

**HARDY COUNTY
RFP # 23-094**

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WV
(A Component Unit of the Hardy County Commission)**

REGULAR AUDIT

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

JUNE 30, 2023



AHMAD ASSOCIATES, LTD (AAL)
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS
MEMBER AICPA

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INTRODUCTORY SECTION

OFFICERS AND DIRECTORS

OFFICE

NAME

President:

Paul Lewis

Vice President:

Dr. Tim Thorne

Treasurer:

Doug Coffman

Secretary:

Jean Flanagan

Commissioner Representative:

David J. Fansler

Board Members:

Ron Crites

Fran Welton

Executive Director

Derek Alt

FINANCIAL SECTION



TYSONS CORNER
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MEMBER AICPA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hardy County Emergency Ambulance Authority
17940 SR55
Baker, West Virginia 26801

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Hardy County Emergency Ambulance Authority (the Authority) as of and for the year ended June 30, 2023, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective governmental fund balance sheet / statement of net position of the Authority as of June 30, 2023, and the respective statement of revenues, expenditures and changes in fund balance / statement of activities, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and

INDEPENDENT AUDITOR'S REPORT (Continued)

design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 4-6 and the Schedule(s) of Supplementary Information Regarding EMSRS and OPEB related- liabilities on page 17-27 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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 basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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 *Hardy County Emergency Ambulance Authority's* internal control over financial reporting and compliance.

AAL, P.C.

AAL, P.C.
Vienna, VA
October 7, 2024

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WEST VIRGINIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

Background:

Hardy County Emergency Ambulance Authority (the Authority) was established by the Hardy County Commission. The Authority's primary responsibility is to provide emergency medical services to the residents of Hardy County. The Authority is primarily funded by the Hardy County Commission (HCC) from the emergency ambulance service fees collected under the Special Emergency Ambulance Service Fee Ordinance authority, Chapter 7, Article 15, Section 17 of the West Virginia Code, as amended, for the purpose of establishing and maintaining an adequate emergency ambulance system within the geographic boundaries of Hardy County, West Virginia. An adequate emergency ambulance system is necessary to promote the health and welfare of the citizens of Hardy County. Emergency ambulance service is a public purpose and a responsibility of the government.

Mission:

The Hardy County Emergency Ambulance Authority 's purpose is to provide 911 EMS services in Hardy County.

Services:

The Hardy County Emergency Ambulance Authority provides variety of services to general public in the Hardy County, West Virginia.

Sources of Funding and Support:

Most of the Hardy County Emergency Ambulance Authority's revenue comes from insurance billings and the HCC ambulance fee.

FINANCIAL HIGHLIGHTS

- Net Position increased by \$278,463 during 2023. Net Position was \$575,902 for 2022 and \$854,365 for 2023.
- The total revenue increased by \$489,605 (or 37.84%) during 2023 and was \$1,293,969 for 2022 and \$1,783,574 for 2023.
- The total expenses increased by \$269,566 (or 22.39%). Total expenses were \$1,204,165 for 2022 and \$1,473,731 for 2023.
- Net fixed assets increased by \$257,055 during the fiscal year.
- Cash and investment balance on June 30, 2023, was \$1,006,314 compared to the previous year's balance of \$706,346.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WEST VIRGINIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

Overview of Financial Statements and Analysis

The Hardy County Emergency Ambulance Authority's financial statement are prepared in compliance with GASB financial reporting requirements and providing an overview of the Authority's financial position and result of operations is required by GASB 34. Basic financial statement of the Authority presented in the report include the balance sheet/statement of net position and statement of activities.

The following table summarizes the **Authority's balance sheet/statement of net position:**

	2023	2022	Variance	% Change
Current Assets	\$281,077	\$299,561	(\$18,484)	-6.17%
Capital Assets	663,840	406,785	257,055	63.19%
Total Assets	944,917	706,346	238,571	33.78%
Other Assets	9,463	249,882	(240,419)	-2540.62%
<i>Deferred Outflow of Resources</i>	285,854	271,472	14,382	5.30%
Total Assets and Deferred Outflows	\$1,240,234	\$1,227,700	\$12,534	1.02%
Current Liabilities	\$139,251	\$80,285	\$58,966	73.45%
Non-Current Liabilities	233,573	249,059	(15,486)	-6.22%
Total Liabilities	372,824	329,344	43,480	13.20%
<i>Deferred Inflow of Resources</i>	74,442	322,454	(248,012)	-76.91%
Total Liabilities and Deferred Inflows	447,266	651,798	(204,532)	-31.38%
Total Net Position	\$792,968	\$575,902	\$217,066	37.69%

Current assets decreased due to a increase in cash and cash equivalents by \$42,913.

Capital assets increased by \$257,055 This change was primarily due to purchased additional vehicles.

Deferred outflows of resources, and **deferred inflows** of resources, and noncurrent liabilities represent amounts required to be reported for Authority's participation in the West Virginia Other Post-Employment Benefit Plan (OPEB) of the West Virginia Retiree Health Benefit Trust Fund (RHBT), Authority's participation in the West Virginia Public Employees' Retirement System (PERS) and Authority's participation in the West Virginia Emergency Services' Retirement System (EMSRS).

