



State of West Virginia

Glen B. Gainer III

**State Auditor and
Chief Inspector**

Office of the State Auditor
Chief Inspector Division
1900 Kanawha Boulevard, East
State Capitol, Building 1, Suite W-100
Charleston, West Virginia 25305

Toll Free: (877) 982-9148
Telephone: (304) 558-2540
Fax: (304) 205-6033
www.wvsao.gov

September 20, 2013

The Honorable Members of the Board
Berkeley County Emergency Ambulance Authority
400 W. Stephen Street, Suite 207
Martinsburg, West Virginia 25401

Dear Members of the Board:

Enclosed is a copy of the audit report of the Berkeley County Emergency Ambulance Authority for the fiscal year ended June 30, 2012.

As the recipient, you are required to notify all members of the governing body of the receipt of this report and related correspondence and make the contents available for inspection by all such officers. You are also advised that this report, under the provisions of West Virginia Code §6-9-9a, is considered public information and must be made available for public inspection.

While we are pleased to note that the audit report does not contain instances of noncompliance or internal control weaknesses, it remains the responsibility of all members of the governing body to review the audit report and strive to maintain a high quality of service for the community.

If I can be of further assistance, please do not hesitate to contact this office.

Very truly yours,

A handwritten signature in black ink, appearing to read "Charles K. McKinney", written in a cursive style.

Charles K. McKinney
Assistant Chief Inspector
Chief Inspector Division

CKM/et



State of West Virginia

Glen B. Gainer III

State Auditor and
Chief Inspector

Office of the State Auditor
Chief Inspector Division
1900 Kanawha Boulevard, East
State Capitol, Building 1, Suite W-100
Charleston, West Virginia 25305

Toll Free: (877) 982-9148
Telephone: (304) 558-2540
Fax: (304) 205-6033
www.wvsao.gov

MANAGEMENT LETTER

Honorable Members of the
Berkeley County Emergency Ambulance Authority
Martinsburg, West Virginia 25404

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of the Berkeley County Emergency Ambulance Authority, a component unit of the Berkeley County Commission, West Virginia, as of and for the year ended June 30, 2012, and have issued our report thereon dated September 5, 2013.

Government Auditing Standards also require that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and reportable conditions in internal control, related to major federal financial assistance programs. We have issued the required report dated September 5, 2013, for the year ended June 30, 2012.

We are also submitting for your consideration the following comments that are opportunities for strengthening internal controls, improving operating efficiency and reducing expenses. These comments reflect matters that, while in our opinion do not represent material instances of noncompliance or reportable internal control conditions, we believe represent matters for which improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below. However, these comments reflect our continuing desire to assist your government. We have already discussed many of these comments and suggestions with management and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. If you have any questions, please do not hesitate to contact us.

Suggestions For Improving Operations

Capital Asset Capitalization Policy

The Authority has prepared a capital asset policies and procedures manual. It was noted that the capitalization procedures were not being adhered to in all cases. Specifically, certain expenditures are being capitalized when expensing is appropriate. The entity always used the half year convention of depreciation for the first year of depreciation regardless of what month the asset was purchased. In addition, the capital asset policy approved by the Authority was not available for review. The description of the capital asset policy in the client prepared notes was used for the audit.

Recommendation

Policies adopted by the Authority should be enforced when making determinations of when to capitalize certain expenditures. Also, depreciation should be calculated based on the criteria set forth in the capital assets policy. All policies that the Authority approves should be signed and dated by the Authority president and maintained for the purpose of the audit.

Cancellation of Invoices

The Authority does not have a policy or procedure in place to distinguish which invoices have been paid from which invoices are waiting to be paid. This practice could lead to duplicate payments of invoices resulting in overstating the expenses for the fiscal year.

Recommendation

Policies should be adopted by the Authority that requires a paid invoice be marked in a way that distinguishes it from the invoices waiting to be paid. The invoice should be marked paid with the check date, check amount, and the person approving the expense.

