

**Independent Auditors' Report
and Related Financial Statements**

For the Year Ended June 30, 2009

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY

(A Component Unit of Berkeley County, West Virginia)

**Teed & Associates, PLLC
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BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
(A Component Unit of Berkeley County, West Virginia)

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BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
(A Component Unit of Berkeley County, West Virginia)

Board of Directors

For the Year Ended June 30, 2009

Office

Name

President

Charles Hall, III

Vice President

Teresa Cain

County Commissioner

William Stubblefield

Board Members 2009

E. Ross Curtis

Charles S. Martin

Robert Mudge

Jim Whitacre

Independent Auditors' Report

To the Board of Directors
Berkeley County Emergency Ambulance Authority
Martinsburg, West Virginia

We have audited the accompanying financial statements of the Berkeley County Emergency Ambulance Authority as of and for the year ended June 30, 2009, as listed in the Table of Contents. These financial statements are the responsibility of the Berkeley County Emergency Ambulance Authority'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 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 financial position of the Berkeley County Emergency Ambulance Authority as of June 30, 2009, and the respective changes in financial position and cash flows thereof 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 April 28, 2010, on our consideration of the Berkeley County Emergency Ambulance Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over

To the Board of Directors
Berkeley County Emergency Ambulance Authority
Martinsburg, West Virginia
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financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Berkeley County Emergency Ambulance Authority did not present the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Charleston, West Virginia
April 28, 2010

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
(A Component Unit of Berkeley County, West Virginia)

Statement of Net Assets

For the Year Ended June 30, 2009

ASSETS:

Cash and cash equivalents	\$ 832,038
Accounts receivable, net	401,913
Inventory	15,000
Capital assets not being depreciated	219,145
Capital assets being depreciated, net	<u>691,939</u>
Total assets	<u>\$ 2,160,035</u>

LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable	\$ 27,280
Accrued expenses	504
Compensation liabilities	162,841
Long-term debt:	
Due within one year	<u>150,000</u>
Total liabilities	<u>340,625</u>

Net assets:

Invested in capital assets, net of related debt	911,084
Unrestricted	<u>908,326</u>
Total net assets	<u>1,819,410</u>
Total liabilities and net assets	<u>\$ 2,160,035</u>

The notes to the financial statements are an integral part of this statement.

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
(A Component Unit of Berkeley County, West Virginia)

Statement of Activities

For the Year Ended June 30, 2009

OPERATING REVENUES:

Ambulance service fees	\$ 1,752,694
Ambulance user fees	579,760
Ambulance life support fees	417,140
Miscellaneous revenues	<u>42,183</u>
Total operating revenues and support	<u>2,791,777</u>

OPERATING EXPENDITURES:

Compensation and benefits	2,390,418
Transport and vehicle expense	166,453
Facilities	98,826
Medical supplies	70,109
Insurance and taxes	68,794
Administration	143,056
Depreciation	<u>108,391</u>
Total operating expenditures	<u>3,046,047</u>
Operating income	<u>(254,270)</u>

NON-OPERATING SUPPORT AND REVENUES (EXPENSES):

Grant revenue	8,946
Interest income	32,695
Interest expense	<u>(2,167)</u>
Total non-operating support and revenues (expenses)	<u>39,474</u>

Change in net assets	(214,796)
Net assets at beginning of year	<u>2,034,206</u>
Net assets at end of year	<u>\$ 1,819,410</u>

The notes to the financial statements are an integral part of this statement.

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
(A Component Unit of Berkeley County, West Virginia)

Statement of Cash Flows

For the Year Ended June 30, 2009

Cash flows from operating activities:	
Cash received from revenues and support	\$ 2,962,529
Cash payments to suppliers and employees	<u>(2,925,528)</u>
Net cash provided by operating activities	<u>37,001</u>
Cash flows from investing activities:	
Interest received	32,695
Purchase of property, plant and equipment	(219,270)
Proceeds from grants	<u>8,946</u>
Net cash provided by investing activities	<u>(177,629)</u>
Cash flows from financing activities:	
Interest paid	(2,167)
Proceeds from bank line of credit	210,000
Repayment of note payable	(189,080)
Repayment on bank line of credit	<u>(60,000)</u>
Net cash (used) by financing activities	<u>(41,247)</u>
Net decrease in cash	(181,875)
Cash and equivalents, beginning	<u>1,013,913</u>
Cash and equivalents, ending	<u>\$ 832,038</u>
Reconciliation of operating (loss) to net cash from operating activities:	
Operating (loss)	<u>\$ (254,270)</u>
Adjustments to reconcile operating (loss) to net cash from operating activities:	
Depreciation	108,391
(Increase) decrease in accounts receivable	170,419
Increase (decrease) in accrued expenses	(851)
Increase (decrease) in accounts payable	(4,583)
Increase (decrease) in accrued payroll liabilities	<u>17,895</u>
Total adjustments	<u>291,271</u>
Net cash provided by operating activities	<u>\$ 37,001</u>

The notes to the financial statements are an integral part of this statement.