Current liabilities represent amounts due to vendors for operating expenses for equipment purchases/payments.

Non-Current liabilities decreased by \$15,486. This change was due to obtained new notes payable.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WEST VIRGINIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

Statement of Activities				
	2023	2022	Variance	% Change
Total Operating Revenue	\$1,783,574	\$1,293,969	\$489,605	37.84%
Total Operating Expenses	1,473,731	1,204,165	269,566	22.39%
Net Increase (Decrease)	309,843	89,804	220,039	245.02%
Total Non-operating Revenue (Expenses)	(9,948)	(11,675)	1,727	14.79%
Change in Unrestricted Net Position	299,895	78,129	221,766	283.85%
Prior Period Adjustments	(82,829)	31,628	(114,457)	138.18%
Net Position - Beginning	575,902	466,145	109,757	23.55%
Net Position -Ending	\$792,968	\$575,902	\$217,066	37.69%

- Total revenues increased by \$489,605 due to additional income from miscellaneous income.
- Total expenses had a net increase of \$269,566 primarily due to a combination of cumulative depreciation and overall personnel costs.

A Look Ahead

The Authority continues to be optimistic for economic growth. The increase in needed services has resulted in an increase of staff for FY23 and is moving forward.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WEST VIRGINIA**

**Governmental Fund Balance Sheet / Statement of Net Position
As of June 30, 2023**

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
ASSETS			
Current Assets			
Cash (Note 3)	\$148,199	\$0	\$148,199
Accounts Receivable, Net (Note 4)	132,878	-	132,878
Total Current Assets	<u>281,077</u>	<u>-</u>	<u>281,077</u>
Capital Assets			
Machinery, Equipment and Vehicles (Note 5)	-	1,426,662	1,426,662
Less: Accumulated Depreciation	-	(762,822)	(762,822)
Net Capital Assets	<u>-</u>	<u>663,840</u>	<u>663,840</u>
Total Assets	<u>281,077</u>	<u>663,840</u>	<u>944,917</u>
Other Assets			
Other Asset -EMSRS (Note 9)	-	9,463	9,463
Total Other Assets	<u>-</u>	<u>9,463</u>	<u>9,463</u>
Deferred Outflow of Resources			
Related to OPEB (Note 8)	-	10,550	10,550
Related to Pensions -PERS (Note 9)	-	320	320
Related to Pensions -EMSRS (Note 9)	-	274,984	274,984
Total Deferred Outflows of Resources	<u>-</u>	<u>285,854</u>	<u>285,854</u>
Total Assets and Deferred Outflows	<u>\$281,077</u>	<u>\$959,157</u>	<u>\$1,240,234</u>
LIABILITIES & NET ASSETS			
Current Liabilities			
Compensated Absences - Current Liability (Note 6)	35,343	-	35,343
Leases and Notes Payable - Current Liability (Note 7)	-	\$103,908	103,908
Total Current Liabilities	<u>35,343</u>	<u>103,908</u>	<u>139,251</u>
Non-Current Liabilities			
Compensated Absences - Non-Current Liability (Note 6)	18,950	-	18,950
Leases and Notes Payable - Non-Current Liability (Note 7)	-	\$209,754	209,754
Net OPEB Liability (Note 8)	-	4,869	4,869
Total Non-Current Liabilities	<u>18,950</u>	<u>214,623</u>	<u>233,573</u>
Total Liabilities	<u>54,293</u>	<u>318,531</u>	<u>372,824</u>
Deferred Inflow of Resources			
Related to OPEB (Note 8)	-	36,417	36,417
Related to Pensions- PERS (Note 9)	-	979	979
Related to Retirement -EMSRS (Note 9)	-	37,046	37,046
Total Deferred Inflows of Resources	<u>-</u>	<u>74,442</u>	<u>74,442</u>
Total Liabilities and Deferred Inflows of Resources	<u>54,293</u>	<u>392,973</u>	<u>447,266</u>
Net Position:			
Net Investment in Capital Assets	-	350,178	350,178
Unrestricted	226,784	216,006	442,790
Total Net Position	<u>226,784</u>	<u>566,184</u>	<u>792,968</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$281,077</u>	<u>\$959,157</u>	<u>\$1,240,234</u>