Invoice Supporting Documentation

The Authority should ensure that only original itemized invoices are accepted to request payment. The entity should also ensure that the invoices are free from mathematical error and that West Virginia sales taxes were not charged and subsequently paid. This practice could lead to the entity paying for items that they should not be paying for during the fiscal year.

Recommendation

Policies should be adopted by the Authority that requires an original itemized invoice from which to make payment. This ensures that the entity is not paying for items that would not be allowable for the entity to purchase. The entity should also ensure that they are not being charge West Virginia State sales taxes.

These comments are intended for the Authority officials, management, grantor agencies and federal awarding agencies, and are not intended to be and should not be used by anyone other than these specified parties.

In closing, on behalf of the audit staff, we appreciate the opportunity to present these comments and recommendations for your consideration. We would like to thank management for its hospitality, cooperation, positive attitude and openness to suggestion.

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor

September 5, 2013

**AUDIT REPORT OF
BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**AUDIT REPORT OF
BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

This audit has been conducted pursuant to the authority and duty of the State Auditor as Chief Inspector and Supervisor of Public Offices to conduct an annual inspection of all political subdivisions of the State of West Virginia and any agency created by these subdivisions. This power is granted by West Virginia Code §6-9-1 et seq.

**BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
SCHEDULE OF FUNDS INCLUDED IN REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

PROPRIETARY FUND TYPE

Ambulance Authority

**BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Page(s)</u> |
|--|----------------|
| Introductory Section | |
| Board Members | 1 |
| Financial Section | |
| Independent Auditor's Report | 2-3 |
| Basic Financial Statements: | |
| <i>Fund Financial Statements:</i> | |
| Statement of Net Assets - Proprietary Fund. | 4-5 |
| Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund. | 6 |
| Statement of Cash Flows - Proprietary Fund. | 7-8 |
| <i>Notes to the Financial Statements.</i> | 9-18 |
| Accompanying Information | |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards.</i> | 19-20 |
| Summary Schedule of Prior Audit Findings. | 21 |

INTRODUCTORY SECTION

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY

BOARD MEMBERS

For the Fiscal Year Ended June 30, 2012

| OFFICE | NAME | TERM |
|------------------|-------------------|---------------------|
| | <u>Elective</u> | |
| Board Members: | Teresa Cain | 09-22-08 / 09-22-14 |
| | E. Ross Curtis | 03-12-09 / 03-12-15 |
| | Charles Hall, III | 11/30/09 / 11-30-12 |
| | Curtis Keller | 04-07-11 / 04-07-13 |
| | Charles S. Martin | 07-30-09 / 07-30-12 |
| | Robert Mudge | 02-01-10 / 02-01-13 |
| | Jim Whitacre | 07-30-09 / 07-30-12 |
| | <u>Appointive</u> | |
| Program Manager: | F. Gary Collis | |
| President: | Charles Hall, III | |

FINANCIAL SECTION



State of West Virginia

Glen B. Gainer III

**State Auditor and
Chief Inspector**

Office of the State Auditor
Chief Inspector Division
1900 Kanawha Boulevard, East
State Capitol, Building 1, Suite W-100
Charleston, West Virginia 25305

Toll Free: (877) 982-9148
Telephone: (304) 558-2540
Fax: (304) 205-6033
www.wvsao.gov

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the
Berkeley County Emergency Ambulance Authority
Martinsburg, West Virginia 25404

We have audited the accompanying financial statements of the Berkeley County Emergency Ambulance Authority (the Authority), a component unit of Berkeley County Commission, West Virginia, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

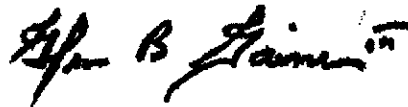
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Berkeley County Emergency Ambulance Authority, West Virginia, as of June 30, 2012, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2013, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The government has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in a appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Authority's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor

September 5, 2013

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
STATEMENT OF NET ASSETS - PROPRIETARY FUND

