

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

(A COMPONENT UNIT OF JEFFERSON COUNTY, WEST VIRGINIA)

## FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2018

WITH INDEPENDENT AUDITOR'S REPORT THEREON

DAVID L. HOWELL, CPA  
200 UPPER KANAWHA VALLEY WAY  
PO BOX 598  
CABIN CREEK, WEST VIRGINIA 25035

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

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# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## LIST OF OFFICIALS

Year Ended June 30, 2018

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| Office                | Name                          | Term Ending     |
|-----------------------|-------------------------------|-----------------|
| Chair:                | Andrew Arnold                 | June 30, 2019   |
| Vice-Chair/Secretary: | Elliot Simon                  | June 30, 2019   |
| Treasurer:            | Aaron Watson                  | June 30, 2019   |
|                       | Janson Turner                 | June 30, 2019   |
|                       | Ronald Fletcher<br>Non-voting | January 1, 2019 |
|                       | Josh Compton                  | January 1, 2019 |
|                       | Tricia Warden                 | June 30, 2019   |
| Legal Council:        | Nathan Cochran                |                 |
| Director:             | Allen Keyser                  |                 |
| Medical Director:     | Marney Treese, MD             |                 |



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
Jefferson County Emergency Services Agency:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Jefferson County Emergency Services Agency (the "Agency"), a component unit of Jefferson County, West Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 judgment, 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Agency, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters****Required Supplementary Information**

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of proportionate share of the net pension liability and the schedule of pension contributions on pages 18 and 19 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated, March 12, 2019 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of 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 Agency's internal control over financial reporting and compliance.



David L. Howell, CPA  
Cabin Creek, West Virginia  
March 12, 2019

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION

June 30, 2018

|                                                   | General<br>Fund      | Adjustments<br>(Note 2) | Statement<br>of Net Position |
|---------------------------------------------------|----------------------|-------------------------|------------------------------|
| <b>Assets</b>                                     |                      |                         |                              |
| Current:                                          |                      |                         |                              |
| Cash and cash equivalents                         | \$ 1,215,577         | -                       | 1,215,577                    |
| Accounts receivable, net                          | 43,827               | -                       | 43,827                       |
| Prepaid expenses                                  | 49,856               | -                       | 49,856                       |
| Capital assets:                                   |                      |                         |                              |
| Land                                              | -                    | 550,000                 | 550,000                      |
| Buildings and improvements                        | -                    | 1,366,998               | 1,366,998                    |
| Equipment                                         | -                    | 456,229                 | 456,229                      |
| Less: accumulated depreciation                    | -                    | (679,268)               | (679,268)                    |
| <br>Total assets                                  | <br>1,309,260        | <br>1,693,959           | <br>3,003,219                |
| <b>Deferred Outflows</b>                          |                      |                         |                              |
| Related to pensions                               | -                    | 239,499                 | 239,499                      |
| <br>Total deferred outflows                       | <br>-                | <br>239,499             | <br>239,499                  |
| <br>Total assets and deferred outflows            | <br><u>1,309,260</u> | <br><u>1,933,458</u>    | <br><u>3,242,718</u>         |
| <b>Liabilities</b>                                |                      |                         |                              |
| Current:                                          |                      |                         |                              |
| Accounts payable                                  | 106,418              | -                       | 106,418                      |
| Payroll payable                                   | 103,689              | -                       | 103,689                      |
| Interest payable                                  | -                    | 1,161                   | 1,161                        |
| Compensated absences, current                     | 45,516               | -                       | 45,516                       |
| Noncurrent liabilities due within one year:       |                      |                         |                              |
| Note payable                                      | -                    | -                       | 32,689                       |
| Noncurrent liabilities due in more than one year: |                      |                         |                              |
| Note payable                                      | -                    | -                       | 1,054,959                    |
| Compensated absences, net                         | -                    | -                       | 65,881                       |
| Net pension liability                             | -                    | -                       | 15,176                       |
| <br>Total liabilities                             | <br>255,623          | <br>1,161               | <br>1,425,489                |

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

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION (CONTINUED)

