

bhm cpa group, inc. certified public accountants

AUDIT REPORT OF BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY BERKELEY COUNTY, WEST VIRGINIA REGULAR AUDIT

For the Year Ended June 30, 2018 Fiscal Year Audited Under GAGAS: 2018

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY SCHEDULE OF FUNDS INCLUDED IN THE REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY TABLE OF CONTENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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INTRODUCTORY SECTION

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY BOARD MEMBERS

For the Fiscal Year Ended June 30, 2018

OFFICE

NAME

Appointive:

President:

Vice President:

Board Members:

Bill Folk

John Taylor

Nicholas Diehl

County Council Representative: Douglas Copenhaver, Jr. EMS Director Brian Costello

Sandy Hamilton

FINANCIAL SECTION



Independent Auditor's Report

Berkeley County Emergency Ambulance Authority 400 West Stephen Street Suite 207 Martinsburg, West Virginia 25401

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Berkeley County Emergency Ambulance Authority, Berkeley County, West Virginia (the Authority), which comprise the statement of net position as of June 30, 2018, and the related statements of revenues, expenses and changes in fund net position, and cash flows for the year then ended and 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 the overall financial statement presentation.

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

Board of Directors Berkeley County Emergency Ambulance Authority Berkelev County, West Virginia Independent Auditor's Report Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Berkeley County Emergency Ambulance Authority, Berkeley County, West Virginia, as of June 30, 2018, and the changes in its net position and cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis and schedules of net pension liabilities and pension contributions, 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 Authority 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.

Supplementary and Other Information

The introductory section presents additional analysis and is not a required part of the basic financial statements. We did not subject the introductory section to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 8, 2018, 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.

BHM CPA Group, Inc Huntington, West Virginia

BHM CPA Group

November 8, 2018

June 30, 2018

The discussion and analysis of the Berkeley County Emergency Ambulance Authority's (Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

The Authority's net position increased \$0.8 million as a result of this year's operations or 17 percent compared to the previous year.

The Authority's operating revenues increased by \$0.6 million or 14 percent compared with the previous year and operating expenses increased by \$0.5 million or 14 percent compared to the previous year.

Operating income increased by \$0.1 million or 14 percent compared to the previous year.

The Authority purchased \$0.7 million in capital assets during 2018. The purchases consisted of 2 ambulances, mobile tablets and radios, and design and permitting costs related to Station 97. During 2017, the Authority purchased Station 97 building and land for \$0.3 million.

Fixed debt obligations were \$0.3 million for 2018 compared to \$0.1 million for 2017. For 2018, the Authority financed 2 new ambulances with a \$0.3 million note payable and financed design and permitting for Station 97 with \$0.1 million of note proceeds. For 2018, the Authority extinguished a \$0.1 million note balance related to purchases of ambulances.

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 Generally Accepted Accounting Principles applicable to governmental entities in the United States of America for proprietary (enterprise) fund types.

2. <u>Financial Statements</u>

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 deferred outflows and liabilities and deferred inflows, 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.

USING THIS ANNUAL REPORT (continued)

<u>Financial Statements</u> (continued)

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.

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 analyses 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)

	2018	2017
Current and other assets Capital assets	\$ 3.4 2.8	\$ 3.0 2.4
Total assets	6.2	5.4
Deferred outflow of resources	0.3	0.4
Total assets and deferred outflows	\$ 6.5	\$ 5.8

REPORTING THE AUTHORITY AS A WHOLE (continued)

Table 1 - Net Position (in Millions) (continued)

	2018	2017
Debt outstanding	\$ 0.3	\$ 0.1
Other liabilities	0.3	0.8
Total liabilities	0.6	0.9
Deferred inflow of resources	0.3	0.1
Total liabilities and deferred inflows	0.9	1.0
Net position:		
Net investment in capital assets	2.5	2.3
Restricted	-	-
Unrestricted	3.1	2.5
Total net position	5.6	4.8
Total liabilities, deferred inflows and net position	\$ 6.5	\$ 5.8

Net position of the Authority increased by 17 percent (\$0.8 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 \$2.5 million at June 30, 2017, to \$3.1 million at the end of this year.