June 30, 2012

| | <u>Business-type Activities - Enterprise Fund</u> <u>Ambulance Authority</u> |
|--|---|
| ASSETS | |
| Current: | |
| Cash and cash equivalents | \$ 453,530 |
| Receivables: | |
| Accounts, net | 316,007 |
| Inventory, at cost | 5,000 |
| Prepaid expenses | 2,500 |
| | <u>777,037</u> |
| Total current assets | |
| Capital assets: | |
| Nondepreciable: | |
| Land | 468,018 |
| Depreciable: | |
| Land Improvements | 148,329 |
| Buildings | 733,975 |
| Leasehold Improvements | 25,000 |
| Medical transport and other vehicles | 1,127,853 |
| Medical equipment | 537,831 |
| Furniture and Fixtures | 13,089 |
| Office Equipment | 24,584 |
| Less: accumulated depreciation | <u>(870,383)</u> |
| | <u>2,208,296</u> |
| Total capital assets (net of accumulated depreciation) | |
| Total assets | <u>\$ 2,985,333</u> |
| LIABILITIES | |
| Current liabilities payable from current assets: | |
| Accounts payable | 25,845 |
| Accrued expenses | 1,240 |
| Notes payable | 283,930 |
| Compensation liabilities | 51,887 |
| | <u>362,902</u> |
| Total current liabilities payable from current assets | |

**BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
STATEMENT OF NET ASSETS - PROPRIETARY FUND**

June 30, 2012

| | <u>Business-type Activities - Enterprise Fund</u> |
|---|---|
| | <u>Ambulance Authority</u> |
| Noncurrent liabilities due within more than one year: | |
| Compensated absences payable | <u>89,869</u> |
| Total noncurrent liabilities due within more than one year | <u>89,869</u> |
| Total liabilities | <u>452,771</u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 1,924,366 |
| Unrestricted | <u>608,196</u> |
| Total net assets | <u>2,532,562</u> |
| Total liabilities and net assets | <u>\$ 2,985,333</u> |

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2012

| | Business-type Activities - Enterprise Fund |
|---|--|
| | Ambulance Authority |
| Operating revenues: | |
| User Fees | \$ 1,632,050 |
| Services Fees | 2,160,862 |
| Miscellaneous | 10,196 |
| | 3,803,108 |
| | |
| Operating expenses: | |
| Salaries and Related expenses | 2,566,999 |
| Transport, vehicle, and equipment | 198,596 |
| Facilities | 68,026 |
| Supplies | 126,118 |
| Insurance and Taxes | 75,907 |
| Administration | 162,683 |
| Depreciation | 187,000 |
| | 3,385,329 |
| | |
| Operating income (loss) | 417,779 |
| | |
| Nonoperating revenues (expenses): | |
| Interest revenue | 4,318 |
| Gain (loss) on sale of materials | 4,750 |
| Interest and fiscal charges | (12,427) |
| | (3,359) |
| | |
| Total nonoperating revenues (expenses) | (3,359) |
| | |
| Change in net assets | 414,420 |
| | |
| Net assets at beginning of year | 2,118,142 |
| | |
| Net assets at end of year | \$ 2,532,562 |

See accompanying notes to the financial statements.

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2012

| | Business-type Activities - Enterprise Fund |
|--|--|
| | Ambulance Authority |
| Cash flows from operating activities: | |
| Cash received from customers | \$ 3,780,993 |
| Cash paid for goods and services | (620,275) |
| Cash paid to employees | <u>(2,596,594)</u> |
| Net cash provided (used) by operating activities | <u>564,124</u> |
| Cash flows from noncapital and related financing activities: | |
| Proceeds from sale of materials | <u>4,750</u> |
| Net cash provided (used) by noncapital and related financing activities | <u>4,750</u> |
| Cash flows from capital and related financing activities: | |
| Principal paid on capital debt | (6,819) |
| Interest paid on capital debt | (12,812) |
| Purchase of fixed assets | <u>(449,224)</u> |
| Net cash provided (used) by capital and related financing activities | <u>(468,855)</u> |
| Cash flows from investing activities: | |
| Interest received | <u>4,318</u> |
| Net cash provided (used) by investing activities | <u>4,318</u> |
| Net increase (decrease) in cash and cash equivalents | 104,337 |
| Cash and cash equivalents, July 1, (including \$ 0 in restricted accounts) | <u>349,193</u> |
| Cash and cash equivalents, June 30, (including \$ 0 in restricted accounts) | <u>\$ 453,530</u> |