June 30, 2018

|                                                 | General<br>Fund     | Adjustments<br>(Note 2) | Statement<br>of Net Position |
|-------------------------------------------------|---------------------|-------------------------|------------------------------|
| <b>Deferred Inflows</b>                         |                     |                         |                              |
| Related to pensions                             | -                   | -                       | 188,488                      |
| Total deferred inflows                          | -                   | -                       | 188,488                      |
| Total liabilities and deferred outflows         | 255,623             | 1,161                   | 1,613,977                    |
| <br><b>Fund Balances/Net Position</b>           |                     |                         |                              |
| Fund balances:                                  |                     |                         |                              |
| Unassigned                                      | 1,053,637           | (1,053,637)             | -                            |
| Total fund balances                             | 1,053,637           | (1,053,637)             | -                            |
| Total liabilities and fund balances             | <u>\$ 1,309,260</u> |                         |                              |
| <br>Net position                                |                     |                         |                              |
| Invested in capital assets, net of related debt |                     | 581,822                 | 581,822                      |
| Restricted for debt service                     |                     | 81,000                  | 81,000                       |
| Unrestricted                                    |                     | 965,919                 | 965,919                      |
| Total net position                              |                     | <u>1,628,741</u>        | <u>1,628,741</u>             |

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

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

|                                                              | General<br>Fund | Adjustments<br>(Note 2) | Statement<br>of Activities |
|--------------------------------------------------------------|-----------------|-------------------------|----------------------------|
| Expenditures:                                                |                 |                         |                            |
| Personnel                                                    | \$ 2,521,176    | 79,138                  | 2,442,038                  |
| Current expense                                              | 319,966         | 38,232                  | 281,734                    |
| Loan principal                                               | 31,253          | 31,253                  | -                          |
| Loan interest                                                | 48,605          | (1,161)                 | 49,766                     |
| Bad debt expense                                             | -               | -                       | -                          |
| Depreciation                                                 | -               | (44,995)                | 44,995                     |
| Total expenditures                                           | 2,921,000       | 102,467                 | 2,818,533                  |
| Program revenues:                                            |                 |                         |                            |
| Charges for services                                         | 708,168         | -                       | 708,168                    |
| Total program revenues                                       | 708,168         | -                       | 708,168                    |
| Net program revenues                                         |                 | 102,467                 | (2,110,365)                |
| General Revenues:                                            |                 |                         |                            |
| Intergovernmental:                                           |                 |                         |                            |
| County Commission                                            | 1,934,462       | -                       | 1,934,462                  |
| Emergency Service Fee from Jefferson County                  | 81,000          | -                       | 81,000                     |
| Grants                                                       | 199,755         | -                       | 199,755                    |
| Interest Income                                              | 7,289           | -                       | 7,289                      |
| Miscellaneous                                                | 11,705          | -                       | 11,705                     |
| Total general revenues                                       | 2,234,211       | -                       | 2,234,211                  |
| Excess (deficiency) of revenues over expenditures            | 21,379          |                         |                            |
| Change in net position                                       |                 | 102,467                 | 123,846                    |
| Fund balances/net position at beginning of year, as restated | 1,032,258       | 472,637                 | 1,504,895                  |
| Fund balances/net position at end of year                    | \$ 1,053,637    | 575,104                 | 1,628,741                  |

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



# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

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**NOTE 1****SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the presentation of the financial report of Jefferson County Emergency Services Agency (Agency) have been designed to conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies.

**A. Reporting entity**

The Jefferson County Emergency Services Agency, a component unit of Jefferson County, West Virginia, was created under the provisions of West Virginia Code §7-15-1 et seq., and the authority of Senate Bill 224, passed as a Special Act of the 2008 West Virginia Legislature, to provide ambulance services, fire protection services and emergency medical services in the County. The Board consists of a county commissioner plus five members appointed by the county commission, each serving a three-year term. The officers are reelected by the Board each year in June.

Based on the foregoing, the Agency has no component units.

