

**HARDY COUNTY
RFP # 20-313**

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

REGULAR AUDIT

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

JUNE 30, 2021

Final Release: 12-30-2021



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

Treasurer:

Tim Ramsey

Secretary:

Doug Coffman

Commissioner Representative:

David Fansler

Board Members:

Ron Crites

Tim Thorne

Fran Welton

Executive Director

Derek Alt

FINANCIAL SECTION



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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

We have audited the accompanying financial statements of the governmental activities and major fund of the Hardy County Emergency Ambulance Authority (the Authority) as of and for the year ended June 30, 2021 and related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to 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 standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hardy County Emergency Ambulance Authority, as of June 30, 2021, and the respective changes in financial position, thereof, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the information related to the defined benefit plan, other post-employment benefits (OPEB), on pages 16 to 28 be presented to supplement the basic financial statements. Such information, 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 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 November 30, 2021, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

AAL, P.C.
AAL, P.C.
Vienna, VA
November 30, 2021

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021
(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 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 \$132,373 during 2021. Net Position was \$333,772 for 2020 and \$466,145 for 2021.
- The total revenue increased by \$161,843 (or 14.52%) during 2021 and was \$1,114,676 for 2020 and \$1,276,519 for 2021.
- The total expenses increased by \$48,934 (or 4.51%). Total expenses were \$1,085,699 for 2020 and \$1,134,633 for 2021.
- Net fixed assets decreased by 97,791 during the fiscal year.
- Cash and investment balance on June 30, 2021, was \$618,818 compared to the previous year's balance of \$760,728.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021
(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:

	<u>2021</u>	<u>2020</u>	<u>Variance</u>	<u>% Change</u>
Current Assets	\$ 319,723	\$363,842	\$ (44,119)	-12.13%
Capital Assets	299,095	396,886	(97,791)	-24.64%
Total Assets	618,818	760,728	(141,910)	-18.65%
<i>Deferred Outflow of Resources</i>	<u>157,361</u>	<u>83,967</u>	<u>73,394</u>	<u>87.41%</u>
Total Assets and Deferred Outflows	<u>\$ 776,179</u>	<u>\$844,695</u>	<u>\$ (68,516)</u>	<u>-8.11%</u>
Current Liabilities	\$ 72,065	\$113,349	\$ (41,284)	-36.42%
Non-Current Liabilities	136,328	349,715	(213,387)	-61.02%
Total Liabilities	<u>208,394</u>	<u>463,065</u>	<u>(254,671)</u>	<u>-55.00%</u>
<i>Deferred Inflow of Resources</i>	<u>101,640</u>	<u>47,858</u>	<u>53,782</u>	<u>112.38%</u>
Total Liabilities and Deferred Inflows	<u>310,034</u>	<u>510,923</u>	<u>(200,889)</u>	<u>-39.32%</u>
Total Net Position	<u>\$ 466,145</u>	<u>\$333,772</u>	<u>\$ 132,373</u>	<u>39.66%</u>

Current assets decreased due to a decrease in cash and cash equivalents by \$44,119. The decrease was primarily due to an increase in staffing for FY21.

Capital assets decreased by \$97,791 This change was primarily due to an increase in accumulated depreciation.

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 and Authority's participation in the West Virginia Emergency Services' Retirement System.

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

Non-Current liabilities decreased by \$213,387. This change was due to payment of the notes payable.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021
(UNAUDITED)**

STATEMENT OF ACTIVITIES

	<u>2021</u>	<u>2020</u>	<u>Variance</u>	<u>% Change</u>
Total Operating Revenue	\$ 1,276,519	\$ 1,114,676	\$ 161,843	14.52%
Total Operating Expenses	1,134,633	1,085,699	48,934	4.51%
Net Increase (Decrease)	141,886	28,977	112,909	389.65%
Total Non-operating Revenue (Expenses)	(9,513)	(8,910)	(603)	-6.77%
Change in Unrestricted Net Position	132,373	20,067	112,306	559.66%
Net Position - 6/30/2020	<u>333,772</u>	<u>313,705</u>	<u>20,067</u>	<u>6.40%</u>
Net Position - 6/30/2021	<u>\$ 466,145</u>	<u>\$ 333,772</u>	<u>\$ 132,373</u>	<u>39.66%</u>

- Total revenues increased by \$161,843 due to additional income from COVID-testing and fund grants.
- Total expenses had a net increase of \$48,934 primarily due to a combination of cumulative depreciation and overall personnel costs.