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2012

| | | Business-type Activities <u>- Enterprise Fund</u> |
|--|----|---|
| | | <u>Ambulance Authority</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ | 417,779 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation expense | | 187,000 |
| Decrease (increase) in accounts receivable | | (22,114) |
| Decrease (increase) in inventory | | 10,000 |
| Increase (decrease) in accounts payable | | 1,053 |
| Increase (decrease) in payroll payable | | <u>(29,594)</u> |
| Net cash provided by operations | \$ | <u><u>564,124</u></u> |

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Berkeley County Emergency Ambulance Authority (the Authority) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

A. Reporting Entity

The Authority, a component unit of Berkeley County, West Virginia, is governed by a president which is the appointed by the authority and six authority members who are approved by the Berkeley County Commission. The Authority is a legally separate organization for which elected officials of the primary government are financially accountable. The Authority is a discretely presented component unit of the primary government based upon the criteria stipulated in the Governmental Accounting Standards Board Statement No. 14.

The Berkeley County Emergency Ambulance Authority (The Authority) is a public corporation, which was created by the Berkeley County Commission under the provision 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.

B. Fund Financial Statements

The financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Business-type activities rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

The government reports the following major proprietary fund:

The Ambulance Authority is the Authority's operating fund. It accounts for all financial resources of the entity.

The Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Authority Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with GASB Pronouncements in the proprietary fund financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Ambulance Authority (enterprise funds) are charges to customers for services. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities, and Net Assets

1. Deposits

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of less than three months from the date of acquisition. For purposes of the Statement of Cash Flows, restricted assets may be considered cash equivalents based on liquidity.

2. Receivables and Payables

The Berkeley County Ambulance Authority records accounts receivable at gross and payables when incurred.

3. Inventories and Prepaid Items

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

4. Capital Assets and Depreciation

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$1,000 or more and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds during the same period.

The Authority's capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-------------------------------|--------------|
| Land Improvements | 20 |
| Buildings and Improvements | 40 |
| Machinery and Equipment | 05-10 |
| Vehicles | 05-10 |
| Office and Computer Equipment | 05-10 |

5. Compensated Absences

The Authority's policy permits 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 in the financial statements in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*.

6. Long-Term Obligations

In the financial statements, long-term debt and other long-term obligations are reported as liabilities in the proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

7. Fund Equity

Reservations of net assets are limited to outside third-party restrictions. Capital contributions are not subject to repayment and primarily represents assets contributed to the fund by other sources. It also includes grants that are restricted for capital acquisitions, and assets acquired through general government resources. These assets are recorded at fair value on the date contributed.

- A. Invested in capital assets, net of related debt - 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 assets - Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- C. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

8. 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, 2012.

Ambulance service fees are billed must be paid in full no later than September 30th. Fees paid after September 30th are as follows:

| | |
|-----------------------------|-------|
| | 2012 |
| 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.

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

9. Contributions of Goods and Services

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

10. Contributions of Goods and Services

The Authority's Statement of Activities distinguishes 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 all expenses incurred to provide emergency ambulance service and basic life support and advanced support services, other than financing costs.

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the government had no investments.

Custodial Credit Risk

For deposits, the government could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. At year end, the government's bank balances were \$453,530. Of the bank balance, \$0 was exposed to credit risk because it was collateralized with securities held by the pledging financial institution's trust department or agent but not in the government's name.