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

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WEST VIRGINIA**

**Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities
For the Year Ended June 30, 2023**

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
REVENUE			
Ambulance Service Fee (Note 10)	\$864,540	\$0	\$864,540
Insurance Billing, Net (Note 11)	403,276	-	403,276
COVID Testing (Note 12)	45,000	-	45,000
Miscellaneous Income (Note 14)	470,758	-	470,758
Total Revenue	1,783,574	-	1,783,574
OPERATING EXPENSES			
Personnel Cost	542,730	-	542,730
Employee/Business Taxes	211,849	-	211,849
Employee Health Insurance	100,698	-	100,698
Workers' Comp. Insurance	37,827	-	37,827
Retirement	71,107	-	71,107
Advertising & Marketing	52	-	52
Building - Ground Maintenance	18,792	-	18,792
Office Supplies and Software	10,116	-	10,116
Equipment Maintenance	9,760	-	9,760
Equipment Replacement	43,155	-	43,155
Fraley Ambulance Service	60,000	-	60,000
Fuel	38,733	-	38,733
Medical Supplies	30,065	-	30,065
Uncategorized Expense	2,439	-	2,439
Postage	247	-	247
Professional Services	35,850	-	35,850
Refunds-Fee/Insurnace	308	-	308
Training/Education	4,863	-	4,863
Uniforms	6,419	-	6,419
Utilities	22,055	-	22,055
Vehicle Maintenance	54,064	-	54,064
Wardensville Volunteer Resque Squad	15,000	-	15,000
WVCorp-Property Insurance	16,454	-	16,454
Depreciation	-	141,148	141,148
Total Operating Expenses	1,332,583	141,148	1,473,731
Total Operating Income/(Loss)	450,991	(141,148)	309,843
Non-Operating Revenue/(Expenses)			
Machinery & Equipment	(398,203)	398,203	-
Other Expense	(14,351)	14,351	-
Interest Expense	-	(9,948)	(9,948)
Total Non-Operating Revenue/(Expenses)	(412,554)	402,606	(9,948)
Change in Unrestricted Net Position	38,437	261,458	299,895
Prior Period Adjustments	(61,397)	(21,431)	(82,828)
Net Position - Beginning of Year	249,744	326,157	575,901
Net Position- End of Year	226,784	\$566,184	\$792,968

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WV**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hardy County Emergency Ambulance Authority (the Authority or HCEAA) was established by the Hardy County Commission. The Authority's primary responsibility is to provide emergency medical services (EMS) to the residents of Hardy County. The Authority is primarily funded by the Hardy County Commission from the emergency ambulance service fees collected under the Special Emergency Ambulance Service Fee Ordinance authority, Chapter 7, Article 15, Section 17 of the West Virginia Code, as amended, for the purpose of establishing and maintaining an adequate emergency ambulance system within the geographic boundaries of Hardy County, West Virginia. An adequate emergency ambulance system is necessary to promote the health and welfare of the citizens of Hardy County. Emergency ambulance service is a public purpose and a responsibility of the government.

The Authority, a component unit of the Hardy County Commission, is governed by a Board which is appointed by the County Commission. The Authority is a legally separate organization for which elected officials of the primary government are financially accountable.

Effective August 31, 2018, the Authority sought and obtained tax exempt status under the Code Section 501(c)(3), as a charity, from the Internal Revenue Service per its letter dated April 29, 2019.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority accounts for its operation in a proprietary fund using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

A proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for services. Operating expenses of the Authority include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Accounting Standards

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 62, the HCEAA's Board has elected to apply the provisions of all relevant pronouncements of the Government Accounting Standards Board.

Estimates

In preparing the financial statements in accordance with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WV**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the Authority, cash and cash equivalents are considered to be cash on hand, demand deposit and short-term investments with original maturities of less than three months from the date of the Statement of Net Position.

Inventories and Prepaids

The cost of inventories is recorded as expenditures when purchased rather than when consumed.

Accounts Receivable

Accounts receivable consist of billings to insurance companies for emergency medical services provided. Any accounts that are thirty days past due is written off.

Capital Assets and Depreciation

Capital assets, which include machinery and equipment, are reported at cost for purchased items and at fair value for contributed items. 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. The Authority's policy is to capitalize assets whose expended useful life is in excess of one year and cost (or fair value) is above an established threshold of \$5,000.

Estimated useful lives of the capital assets are as follows:

Machinery and Vehicles	5 - 7 years
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Deferred Outflows and Deferred Inflows

Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Accrued Compensated Absences

The Authority recognizes unpaid vacation and sick leave in the period earned and records it at the end of the year. Portions estimated to be used for the following year is recorded as Compensated Absences-Current Liability and the remaining as the Compensated Absences-Non-Current Liability.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WV**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability and deferred outflows/inflows of the resources related to other post-employment benefits, and other post-employment benefit expenses, information about the fiduciary net position of the Authority's Other Post-Employment Benefits Plan (OPEB) of the West Virginia Retiree Health Benefit Trust Fund (RHBT) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the RHBT for the year immediately preceding the audited year. 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. Detailed information on the investment valuation can be found in the plans' financial statements.

Employees Retirement Systems and Plans

For purposes of measuring the net pension liability and deferred outflows/inflows of the resources related to PERS & EMSRS, and PERS & OPEB expenses, information about the fiduciary net position of the Authority's PERS & EMSRS of the West Virginia Consolidated Public Retirement Board (CPRB) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the CPRB for the year immediately preceding the audit year. 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. Detailed information on the investment valuation can be found in the plans' financial statements.

Pension-related information recorded in these financial statements are derived from the publicly available GASB 68 report. It is the policy of the organization to record all pension related financial information (net pension liability/asset, deferred outflows, and deferred inflows) in the current fiscal year financial statements using the GASB 68 report of the previous fiscal year. The report is published by West Virginia Consolidated Public Retirement Board and may be obtained by visiting its website, www.wvretirement.com, telephone 1 (800) 654-4406.