Program Service Accomplishment

The Authority received a grant through Firehouse Subs Public Safety Foundation and was awarded \$29,998 for the purchase of a 2020 Argo Aurora. The Authority also paid off 1 ambulance loan early. Large in part due to a grant that was paid on its behalf from the Hardy County Commission.

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 FY21 and moving forward. A response to both COVID and the increase in call volumes.

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

**Governmental Fund Balance Sheet / Statement of Net Position
As of June 30, 2021**

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
ASSETS			
Current Assets			
Cash (Note 3)	\$ 139,198	\$ -	\$ 139,198
Accounts Receivable, Net (Note 4)	180,525	-	180,525
Total Current Assets	<u>319,723</u>	<u>-</u>	<u>319,723</u>
Capital Assets			
Machinery and Equipment (Note 5)	-	811,250	811,250
Less: Accumulated Depreciation	-	512,155	512,155
Net Capital Assets	<u>-</u>	<u>299,095</u>	<u>299,095</u>
Total Assets	<u>319,723</u>	<u>299,095</u>	<u>618,818</u>
Deferred Outflow of Resources			
Related to OPEB (Note 8)	-	28,906	28,906
Related to Pensions -PERS (Note 9)	-	3,627	3,627
Related to Pensions -EMSRS (Note 9)	-	124,828	124,828
Total Deferred Outflows of Resources	<u>-</u>	<u>157,361</u>	<u>157,361</u>
Total Assets and Deferred Outflows	<u>\$ 319,723</u>	<u>\$ 456,456</u>	<u>\$ 776,179</u>
LIABILITIES & NET ASSETS			
Current Liabilities			
Compensated Absences - Current Liability (Note 6)	\$ 8,057	\$ -	\$ 8,057
Leases and Notes Payable - Current Liability (Note 7)	-	64,008	64,008
Total Current Liabilities	<u>8,057</u>	<u>64,008</u>	<u>72,065</u>
Non-Current Liabilities			
Compensated Absences - Non-Current Liability (Note 6)	32,000	-	32,000
Leases and Notes Payable - Non-Current Liability (Note 7)	-	65,839	65,839
Net OPEB Liability (Note 8)	-	24,954	24,954
Net Pension Liability-PERS (Note 9)	-	3,928	3,928
Net Pension Liability-EMSRS (Note 9)	-	9,607	9,607
Total Non-Current Liabilities	<u>32,000</u>	<u>104,328</u>	<u>136,328</u>
Total Liabilities	<u>40,057</u>	<u>168,337</u>	<u>208,394</u>
Deferred Inflow of Resources			
Related to OPEB (Note 8)	-	75,156	75,156
Related to Pensions -PERS (Note 9)	-	254	254
Related to Pensions -EMSRS (Note 9)	-	26,230	26,230
Total Deferred Inflows of Resources	<u>-</u>	<u>101,640</u>	<u>101,640</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 40,057</u>	<u>\$ 269,977</u>	<u>\$ 310,034</u>
Fund Balance/Net Position			
Net Investment in Capital Assets	-	169,247	169,247
Unrestricted	279,666	17,232	296,898
Total Net Position	<u>279,666</u>	<u>186,479</u>	<u>466,145</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 319,723</u>	<u>\$ 354,816</u>	<u>\$ 776,179</u>