A reconciliation of cash and investments as shown on the Statement of Net Assets is as follows:

| | |
|---------------------------|------------|
| Cash and cash equivalents | \$ 453,530 |
| Total | \$ 453,530 |

B. Receivables

Receivables at year end for the government's individual major fund, at gross, are as follows:

| | Ambulance Authority | Total |
|-------------------|------------------------|------------|
| Receivables: | | |
| Accounts | \$ 316,007 | \$ 316,007 |
| Gross Receivables | \$ 316,007 | \$ 316,007 |

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|-------------------|--------------|---------------------|
| Business-type activities: | | | | |
| 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 | 888,053 | 239,800 | -- | 1,127,853 |
| Medical Equipment | 332,650 | 205,181 | -- | 537,831 |
| Furniture and Fixtures | 13,089 | -- | -- | 13,089 |
| Office Equipment | 20,341 | 4,243 | -- | 24,584 |
| Less: accumulated depreciation | <u>(683,383)</u> | <u>(187,000)</u> | <u>--</u> | <u>(870,383)</u> |
| Total capital assets being depreciated, net | <u>1,478,054</u> | <u>262,224</u> | <u>--</u> | <u>1,740,278</u> |
| Business-type activities capital assets, net | <u>\$ 1,946,072</u> | <u>\$ 262,224</u> | <u>\$ --</u> | <u>\$ 2,208,296</u> |

Depreciation expense was charged to the funds of the Authority as follows:

| | |
|---|-------------------|
| Business-type activities: | |
| Depreciation | <u>\$ 187,000</u> |
| Total depreciation expense-business-type activities | <u>\$ 187,000</u> |

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

D. Notes Payable

Notes Payable

The Authority entered into a demand note payable with Jefferson Security Bank to finance the renovation and expansion of the Authority's South Station. On March 1, 2010, the Authority borrowed \$300,000 from Jefferson Security Bank and has a variable interest rate based on the Wall Street Journal Index which is currently bearing interest at 4.25% and is adjusted every three years. The principal and interest are due on a \$1,636 monthly payment, secured by the deed of trust.

| Purpose | Maturity Dates | Interest Rates | Balance | Issued | Retired | Balance |
|----------------------|----------------|----------------|-------------------|--------------|-----------------|-------------------|
| | | | June 30, 2011 | | | June 30, 2012 |
| South Station | | | | | | |
| Renovation | 3/1/2035 | 4.25% | \$ 290,749 | \$ -- | \$ 6,819 | \$ 283,930 |
| Total notes payable | | | <u>\$ 290,749</u> | <u>\$ --</u> | <u>\$ 6,819</u> | <u>\$ 283,930</u> |

Debt service requirements to maturity are as follows:

| Year Ended | Principal | Interest | Total |
|-------------|-------------------|-------------------|-------------------|
| | 2013 | \$ 7,160 | \$ 12,470 |
| 2014 | 8,022 | 11,608 | 19,630 |
| 2015 | 8,370 | 11,260 | 19,630 |
| 2016 | 8,733 | 10,897 | 19,630 |
| 2017 | 9,111 | 10,519 | 19,630 |
| 2018 - 2022 | 51,832 | 46,318 | 98,150 |
| 2023 - 2027 | 64,081 | 34,069 | 98,150 |
| 2028 - 2032 | 79,225 | 18,925 | 98,150 |
| 2033 - 2035 | 47,396 | 2,702 | 50,098 |
| Totals | <u>\$ 283,930</u> | <u>\$ 158,768</u> | <u>\$ 442,698</u> |

E. Long-term Debt

Changes in Long-Term Liabilities

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--------------------------|-------------------|------------------|--------------|------------------|---------------------|
| Compensated absences | \$ 68,393 | \$ 21,476 | \$ -- | \$ 89,869 | \$ -- |
| Business-type activities | | | | | |
| Long-term liabilities | <u>\$ 68,393</u> | <u>\$ 21,476</u> | <u>\$ --</u> | <u>\$ 89,869</u> | <u>\$ --</u> |

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

F. Operating Leases

The Authority had the following operating lease in effect at June 30, 2012:

Lease effective March 1, 2010 for approximately 4,000 square feet of space located in Martinsburg, WV. The lease is effective for a period of two years with the option to renew for 3 additional one year extensions. The rental payment is \$2,500 per month through December 31, 2012. Effective January 1, 2013, the rental payment is \$2,575 per month. Future minimum rentals are as follows:

| | |
|------|-----------------|
| 2013 | <u>\$20,150</u> |
|------|-----------------|

The rent expense for the year ended June 30, 2012 amounted to \$30,000.