BERKELEY COUNTY EMERGENCY AMBULANCE AUTHORITY
(A Component Unit of Berkeley County, West Virginia)

Notes to the Financial Statements

For the Year Ended June 30, 2009

**NOTE 1. DESCRIPTION OF REPORTING ENTITY AND SUMMARY
OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

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 life support and advanced life support 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 GASB Statement No. 14, *The Financial Reporting Entity*. This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In accordance with the criteria established by the Governmental Accounting Standards Board for defining a reporting entity, Berkeley County Emergency Ambulance Authority is a component unit of Berkeley County, West Virginia.

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

B. Basis of Presentation

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

C. 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 of 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 assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

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.

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 Authority's enterprise funds are charges to customers for sales and services.

Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Accounts Receivable

The Authority uses the reserve method of providing for uncollectible accounts.

E. Capital Assets

Capital assets are reported at cost for purchased items and fair value for contributed items. Depreciation is computed by the straight-line method over estimated useful lives of the assets. Such depreciation is included in depreciation expense in the financial statements. The Authority's policy is to capitalize assets whose expected life is in excess of one year at cost or fair value.

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 current operations.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from 7 through 40 years.

F. 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.

G. Net Assets

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

- 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.”

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

I. Special Ordinance

The Berkeley County Commission adopted a Special Emergency Ambulance Service Fee Ordinance that became effective July 1, 2006. Legislative authority is given under Chapter 7, Article 15, Section 17 of the Code of West Virginia, as amended.

This Ordinance was enacted for the purpose of establishing and maintaining an adequate emergency ambulance system within the geographic boundaries of Berkeley County, West Virginia. An adequate emergency ambulance system is necessary to promote the health and welfare of the citizens of Berkeley County. Emergency ambulance service is a public purpose and a responsibility of government for which public money may be spent.

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 this Ordinance was fifty dollars (\$50.00) per residential living unit and such fee shall not be increased or decreased for a period of three years from the date the Ordinance was enacted. Following this initial three-year period, the fee may be adjusted annually upon approval of the County Commission.

The users of the ambulance service billed under this Ordinance have ninety (90) days to pay the annual ambulance fee. Accounts must be paid in full no later than September 30th. Accounts paid on or after October 1, to December 31 the fee will be increased to \$75.00. If paid on or after January 1 to March 31 the total fee will be increased to \$100.00. In mid January, letters will be sent on all delinquent accounts stating that if not paid by April 1st they will be turned over to a collection agency for collection.

J. Cash and Cash Equivalents

For purposes of reporting cash flows, the Authority considers all United States Treasury bills, commercial paper, certificates of deposit, and money market mutual funds with a maturity of three months or less to be cash equivalents.

K. Contributions of Goods and Services

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

L. Operating Revenues

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 service 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.

NOTE 2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2009, were as follows:

Cash deposits in bank checking accounts	\$ 214,341
Certificates of deposit and money market accounts	<u>617,697</u>
Total cash and cash equivalents	<u>\$ 832,038</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. The Authority's deposits at June 30, 2009, were covered by Federal Depository Insurance Corporation and collateral held by custodial banks in the Authority's name.

NOTE 3. CAPITAL ASSETS

The following is a summary of the changes in capital assets for the year ended June 30, 2009:

	Totals June 30, 2008	Additions	Deletions	Totals June 30, 2009
Capital assets not being depreciated:				
Land	\$ 65,000	\$ 154,145	\$ -	\$ 219,145
Total capital assets not being depreciated	<u>65,000</u>	<u>154,145</u>	<u>-</u>	<u>219,145</u>
Capital assets being depreciated:				
Buildings	170,082	-	-	170,082
Medical transport and other vehicles	766,465	16,395	-	782,860
Medical equipment	257,737	45,325	-	303,062
Furniture and fixtures	5,110	-	-	5,110
Office equipment	<u>3,225</u>	<u>3,405</u>	<u>-</u>	<u>6,630</u>
Total capital assets being depreciated	<u>1,202,619</u>	<u>65,125</u>	<u>-</u>	<u>1,267,744</u>
Less accumulated depreciation for:				
Buildings	53,879	4,633	-	58,512
Medical transport and other vehicles	328,578	66,507	-	395,085
Medical equipment	84,060	36,160	-	120,220
Furniture and fixtures	735	511	-	1,246
Office equipment	<u>162</u>	<u>580</u>	<u>-</u>	<u>742</u>
Total accumulated depreciation	<u>467,414</u>	<u>108,391</u>	<u>-</u>	<u>575,805</u>
Total capital assets being depreciated, net	<u>735,205</u>	<u>(43,266)</u>	<u>-</u>	<u>691,939</u>
Total business-type activities capital assets, net	<u>\$ 800,205</u>	<u>\$ 110,879</u>	<u>\$ -</u>	<u>\$ 911,084</u>

