

**HARDY COUNTY  
RFP # 20-313**

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

**REGULAR AUDIT**

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

**JUNE 30, 2020**

Final Release: 11-30-2021



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

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## **INTRODUCTORY SECTION**

**OFFICE**

**NAME**

President:

Paul Lewis

Treasurer:

Tim Ramsey

Secretary:

Doug Coffman

Commissioner Representative:

Harold K. Michael

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, 2020 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, 2020, 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, on pages 17 to 21 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 the 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 29, 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  
October 29, 2021

AHMAD ASSOCIATES, LTD.  
A PROFESSIONAL CORPORATION

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY  
BAKER, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020  
(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 \$20,067 during 2020. Net Position was \$313,705 for 2019 and \$333,772 for 2020.
- The total revenue increased by \$221,296 (or 24.77%) during 2020 and was \$893,380 for 2019 and \$1,114,676 for 2020.
- The total expenses increased by \$245,064 (or 29.15%). Total expenses were \$840,636 for 2019 and \$1,085,700 for 2020.
- Net fixed assets increased by \$46,783 during the fiscal year.
- Cash and investment balance on June 30, 2020, was \$760,728 compared to the previous year's balance of \$643,986.



**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY  
BAKER, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020  
(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>2020</u>	<u>2019</u>	<u>Variance</u>	<u>% Change</u>
Current Assets	\$363,842	\$293,883	\$69,959	23.81%
Capital Assets	396,886	350,103	46,783	13.36%
Total Assets	<u>760,728</u>	<u>643,986</u>	<u>116,742</u>	<u>18.13%</u>
<i>Deferred Outflow of Resources</i>	<u>83,967</u>	<u>113,881</u>	<u>-29,914</u>	<u>-26.27%</u>
Total Assets and Deferred Outflows	<u>\$844,695</u>	<u>\$757,867</u>	<u>\$86,828</u>	<u>11.46%</u>
Current Liabilities	\$113,349	\$ 79,665	\$ 33,684	42.28%
Non-Current Liabilities	349,715	343,960	5,755	1.67%
Total Liabilities	<u>463,065</u>	<u>423,625</u>	<u>39,440</u>	<u>9.31%</u>
<i>Deferred Inflow of Resources</i>	<u>47,858</u>	<u>20,537</u>	<u>27,321</u>	<u>133.03%</u>
Total Liabilities and Deferred Inflows	<u>510,923</u>	<u>444,162</u>	<u>66,761</u>	<u>15.03%</u>
Total Net Position	<u>\$333,772</u>	<u>\$313,705</u>	<u>\$ 20,067</u>	<u>6.40%</u>

**Current assets** increased due to an increase in cash and cash equivalents which increased by \$69,959 due to an increase in services. The cash and cash equivalents consist of deposits with financial institutions, and investments consisting of certificates of deposits and mutual funds in a savings account at Grant County Bank. The increase is primarily due to an increase of services compared to FY 2019.

**Capital assets** increased by \$46,783. This change was primarily due to an addition of ambulance.

**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).

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

**Non-Current liabilities** increased by \$5,755. This change was due to the purchase of a new ambulance.

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY  
BAKER, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020  
(UNAUDITED)**