III. OTHER INFORMATION

A. Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with VFIS for umbrella (general liability) insurance for these various risks.

Workers' Compensation Fund (WCF): West Virginia utilizes a single private insurance company, Brick Street Insurance, to provide workers' compensation coverage to all employers in the state. Other private insurance companies may begin to offer coverage to private sector employers beginning July 1, 2008, and to government employers July 1, 2010. For the most part, all employers in the State, including governmental entities, must have coverage. The cost of all coverage, as determined by Brick Street, is paid by the employers. The WCF risk pool retains the risk related to the compensation of injured employees under the program.

B. Contingent Liabilities

The Authority is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently 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.

IV. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

IV.A.1. Plan Descriptions, Contribution Information and Funding Policies

Public Employees Retirement System (PERS)

The Authority participates in a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of general county employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and state appropriations, as necessary.

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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 |
| Authority establishing contribution obligations and benefit provisions | State Statute |
| Plan member's contribution rate | 4.50% |
| Authority's contribution rate | 14.50% |
| Period required to vest | Five Years |
| Benefits and eligibility for distribution | 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 10) times the years of service times 2% equals the annual retirement benefit. |
| Deferred retirement portion | No |
| Provisions for: | |
| Cost of Living | No |
| Death Benefits | Yes |

IV.A.2. Trend Information

Public Employees Retirement System (PERS)

| <u>Fiscal Year</u> | <u>Annual Pension Cost</u> | <u>Percentage Contributed</u> |
|--------------------|----------------------------|-------------------------------|
| 2012 | \$ 43,779 | 100% |
| 2011 | \$ 34,008 | 100% |

PERS issues 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 Ave S.E., Charleston, WV 25304.

IV.B.1. Plan Descriptions, Contribution Information and Funding Policies

Emergency Medical Services Retirement System (EMSRS)

The Authority participates in a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of general county employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and state appropriations, as necessary.

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

The following is a summary of eligibility factors, contribution methods, and benefit provisions:

Emergency Medical Services Retirement System (EMSRS)

| | |
|--|--|
| Eligibility to participate | All Authority full-time emergency medical services officers. |
| Authority establishing contribution obligations and benefit provisions | State Statute |
| Plan member's contribution rate | 8.50% |
| Authority's contribution rate | 10.50% |
| Period required to vest | Five Years |
| Benefits and eligibility for distribution | 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 10) times the years of service times 2% equals the annual retirement benefit. |
| Deferred retirement portion | No |
| Provisions for: | |
| Cost of Living | No |
| Death Benefits | Yes |

IV.B.2. Trend Information

Emergency Medical Services Retirement System (EMSRS)

| Fiscal Year | Annual Pension Cost | Percentage Contributed |
|-------------|------------------------|---------------------------|
| 2012 | \$ 265,663 | 100% |
| 2011 | \$ 257,244 | 100% |

EMSRS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Emergency Medical Services Retirement System, 4101 MacCorkle Ave S.E., Charleston, WV 25304.



State of West Virginia

Glen B. Gainer III

**State Auditor and
Chief Inspector**

Office of the State Auditor
Chief Inspector Division
1900 Kanawha Boulevard, East
State Capitol, Building 1, Suite W-100
Charleston, West Virginia 25305

Toll Free: (877) 982-9148
Telephone: (304) 558-2540
Fax: (304) 205-6033
www.wvsao.gov

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Members of the
Berkeley County Emergency Ambulance Authority
Martinsburg, West Virginia 25404

We have audited the financial statements of the business-type activities of the Berkeley County Emergency Ambulance Authority (the Authority), which is a component unit of Berkeley County Commission, West Virginia, as of and for the year ended June 30, 2012, and have issued our report thereon, dated September 5, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

ACCOMPANYING INFORMATION

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Authority in a separate letter dated September 5, 2013.

This report is intended solely for the information and use of management, Authority officials, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor

September 5, 2013

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2012

Status of Prior Year Audit Findings

There were no prior year audit findings.