Net Position and Fund Balance

Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. An example of net position restricted for other purposes includes activities for various federal grants and programs. Net position is reported as unrestricted when the net position does not meet the definition of "net investment in capital assets" or "restricted net position". The Authority's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WV**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Authority is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non-spendable fund balances include amounts that cannot be spent because they are in a non-spendable form, such as inventory, or prepaid expense amounts, or they are legally or contractually required to be maintained intact, such as the corpus of a permanent fund.

Restricted fund balances are restricted due to legal restrictions from creditors (such as through other debt covenants), grantors, contributors, or laws and regulations of other governments or by legally enforceable enabling legislation or constitutional provisions.

Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority, which for the Board of HCEAA is the seven-member Board. Said specific purposes and amounts are recorded in the official Board minutes of the fiscal year ended June 30, 2023. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balances are constrained by the intent to use funds for specific purposes but are neither restricted nor committed. Intent can be expressed by the five-member Board or by a body or official to whom the Board has delegated the authority to assign amounts to be used for specific purposes. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, the Board has assigned those amounts to the purposes of the respective funds.

Unassigned fund balance is the residual classification for the general fund. This classification represents a fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other funds, any negative fund balances would be unassigned

The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WV**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023**

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund balance sheet/statement of net position includes an adjustment between the governmental fund balance total and the governmental activities net position as reported in the statement of net position. Capital Assets are not reported on the governmental fund level, but are reported in net position. The details of this difference are as follows:

Fund balance - total governmental fund	\$226,784
Capital assets	663,840
Loans and leases	(313,662)
Other Asset_EMSRS	9,463
Deferred outflows related to OPEB	10,550
Deferred outflows related to PERS	320
Deferred outflows related to EMSRS	274,984
Net OPEB Liability	(4,869)
Deferred inflows related to OPEB	(36,417)
Deferred inflows related to PERS	(979)
Deferred inflows related to EMSRS	(37,046)
Total Net Assets	<u><u>\$792,968</u></u>

The governmental fund statement of revenues, expenditures, and changes in fund balances/statement of activities include adjustments between net changes in fund balances-total governmental fund and changes in net position of governmental activities as reported in the Statement of Activities. The details of this difference are as follows:

Depreciation expense	(\$141,148)
Machinery & equipment	398,203
Interest expense	(9,948)
Others	14,351
Total	<u><u>\$261,458</u></u>

3. CASH AND CASH EQUIVALENTS

Cash at June 30, 2023 is as follows:

Summit Community Bank _Checking	\$29,956
Summit Community Bank _Saving	118,243
Total	<u><u>\$148,199</u></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's deposits at June 30, 2023, were covered by the federal depository insurance.

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4. ACCOUNTS RECEIVABLE, NET

The Accounts Receivables at June 30, 2023 consist of the following:

	2023	2022
Insurance Billings	\$132,878	\$132,600
State of West Virginia	-	91,250
Light Years the Movie, LLC	-	6,200
Panthera Training, LLC	-	1,900
EA Hawse Continuous Care and Rehab Center	-	1,675
Total	\$132,878	\$233,625

Accounts Receivable of \$132,878 represent billings to insurance companies for emergency medical services provided. The net receivable amount was obtained from the statement of insurance billings & allowances/adjustments provided by Premier Accounts Receivable Management Inc., the agency handling the insurance billing for the Authority. It is the policy of this agency to write off any balance not reimbursed within thirty days by insurance companies without further collection effort.

5. CAPITAL ASSETS

Asset Classification	Useful Life	Depreciation Method
Vehicles	7 years	Straight-Line, half-year convention
Machinery & Equipment	5 years	Straight-Line, half-year convention

Capital assets being depreciated during the FY 2023 were as follows:

Asset Classification	Beginning Balance	Additions	Write-Offs / Disposals	Ending Balance
Vehicles	\$820,278	\$0	\$0	\$820,278
Machinery & Equipment	208,182	398,203	-	606,385
Total	1,028,460	398,203	-	\$1,426,663
 <i>Less: Accumulated Depreciation</i>				
Vehicles	(438,195)	(99,512)	-	(537,707)
Machinery & Equipment	(183,480)	(41,636)	-	(225,116)
Total accumulated depreciation	(621,675)	(141,148)	-	(762,823)
Capital assets, net	\$406,785	\$257,055	\$0	\$663,840

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023**

5. CAPITAL ASSETS (Continued)

Following vehicles were available to Authority during FY 2023 for providing emergency medical services:

Vehicles ID#	Make	Model	Year Acquired	Vehicle Description
371	Ford	2017	2018	Ambulance Vehicle
372	Ford	2019	2019	Ambulance Vehicle
373	Ford	2021	2019	Ambulance Vehicle
376	International	2003	2013	Ambulance Vehicle
379	Ford	2009	2013	Ambulance Vehicle, retired Jul 15, 2019
381	Ford	2016	2016	Ford Chase Vehicle AWD
383	Ford	2016	2016	Ford Chase Vehicle AWD
ARGO 3	Argo	2020	2021	UTV Resque
ARGO	Argo	2022	2022	Trailer

6. ACCRUED COMPENSATED ABSCENCES

At June 30, 2023, the Authority is contingently liable to employees for accumulated unpaid vacation pay in the amount of \$54,293 which represents an increase of \$4,476 from the FY2022 balance of \$49,817. Details of accrued compensated account is as follows:

Other Liabilities	Beginning balance	Additions	Paid	Ending Balance	Amounts Due within One year	Non-Current
Compensated Absences	\$49,817	\$23,810	\$19,334	\$54,293	\$35,343	\$18,950

7. LEASES AND NOTES PAYABLE

Leases

The Hardy County Emergency Ambulance Authority leases various equipment under capital leases expiring in January 2023 but were paid off early in FY2023. The leases were entered into on December 22, 2017, and require annual lease payments of \$40,526, and each lease has a purchase option for \$1 at the end of the lease. The assets and liabilities under the capital lease are recorded at the present value of the lease payments.