The Authority's investment in capital assets was \$2.8 million for 2018. Investment in capital assets increased by \$0.4 million or 17 percent compared to the previous year, primarily as a result of purchasing new ambulances and equipment. 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.

The Authority's collective net pension liabilities decreased \$0.5 million compared to the previous year. Pension related deferred outflows decreased \$0.1 million or 25 percent from 2017 to 2018. Pension related deferred inflows increased \$0.2 million or 200 percent from 2017 to 2018.

REPORTING THE AUTHORITY AS A WHOLE (continued)

Table 2 - Changes in Net Position (in Millions)

	2018	2017
Operating revenues Operating expenses	\$ 5.0 4.2	\$ 4.4 3.7
Operating income Non-operating revenues (expenses)	0.8	0.7
Changes in net position	\$ 0.8	\$ 0.7

The Authority's operating revenues increased \$0.6 million compared to the previous year or 14 percent. The operating expenses increased by \$0.5 million compared to the previous year or 14 percent.

BUDGETARY HIGHLIGHTS

For the year ended June 30, 2018, 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, 2018, the Authority had \$2.8 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 increase (including additions and disposals) of \$0.4 million, primarily as a result of purchasing 2 new ambulances.

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

	20	118	20	17
Capital assets not depreciated - land and construction in progress Capital assets depreciated	\$	0.7 3.7	\$	0.6
Totals		4.4		3.9
Accumulated depreciation		(1.6)		(1.5)
Capital assets, net of depreciation	\$	2.8	\$	2.4

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Capital Assets (continued)

Major capital additions during the year ended June 30, 2018:

Mobile Tablets and Portable Radios	\$ 0.1
2 Ford Ambulances	0.4
Station 97 Design and permitting	 0.2
Total additions	\$ 0.7
Major capital additions during the year ended June 30, 2017:	
Station 97 building and land	\$ 0.3
Major capital dispositions during the year ended June 30, 2018:	
2002 Ford Ambulance	0.1
2008 GMC Ambulance	0.1
Total dispositions	\$ 0.2
Major capital dispositions during the year ended June 30, 2017:	
2008 GMC ambulance	\$ 0.1
2 Stryker and 1 Power Pro Cots	 0.1
Total dispositions	\$ 0.2

<u>Debt</u>

At year-end, the Authority had \$0.3 million in debt outstanding compared to \$0.1 million for the previous year.

The debt resulted from a note payable used to finance the purchase of two new ambulances and a note used to finance construction of Station 97.

Other long-term obligations include the earned but unused vacation leave and collective net pension liabilities. 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 2018 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 its 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 STATEMENT OF NET POSITION June 30, 2018

ASSETS AND DEFERRED OUTFLOWS

ASSETS

Cash and cash equivalents	\$ 2,769,113
Accounts receivable, net	600,290
Inventory of medical supplies	5,000
Prepaid expenses and deposits	34,469
Total current assets	 3,408,872
Property Plant & Equipment	
Land	558,018
Land improvements	152,014
Buildings	922,852
Medical transport and other vehicles	1,619,098
Medical equipment	919,399
Furniture and fixtures	17,969
Office equipment	 25,797
	4,215,147
Accumulated depreciation and amortization	 1,547,060
Total property, plant and equipment in service	2,668,087
Construction in Progress	150,561
Total property, plant and equipment	 2,818,648
Total assets	6,227,520
Deferred Outflows of Resources	
Defined benefit pension plan contributions	227,805
Collective deferred outflows related to pensions	48,479
-	
Total deferred outflows	 276,284
Total assets and deferred outflows	\$ 6,503,804

See accountant's compilation report and notes to financial statements.