**B. Government-wide and fund financial statements**

For this special purpose government, combined government-wide and fund financial statements are presented. The government-wide section of the financial statements (i.e., the statement of net position and the statement of changes in net position) reports information on all the nonfiduciary activities of the government's governmental activities, which normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**C. Measurement focus, basis of accounting, and financial statement presentation**

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

The governmental fund sections of the financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports one major governmental fund:

The *General fund* is the government's only operating fund. It accounts for all financial resources of the general government.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including any special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

### NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

#### A. Explanation of adjustments shown on the Governmental Fund Balance Sheet/Statement of Net Position

The governmental fund balance sheet includes an adjustment between the governmental fund balance total and the governmental activities net position as reported in the statement of net position. Capital outlays are expensed at the fund level but are capitalized and depreciated at the government-wide level. In addition, compensated absences and other long-term liabilities are not reported on the governmental fund level, but are reported as a liability in net position. The details of this difference are as follows:

|                                |               |
|--------------------------------|---------------|
| Capital assets                 | \$ 2,373,227  |
| Less: accumulated depreciation | (679,268)     |
| Notes payable                  | (1,087,648)   |
| Interest payable               | (1,161)       |
| Compensated absences           | (65,881)      |
| Pension related                | <u>35,835</u> |

Total adjustment to increase *fund balance - total governmental funds* to arrive at *net position - governmental activities*

\$ 575,104

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### **B. Explanation of Adjustments Shown on the Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes an adjustment between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the statement of activities. The adjustment indicates that long-term liabilities are not recognized on the fund level statements, but are shown on the statement of activities. In addition, capital outlays are expensed at the fund level but are capitalized and depreciated at the government-wide level. The details of this difference are as follows:

|                                                                                                                                                                |                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| Loan principal                                                                                                                                                 | \$ 31,253         |
| Loan interest                                                                                                                                                  | (1,161)           |
| Depreciation expense                                                                                                                                           | (44,995)          |
| Salaries                                                                                                                                                       | <u>117,370</u>    |
| Total adjustment to increase net changes in <i>fund balance - total governmental funds</i> to arrive at <i>changes in net position governmental activities</i> |                   |
|                                                                                                                                                                | <u>\$ 102,467</u> |

### **NOTE 3      STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **Budgets and Budgetary Accounting**

Annual budgets are prepared for internal control purposes and submitted to the Jefferson County Commission.

### **NOTE 4      ASSETS, LIABILITIES, AND NET POSITION OR EQUITY**

#### **A. Deposits and investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of less than three months from the date of acquisition.

In accordance with GASB Statement No.31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the government reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in fair value of investments, are recognized as revenue in the operating statement. Fair value is determined by quoted market prices.

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount which reasonably estimates fair value.

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the State of West Virginia; obligations of the federal national mortgage association; indebtedness secured by first lien deed of trusts for property situated within this state if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded as in the top two or three highest rating grades; interest earning deposits which are fully insured or collateralized; and mutual funds registered with the SEC which have fund assets over three hundred million dollars.

### **B. Receivables and payables**

All receivables and payables are shown at the gross amount due. The Agency periodically analyzes delinquent accounts and uses the direct write-off method.

### **C. Inventories and Prepaid Items**

The cost of governmental-fund type inventories are recorded as expenditures when purchased rather than when consumed.

### **D. Capital Assets**

Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Capital assets of the Agency are depreciated using the straight line method over the following estimated useful lives:

| <u>Asset Type</u>       | <u>Life in Years</u> |
|-------------------------|----------------------|
| Buildings               | 40                   |
| Machinery and equipment | 3-10                 |

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### **E. Compensated absences**

It is the Agency's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide statements in accordance with GASB Statement 16, "Accounting for Compensated Absences".

### **F. Equity Classification**

In the governmental fund financial statements, fund balance is reported in five classifications:

|              |                                                                                                                                                                                                                         |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Nonspendable | Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.                                                                                |
| Restricted   | Amounts with constraints imposed on their use, either by external creditors, grantors, contributors, or laws and regulations of other governments; or by law through constitutional provisions or enabling legislation. |
| Committed    | Amounts that can only be used for purposes pursuant to constraints imposed by formal action of the Board.                                                                                                               |
| Assigned     | Amounts that are constrained by the Board's intent to be used for specific purposes.                                                                                                                                    |
| Unassigned   | Residual fund balance that has not been restricted, committed or assigned.                                                                                                                                              |

The Board is the Agency's highest level of decision-making authority. The Board may take formal action to establish, modify or rescind a fund balance commitment or to assign fund balance amounts to a specific purpose. The Board has adopted a revenue spending policy that provides guidance for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be made from restricted resources first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Board has the authority to deviate from this policy if it is in the best interest of the Agency.