The lease obligation is secured by the leased equipment. Depreciation of assets under capital lease is included in depreciation expense for the year ended June 30, 2023.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023**

7. LEASES AND NOTES PAYABLE (Continued)

Notes & Loan Payable

The Hardy County Emergency Ambulance Authority obtained a Loan of \$338,160 to purchase equipment on February-2023. The loan requires four annual payments of \$84,540 each, due on March 28 of each year and the final payment will be due on March 28, 2026.

The Hardy County Emergency Ambulance Authority obtained a note payable (Loan #444296) of \$60,043 to purchase equipment on July-2022. The note requires three annual payments of \$21,330.34 each, due on July 1 of each year and the final payment will be due on July 1, 2025. The note has an interest rate of 3.25% per annum, until paid in full.

The Hardy County Emergency Ambulance Authority obtained a second note payable (Loan #26040) to purchase an ambulance vehicle on July 23, 2019. The note requires annual payments due on February 23 and will mature on February 23, 2024. The note has a stated interest rate of 4.35% and a maturity of 5.5 years. This note was paid off on January 20, 2023.

The Hardy County Emergency Ambulance Authority obtained a note payable (Loan #444230) to purchase an ambulance vehicle on December 8, 2021. The note requires annual payments due on August 15 and will mature on August 15, 2026. The note has a stated interest rate of 3.25% and a maturity of 5.5 years. This note was paid off on January 20, 2023.

Scheduled maturities of the note for years succeeding June 30, 2023 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$19,368	\$1,665	\$21,033
2024	104,548	1,025	105,573
2025	105,206	366	105,572
2026	84,540	-	84,540
Total	\$313,662	\$3,056	\$316,718

Summary roll forward for all long-term debt is as follows:

<u>Leases & Notes Payable</u>	<u>Balance Due June 30, 2022</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>	<u>Due Beyond One Year</u>
Notes	\$279,527	\$60,043	(\$279,527)	\$60,043	\$19,368	\$40,675
Stryker Loan	-	338,159	(84,540)	253,619	84,540	169,079
Total	\$279,527	\$398,202	(\$364,067)	\$313,662	\$103,908	\$209,754

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8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Authority participates in the West Virginia Other Post-Employment Benefit Plan (OPEB) of the West Virginia Retiree Health Benefit Trust Fund (RHBT), a cost sharing multiple-employer defined benefit post-employment healthcare plan for eligible employees administered by the West Virginia Public Employee Insurance Agency (WVPEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers.

The provisions of the Code of West Virginia, 1931, as amended (the Code), assigns the authority to establish and amend benefit plans to the WVPEIA Board of Trustees. The WVPEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB plan. That report may be obtained by writing to West Virginia Public Employees Insurance Agency, 601 57th Street, Charleston, WV 25304, or from the WVPEIA website at www.peia.wv.gov.

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The projections of the net OPEB liability are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of the net OPEB liability does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial estimated liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. However, the preparation of any estimate of future post-employment costs requires consideration of a broad array of complex social and economic events. Future changes in the healthcare reform, changes in reimbursement methodology, the emergence of new and expensive medical procedures and prescription drugs option, changes in the investment rate of return and other matters increase the level of uncertainty of such estimates. As such, the estimate of post-employment program costs contains considerable uncertainty and variability and actual experience may vary significantly by the current estimated net OPEB liability.

The RHBT OPEB actuarial valuation, which was used as the underlying basis for certain information in the Schedules, is as of June 30, 2022, was based on a measurement date of June 30, 2022, and was prepared for the purposes of complying with the requirements of GASB Statement 75 for the Plan Employer's fiscal year ended June 30, 2023, financial reporting.

The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the OPEB plan relative to the projected contributions of all participating entities. At June 30, 2023, the Authority's proportion was 0.004375059% which showed an increase of 0.000075830% compared to the position measured as of June 30, 2022.

At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023**

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes in proportion and differences between Employer contributions and proportionate share of contributions	\$551	\$17,808
Differences between expected and actual investment earning	756	6,212
Differences between expected and actual non-investment experience	-	
Changes in assumptions	3,123	12,372
Employer contributions subsequent to the measurement date	6,120	
Re-allocation of opt-out Employer changes in proportionate share	-	25
Total	\$10,550	\$36,417

The amount of \$6,120 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:

2024	(\$6,058)
2025	(6,058)
2026	(6,058)
2027	(6,058)
2028	(1,636)
Total	(\$25,867)

Actuarial assumptions

The net OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions:

Inflation	2.25%	
Salary increases		Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation
Investment rate of return		6.65%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates		Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, 6.50% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032. Trend rate for Medicare per capita costs of

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8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial assumptions

	8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll over a 20-year closed period beginning June 30, 2017
Mortality Post-Retirement	TRS: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females. PERS: Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females. Troopers A and B: Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2019 and scaling factors of 100% for males and females.
Mortality Pre-Retirement	TRS: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019. PERS: Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2019. Troopers A and B: Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2019.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020.