Berkeley County Emergency Ambulance Authority STATEMENT OF NET POSITION (continued) June 30, 2018

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

LIABILITIES

Current Liabilities		
Accounts payable	\$	37,280
Compensation liabilities		105,312
Notes payable (due within one year)		153,475
Total current liabilities		296,067
Long-term Liabilities		
Notes payable (less current portion above)		148,551
Accrued compensated absences		101,933
Collective net pension liabilities		74,259
Total long-term liabilities		324,743
Total liabilities		620,810
Deferred Inflows of Resources		
Collective deferred inflows related to pensions		289,065
Total liabilities and deferred inflows		909,875
NET POSITION		
Net investment in capital assets	2	2,516,622
Unrestricted		3,077,307
Total net position	5	5,593,929
Total liabilities, deferred inflows and net position	\$ 6	5,503,804

Berkeley County Emergency Ambulance Authority STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITON For the year ended June 30, 2018

OPERATING REVENUES AND SUPPORT		
User fees	\$	2,473,940
Service fees		2,459,851
Other		38,686
Total operating revenues and support		4,972,477
OPERATING EXPENSES		
Compensation and benefits		3,146,423
Transport, vehicle, and equipment expense		165,271
Facilities		85,265
Supplies		197,320
Insurance and taxes		109,776
Administration		240,428
Depreciation and amortization		236,614
Total operating expenses		4,181,097
Operating support and revenues		
less operating expenses		791,380
NON-OPERATING SUPPORT AND		
REVENUES (EXPENSES)		
Donations received		73
Gain on sale of vehicles		13,250
Interest income		6,062
Interest and financing expense		(8,708)
Total non-operating support and		
revenues (expenses)		10,677
Change in net position		802,057
NET POSITION AT BEGINNING OF YEAR		4,791,872
NET POSITION AT END OF YEAR	_\$	5,593,929

See accountant's compilation report and notes to financial statements.

Berkeley County Emergency Ambulance Authority STATEMENT OF CASH FLOWS For the year ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from revenues and support	\$ 4,730,673
Cash payments for goods and services	(843,167)
Cash payments for employee services	 (3,226,756)
Net cash provided by operating activities	660,750
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	6,062
Donations received	 73
Net cash provided by investing activities	 6,135
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of capital assets	13,250
Expenditures for purchase of capital assets	(660,501)
Proceeds from notes payable	361,000
Note principal payments	(190,504)
Interest paid on notes	(9,011)
Net cash used in capital and related	
financing activities	 (485,766)
Net increase in cash	181,119
CASH AT BEGINNING OF YEAR	 2,587,994
CASH AT END OF YEAR	\$ 2,769,113

Berkeley County Emergency Ambulance Authority STATEMENT OF CASH FLOWS (continued) For the year ended June 30, 2018

RECONCILIATION OF OPERATING SUPPORT AND AND REVENUES LESS OPERATING EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating support and revenues less operating expenses	\$ 791,380
Adjustments to reconcile operating support and	
revenues less operating expenses to net cash	
provided by operating activities:	
Depreciation and amortization	236,614
Change in operating assets and liabilities:	
Decrease (increase) in accounts receivable	(241,804)
Decrease (increase) in prepaid expenses and deposits	(31,969)
Decrease (increase) in pension deferred outflows	210,272
Increase (decrease) in accounts payable	(13,138)
Increase (decrease) in compensation liabilities	12,513
Increase (decrease) in net pension liabilities and	
deferred pension inflows	 (303,118)
Net cash provided by operating activities	\$ 660,750

SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION

Noncash investing, capital, and financing transactions: None

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 (GASB) 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 GASB for defining a reporting entity, Berkeley County Emergency Ambulance Authority is considered to be a Component Unit of Berkeley County Council, 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 and service charges, and the measurement of financial activity focuses on change in net position (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.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then the unrestricted resources as needed.

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 GASB 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, 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 year ended June 30, 2018.

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

October 1st - December 31st \$ 85 January 1st - March 31st \$ 110

On or about April 1st, 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 \$2,732,636 as of and for the year ended June 30, 2018.

Property, Plant and Equipment

Property, plant and equipment is stated at cost for purchased items and fair value for contributed items. Depreciation 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 generally capitalize property, plant and equipment costing \$5,000 or greater and less costly items that have significant management importance.

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 year ended June 30, 2018.

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. Net 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. There was no restricted net position at June 30, 2018.
- c. Unrestricted net position Net position that does not meet the definition of "restricted" or "net investment in capital assets."

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows and Inflows of Resources

A deferred outflow of resources represents a consumption of net assets applicable to a future reporting period and will not be recognized as an expense until then. Deferred outflows related to the Authority's defined benefit pension plans will be recognized based on actuarial determinations.