**STATEMENT OF ACTIVITIES**

	<u>2020</u>	<u>2019</u>	<u>Variance</u>	<u>% Change</u>
<b>REVENUE</b>				
Ambulance Service Fee	\$ 780,000	\$ 650,000	\$ 130,000	20.00%
Insurance billing	483,210	434,823	48,387	11.13%
Write-Offs and Insurance Allowances	(180,810)	(191,443)	10,633	-5.55%
Miscellaneous Income	22,680	-	22,680	NA
Grant Funds	9,596	-	9,596	NA
<b>Total Revenue</b>	<b><u>\$1,114,676</u></b>	<b><u>\$893,380</u></b>	<b><u>\$ 221,296</u></b>	<b><u>24.77%</u></b>
<b>OPERATING EXPENSES</b>				
Personnel Cost	\$ 385,714	\$ 319,018	\$ 66,696	20.91%
Employee/Business Taxes	140,656	-	140,656	NA
Employee Health Insurance	62,819	56,339	6,480	11.50%
Workers' Comp. Insurance	30,016	34,524	(4,508)	-13.06%
Retirement	41,651	-	41,651	NA
Advertising & Marketing	76	601	(525)	-87.35%
Building - Ground Maintenance	12,943	9,656	3,287	34.04%
Collections	39,722	-	39,722	NA
Office Supplies and Software	8,255	4,864	3,391	69.72%
Equipment Maintenance	12,972	6,425	6,547	101.90%
Equipment Replacement	2,321	6,590	(4,269)	-64.78%
Fraley Ambulance Service	60,000	-	60,000	NA
Fuel	19,775	18,496	1,279	6.92%
Legal	15,747	-	15,747	NA
Medical Supplies	16,743	12,680	4,063	32.04%
Uncategorized Expense	438	-	438	NA
Postage	1,083	27,209	(26,126)	-96.02%
Professional Services	25,984	29,977	(3,993)	-13.32%
Refunds-Fee/Insurance	3,043	-	3,043	NA
Training/Education	1,828	2,997	(1,169)	-39.01%
Uniforms	1,919	196	1,723	879.08%
Utilities	17,384	15,214	2,170	14.26%
Vehicle Maintenance	29,576	31,909	(2,333)	-7.31%
Wardensville Volunteer Resque Squad	15,000	-	15,000	NA
WVCorp-Property Insurance	16,531	-	16,531	NA
Insurance	-	72,803	(72,803)	-100.00%
Stipend	-	75,000	(75,000)	-100.00%
Miscellaneous	-	17,701	(17,701)	-100.00%
Depreciation	123,503	98,437	25,066	25.46%
<b>Total Operating Expenses</b>	<b><u>\$1,085,699</u></b>	<b><u>\$840,636</u></b>	<b><u>\$ 245,063</u></b>	<b><u>29.15%</u></b>
<b>Net Increase (Decrease)</b>	<b>\$ 28,977</b>	<b>\$ 52,744</b>	<b>\$ (23,767)</b>	<b>-45.06%</b>
<b>Non-Operating Income (Loss)</b>				
Interest Income	476	-	(476)	NA
Interest Expense	(9,386)	(3,068)	(6,318)	205.93%
<b>Total Non-operating Revenue (Expenses)</b>	<b><u>\$ (8,910)</u></b>	<b><u>\$ (3,068)</u></b>	<b><u>\$ (5,842)</u></b>	<b><u>190.41%</u></b>
<b>Change in Unrestricted Net Position</b>	20,067	49,676	(29,609)	-59.60%
<b>Net Position - 6/30/2019</b>	<u>313,705</u>	<u>264,029</u>	<u>49,676</u>	<u>18.81%</u>
<b>Net Position - 6/30/2020</b>	<b><u>\$ 333,772</u></b>	<b><u>\$313,705</u></b>	<b><u>\$ 20,067</u></b>	<b><u>6.40%</u></b>

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY  
BAKER, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020  
(UNAUDITED)**

- Total revenues increased by \$221,296 due to an increase requested draw down amount from the HCC fee and insurance billing.
- Total expenses had a net increase of \$245,063 primarily due to a combination of cumulative depreciation, the new retirement system, and overall personnel costs.

**Program Service Accomplishment**

The Authority purchased 1 new ambulance, a remounted ambulance from Osage, for \$157,341. Authority is also pleased to have its full-time employees enrolled in the EMS state retirement system.

**A Look Ahead**

The Authority is optimistic about its potential for economic growth moving forward. Despite only a small increase in population growth within Hardy County, there has been a steady increase of services over the past several years to be optimistic for economic growth.