The long-term expected rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the West Virginia Investment Management Board (WVIMB) and an expected short-term rate of return of 2.50% for assets invested with the West Virginia Board of Treasury Investments (WVBTI).

Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge funds and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTI.

The long-term rate of return on OPEB plan investments were determined using a building block method in which estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) was developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (“CMA”), and a 10-year forecast of nominal geometric returns by major asset class were provided by

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8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

the plan’s investment advisors, including the West Virginia Investment Management Board (“WV-IMB”). The projected nominal return for the Money Market Pool held with the West Virginia Board of Treasury Investments (“WV-BTI”) was estimated based on WV-IMB assumed inflation of 2.0% plus a 25-basis point spread.

The target allocation and estimates of annualized long-term expected real returns assuming a 10-year horizon are summarized below:

Asset Class	Weighted Average Expected Real Rate of Return
Global Equity	4.80%
Core Plus Fixed Income	2.10%
Core Real Estate	4.10%
Hedge Funds	2.40%
Private Equity	6.80%

Single Discount rate

A single discount rate of 6.65% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Deferred outflows and deferred inflows of resources by source for the OPEB Plan as a whole

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

At the beginning of the current measurement period, the expected remaining service lives of all active members expected to receive a plan benefit was approximately 268,577 years. Additionally, the total number of plan members expected to receive a plan benefit as of the actuarial valuation date was 75,159. As a result, the average of the expected remaining service lives for plan members expected to receive a plan benefit for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 3.573 years.

Additionally, differences between projected and actual earnings on OPEB plan investments should be recognized in OPEB expense using a systematic and rational method over a closed five-year period. For this purpose, the deferred outflows and inflows of resources are recognized in the OPEB expense as a level dollar amount over the closed period identified above.

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8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Plan, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.65%) or 1-percentage point higher (7.65%) than the current discount rate:

	1% Decrease (5.65%)	Discount Rate (6.65%)	1% Increase (7.65%)
Employer's proportionate share of the net OPEB liability (asset)	\$12,516	\$4,869	(\$1,691)
All Employer' net OPEB liability (asset)	\$286,080,495	\$111,298,764	(\$38,643,981)
Employer's proportion of the net OPEB liability	0.004375059%	0.004375059%	0.004375059%

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB (asset) of the Plan, as well as what the Plan's net OPEB (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Hurricane Water & Sewer's proportionate share of the net OPEB liability	(\$2,768)	\$4,869	\$13,907
All Governments' net OPEB liability (asset)	(\$63,275,842)	\$111,298,764	\$317,866,319
Hurricane Water & Sewer's proportion of the net OPEB liability	0.004375059%	0.004375059%	0.004375059%

9. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

General Information about the Pension Plans

The Authority participates in a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of 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.

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

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9. EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

Public Employees Retirement System (PERS)

Eligibility to participate	All full-time employees, except those covered by other pension plans	
Authority establishing contribution obligations and benefit provisions	West Virginia State Code §5-10d discusses the Consolidated Public Retirement Board, which administers all public retirement plans in the state of West Virginia.	
Plan member's contribution rate	Tier I 4.50%	Tier II 6.00%
Authority's contribution rate	11.00%	11.00%
Period required to vest	Five Years	
Benefits and eligibility for distribution	Tier I: 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 II: A member who has attained age 62 and has earned 10 years or more of contributing service. The final average salary (five highest consecutive years in the last 15) 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	

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	West Virginia State Code §5-10d discusses the Consolidated Public Retirement Board, which administers all public retirement plans in the State of West Virginia. The WVDRS is also discussed in West Virginia State Code §16-5v.	
Plan member's contribution rate	8.50%	
Authority's contribution rate	9.50%	

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**Notes to the Financial Statements
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9. EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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 contributory 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 option	No deferred retirement option is available.
Provisions for:	
Cost of living	No
Death benefits	Yes

The long-term rates of return on pension plan investments were determined using the building block method in which estimates of expected future real rates of return (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 weighing the expected future real rates of return by the target asset allocation percentages and by adding expected inflation.

Best estimates of long-term geometric rates of return are summarized in the following tables and were used for all defined benefit plans for the year ended June 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>	<u>Weighted Average Expected Real Rate of Return</u>
Domestic Equity	27.50%	5.50%	1.51%
International Equity	27.50%	7.00%	1.93%
Fixed Income	15.00%	2.20%	0.33%
Real Estate	10.00%	6.60%	0.66%
Private Equity	10.00%	8.50%	0.85%
Hedge Funds	10.00%	4.00%	0.40%
Total	<u>100.00%</u>		<u>5.68%</u>
Inflation (CPI)			<u>2.10%</u>
			<u>7.78%</u>

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**Notes to the Financial Statements
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9. EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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

At the fiscal year-end, the Authority reported the following liabilities for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. Note: these amounts differ from the net pension liability reported on the Statement of Net Position due to rounding and changes to the allocation schedules; however, the differences in these amounts are considered immaterial.