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

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

**Statement of Revenues, Expenditure and Changes in Fund Balance/Statement of Activities
For the Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
REVENUE			
Ambulance Service Fee (Note 10)	\$ 780,000	\$ -	\$ 780,000
Insurance Billing, Net (Note 11)	293,271	-	293,271
COVID Testing (Note 12)	110,275	-	110,275
Fund Grant (Note 13)	81,183	-	81,183
Miscellaneous Income (Note 14)	11,790	-	11,790
Total Revenue	<u>1,276,519</u>	<u>-</u>	<u>1,276,519</u>
OPERATING EXPENSES			
Personnel Cost	469,916	-	469,916
Employee/Business Taxes	183,431	-	183,431
Employee Health Insurance	34,600	-	34,600
Workers' Comp. Insurance	32,079	-	32,079
Retirement	(1,347)	-	(1,347)
Advertising & Marketing	195	-	195
Building - Ground Maintenance	35,552	-	35,552
Collections	1,743	-	1,743
Office Supplies and Software	6,336	-	6,336
Equipment Maintenance	11,083	-	11,083
Equipment Replacement	22,001	-	22,001
Fraley Ambulance Service	68,000	-	68,000
Fuel	18,164	-	18,164
Legal	3,159	-	3,159
Medical Supplies	20,537	-	20,537
Uncategorized Expense	1,554	-	1,554
Postage	166	-	166
Professional Services	21,250	-	21,250
Refunds-Fee/Insurance	275	-	275
Training/Education	3,219	-	3,219
Uniforms	2,784	-	2,784
Utilities	20,624	-	20,624
Vehicle Maintenance	18,688	-	18,688
Wardensville Volunteer Resque Squad	17,000	-	17,000
WVCorp-Property Insurance	15,835	-	15,835
Depreciation	-	127,789	127,789
Total Operating Expenses	<u>1,006,844</u>	<u>127,789</u>	<u>1,134,633</u>
Total Operating Income/(Loss)	<u>269,675</u>	<u>(127,789)</u>	<u>141,886</u>
Non-Operating Revenue/(Expenses)			
Machinery & Equipment	193,958	(193,958)	-
Interest Income	-	163	163
Interest Expense	-	(9,676)	(9,676)
Total Non-Operating Revenue/(Expenses)	<u>-</u>	<u>(9,513)</u>	<u>(9,513)</u>
Change in Unrestricted Net Position	269,675	(137,302)	132,373
Net Position - Beginning of Year	<u>485,433</u>	<u>(151,661)</u>	<u>333,772</u>
Net Position- End of Year	<u>\$ 755,108</u>	<u>\$ (288,963)</u>	<u>\$ 466,145</u>

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (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 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, 2021**

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 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, 2021**

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.

EMPLOYEE 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.

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, 2021**

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, 2020. 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 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, 2021**

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	279,666
Capital assets	299,095
Loans and leases	(129,848)
Deferred outflows related to OPEB	28,906
Deferred outflows related to PERS	3,627
Deferred outflows related to EMSRS	124,828
Deferred inflows related to other post-employment benefits	(75,156)
Deferred inflows related to other post-employment benefits	(254)
Deferred inflows related to other post-employment benefits	(26,230)
Net OPEB liability	(24,954)
Net PERS liability	(3,928)
Net EMSRS liability	(9,607)
Total Net Assets	<u>466,145</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	\$ (127,789)
Loan & Lease principal payments expensed in fund financial statements	(188,450)
Expense recorded for GASB 75	(108,119)
Total	<u>\$ (424,358)</u>

3. CASH AND CASH EQUIVALENTS

Cash at June 30, 2021 is as follows:

Checking	42,018
Savings	97,180
Total	<u>139,198</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, 2021, were covered by the federal depository insurance.

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

4. ACCOUNTS RECEIVABLE, NET

The Accounts Receivables at June 30, 2021 consist of the following:

Insurance billings	\$ 132,600
State of West Virginia	46,250
EA Hawse Continuous Care and Rehab Center	<u>1,675</u>
Total	<u>\$ 180,525</u>

Accounts Receivable of \$132,600 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.

Accounts Receivable of \$46,250 represents billings to the State of West Virginia for COVID testing.

Accounts Receivable of \$1,675 represents billings to the EA Hawse Continuous Care and Rehab Center for services provided.

