS covers substantially all employees of the State and its component units, as well as employees of participating non-state governmental entities who are not participants of another state or municipal system. Effective January 1, 2008, certain Authority employees elected to join the Emergency Medical Services Retirement System (EMSRS), also a cost-sharing multiple-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). Only emergency medical services officers are eligible for the EMSRS. Any emergency medical services officer who is hired after January 1, 2008, will become a member of the new retirement plan as a condition of employment. Benefits under PERS and EMSRS include retirement, death and disability benefits, and have been established and may be amended by action of the State Legislature. The CPRB issues a publicly available financial report that includes financial statements for PERS and EMSRS. That report may be obtained by writing to CPRB, 4101 MacCorkle Avenue S.E., Charleston, West Virginia 25304.

Although contributions are not actuarially determined, actuarial valuations are performed to assist the State Legislature in establishing appropriate contribution rates. For the years ended June 30, 2014 and 2013, the PERS funding policy required a contribution rate of 19% and 18.5% , respectively, of covered payroll, consisting of member contributions of 4.5% and 4.5%, respectively, and employer contributions of 14.5% and 14%, respectively. For the years ended June 30, 2014 and 2013, the EMSRS funding policy required a contribution rate of 19% of covered payroll, consisting of member contributions of 8.5% and employer contributions of 10.5%.

**BERKELEY COUNTY  
EMERGENCY AMBULANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 5: Pension Plans (Continued)**

Details of the Authority's total payroll for employees covered by the Plans and employer and employee contributions to the Plans are as follows:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Total payroll	\$ 1,715,393	\$ 1,719,888	\$ 1,840,388
PERS payroll for covered employees	\$ 245,695	\$ 231,219	\$ 230,415
PERS employer contribution	\$ 35,626	\$ 32,371	\$ 33,410
PERS employees contribution	\$ 11,056	\$ 10,405	\$ 10,369
Percentage contributed	100%	100%	100%
EMSRS payroll for covered employees	\$ 1,446,928	\$ 1,488,669	\$ 1,398,225
EMSRS employer contribution	\$ 151,927	\$ 156,310	\$ 146,814
EMSRS employees' contribution	\$ 122,989	\$ 126,537	\$ 118,849
Percentage contributed	100%	100%	100%

**NOTE 6: Risk Management and Contingencies**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters, injuries to employees, and employee health and life. The Authority reduces its exposure to risk of loss by a variety of insurance programs, some of which are purchased from commercial insurance carriers or state agencies. There has been no material change in coverage from the prior year. Settled claims have not exceeded the commercial coverage in any of the past three years.

The Authority is occasionally involved in legal proceedings. Although the outcome of these proceedings often is not determinable, it is the opinion of the Authority's counsel that resolution of these matters will not have a material effect on the financial condition of the Authority.



**BERKELEY COUNTY  
EMERGENCY AMBULANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 7: Capital Assets**

Changes in the Authority's capital assets consisted of the following for the years ended June 30, 2014 and 2013:

	<u>June 30, 2014</u>			
	<u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u>
Capital assets not being depreciated				
Land	\$ 468,018	\$ -	\$ -	\$ 468,018
Total capital assets not being depreciated	<u>468,018</u>	<u>-</u>	<u>-</u>	<u>468,018</u>
Capital assets being depreciated				
Land improvements	148,329	-	-	148,329
Buildings	733,975	-	-	733,975
Medical transport and other vehicles	1,274,884	-	(25,000)	1,249,884
Medical equipment	545,398	153,944	-	699,342
Furniture and fixtures	13,089	2,850	-	15,939
Office equipment	25,797	-	-	25,797
Total capital assets being depreciated	<u>2,741,472</u>	<u>156,794</u>	<u>(25,000)</u>	<u>2,873,266</u>
Less accumulated depreciation for:				
Building	108,719	18,731	-	127,450
Land improvements	23,024	7,416	-	30,440
Medical transport and other vehicles	599,217	111,184	25,000	685,401
Medical equipment	286,839	47,499	-	334,338
Furniture and fixtures	5,456	1,451	-	6,907
Office equipment	12,762	3,919	-	16,681
Total accumulated depreciation	<u>(1,036,017)</u>	<u>(190,201)</u>	<u>25,000</u>	<u>(1,201,218)</u>
Total capital assets being depreciated, net	<u>1,705,455</u>	<u>(33,407)</u>	<u>-</u>	<u>1,672,048</u>
Total capital assets	<u>\$2,173,473</u>	<u>\$ (33,407)</u>	<u>\$ -</u>	<u>\$2,140,066</u>