For the year ended June 30, 2023, the Authority recognized the following pension expenses:

	<u>PERS</u>	<u>EMSRS</u>
Pension Expense (Offset)	\$52	\$28,946

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

Public Employees Retirement System

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 320	\$ 979
Net difference between projected and actual Investment earnings on pension plan investments	-	-
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Employer contributions made subsequent to measurement date	-	-
Total	\$ 320	\$ 979

The amount reported as deferred outflows of resources related to pensions resulting from Authority's contributions for subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. There is no subsequent payments. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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9. EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

2024	(\$154)
2025	(154)
2026	(154)
2027	(154)
2028	(42)
Total	\$ (659)

Emergency Medical Services Retirement System

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$28,039	\$32,649
Net difference between projected and actual Investment earnings on pension plan investments	-	-
Differences between expected and actual experience	97,293	4,397
Changes in assumptions	40,020	-
Employer contributions made subsequent to measurement date	109,632	-
Total	<u>\$274,984</u>	<u>\$37,046</u>

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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$55,723
2025	55,723
2026	55,723
2027	55,723
2028	15,045
Total	<u>\$237,938</u>

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:

	<u>Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Decrease (8.25%)</u>
Employer's proportionate share of the net EMSRS Assets (Liability)	\$ (253,803)	\$ 9,463	\$ 222,689
Employers' total share of the net EMSRS Assets (Liability)(in '000)	(15,931)	594	13,978
Employer's proportion of the net EMSRS Assets (Liability)	1.593138%	1.593138%	1.593138%

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9. EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

Actuarial assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuation as of July 1, 2022, and rolled forward to June 30, 2023 using the actuarial assumptions and methods described, as follows:

	PERS	EMSRS
Actuarial cost method	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value	Fair value
Amortization method	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through Fiscal Year 2035	10 Years from July 2020
Actuarial assumptions:		
Investment rate of return	7.50%	7.25%, Net of Investment expense By age from 5.00% at age 30: declining to 3.00% at age 65
Projected salary increases:		
State	3.10% - 5.30%	NA
Nonstate	3.35% - 6.50%	NA
Educators	NA	NA
Non-Educators	NA	NA
Inflation rate	3.00%	2.50%
Discount rate	7.50%	7.25%
Mortality rates:		
Actives	100% of Pub-2010 General Employees table, below median, headcount weighted, projected generationally with scale MP-2018	100% of Pub-2010 Safety employee table; Median, amount-weighted, Projected generationally with Scale MP-2020
Retired healthy males	108% of Pub-2010 General Retiree Male table, below median, headcount weighted, projected generationally with scale MP-2018	98% of Pub-2010 Safety employee table; Median, amount-weighted, Projected generationally with Scale MP-2020
Retired healthy females	122% of Pub-2010 General Retiree Female table, below median, headcount weighted, projected generationally with scale MP-2018	99% of Pub-2010 Safety employee table; Median, amount-weighted, Projected generationally with Scale MP-2020

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WV**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023**

9. EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

Actuarial assumptions (Continued)

	<u>PERS</u>	<u>EMSRS</u>
Mortality rates:		
Disabled males	118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP2018	124% of Pub-2010 Disabled Male table; amount-weighted, Projected generationally with Scale MP-2020
Disabled females	117% of Pub-2010 General / Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018	100% of Pub-2010 Disabled Male table; amount-weighted, Projected generationally with Scale MP-2020
Withdrawal rates:		
State	2.28% - 45.63%	NA
Nonstate	2.50% - 35.88%	6.00% - 28.00%
Educators	NA	NA
Non-Educators	NA	NA
Disability rates	0.005% - 0.540%	0.03% - 0.40%
Retirement rates	12% - 100%	25% - 100%
Date range in most recent experience study	2013-2018	2015 - 2020

Discount rate

The discount rate used to measure the total pension liability was 7.25 percent for all defined benefit plans. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that the Authority contributions to all plans will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

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.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WV**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023**

10. AMBULANCE SERVICE FEE

Ambulance Service Fee is a fund collected by the Hardy County Commission under the Special Emergency Ambulance Service Fee Ordinance. In the fiscal year of 2023, the Authority received \$864,540 in ambulance service fee.

11. INSURANCE BILLING, NET

The Authority uses services from Premier Accounts Receivable Management Inc., to handle the insurance billing. The amount that is not collected within thirty days by the agency is written off without further collection effort.

12. COVID TESTING

The Authority was a contracted vendor through the State of West Virginia for COVID testing. The Authority invoices for services to the state of West Virginia for fiscal year 2023 and will continue to test for the foreseeable future.

13. GRANT FUNDS

There is no grants received during FY2023

14. MISCELLANOUS INCOME

Miscellaneous incomes primarily consist of rebates of fuel and credit cards, overpayments to IRS, and selling of a motor out of a retired ambulance.

15. 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; and natural disasters for which the Authority is provided coverage through the West Virginia Board of Risk.

The Authority receives worker's compensation coverage provided by Brick Street Mutual Insurance Company.