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

**Governmental Fund Balance Sheet / Statement of Net Position  
As of June 30, 2020**

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash (Note 3)	\$248,862	\$ -	\$ 248,862
Accounts Receivable, Net (Note 4)	114,980	-	114,980
<b>Total Current Assets</b>	<b><u>363,842</u></b>	<b><u>-</u></b>	<b><u>363,842</u></b>
<b>Capital Assets</b>			
Machinery and Equipment (Note 5)	-	781,252	781,252
Less: Accumulated Depreciation	-	<u>(384,366)</u>	<u>(384,366)</u>
<b>Net Capital Assets</b>	<b><u>-</u></b>	<b><u>396,886</u></b>	<b><u>396,886</u></b>
<b>Total Assets</b>	<b><u>363,842</u></b>	<b><u>396,886</u></b>	<b><u>760,728</u></b>
<b>Deferred Outflow of Resources</b>			
Related to OPEB	-	83,967	83,967
<b>Total Deferred Outflows of Resources</b>	<b><u>-</u></b>	<b><u>83,967</u></b>	<b><u>83,967</u></b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$363,842</u></b>	<b><u>\$ 480,853</u></b>	<b><u>\$ 844,695</u></b>
<b>LIABILITIES &amp; NET ASSETS</b>			
<b>Current Liabilities</b>			
Compensated Absences - Current Liability (Note 6)	\$ 5,137	\$ -	\$ 5,137
Leases and Notes Payable - Current Liability (Note 7)	-	108,213	108,213
<b>Total Current Liabilities</b>	<b><u>5,137</u></b>	<b><u>108,213</u></b>	<b><u>113,349</u></b>
<b>Non-Current Liabilities</b>			
Compensated Absences - Non-Current Liability (Note 6)	27,630	-	27,630
Leases and Notes Payable - Non-Current Liability (Note 7)	-	210,085	210,085
Net OPEB Liability (Note 8)	-	112,000	112,000
<b>Total Non-Current Liabilities</b>	<b><u>27,630</u></b>	<b><u>322,085</u></b>	<b><u>349,715</u></b>
<b>Total Liabilities</b>	<b><u>32,767</u></b>	<b><u>430,298</u></b>	<b><u>463,065</u></b>
<b>Deferred Inflow of Resources</b>			
Related to OPEB	-	47,858	47,858
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>47,858</u></b>	<b><u>47,858</u></b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b><u>\$ 32,767</u></b>	<b><u>\$ 478,156</u></b>	<b><u>\$ 510,923</u></b>
<b>Fund Balance/Net Position</b>			
Net Investment in Capital Assets	-	78,588	78,588
Unrestricted	331,075	<u>(75,891)</u>	<u>255,184</u>
<b>Total Net Position</b>	<b><u>331,075</u></b>	<b><u>2,697</u></b>	<b><u>333,772</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$363,842</u></b>	<b><u>\$ 432,995</u></b>	<b><u>\$ 844,695</u></b>