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 Fiscal Year (FY) were as follows:

Asset Classification	Beginning Balance	Increase	Decrease	Ending Balance
Vehicles	\$ 573,070	\$ 29,998	\$ -	\$ 603,068
Machinery & Equipment	<u>208,182</u>	<u>-</u>	<u>-</u>	<u>208,182</u>
Total	<u>781,252</u>	<u>29,998</u>	<u>-</u>	<u>811,250</u>
 <i>Less: Accumulated Depreciation</i>				
Vehicles	(284,158)	(86,154)	-	(370,312)
Machinery & Equipment	<u>(100,207)</u>	<u>(41,636)</u>	<u>-</u>	<u>(141,844)</u>
Total accumulated depreciation	<u>(384,366)</u>	<u>(127,790)</u>	<u>-</u>	<u>(512,156)</u>

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

5. CAPITAL ASSETS (Continued)

Following vehicles were available to HCEAA during FY 2021 for providing emergency medical services:

<u>Vehicles ID#</u>	<u>Make</u>	<u>Model</u>	<u>Year Acquired</u>	<u>Vehicle Description</u>
371	Ford	2017	2018	Ambulance Vehicle
372	Ford	2019	2019	Ambulance Vehicle
376	International	2003	2013	Ambulance Vehicle
379	Ford	2009	2013	Ambulance Vehicle, retired Jul 15, 2019
380	Dodge	2007	2013	SUV Chase Vehicle 4DR
381	Ford	2016	2016	Ford Chase Vehicle AWD
383	Ford	2016	2016	Ford Chase Vehicle AWD
ARGO 3	Argo	2020	2021	UTV Resque

6. ACCRUED COMPENSATED ABSCENCES

At June 30, 2021, the Authority is contingently liable to employees for accumulated unpaid vacation pay in the amount of \$40,057 which represents an increase of \$7,290 from the FY 2020 balance of \$32,767. Details of accrued compensated account is as follows:

<u>Other Liabilities</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Paid</u>	<u>Ending Balance</u>	<u>Amounts Due within One year</u>	<u>Non-Current</u>
Compensated Absences	\$ 32,767	\$34,262	\$26,972	\$ 40,057	\$ 8,057	\$ 32,000

7. LEASES AND NOTES PAYABLE

Leases

The Hardy County Emergency Ambulance Authority leases various equipment under capital leases expiring in January 2022. 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, 2021. Future minimum lease payments under the capital lease are as of June 30, 2021, are as follows:

<u>FY Ending</u>	<u>Lease Payments</u>
2022	33,133
Total	\$33,133

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

7. LEASES AND NOTES PAYABLE (Continued)

Notes Payable

The Hardy County Emergency Ambulance Authority obtained a note payable (Loan #22737) to purchase an ambulance vehicle on February 15, 2018. The note requires annual payments due on August 1 and will mature on August 1, 2022. The note has a stated interest rate of 3.45% and a maturity of 5.5 years. This note was paid off on September 29, 2020. This note was paid off on September 29, 2020.

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.

Scheduled maturities of the note for years succeeding June 30, 2020 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	30,876	4,207	35,083
2023	32,219	2,864	35,083
2024	33,621	1,462	35,083
Total	\$ 96,715	\$ 8,534	\$ 105,249

Summary rollforward for all long-term debt is as follows:

<u>Leases & Notes Payable</u>	<u>Balance Due June 30, 2020</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>	<u>Due Beyond One Year</u>
Notes	\$ 244,639	\$ -	\$ (147,923)	\$ 96,715	\$ 30,876	\$ 65,839
Leases	73,659	-	(40,526)	33,133	33,133	-
Total	\$ 318,297	\$ -	\$(188,450)	\$ 129,848	\$ 64,008	\$ 65,839

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.

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

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

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, 2020, was based on a measurement date of June 30, 2020, 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, 2021, 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, 2021, the Authority's proportion was 0.005649595% which showed a decrease of 0.001100937% compared to the position measured as of June 30, 2020.