In the government-wide financial statements, equity is classified as net position and displayed in three components:

**Invested in capital assets, net of related debt** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**Restricted net position** - Consists of net position with constraints placed on the use of either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Unrestricted net position** - All other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt".

### **G. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *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 (expenses/expenditure) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents the 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.

### **H. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of the resources to pensions, and pension expense, information about the fiduciary net position of the West Virginia Emergency Medical Services' Retirement System (EMSRS) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by EMSRS. 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.

### **I. Estimates**

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

## **NOTE 5      DETAILED NOTES ON ALL FUNDS**

### **A. Cash and cash equivalents**

At year end, the Agency's carrying amount of deposits and bank balances were \$1,215,577, which was entirely covered by Federal Deposit Insurance Corporation (FDIC) coverage or security collateral. The Agency's balances did not exceed this FDIC or security coverage at any time during the year.

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### **B. Receivables**

Receivables as of year end are as follows:

Receivables:

Accounts \$ 43,827

### **C. Capital Assets**

The agency had the following capital asset activity for the year ended June 30, 2018:

|                                             | Beginning<br>Balance | Increase       | Decrease | Ending<br>Balance |
|---------------------------------------------|----------------------|----------------|----------|-------------------|
| <b>Governmental activities:</b>             |                      |                |          |                   |
| Capital assets not being depreciated:       |                      |                |          |                   |
| Land                                        | \$ 550,000           | -              | -        | 550,000           |
| Total capital assets not being depreciated  | 550,000              | -              | -        | 550,000           |
| Capital assets being depreciated:           |                      |                |          |                   |
| Buildings and improvements                  | 1,366,998            | -              | -        | 1,366,998         |
| Machinery and equipment                     | 417,997              | 38,232         | -        | 456,229           |
| Total accumulated depreciation              | (634,273)            | (44,995)       | -        | (679,268)         |
| Total capital assets being depreciated, net | 1,150,722            | (6,763)        | -        | 1,143,959         |
| Governmental activities capital assets, net | <u>\$ 1,700,722</u>  | <u>(6,763)</u> | <u>-</u> | <u>1,693,959</u>  |

Depreciation expense was charged to functions/programs of the primary government as follows:

### **Governmental activities:**

Current Expense \$ 44,995

Total depreciation expense - governmental activities \$ 44,995

### **D. Long-Term Debt**

#### *Notes Payable*

On April, 22, 2009, the Agency borrowed \$1,310,000 from the USDA to pay for the construction and of a new operations center. Loan funds were advanced during the construction period as requested by the Agency. As of June 30, 2018, the outstanding principal balance was \$1,087,648. The loan terms required amortized monthly installments of \$6,747 that began on May 10, 2010. The interest rate is a fixed rate of 4.5% for 29 years.

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

| Purpose                                    | Maturity Date       | Interest Rate | Issued           | Retired | Balance             |
|--------------------------------------------|---------------------|---------------|------------------|---------|---------------------|
| Operations Center                          | April 2039          | 4.50%         | \$ 1,310,000     | 222,352 | 1,087,648           |
|                                            | Total notes payable |               | <u>1,310,000</u> | <u></u> | <u>1,118,901</u>    |
| Total notes payable at June 30, 2018       |                     |               |                  |         | 1,087,648           |
| Less: Current portion due in upcoming year |                     |               |                  |         | (32,689)            |
| Long-term notes payable at June 30, 2018   |                     |               |                  |         | <u>\$ 1,054,959</u> |