**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, 2020**

	<b>General Fund</b>	<b>Adjustments (Note 2)</b>	<b>Statement of Activities</b>
<b>REVENUE</b>			
Ambulance Service Fee (Note 10)	\$ 780,000	\$ -	\$ 780,000
Insurance Billing, Net (Note 11)	302,400	-	302,400
Grant Funds (Note 12)	9,596	-	9,596
Micellaneous Income (Note 13)	22,680	-	22,680
<b>Total Revenue</b>	<b>1,114,676</b>	<b>-</b>	<b>1,114,676</b>
<b>OPERATING EXPENSES</b>			
Personnel Cost	385,714	-	385,714
Employee/Business Taxes	140,656	-	140,656
Employee Health Insurance	62,819	-	62,819
Workers' Comp. Insurance	30,016	-	30,016
Retirement	41,651	-	41,651
Advertising & Marketing	76	-	76
Building - Ground Maintenance	12,943	-	12,943
Collections	39,722	-	39,722
Office Supplies and Software	8,255	-	8,255
Equipment Maintenance	12,972	-	12,972
Equipment Replacement	2,321	-	2,321
Fraley Ambulance Service	60,000	-	60,000
Fuel	19,775	-	19,775
Legal	15,747	-	15,747
Medical Supplies	16,743	-	16,743
Uncategorized Expense	438	-	438
Postage	1,083	-	1,083
Professional Services	25,984	-	25,984
Refunds-Fee/Insurnace	3,043	-	3,043
Training/Education	1,828	-	1,828
Uniforms	1,919	-	1,919
Utilities	17,384	-	17,384
Vehicle Maintenance	29,576	-	29,576
Wardensville Volunteer Resque Squad	15,000	-	15,000
WVCorp-Property Insurance	16,531	-	16,531
Depreciation	-	123,503	123,503
<b>Total Operating Expenses</b>	<b>962,196</b>	<b>123,503</b>	<b>1,085,699</b>
<b>Total Operating Income/(Loss)</b>	<b>152,480</b>	<b>(123,503)</b>	<b>28,977</b>
<b>Non-Operating Revenue/(Expenses)</b>			
Machinery & Equipment	117,815	(117,815)	-
Interest Income	476	-	476
Interest Expense	-	(9,386)	(9,386)
<b>Total Non-Operating Revenue/(Expenses)</b>	<b>476</b>	<b>(9,386)</b>	<b>(8,910)</b>
<b>Change in Unrestricted Net Position</b>	<b>152,956</b>	<b>(132,889)</b>	<b>20,067</b>
<b>Net Position - Beginning of Year</b>	<b>332,477</b>	<b>(18,772)</b>	<b>313,705</b>
<b>Net Position- End of Year</b>	<b>\$ 485,433</b>	<b>\$ (151,661)</b>	<b>\$ 333,772</b>

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

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**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, 2020**

**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 acquisition.

**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
------------------------	-------------

**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. Prior to fiscal year 2020, Authority's policy was to require employees to use all earned vacation time by June 30<sup>th</sup> of each year. Therefore, no material liability was reported for accrued compensated absences.

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

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**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 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. The Authority will recognize next year its share of net pension liability, deferred outflows/inflows and expense based on PERS and EMSRS report for the fiscal year ending June 30, 2020.

**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, 2020**

**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, 2020**

**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	331,075
Capital assets	396,886
Loans and leases	(318,298)
Deferred outflows related to other post-employment benefits	83,967
Deferred inflows related to other post-employment benefits	(47,858)
Net OPEB liability	<u>(112,000)</u>
<b>Total Net Assets</b>	<b><u>333,772</u></b>

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	\$ (123,504)
Loan & Lease principal payments expensed in fund financial statements	(108,213)
Expense recorded for GASB 75	<u>(14,996)</u>
<b>Total</b>	<b><u>\$ (246,712)</u></b>

**3. CASH AND CASH EQUIVALENTS**

Cash at June 30, 2020, was as follows:

Cash deposits in bank accounts	<u>\$248,862</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, 2020, were covered by the federal depository insurance.

**4. ACCOUNTS RECEIVABLE, NET**

The Accounts Receivables of \$114,980 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.

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

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**5. CAPITAL ASSETS**

<u>Asset Classification</u>	<u>Useful Life</u>	<u>Depreciation Method</u>
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:

<u>Asset Classification</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Vehicles	\$ 415,729	\$ 157,341	\$ -	\$ 573,070
Machinery & Equipment	195,237	12,945	-	208,182
<b>Total</b>	<b>\$610,966</b>	<b>\$170,286</b>	<b>\$0</b>	<b>\$781,252</b>

*Less:* Accumulated Depreciation

Vehicles	(202,292)	(81,866)	-	(284,158)
Machinery & Equipment	(58,571)	(41,636)	-	(100,207)
<b>Capital assets, net</b>	<b>\$ 350,103</b>	<b>\$ 46,783</b>	<b>\$ -</b>	<b>\$ 396,886</b>

Following vehicles were available to HCEAA during FY 2020 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

**6. ACCRUED COMPENSATED ABSCENCES**

At June 30, 2020, the Authority is contingently liable to employees for accumulated unpaid vacation and sick leave pay in the amount of \$32,767.