At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes in proportion and differences between Employer contributions and proportionate share of contributions	\$ 18,296	\$ -
Differences between expected and actual investment earning	2,738	845
Differences between expected and actual non-investment experience	-	16,180
Changes in assumptions	-	56,326
Employer contributions subsequent to the measurement date	7,872	-
Re-allocation of opt-out Employer changes in proportionate share	-	1,805
Total	\$ 28,906	\$ 75,156

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

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

The amount of \$7,872 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, 2021. 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:

	2022	\$	17,601
	2023		17,601
	2024		17,601
	2025		17,601
	2026		4,752
	Total	\$	<u>75,156</u>

Actuarial assumptions

The net OPEB liability was determined by an actuarial valuation as of June 30, 2020, 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 2022, 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 31.11% for plan year end 2022. 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll over a 20-year closed period beginning June 30, 2017

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

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

Actuarial assumptions (Continued)

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, 2020, 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 (WVIBM) 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 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.

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Return</u>
Global Equity	6.8%
Core Plus Fixed Income	4.1%
Core Real Estate	6.1%
Hedge fund	4.4%
Private equity	8.8%

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% and a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date to the extent benefits are effectively financed on a pay-as-you-go basis. The long-term municipal bond rate used to develop the single discount rate was 3.13% as of the beginning of the year and 2.45% as of the end of the year. The projection of cashflows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Future pre-funding assumptions include a \$30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2025, 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. Discount rates are subject to change between measurement dates.

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:

	<u>1% Decrease (5.65%)</u>	<u>Discount Rate (6.65%)</u>	<u>1% Increase (7.65%)</u>
Net OPEB Liability	\$35,587	\$24,954	\$16,052

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

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

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

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 (6.15%) or 1-percentage-point higher (8.15%) than the current discount rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$15,015	\$24,954	\$36,958

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:

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.		
	Tier I	Tier II	
Plan member's contribution rate	4.50%	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		

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

Emergency Medical Services Retirement System (EMSRS)

Eligibility to participate	Any emergency medical services officer first employed after the effective date and any emergency medical service officers hired prior to the effective date who elect to become members.
Authority establishing contribution obligations and benefit provisions	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	10.50%
Period required to vest	Five years
Benefits and eligibility for distribution	A member who has attained age 50 and has earned 20 or more years of contributing service; or age 50 when age plus contributory service equals 70 while still in covered employment; or the attainment of age 60 and completion of 10 years contributory service while still in covered employment; or attainment of age 62 and completion of 5 years of contributory service. The final average salary is the average of the highest annual compensation received by the member during covered employment for any 5 consecutive plan years (January 1 - December 31) within the last 10 years of service.
Deferred retirement 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 weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation.

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

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, 2020:

<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%	1.60%
International Equity	27.50%	7.00%	2.12%
Fixed Income	15.00%	2.20%	0.50%
Real Estate	10.00%	6.60%	0.61%
Private Equity	10.00%	8.50%	0.81%
Hedge Funds	10.00%	4.00%	0.44%
Total	<u>100.00%</u>		6.15%
Inflation (CPI)			2.00%
			<u>8.15%</u>

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

At 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, 2020, 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.

	<u>PERS</u>	<u>EMSRS</u>
Amount for proportionate share of net pension liability	\$3,928	\$9,607
Percentage for proportionate share of net pension liability	0.000743%	0.817579%
Increase/decrease % from prior proportion measured	NA	NA

For the year ended June 30, 2021, the Authority recognized the following pension expenses:

	<u>PERS</u>	<u>EMSRS</u>
Pension Expense	\$1,708	\$4,049

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

9. EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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	\$ 1,804	\$ -
Net difference between projected and actual Investment earnings on pension plan investments	1,245	-
Differences between expected and actual experience	578	81
Changes in assumptions	-	173
Employer contributions made subsequent to measurement date	-	-
Total	\$ 3,627	\$ 254

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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2022	\$ 59
2023	\$ 59
2024	\$ 59
2025	\$ 59
2026	16
Total	\$ 254