Debt service requirements to maturity are as follows:

| Year Ended  | Principal           | Interest       | Total            |
|-------------|---------------------|----------------|------------------|
| 2019        | \$ 32,688           | 48,275         | 80,963           |
| 2020        | 34,190              | 46,774         | 80,964           |
| 2021        | 35,761              | 45,203         | 80,964           |
| 2022        | 37,404              | 43,560         | 80,964           |
| 2023        | 39,122              | 41,842         | 80,964           |
| 2024 - 2028 | 224,278             | 180,541        | 404,819          |
| 2029 - 2033 | 280,750             | 124,069        | 404,819          |
| 2034 - 2038 | 351,443             | 53,377         | 404,820          |
| 2039        | 52,012              | 179,234        | 231,246          |
|             | <u>\$ 1,087,648</u> | <u>714,600</u> | <u>1,769,560</u> |

Changes in long-term debt for the year are as follows:

|                                             | Beginning Balances  | Additions     | Reductions       | Ending Balance   | Due Within One Year |
|---------------------------------------------|---------------------|---------------|------------------|------------------|---------------------|
| <b>Governmental activities:</b>             |                     |               |                  |                  |                     |
| Compensated absences                        | \$ 49,732           | 61,665        | -                | 111,397          | 111,397             |
| Notes payable                               | 1,118,901           | -             | (31,253)         | 1,087,648        | 32,689              |
| Net pension liability                       | 303,004             | -             | (287,828)        | 15,176           | -                   |
| Governmental activity long-term liabilities | <u>\$ 1,471,637</u> | <u>61,665</u> | <u>(319,081)</u> | <u>1,214,221</u> | <u>144,086</u>      |



# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 6 **EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

#### **A. Plan Descriptions, Contribution Information, and Funding Policies**

Jefferson County Emergency Service Agency participates in state-wide, cost-sharing, multiple-employer defined benefit plans on behalf of Agency 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.

All of the Agency's cost-sharing multiple-employer plans are administered by the Consolidated Public Retirement Board (CPRB), which acts as a common investment and administrative agent for all of the participating employers. CPRB issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CPRB website at [www.wvretirement.com](http://www.wvretirement.com). The following is a summary of eligibility factors, contribution methods, and benefit provisions:

#### **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 officer hired prior to the effective date who elect to become members.                                                                                                                                                                                                                                                                                                   |
| Agency establishing contributions obligations and benefits provision | State statute                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Plan member's contribution rate                                      | 8.50%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Boards contribution rate                                             | 10.50%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Period required to vest                                              | Five years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Benefit and eligibility for distribution                             | A member who has attained age 50 and has earned 20 years or more of contribution service or age 50 when age plus contributory service equals 70 while still in covered employment; or attainment of age 62 and completion of 5 years of contributory services. 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 year of service. |
| Deferred retirement portion                                          | No deferred retirement option is available.                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Provision for:                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Cost of living                                                       | No                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Death benefits                                                       | Yes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

| Fiscal<br>Year | Trend Information                       |                            |
|----------------|-----------------------------------------|----------------------------|
|                | Annual Required<br>Pension Contribution | Percentatge<br>Contributed |
| 2018           | \$ 159,982                              | 100%                       |
| 2017           | \$ 136,862                              | 100%                       |
| 2016           | \$ 126,197                              | 100%                       |
| 2015           | \$ 160,814                              | 100%                       |
| 2014           | \$ 180,239                              | 100%                       |

EMSRS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing the Public Employees' Retirement System, 4101 MacCorkle Avenue, SE, Charleston, WV 25304.

### **B. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

At fiscal year-end, the Agency reported the following liabilities for its proportionate share of the net pension liabilities. The net position liabilities were measured as of June 30, 2017, and the total pension liability used to calculate the net pension liabilities were determined by an actuarial valuation as of July 1, 2016 and rolled forward to June 30, 2017 using the actuarial assumptions and methods described in the appropriate section of this note. The Agency's proportion of the net pension liabilities was based on a projection of the Agency's long-term share of contributions to the pension plans relative to the projected contributions of all participating Agency's, actuarially determined. At June 30, 2018, the Agency's reported the following proportions and increase/decreases from its proportion measured as of June 30, 2018:

|                                                             |            |
|-------------------------------------------------------------|------------|
| Amount for proportionate share of net pension liability     | \$ 15,176  |
| Percentage for proportionate share of net pension liability | 4.7873590% |
| Increase/-Decrease % from prior proportion measured         | 0.30505%   |