**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.

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

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**7. LEASES AND NOTES PAYABLE (Continued)**

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, 2020. Future minimum lease payments under the capital lease as of June 30, 2020 are as follows:

<u>FY Ending</u>	<u>Lease Payments</u>
2021	\$40,526
2022	33,133
<b>Total</b>	<b>\$73,659</b>

**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.

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>
2020	\$ 38,112	\$ 4,094	\$ 42,206
2021	\$ 39,438	\$ 2,768	\$ 42,206
2022	\$ 40,799	\$ 1,408	\$ 42,206
<b>Total</b>	<b>\$ 118,349</b>	<b>\$ 8,270</b>	<b>\$ 126,619</b>

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>
2021	\$ 29,574	\$ 5,509	\$ 35,083
2022	30,876	4,207	35,083
2023	32,219	2,864	35,083
2024	33,621	1,462	35,083
<b>Total</b>	<b>\$ 126,290</b>	<b>\$ 14,042</b>	<b>\$ 140,332</b>

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

	<u>Balance Due June 30, 2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>	<u>Due Beyond One Year</u>
Notes	\$ 155,201	\$ 157,341	\$ (67,903)	\$ 244,639	\$ 67,686	\$ 176,952
Leases	114,185	-	(40,526)	73,659	40,526	33,133
<b>Total</b>	<b>\$ 269,386</b>	<b>\$ 157,341</b>	<b>\$(108,430)</b>	<b>\$ 318,297</b>	<b>\$ 108,213</b>	<b>\$ 210,085</b>

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

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**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](http://www.peia.wv.gov). The Authority's required contributions for OPEB for fiscal year 2020 were \$10,920.

***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 net OPEB liability reported as of June 30, 2020 was measured as of June 30, 2018 and rolled forward to June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. 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, 2020, the Authority's proportion was 0.006750532% which showed a decrease of 0.00438625% compared to the position measured as of June 30, 2019.

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

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020**

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

At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Changes in proportion and differences between Employer contributions and proportionate share of contributions	\$ 72,139	\$ 7,223
Differences between expected and actual investment earning	637	1,845
Differences between expected and actual non-investment experience	-	13,062
Changes in assumptions	-	22,715
Employer contributions subsequent to the measurement date	11,163	-
Re-allocation of opt-out Employer changes in proportionate share	28	3,013
<b>Total</b>	<b>\$ 83,967</b>	<b>\$ 47,858</b>

The amount of \$11,163 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, 2020. 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	\$ 11,208
2023	11,208
2024	11,208
2025	11,208
2026	3,026
<b>Total</b>	<b>\$ 47,858</b>

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

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020**

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

*Actuarial assumptions*

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Dependent upon pension system. Ranging from 3.00% to 6.50%, including inflation
Investment rate of return	7.15% net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll over a 20-year closed period
Mortality	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 Healthy Annuitant Mortality Table projected with scale MP-2016 on a fully generational basis for Troopers A and B. Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 Employee Mortality Table projected with Scale MP-2016 on a fully generational basis for Troopers A and B.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return of 7.15% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.50% for long-term assets invested with the West Virginia Investment Management Board (WVIMB) and an expected short-term rate of return of 3.00% 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.

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

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020**

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

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.

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>Target Allocation</u>	<u>Long-Term Expected Real Return</u>
Global equity	50%	5%
Core plus fixed income	14%	2%
Core real estate	9%	4%
Hedge fund	9%	2%
Private equity	9%	7%
Cash and cash equivalents	10%	0%
	<u>100%</u>	

Real returns by asset class, as shown in the above table, were estimated using a static inflation assumption of 2.0%. Consequently, real returns may not reflect the potential volatility of inflation by asset class.

***Single Discount rate***

A single discount rate of 7.15% 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 7.15% 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 3.62% as of the beginning of the year and 3.13% 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, 2033, the OPAB 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. The discount rate used to measure the total OPEB liability did not change for the June 30, 2018 valuation from the June 30, 2017 valuation.