A deferred inflow of resources represents an acquisition of net assets applicable to a future reporting period and will not be recognized as revenue until then. Deferred inflows related to the Authority's defined benefit pension plans will be recognized based on actuarial determinations.

Net Service Revenue

Net service revenue is reported at the estimated net realizable amounts from clients, third-party payors and others for services rendered.

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.

Pensions

For purposes of measuring the net pension liabilities and deferred outflows/inflows of the resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Public Employee Retirement System (PERS) and Emergency Medical Services Retirement System (EMSRS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the PERS and EMSRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 4: CASH AND CASH EQUIVALENTS

Cash deposits in bank checking accounts	\$ 372,025
Certificates of deposit and money market accounts	2,156,107
Construction account	239,981
Cash on hand	1,000
Total cash and cash equivalents	\$2,769,113

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, 2018, were covered under federal depository insurance or fully collaterized by securities held by custodial banks in the Authority's name for deposits in excess of federal depository insurance limits.

NOTE 5: EMPLOYEE RETIREMENT SYSTEMS AND PLANS

Plan Descriptions, Contribution Information, and Funding Policies

The Authority participates in state-wide, cost-sharing, multiple-employer defined benefit plans on behalf of Authority employees. The systems are administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

All of the Authority's cost-sharing, multiple-employer plans are administered by the Consolidated Public Retirement Board (CPRB), which acts as a common investment and administrative agent for all of the participating employers. CPRB issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CPRB website at www.wvretirement.com. The following is a summary of eligibility factors, contribution methods, and benefit provisions:

Public Employees Retirement System (PERS)

Eligibility to participate

All Authority full-time employees, except those covered by other pension plans

covered by other pension plans

Authority establishing contribution obligations and benefit provisions

State Statute

Tier 1 Plan member's contribution rate 4.50% (Employees hired before July 1, 2015)

Tier 2 Plan member's contribution rate 6.00% (Employees hired after July 1, 2015)

Authority's contribution rate 11.00% for fiscal year 2018

Period required to vest Five Years

Benefits and eligibility for distribution <u>Tier 1</u>

A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.

Tier 2

Qualification for normal retirement is age 62 with 10 years of service or at least age 55 plus service years equal to 80 or greater. The final average salary is the average of the five consecutive highest annual earnings years out of the last fifteen years. The final average salary times the years of service times 2% equals the annual retirement benefit.

Deferred retirement portion No.

Provisions for:
Cost of living
Death benefits
No
Yes

Plan Descriptions, Contribution Information, and Funding Policies (continued)

Emergency Medical Services Retirement System (EMSRS)

Eligibility to participate

Any emergency medical services officer first employed after the effective date and any emergency medical service officers hired prior to the effective

date who elect to become members.

Authority establishing contribution

obligations and benefit provisions State Statute

Plan member's contribution rate 8.5%

Authority's contribution rate 10.50%

Period required to vest Five Years

Benefits and eligibility for distribution A member who has attained age 50 and has earned

20 or more years of contributing service; or age 50 when age plus contributory service equals 70 while still in covered employment; or the attainment of age 60 and completion of 10 years contributory service while still in covered employment; or attainment of age 62 and completion of 5 years of contributory service. The final average salary is the average of the highest annual compensation received by the member during covered employment for any 5 consecutive plan years (January 1 - December 31)

within the last 10 years of service.

Deferred retirement portion No deferred retirement option is available.

Provisions for: Cost of living

Cost of living No Death benefits Yes

Trend Information

	R	Public Em Letirement S	ployees ystem (PERS)	Emergency Medical Services Retirement System (EMSRS)			
	Annı	Annual Pension			Annual Pension		
	Contractual ear Cost		Percentage	Contractual Cost		Percentage Contributed	
Fiscal Year			Contributed				
2018	\$	19,818	100%	\$	207,987	100%	
2017	\$	20,651	100%	\$	181,678	100%	
2016	\$	23,883	100%	\$	173,828	100%	