Liabilities are reported when it is probable a loss has occurred and the amount of the loss can be reasonably estimated.

It is the opinion of the Authority's counsel that there are no pending lawsuits or unasserted claims against the Hardy County Emergency Ambulance Authority.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WV**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023**

16. CONCENTRATION OF CREDIT RISK

Financial instruments that are potentially subject to concentration of credit risk consist principally of cash deposits in financial institutions. The Authority maintains accounts at one financial institution. Accounts at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per customer. As of June 30, 2023, all cash deposits including were fully insured by the FDIC.

17. SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the financial statement through October 7, 2024, the date of the audit report. No events have occurred subsequent to the date of the financial statement through October 7, 2024 that would require adjustment or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WV**

**Schedule of Authority's Proportionate Share of the Net
Other Post-Employment Benefits Liability
West Virginia Retiree Health Benefits Trust Fund
For the Fiscal Year Ended June 30,**

Last Seven Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total plan OPEB Liability	\$1,736,270,764	\$1,643,289,292	\$1,666,333,746	\$2,750,793,325	\$3,108,550,896	\$3,282,900,408	\$2,483,325,251
Plan fiduciary net position	\$1,624,972,000	\$1,673,024,000	\$1,224,642,000	\$1,091,661,000	\$963,115,000	\$823,911,315	\$823,911,315
Net OPEB liability (asset)	\$111,298,764	(\$29,734,708)	\$441,691,746	\$1,659,132,325	\$2,145,435,896	\$2,458,989,093	\$2,483,325,251
Authority's proportion of the net OPEB liability	0.004375059%	0.004299229%	0.005649595%	0.006750532%	0.007189157%	0.002084243%	0.002000977%
Authority's proportionate share of the net OPEB liability	\$4,869	(\$1,278)	\$24,954	\$112,000	\$154,239	\$51,251	\$49,691
Authority's covered-employee payroll	\$538,254	\$460,475	\$447,314	\$338,308	\$296,347	\$270,593	\$206,637
Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.90%	-0.28%	5.58%	33.11%	52.05%	18.94%	24.05%
Plan fiduciary net position as a percentage of the total OPEB liability	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%	33.18%

*Applicable information was available for seven years for this schedule.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WV**

**Schedule of Authority Contributions
West Virginia Retiree Health Benefits Trust Fund
For the Fiscal Year Ended June 30**

	Last Eight Years*							
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$5,144	\$5,544	\$7,872	\$10,920	\$13,908	\$14,691	\$4,281	\$3,423
Contributions in relation to contractually required contributions	\$6,120	\$5,544	\$7,872	\$11,163	\$14,232	\$14,262	\$4,281	\$3,423
Contribution deficit (surplus)	\$976	\$0	\$0	\$243	\$324	(\$429)	\$ -	\$ -
HCEAA's covered payroll	\$538,254	\$460,475	\$447,314	\$312,831	\$296,347	\$270,593	\$206,637	\$90,783
Contribution as a percentage of covered employee payroll	1.14%	1.20%	1.76%	3.57%	4.80%	5.27%	2.07%	3.77%

*Applicable information was available for eight years for this schedule.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WV**

**Schedule of Authority's Proportionate Share of the
Net Pension Liability
West Virginia Emergency Medical Services Retirement System
For the Fiscal Year Ended June 30, 2023**

Last Three Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total plan Pension Liability	\$112,367	\$101,106	\$87,830
Plan fiduciary net position	\$112,961	\$119,221	\$89,005
Net Pension Asset (Liability)	(\$594)	(\$18,115)	(\$1,175)
Authority's proportion of the net pension liability	1.593138%	1.372365%	0.817579%
Authority's proportionate share of the Net Pension asset (liability)	\$9,463	\$248,604	(\$9,607)
Authority's covered-employee payroll	\$538,254	\$460,475	\$225,440
Authority's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	1.76%	53.99%	-4.26%
Plan fiduciary net position as a percentage of the total pension liability	100.53%	117.92%	101.34%

*Applicable information was available for three years for this schedule.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WV**

**Schedule of Authority Contributions
West Virginia Emergency Medical Services Retirement System
For the Fiscal Year Ended June 30,**

Last Two Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contributions	\$57,532	\$48,350	\$25,161
Contributions in relation to contractually required contributions	\$109,632	\$48,350	\$39,803
Contribution deficit (surplus)	(\$52,100)	\$0	(\$14,642)
HCEAA's covered payroll	\$538,254	\$460,475	\$225,440
Contribution as a percentage of covered employee payroll	20.37%	10.50%	17.66%

*Applicable information was available for three years for this schedule.



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**INDEPENDENT AUDITOR'S 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**

Board of Directors
Hardy County Emergency Ambulance Authority
17940 SR55
Baker, West Virginia 26801

We have audited, 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, the financial statements and related notes which collectively comprise basic financial statements as listed in the table of contents, of Hardy County Emergency Ambulance Authority (the Authority) as of and for the year ended June 30, 2023, and have issued our report thereon dated October 7, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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. 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 deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

**INDEPENDENT AUDITOR’S 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 (Continued)**

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 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AAL, P.C.

AAL, P.C.
Vienna, VA
October 7, 2024