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

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**8. OTHER POST-EMPLOYMENT BENEFITS (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 (6.15%) or 1-percentage point higher (8.15%) than the current discount rate:

	<b>1% Decrease (6.15%)</b>	<b>Discount Rate (7.15%)</b>	<b>1% Increase (8.15%)</b>
Net OPEB Liability	\$133,669	\$112,000	\$93,867

*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:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Net OPEB Liability	\$90,312	\$112,000	\$138,319

**9. EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

The Authority began its participation in the PERS and EMSRS as of September 11, 2019. The Authority's defined benefit pension plans, West Virginia Public Employees Retirement System (the PERS Plan) and West Virginia Emergency Medical Service Retirement System (the EMSRS Plan), provide pensions for all participating employees of the Authority. The PERS Plan and the EMSRS Plan are components of a statewide, cost-sharing, multiple-employer, defined benefit retirement plan for public employees, established on July 1, 1961. The Authority will recognize next year its share of net pension liability and expense based on PERS and EMSRS report for the fiscal year ending June 30, 2020.

**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 2020, 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 2020, the Authority has billed for 483,211 and collected \$274,284. The amount that is not collected within thirty days by the agency is written off without further collection effort.

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

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**12. GRANT FUNDS**

Due to COVID-19 pandemic's economic impact, the President signed the bipartisan CARES legislation that provides \$100 billion in relief funds to hospitals and other healthcare providers on the front lines of the coronavirus response. The Authority received Provider Relief Fund (PRF) grant of \$9,596 from the Department of Health and Human Services. PRF recipients that received less than \$10,000 in the aggregate during a Payment Received Period are not required to report on the use of their funds.

**13. MISCELLENIOUS INCOME**

Miscellaneous income primarily consists of income from providing Advanced Life Support (ALS) certified medic service to the Panthera training, LLC.

**14. 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.

**15. SUBSEQUENT EVENTS**

Management has evaluated events subsequent to the date of the financial statement through October 29, 2021, the date of the audit report. No events have occurred subsequent to the date of the financial statement through October 29, 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 Four Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total plan OPEB Liability	\$2,750,793,325	\$ 3,108,550,896	\$ 3,282,900,408	\$ 2,483,325,251
Plan fiduciary net position	\$1,091,661,000	\$ 963,115,000	\$ 823,911,315	\$ 823,911,315
Net OPEB liability	\$1,659,132,325	\$ 2,145,435,896	\$ 2,458,989,093	\$ 2,483,325,251
Authority's proportion of the net OPEB liability	0.006750532%	0.007189157%	0.002084243%	0.002000977%
Authority's proportionate share of the net OPEB liability	\$112,000	\$154,239	\$51,251	\$49,691
Authority's covered-employee payroll	\$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	33.11%	52.05%	18.94%	24.05%
Plan fiduciary net position as a percentage of the total OPEB liability	39.69%	30.98%	25.10%	33.18%

\*- Information for years prior to 2017 was not available.

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 10,920	\$ 13,908	\$ 14,691	\$ 4,281	\$ 3,423
Contributions in relation to contractually required contributions	\$ 11,163	\$ 14,232	\$ 14,262	\$ 4,281	\$ 3,423
Contribution deficit (surplus)	\$ 243	\$ 324	\$ (429)	\$ -	\$ -
HCEAA's covered payroll	\$338,308	\$296,347	\$270,593	\$206,637	\$90,783
Contribution as a percentage of covered employee payroll	3.30%	4.80%	5.27%	2.07%	3.77%

\*- Information for years prior to 2016 was not available.



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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, 2020, and have issued our report thereon dated October 29, 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.

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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 29, 2021

**HARDY COUNTY EMERGENCY AMBULANCE AUTHORITY  
BAKER, WV  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2020**

**Status of the Prior Year Audit Findings**

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
2019-01	Material Weakness	Resolved