NOTE 4. NOTE PAYABLE AND LINE OF CREDIT

On December 13, 2008 the Authority paid off the note payable that had an outstanding balance of \$189,080 at June 30, 2008. The Authority has a \$200,000 bank line of credit, with an outstanding balance of \$150,000 at June 30, 2009, due on demand including interest at highest prime rate as published daily in the Wall Street Journal Index, 5.00 percent per annum at June 30, 2009, unsecured. The note payable and line of credit activity for the year was as follows:

	Balance June 30, 2008	Additions	Payments	Balance June 30, 2009
Note payable	\$ 189,080	\$ -	\$ 189,080	\$ -
Line of Credit	<u>-</u>	<u>210,000</u>	<u>60,000</u>	<u>150,000</u>
Totals	<u>\$ 189,080</u>	<u>\$ 210,000</u>	<u>\$ 249,080</u>	<u>\$ 150,000</u>

NOTE 5. PENSION PLANS

Public Employees Retirement System (PERS)

Plan Description

Substantially all, non emergency medical services officers, full-time employees are participants in the West Virginia Public Employees Retirement System, "The System." This state wide, cost-sharing, multiple-employer, defined benefit retirement plan for public employees was established on July 1, 1961.

All employees of the State of West Virginia and of any political subdivision whose governing body elects to participate are required (with certain exceptions) to become members.

Among those employees not eligible for plan membership are members (and retirees) of other state retirement systems, except from the Department of Public Safety or from municipal police or fire departments.

The System provides for vesting of benefits after five years of creditable service. A member must be employed at age 60 with at least five years of credited service or a member must have their age plus service equal to 80 or greater to be eligible for full benefits with a minimum age of fifty-five. An individual with five or more years of contributing service who terminates employment prior to retirement and continues membership by leaving his contributions with the system will be eligible for benefits at age 62.

The annual normal retirement benefit, payable in monthly installments, is equal to two percent of the member's final average salary times the number of years of credited service. Employees are required to contribute to this retirement system.

Funding Status

The Consolidated Public Retirement Board does not make separate measurements of assets and pension benefit obligations for separate employers.

The West Virginia Public Employees' Retirement System Actuarial Valuation as of July 1, 2007, the date of the latest actuarial study, prepared by Buck Consultants for the West Virginia Consolidated Retirement Board, in December 2007, used the entry age cost method.

The unfunded accrued liability and the funded percentage at July 1, 2008, and the prior two years are as follows (000,000 omitted):

	<u>7/1/08</u>	<u>7/1/07</u>	<u>7/1/06</u>
Actuarial Accrued Liability (AAL)	\$ 4,737.0	\$ 4,426.0	\$ 4,264.7
Recognized Valuation Assets (VA)	\$ 3,939.0	\$ 4,293.2	\$ 3,700.2
Unfunded Liability = (AAL) – (VA)	\$ 798.0	\$ 132.7	\$ 564.5
Funded Percentage = (VA)/(AAL)	84.2%	97.0%	86.8%

Emergency Medical Services Retirement System (EMSRS)

Effective January 1, 2008 certain Authority employees elected to join EMSRS, also a cost-sharing multiple-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). Only emergency medical services officers are eligible for the EMSRS. Any emergency medical services officer who is hired after January 1, 2008, will become a member of the new retirement plan as a condition of employment.

Contribution Requirements and Payments Made

This plan is fully qualified by the Internal Revenue Service. Thus, all employee contributions are tax deferred. Active EMS members contribute 8.5 percent of their salary and active office personnel members contribute 4.5 percent of their salary. Their contributions earn interest at the rate of 4 percent, compounded annually (3 percent prior to July 1, 1968). Employers contribute 10.5 percent of member's compensation into the plan, for a total contribution of 19 percent for EMS personnel and 15 percent for office personnel. For the year ended June 30, 2009, the Authority's total contributions were \$155,718, by employer, and \$141,610, by the then covered employees.

The Consolidated Public Retirement Board issues a publicly available financial report that includes financial statements for PERS and EMSRS. That report may be obtained by writing to CPRB, 4101 MacCorkle Avenue S. E., Charleston, West Virginia 25304.

NOTE 6. RISK MANAGEMENT AND CONTINGENCIES

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters, injuries to employees, and employee health and life coverage.

The Authority reduces its exposure to risk of loss by a variety of insurance programs, which are purchased from commercial insurance carriers or state agencies.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL

INDEPENDENT AUDITORS' 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

To the Board of Directors
Berkeley County Emergency Ambulance Authority
Martinsburg, West Virginia

We have audited the financial statements of Berkeley County Emergency Ambulance Authority (the Authority) as of and for the year ended June 30, 2009, and have issued our report thereon dated April 28, 2010. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

To the Board of Directors
Berkeley County Emergency Ambulance Authority
Martinsburg, West Virginia
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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

Compliance

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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, and other federal and state agencies and is not intended to be used and should not be used by anyone other than these specified parties. However, in accordance with *West Virginia Code 6-9-9a*, this report is a matter of public record and its distribution is not limited.

Charleston, West Virginia
April 28, 2010