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

9. EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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	\$ -	\$ 11,579
Net difference between projected and actual Investment earnings on pension plan investments	17,741	-
Differences between expected and actual experience	19,998	13,670
Changes in assumptions	-	981
Employer contributions made subsequent to measurement date	87,089	-
Total	<u>\$ 124,828</u>	<u>\$ 26,230</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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2022	\$ 6,143
2023	\$ 6,143
2024	\$ 6,143
2025	\$ 6,143
2026	1,659
Total	<u>\$26,230</u>

Summary of Deferred Outflow / Inflow of Resources Related to Pensions

	<u>PERS</u>	<u>EMSRS</u>	<u>OPEB</u>	<u>Total</u>
Liability	\$ 3,928	\$ 9,607	\$ 24,954	\$ 38,489
Deferred Outflow	\$ 3,627	\$ 124,828	\$ 28,906	\$ 157,361
Deferred Inflow	\$ 254	\$ 26,230	\$ 75,156	\$ 101,640

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

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, 2019, and rolled forward to June 30, 2020 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	Through Fiscal Year 2038
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases:		
State	3.10% - 5.30%	NA
Nonstate	3.35% - 6.50%	3.25% - 4.75%
Educators	NA	NA
Non-Educators	NA	NA
Inflation rate	3.00%	3.00%
Discount rate	7.50%	7.50%
Mortality rates:		
Actives	100% of Pub-2010 General Employees table, below median, headcount weighted, projected generationally with scale MP-2018	100% of RP-2014 Total Employee Mortality Table, Scale MP-2016 fully generational
Retired healthy males	108% of Pub-2010 General Retiree Male table, below median, headcount weighted, projected generationally with scale MP-2018	103% of RP-2014 Healthy Annuitant Mortality tables, rolled back to 2006, Projected with Scale MP-2016 fully generational
Retired healthy females	122% of Pub-2010 General Retiree Female table, below median, headcount weighted, projected generationally with scale MP-2018	100% of RP-2014 Healthy Annuitant Mortality tables, rolled back to 2006, Projected with Scale MP-2016 fully generational

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**Notes to the Financial Statements
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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	100% of RP-2014 Disabled Retiree Mortality tables; rolled back to 2006, Projected with Scale MP-2016 fully generational
Disabled females	117% of Pub-2010 General / Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018	100% of RP-2014 Disabled Retiree Mortality tables; rolled back to 2006, Projected with Scale MP-2016 fully generational
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%	0.04% - 0.60%
Retirement rates	12% - 100%	25% - 100%
Date range in most recent experience study	2013-2018	2011 - 2016

Discount rate

The discount rate used to measure the total pension liability was 7.5 percent for all defined benefit plans. The projection of cash flows used to determine the discount 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.

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

9. EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Employer's proportionate share of PERS' net pension liability	\$ (10,008)	\$ (3,928)	\$ 1,213
Employer's proportionate share of EMSRS' net pension liability	\$ (93,171)	\$ 9,607	\$ 93,237

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.

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 2021, the Authority received \$780,000 in ambulance service fee.

11. INSURANCE BILLING, NET

The Authority uses services from the Premier Accounts Receivable Management Inc., to handle the insurance billing. During the fiscal year 2021, the Authority has billed for 471,420 and collected \$275,651. 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 invoiced \$112,275 for fiscal year 2021 and will continue to test for the foreseeable future.

13. GRANT FUNDS

The Authority also had \$50,700 paid on the principal of their ambulance from a grant the HCC received. Also, the Authority received a grant of \$29,998 from Fire House Subs Safety Foundation for the purchase of an Argo UTV.