For the year ended June 30, 2018, the Agency recognized the following pension expenses:

|                 |                   |
|-----------------|-------------------|
| Pension Expense | <u>\$ 110,356</u> |
|-----------------|-------------------|

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

|                                                                                                               | <u>Deferred Outflow<br/>of Resources</u> | <u>Deferred Inflow<br/>of Resources</u> |
|---------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------------------------|
| Changes of assumptions:                                                                                       |                                          |                                         |
| Net difference between projected and actual investment earnings on pension plan investments                   | \$ -                                     | 66,879                                  |
| Difference Between Expected and Actual Experiences                                                            | 25,756                                   | 72,576                                  |
| Agency contributions subsequent to the measurement date                                                       | 159,982                                  | -                                       |
| Deferred Difference in Assumptions                                                                            | -                                        | 29,873                                  |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | <u>53,761</u>                            | <u>19,160</u>                           |
|                                                                                                               | <u>\$ 239,499</u>                        | <u>188,488</u>                          |

The amount reported as deferred outflows of resources related to pension resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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<br/>June 30,</u> |                     |
|--------------------------------|---------------------|
| 2018                           | \$ (27,243)         |
| 2019                           | (27,243)            |
| 2020                           | (27,243)            |
| 2021                           | <u>(27,243)</u>     |
|                                | <u>\$ (108,971)</u> |

### **C. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of July 1, 2016 and rolled forward to June 30, 2017 for all plans, using the following actuarial assumptions, applied to all periods included in the measurement.

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### Actuarial assumptions:

|                                         |                                                                                                                                                                                              |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investment rate of return               | 7.50%                                                                                                                                                                                        |
| Salary increases                        | By age from 4.75% at age 30<br>declining to 3.25% at age 65                                                                                                                                  |
| Inflation rate                          | 3.00%                                                                                                                                                                                        |
| Discount rate                           | 7.50%                                                                                                                                                                                        |
| Mortality Rates:                        | Active - RP2000 Non-annuitant tables; Projected<br>to 2020 scale BB; Retired - RP2000 healthy<br>annuitant tables, Projected to 2025 Scale<br>BBDDisabled - RP2000 Healthy Annuitant tables; |
| Withdrawal rates                        | 0% - 14%                                                                                                                                                                                     |
| Disability rates                        | .008% - .525%                                                                                                                                                                                |
| Retirement rates                        | 20% - 100%                                                                                                                                                                                   |
| Date of most recent<br>experience study | N/A                                                                                                                                                                                          |

Mortality rates for active were based on the RP-2000 Non-annuitant mortality table, scale BB; mortality rates for retired and disabled RP2000 healthy annuitant mortality table, scale BB.

The actuarial assumptions used in the July 1, 2017 EMSRS valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2016.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which estimates of expected real rates of returns (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 percentage and by adding expected inflation. Rates summarized in the following table include the inflation component and were used for the following defined benefit plans:

| Investment              | Long-term Expected<br>Real Rate of Return | Target Asset<br>Allocation |
|-------------------------|-------------------------------------------|----------------------------|
| US Equity               | 7.0%                                      | 27.5%                      |
| International Equity    | 7.7%                                      | 27.5%                      |
| Core Fixed Income       | 2.7%                                      | 7.5%                       |
| High Yield Fixed Income | 5.5%                                      | 7.5%                       |
| TIPS                    | 2.7%                                      | 0.0%                       |
| Real Estate             | 7.0%                                      | 10.0%                      |
| Private Equity          | 9.4%                                      | 10.0%                      |
| Hedge Funds             | 4.7%                                      | 10.0%                      |
|                         |                                           | <u>100.0%</u>              |

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position for each defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities of each plan.

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:

|                                                                 | 1.0%<br>Decrease<br>6.5% | Current<br>Discount Rate<br>7.5% | 1.0%<br>Increase<br>8.5% |
|-----------------------------------------------------------------|--------------------------|----------------------------------|--------------------------|
| Agency's proportionate share<br>of EMSRS' net pension liability | \$ 539,104               | 15,176                           | (407,644)                |

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](http://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.