PERS and EMSRS issue a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement System, 4101 MacCorkle Avenue, SE, Charleston, WV 25304.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Authority reported the following liabilities for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of that date. The Authority's proportions of the net pension liabilities were based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2017, the Authority reported the following proportions and increase/decreases from proportions measured as of June 30, 2016:

	PERS	EMSRS	
Amount for proportionate share of net pension liability	\$ 54,107	\$ 20,152	
Percentage for proportionate share of net pension liability	0.012535%	6.357137%	
Increase/(decrease) % from prior proportion measured	(0.000304%)	0.021621%	

For the year ended June 30, 2018, the Authority recognized the following pension expenses:

	P	ERS	EMSRS	
Pension expense	\$	3,383	\$ 131,802	

The Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Public Employees Retirement System (PERS)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Changes of assumptions				
Net difference between projected and actual earnings				
on pension plan investments	\$	-	\$	13,154
Difference between expected and actual experience		4,815		120
Deferred difference in assumptions		_		2,806
Changes in proportion and differences between				·
Authority contributions and proportionate share of				
contributions		618		15,210
Authority contributions subsequent to the				
measurement date		19,818		_
	\$	25,251	\$	31,290

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued)

The amount reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30

Total	\$ (25,857)
2022	(11,291)
2021	(1,020)
2020	913
2019	\$ (14,459)

Emergency Medical Services Retirement System (EMSRS)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Changes of assumptions				
Net difference between projected and actual investment earnings on pension plan investments	\$	_	\$	88,809
Difference between expected and actual experience	•	34,201	•	96,374
Changes in proportion and differences between		•		,
Authority contributions and proportionate share of				
contributions		8,845		32,923
Deferred difference in assumptions		-		39,669
Authority contributions subsequent to the				
measurement date	·	207,987		-
	\$	251,033	\$	257,775

NOTE 5: EMPLOYEE RETIREMENT SYSTEMS AND PLANS (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued)

The amount reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30

2019	\$ (70,199)
2020	(13,812)
2021	(38,922)
2022	(87,730)
2023	(3,324)
2024	(742)
Total	\$(214,729)

Summary of Deferred Outflow/Inflow Balances

	Total	PERS	EMSRS
Difference between expected and actual experience Deferred difference in assumptions	\$ (57,478) (42,475)	\$ 4,695 (2,806)	\$ (62,173) (39,669)
Net difference between projected and actual earnings on pension plan investments Changes in proportion and differences between	(101,963)	(13,154)	(88,809)
Authority contributions and proportionate share of contributions Contributions subsequent to the measurement	(38,670)	(14,592)	(24,078)
date	227,805	19,818	207,987
	\$ (12,781)	\$ (6,039)	\$ (6,742)

Actuarial Assumptions and Methods

Significant assumptions used in the actuarial valuations are as follows:

PERS

Actuarial cost method Individual entry age normal cost with level

percentage of payroll

Asset valuation method Fair value

Amortization method Level dollar, fixed period
Amortization period Through Fiscal Year 2035

Actuarial assumptions:

Investment rate of return 7.50%

Projected salary increases:

PERS:

 State
 3.0-4.6%%

 Nonstate
 3.35-6.0%%

 Inflation rate
 3.00%

 Discount rate
 7.50%

Mortality rates Active-100% of RP-2000 Non-Annuitant, Scale

AA fully generational

Retired healthy males-110% of RP-2000 Healthy

Annuitant, Scale AA fully generational Retired healthy females-101% of RP-2000 Healthy Annuitant, Scale AA fully generational

Disabled Males-96% of RP2000 Disabled Annuitant, Scale AA fully generational

Disabled Females-107% of RP-2000 Disabled

Annuitant, Scale AA fully generational

Withdrawal rates

 State
 1.75-35.10%

 Non-state
 2-35.88%

 Disability rates
 0.007 - .675%

 Retirement rates
 12% - 100%

Date range in most recent

experience study 2009-2014

Actuarial Assumptions and Methods (continued)

EMSRS

Actuarial cost method Individual entry age normal cost with level

percentage of payroll

Asset valuation method Fair value

Amortization method Level dollar, fixed period
Amortization period Through Fiscal Year 2038

Actuarial assumptions:

Investment rate of return 7.50%

Projected salary increases: By age from 4.75% at age 30

declining to 3.25% at age 65

Inflation rate 3.00% Discount rate 7.50%

Mortality rates Active-100% of RP-2014 Non-Annuitant tables

(sex-distinct), Scale MP-2016 fully generational Healthy Male Retirees - 103% of RP-2014 Male Healthy Annuitant table, Scale MP-2016 full

generational

Healthy Female Retirees - 100% of RP-2014 Female Healthy Annuitant tables, Scale MP-

2016 fully generational

Disabled Males - 100% of RP-2014 Male

Disabled Annuitant table. Scale MP-2016 fully

generational

Disabled Females - 100% of RP-2014 Female Disabled Annuitant table, Scale MP-2016 fully

generational

Withdrawal rates 6.00% - 28.00% Disability rates 0.04% - 0.60% Retirement rates 25% - 100%

Date range in most recent

experience study/review 2011-2016

Actuarial Assumptions and Methods (continued)

The long-term expected rate of return on pension plan investments were determined using a building-block method in which real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Rates summarized in the following table include the inflation component and were used for the defined benefit plan:

Investment	Long-Term Expected Real Rate of Return	PERS Target Asset Allocation	EMSRS Target Asset Allocation
Domestic Equity	7.0%	27.5%	27.5%
International Equity	7.7%	27.5%	27.5%
Private Equity	2.7%	10.0%	10.0%
Fixed Income	5.5%	15.0%	15.0%
Hedge Funds	2.7%	10.0%	10.0%
Real Estate	7.0%	10.0%	10.0%
		100.0%	100.0%

Discount rate - The discount rate used to measure the total pension liability was 7.5 percent for all defined benefit plans. The projection of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position for each defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities of each plan.

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Current			
	1%	1% Discount		
	Decrease Rate 6.5% 7.5%		Increase 8.5%	
Authority's proportionate share of PERS's net pension liability	\$ (149,792)	\$ 54,107	\$ 26,794	
Authority's proportionate share of EMSRS's net pension liability	\$ (715,872)	\$ 20,152	\$ 541,307	

Pension plans' fiduciary net position - Detailed information about the pension plans' fiduciary net position is available in the separately issued financial report available at the Consolidated Public Retirement Board's website at www.wvretirement.com. That information can also be obtained by writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

NOTES TO FINANCIAL STATEMENTS (continued) For the year ended June 30, 2018

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.

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.

NOTE 7: PROPERTY, PLANT & EQUIPMENT

Changes in the Authority's capital assets consisted of the following for the year ended June 30, 2018:

	Beginning	Beginning Additions		Ending
Capital assets not being depreciated				·
Land	\$ 558,018	\$ -	\$ -	\$ 558,018
Construction in progress	10,010	140,551	_	150,561
Total capital assets				
not being depreciated	568,028	140,551		708,579
Capital assets being depreciated				
Land improvements	152,014	_	_	152,014
Buildings	922,852	_	_	922,852
Medical transport and	022,002			<i>322,002</i>
other vehicles	1,413,367	417,222	(211,491)	1,619,098
Medical equipment	816,672	102,727	(211,431)	919,399
Furniture and fixtures	17,969	102,727	_	17,969
Office equipment	25,797	-	-	25,797
Total	3,348,671	519,949	(211,491)	3,657,129
Accumulated depreciation	(1,521,937)	(236,614)	211,491	(1,547,060)
Total capital assets				
being depreciated, net	1,826,734	283,335		2,110,069
Total capital assets	\$2,394,762	\$ 423,886	\$ -	\$2,818,648

NOTE 8: NOTES PAYABLE

Notes payable consist of the following:

			Balance	Due Within One Year
Term note payable to Cit November 30, 2017, in th \$310,000, repayable in 3 \$8,875 including interest by commercial security a	\$251,026	\$ 102,475		
Term note payable to Cit December 28, 2017, in th \$2,103,750. The note is is payable at 2.9% per arto finance the construction draws note proceeds on construction progresses a payable monthly through Beginning January 28, 20 interest payments of \$12 December 28, 2037, seconstruction 97 real estate.	51,000	51,000		
Total		:	\$302,026	\$ 153,475
Maturities of Notes Payable	are as follows:			
_	Year	Principal	Interest	Total
	2019 2020 2021	\$ 153,475 104,513 44,038 \$ 302,026	\$ 5,502 1,986 217 \$ 7,705	\$ 158,977 106,499 44,255 \$ 309,731
Changes in notes payable ar	e as follows:			
	Balance at July 1, 2017	Additions	Payments	Balance at June 30, 2018
	\$ 131,530	\$ 361,000	\$ 190,504	\$ 302,026