**BERKELEY COUNTY  
EMERGENCY AMBULANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 7: Capital Assets (Continued)**

	<u>June 30, 2013</u>			
	<u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u>
Capital assets not being depreciated				
Land	\$ 468,018	\$ -	\$ -	\$ 468,018
Total capital assets not being depreciated	<u>468,018</u>	<u>-</u>	<u>-</u>	<u>468,018</u>
Capital assets being depreciated				
Land improvements	148,329	-	-	148,329
Buildings	733,975	-	-	733,975
Leasehold improvements	25,000	-	(25,000)	-
Medical transport and other vehicles	1,127,853	147,031	-	1,274,884
Medical equipment	537,831	7,567	-	545,398
Furniture and fixtures	13,089	-	-	13,089
Office equipment	24,584	1,213	-	25,797
Total capital assets being depreciated	<u>2,610,661</u>	<u>155,811</u>	<u>(25,000)</u>	<u>2,741,472</u>
Less accumulated depreciation for:				
Buildings	89,988	18,731	-	108,719
Land improvements	15,608	7,416	-	23,024
Leasehold improvements	25,000	-	25,000	-
Medical transport and other vehicles	486,368	112,849	-	599,217
Medical equipment	240,523	46,316	-	286,839
Furniture and fixtures	4,147	1,309	-	5,456
Office Equipment	8,749	4,013	-	12,762
Total accumulated depreciation	<u>(870,383)</u>	<u>(190,634)</u>	<u>25,000</u>	<u>(1,036,017)</u>
Total capital assets being depreciated, net	<u>1,740,278</u>	<u>(34,823)</u>	<u>-</u>	<u>1,705,455</u>
Total capital assets	<u>\$2,208,296</u>	<u>\$ (34,823)</u>	<u>\$ -</u>	<u>\$2,173,473</u>

**BERKELEY COUNTY  
EMERGENCY AMBULANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 8: Note Payable**

Note payable consists of the following:

	<u>2014</u>	<u>2013</u>
Demand note payable to Jefferson Security Bank dated March 1, 2010, in the original amount of \$300,000; interest currently at 3.85% per annum and adjusted every 3 years based on the Wall Street Journal Index; principal and interest are due based on a \$1,573 monthly payment; secured by deed of trust.	\$ <u>267,845</u>	\$ <u>276,255</u>
Total	\$ <u>267,845</u>	\$ <u>276,255</u>

Changes in note payable are as follows:

<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance at June 30, 2014</u>
\$ 276,255	\$ -	\$ 8,410	\$ 267,845

**NOTE 9: Changes in Long-Term Liabilities**

Changes in long-term liabilities are as follows:

	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2014</u>
Compensated absences	\$ 77,811	\$ -	\$ 4,062	\$ 73,749

**NOTE 10: Operating Leases**

The Authority had the following operating lease in effect at June 30, 2014 and 2013:

Lease effective March 1, 2010 for approximately 4,000 square feet of space located in Martinsburg, West Virginia. The lease renews on a month to month basis. The rental payment was \$2,575 per month through February 28, 2014. Effective March 1, 2014, the rental payment is \$2,652 per month.

Rent expense for the years ended June 30, 2014 and 2013 amounted to \$31,509 and \$30,600, respectively.

**NOTE 11: Subsequent Events**

The Authority has evaluated all subsequent events through January 30, 2015, the date the financial statements were available to be issued. The Authority has determined there are no additional subsequent events that require recognition or disclosure.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

January 30, 2015

Berkeley County Emergency Ambulance Authority  
400 W. Stephen Street, Suite 207  
Martinsburg, WV 25401

To the Board Members:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Berkeley County Emergency Ambulance Authority** (the Authority), as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated January 30, 2015.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted certain matters not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated January 30, 2015.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Perry and Associates**  
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