### NOTE 7 **OTHER INFORMATION**

#### **Risk management**

The Agency carried workers compensation coverage with WVCorp. The cost of coverage, as determined by the Insurer, is paid by the employers. The Workers Compensation Fund risk pool retains the risk related to the compensation of injured employees under the program. The Agency also carries general and liability insurance to cover other risks related to its operations.

#### **Custodial Credit Risk and Interest Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency's policy for custodial credit risk is to comply with statutory provisions for depository bond coverage, which provides that no public money should be deposited until the banking institution designated executes a bond with good and sufficient sureties which may not be less than the maximum sum that is deposited in the depository at any one time. The Agency's deposits did not exceed the amount of coverage at any time during the year.

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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The Board has no interest rate risk policy.

### **Financial Support**

The Agency is funded primarily through contributions from the Jefferson County Commission. Any change in that revenue would have a significant impact upon the ability of the Jefferson County Emergency Services Agency to function at its current level.

### **Subsequent Events**

The Agency has considered all subsequent events through March 12, 2019, the date the financial statements were made available.

## REQUIRED SUPPLEMENTARY INFORMATION

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30, 2018

|                                                                                                                   | 2018         | 2017      | 2016      | 2015      | 2014      |
|-------------------------------------------------------------------------------------------------------------------|--------------|-----------|-----------|-----------|-----------|
| Agency's proportion of the net pension liability (asset) (percentage)                                             | 4.787359%    | 4.482310% | 3.921235% | 3.921235% | 3.769903% |
| Agency's proportionate share of the net pension liability (asset)                                                 | \$ 15,176    | 303,004   | 95,913    | 95,913    | 303,364   |
| Agency's covered-employee payroll                                                                                 | \$ 1,523,638 | 1,303,448 | 1,201,876 | 1,531,562 | 1,716,562 |
| Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 1.00%        | 23.25%    | 26.21%    | 26.21%    | 38.26%    |
| Plan fiduciary net position as a percentage of the total pension liability                                        | 102.16%      | 99.56%    | 94.78%    | 95.64%    | 84.20%    |

See notes to required supplementary information



# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## SCHEDULE OF PENSION CONTRIBUTIONS

Year Ended June 30, 2018

|                                                                      | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      |
|----------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution                                  | \$ 159,982       | 136,862          | 126,197          | 160,814          | 180,239          |
| Contributions in relation to the contractually required contribution | <u>(159,982)</u> | <u>(136,862)</u> | <u>(126,197)</u> | <u>(160,814)</u> | <u>(180,239)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>      | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>         |
| Agency's covered-employee payroll                                    | \$ 1,523,638     | 1,303,448        | 1,201,876        | 1,531,562        | 1,716,562        |
| Contributions as a percentage of covered-employee payroll            | 10.50%           | 10.50%           | 10.50%           | 10.50%           | 10.50%           |

See notes to required supplementary information

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2018

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### **NOTE 1     PENSIONS**

#### **A.     Presentation**

The information presented in the schedule of proportionate share of the net pension liability and the schedule of contributions are only available for the years June 30, 2018, 2017, 2016, 2015, and 2014. The Jefferson County Emergency Services Agency will be adding additional years to the accompanying schedules as information is available.

#### **B.     Changes in Benefit Terms**

There were no changes in benefit terms for the year ended June 30, 2018.

#### **C.     Changes in Assumptions**

There were no changes in assumptions for the year ended June 30, 2018.



**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**

To the Board of Directors of the  
Jefferson County Emergency Services Agency:

We have audited, in accordance with the 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 of the governmental activities and the major fund of the Jefferson County Emergency Services Agency (the "Agency"), a component unit of Jefferson County, West Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 12, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**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 to 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 in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "David L. Howell, CPA". The signature is written in a cursive, flowing style.

David L. Howell, CPA  
Cabin Creek, West Virginia  
March 12, 2019

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## SCHEDULE OF FINDINGS

Year Ended June 30, 2018

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NONE

# JEFFERSON COUNTY EMERGENCY SERVICES AGENCY

## SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended June 30, 2018

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NONE