NOTE 9: CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities are as follows:

	alance at y 1, 2017	Ad	ditions	Reduc	tions	alance at e 30, 2018
Compensated absences Collective net pension liabilities	\$ 100,356 546,282	\$	1,577 238,607	\$ (710	- 0,630)	\$ 101,933 74,259
	\$ 646,638	\$ 2	240,184	\$ (710	0,630)	\$ 176,192

NOTE 10: OPERATING LEASES

The Authority had the following operating lease in effect at June 30, 2016:

Lease effective March 1, 2010 for approximately 4,000 square feet of space located in Martinsburg, West Virginia. The lease renewed on March 1, 2018 for a 2 year period with the last 6 months on a month-to-month basis. The rental payment is \$2,900 per month for the full term of the lease extension.

Rent expense for the year ended June 30, 2018 amounted to \$34,117.

NOTE 11: COMMITMENTS AND CONTINGENCIES

The Authority is currently in the construction phase of the new Station 97 facility. Total estimated costs of construction amount to \$2.0 million not including construction alternates. Construction is being financed by a \$2,103,750 bank note. Construction is expected to take one year to complete.

NOTE 12: SUBSEQUENT EVENTS

The Authority has evaluated all subsequent events through November 5, 2018, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Berkeley County Emergency Ambulance Authority SCHEDULES OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITIES June 30, 2018

Public Employees Retirement System Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Authority's proportionate share of the net pension liability (%)	0.012535%	0.012839%	0.015334%	0.018348%	0.017276%					
Authority's proportionate share of the net pension liability (\$)	\$ 54,107	\$ 118,001	\$ 85,626	\$ 67,715	\$ 157,489					
Authority's covered-employee payroll	\$ 180,162	\$ 172,091	\$ 176,911	\$ 207,947	\$ 245,695					
Authority's proportionate share of net pension liability as a % of its covered-employee payroll	30.03%	68.57%	48.40%	32.56%	64.10%					
Plan fiduciary net position as a percentage of the total pension liability	93.67%	86.11%	91.29%	93.98%	%02'62					
		Emergency Medical Services Retirement System Last 10 Fiscal Years	edical Services Retir Last 10 Fiscal Years	tirement System rs						
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Authority's proportionate share of the net pension liability (%)	6.357137%	6.335516%	6.475347%	6.294714%	6.961634%					
Authority's proportionate share of the net pension liability (\$)	\$ 20,152	\$ 428,281	\$ 203,067	\$ 153,969	\$ 560,203					
Authority's covered-employee payroll	\$ 1,980,833	\$ 1,730,267	\$ 1,655,510	\$ 1,608,051	\$ 1,469,698					
Authority's proportionate share of net pension liability as a % of its covered-employee payroll	1.02%	24.75%	12.27%	9.57%	38.12%					
Plan fiduciary net position as a percentage of the total pension liability	%95.66	89.77%	94.78%	95.64%	84.20%					

Note: This data will be presented prospectively until ten years is accumulated. The amounts presented for each fiscal year were determined as of June 30th.