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

14. MISCELLANEOUS 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.

16. SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the financial statement through November 30, 2021, the date of the audit report. No events have occurred subsequent to the date of the financial statement through November 30, 2021 that would require adjustment or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WV
Required Supplementary Information**

**Schedule of Authority's Proportionate Share of the Net
Other Post-Employment Benefits Liability
West Virginia Retiree Health Benefits Trust Fund
Last Five Years***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total plan OPEB Liability	\$1,666,333,746	\$2,750,793,325	\$ 3,108,550,896	\$ 3,282,900,408	\$ 2,483,325,251
Plan fiduciary net position	\$1,224,642,000	\$1,091,661,000	\$ 963,115,000	\$ 823,911,315	\$ 823,911,315
Net OPEB liability	\$ 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	0.005649595%	0.006750532%	0.007189157%	0.002084243%	0.002000977%
Authority's proportionate share of the net OPEB liability	\$ 24,954	\$ 112,000	\$ 154,239	\$ 51,251	\$ 49,691
Authority's covered-employee payroll	\$ 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	5.58%	33.11%	52.05%	18.94%	24.05%
Plan fiduciary net position as a percentage of the total OPEB liability	73.49%	39.69%	30.98%	25.10%	33.18%

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

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WV
Required Supplementary Information**

**Schedule of Authority Contributions
West Virginia Retiree Health Benefits Trust Fund
Last Six Years***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 7,872	\$ 10,920	\$ 13,908	\$ 14,691	\$ 4,281	\$ 3,423
Contributions in relation to contractually required contributions	\$ 7,872	\$ 11,163	\$ 14,232	\$ 14,262	\$ 4,281	\$ 3,423
Contribution deficit (surplus)	\$ -	\$ 243	\$ 324	\$ (429)	\$ -	\$ -
HCEAA's covered payroll	\$ 447,314	\$ 312,831	\$ 296,347	\$ 270,593	\$ 206,637	\$ 90,783
Contribution as a percentage of covered employee payroll	1.76%	3.57%	4.80%	5.27%	2.07%	3.77%

*-Applicable information was available for six years for this schedule.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WV
Required Supplementary Information**

**Schedule of Authority's Proportionate Share of the Net
Pension Liability
For the Fiscal Year Ended June 30, 2021**

Public Employees Retirement System

	2020
Total plan Pension Liability	\$ 7,431,924
Plan fiduciary net position	\$ 6,903,253
Net Pension Liability	\$ 528,671
Authority's proportion of the net pension liability	0.000743%
Authority's proportionate share of the Net Pension liability	\$ 3,928
Authority's covered-employee payroll	\$ 21,819
Authority's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	18.00%
Plan fiduciary net position as a percentage of the total pension liability	92.89%

*- Applicable information was available for one year for this schedule.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WV
Required Supplementary Information**

**Schedule of Authority Contributions
For the Fiscal Year Ended June 30, 2021**

Public Employees Retirement System

	<u>2020</u>
Contractually required contributions	\$ 1,155
Contributions in relation to contractually required contributions	<u>\$ 1,436</u>
Contribution deficit (surplus)	<u>\$ 281</u>
HCEAA's covered payroll	\$ 21,819
Contribution as a percentage of covered employee payroll	6.58%

*- Applicable information was available for one year for this schedule.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WV
Required Supplementary Information**

**Schedule of Authority's Proportionate Share of the Net
Pension Liability
For the Fiscal Year Ended June 30, 2021**

Emergency Medical Services Retirement System

	2020
Total plan Pension Liability	\$ 87,830
Plan fiduciary net position	\$ 89,005
Net Pension Asset (Liability)	\$ (1,175)
Authority's proportion of the net pension liability	0.817579%
Authority's proportionate share of the Net Pension liability	\$ (9,607)
Authority's covered-employee payroll	\$ 225,440
Authority's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	-4.26%
Plan fiduciary net position as a percentage of the total pension liability	101.34%

*- Applicable information was available for one year for this schedule.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY
BAKER, WV
Required Supplementary Information**

**Schedule of Authority Contributions
For the Fiscal Year Ended June 30, 2021**

Emergency Medical Services Retirement System

	2020
Contractually required contributions	\$ 25,161
Contributions in relation to contractually required contributions	\$ 39,803
Contribution deficit (surplus)	\$ 14,642
HCEAA's covered payroll	\$ 225,440
Contribution as a percentage of covered employee payroll	17.66%

*- Applicable information was available for one year 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, 2021, and have issued our report thereon dated November 30, 2021.

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
November 30, 2021