Berkeley County Emergency Ambulance Authority SCHEDULES OF THE AUTHORITY'S PENSION PLAN CONTRIBUTIONS June 30, 2018

Public Employees Retirement System Last 10 Fiscal Years

					Las	Last 10 Fiscal Years	Years											
	2018	2017		2016		2015	2	2014	2	2013	2	2012	2011	-		2010		2009
Contractually required contribution	\$ 19,818	\$ 20,6	,651	\$ 23,883	&	29,113	69	35,626	s	32,371	€9	33,410	\$ 25	25,006	⇔	20,920	s	19,963
Contributions in relation to the contractually required contribution	(19,818)	(20)	(20,651)	(23,883)	el .	(29,113)		(35,626)		(32,371)		(33,410)	(25	(25,006)		(20,920)		(19,963)
Contribution deficiency (excess)	\$	6	-	s	φ.	•	s	1	ક	'	ક	1	s	1	ь	1	ક	,
Authority's covered-employee payroll	\$ 180,162	\$ 172,	190	\$ 176,911	မှာ	207,947	\$	245,695	\$	231,219	\$	230,415	\$ 200	200,044	⇔	190,182	છ	190,123
Contributions as a percentage of covered-employee payroll	11.0%		12.0%	13.5%	%	14.0%		14.5%		14.0%		14.5%		12.5%		11.0%		10.5%
				Emergen	y Medic Las	Emergency Medical Services Retirement System Last 10 Fiscal Years	s Retir	ement Sys	tem									
	2018	2017		2016		2015	2	2014	2	2013	2	2012	2011	-		2010		2009
Contractually required contribution	\$ 207,987	\$ 181	181,678	\$ 173,828	↔	168,845	&	154,318	& _	161,590	· •	146,814	\$ 142	142,161	↔	144,296	€9	135,755
Contributions in relation to the contractually required contribution	(207,987)	(181,	(181,678)	(173,828)		(168,845)	1)	(154,318)	5	(161,590)	\exists	(146,814)	(142	(142,161)		(144,296)		(135,755)
Contribution deficiency (excess)	\$	s	.	s	ار اا		ક્ક	'	49	•	မ	,	69	-	မာ	•	မှာ	1
Authority's covered-employee payroll	\$ 1,980,833	\$ 1,730,267	31	\$ 1,655,510	11	\$ 1,608,051	\$ 1,4	\$ 1,469,698	\$ 1,5	1,538,952	& 1,	1,398,225	\$ 1,353,914	3,914	8	1,374,247	8	1,292,928
Contributions as a percentage of covered-employee payroll	10.5%		10.5%	10.5%	%	10.5%		10.5%		10.5%		10.5%		10.5%		10.5%		10.5%

Note: The amounts presented for each fiscal year were determined as of June 30th.

Berkeley County Emergency Ambulance Authority NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the year ended June 30, 2018

PERS

There were no significant actuarial assumption changes for PERS during the year.

EMSRS

EMSRS significant actuarial assumption changes made during the year are as follows:

	Current	Prior
Mortality rates	Active-100% of RP-2014 Non-Annuitant tables (sex-distinct), Scale MP-2016 fully generational Healthy Male Retirees - 103% of RP-2014 Male Healthy Annuitant table, Scale MP-2016 full generational Healthy Female Retirees - 100% of RP-2014 Female Healthy Annuitant tables, Scale MP-2016 fully generational Disabled Males - 100% of RP-2014 Male Disabled Annuitant table, Scale MP-2016 fully generational Disabled Females - 100% of RP-2014 Female Disabled Annuitant table, Scale MP-2016 fully generational	Active-RP-2000 Non-Annuitant tables; Projected to 2020 scale BB Health Retirees - RP-2000 Healthy Annuitant tables, Projected to 2025 Scale BB Disabled - RP-2000 Healthy Annuitant tables; Projected to 2025, scale BB set forward 1 year
Withdrawal rates	6.00% - 28.00%	3.00% - 14.00%
Disability rates	0.04% - 0.60%	0.008 - 0.525%
Retirement rates	25% - 100%	20% - 100%
Date range in most recent experience study/review	2011-2016	2013





Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Berkeley County Emergency Ambulance Authority 400 West Stephen Street Suite 207 Martinsburg, West Virginia 25401

To the Board of Directors:

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, Berkeley County, West Virginia (the Authority) which comprise the statement of net position as of and for the year ended June 30, 2018, and the related statement of revenues, expenses and changes in fund net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 8, 2018.

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 opinions 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.

Board of Directors
Berkeley County Emergency Ambulance Authority
Berkeley County, West Virginia
Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by Government Auditing Standards
Page 2

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*.

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.

BHM CPA Group, Inc Huntington, West Virginia

BHM CPA Group

November 8, 2018