

Jefferson Co
RFP #14-128

**AUDIT REPORT ON THE
FINANCIAL STATEMENTS OF
JEFFERSON COUNTY EMERGENCY SERVICES AGENCY
RANSON, WEST VIRGINIA
For the Fiscal Year Ended June 30, 2014**

LISA K. THORNBURG, CPA

**JEFFERSON COUNTY EMERGENCY SERVICES AGENCY
SCHEDULE OF FUNDS INCLUDED IN REPORT
For the Fiscal Year Ended June 30, 2014**

GOVERNMENTAL FUND TYPE

General Fund

JEFFERSON COUNTY EMERGENCY SERVICES AGENCY
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For the Fiscal Year Ended June 30, 2014

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**JEFFERSON COUNTY EMERGENCY SERVICES AGENCY
BOARD OFFICIALS
For the Fiscal Year Ended June 30, 2014**

Office	Name	Term Ending
President:	Alan Williams	November 2, 2014
Vice-President:	Dave Withers	November 2, 2014
Board Members:	Robert Aitcheson	November 2, 2016
	Ed Boober	November 2, 2015
	Christopher Conroy	November 2, 2016
	John Considine	November 2, 2015
	Michael Mood	November 2, 2014
	Tim O'Neal	November 2, 2016
	Maura Sherrill	November 2, 2014
County Commissioner:	Jane Tabb	
Director:	Doug Pittinger	
Deputy Director:	Ed Hannon	
Secretary/Treasurer:	Marty Freeman	
Medical Director:	Robert Jones, MD	

Lisa K. Thornburg, CPA
2514 Bedford Chapel Road
Milton, WV 25541
(304) 617-2960

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Board
Jefferson County Emergency Services Agency
Ranson, West Virginia 25438

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Jefferson County Emergency Services Agency (Agency), a component unit of Jefferson County, West Virginia, as of and for the year ended June 30, 2014, and the related notes to the 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 the 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 used 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 opinion.

Opinions

As discussed in Note 1, the financial statements of the Jefferson County Emergency Services Agency are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund and the aggregate remaining fund information of Jefferson County that is attributable to the transactions of the Jefferson County Emergency Services Agency. They do not purport to, and do not, present fairly the financial position of Jefferson County, West Virginia, as of June 30, 2014, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jefferson County Emergency Services Agency, as of June 30, 2014, and the changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America. ✓

Emphasis of Matter

As described in Note I.D.7 in the notes to the financial statements, the Board adopted new accounting guidance, Governmental Accounting Standards Board Statement 65, *Items Previously Reported as Assets and Liabilities*, during the year ended June 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

The Board has omitted the management's 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Jefferson County Emergency Services Agency's financial statements, as a whole. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2015, on our consideration of the Jefferson County Emergency Services 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Jefferson County Emergency Services Agency's internal control over financial reporting and compliance.

Respectfully submitted,



Lisa K. Thornburg, CPA

January 30, 2015

JEFFERSON COUNTY EMERGENCY SERVICES AGENCY
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION
June 30, 2014

	General Fund	Adjustments (Note 2)	Statement of Net Position
Assets			
Current:			
Cash and cash equivalents	\$ 226,392	\$ -	\$ 226,392
Accounts receivable, net	22,264	-	22,264
Prepaid expenses	74,703	-	74,703
Capital assets:			
Land	-	550,000	550,000
Building improvements	-	1,366,998	1,366,998
Equipment	-	539,462	539,462
Less: accumulated depreciation	-	<u>(636,677)</u>	<u>(636,677)</u>
 Total assets	 <u>\$ 323,359</u>	 <u>\$ 1,819,783</u>	 <u>\$ 2,143,142</u>
Liabilities			
Current:			
Accounts payable	\$ 22,533	\$ -	\$ 22,533
Payroll payable	38,640	-	38,640
Interest payable	1,214	-	1,214
Noncurrent liabilities due within one year:			
Notes payable	-	27,320	27,320
Noncurrent liabilities due in more than one year:			
Compensated absences	-	67,107	67,107
Notes payable	-	<u>1,177,185</u>	<u>1,177,185</u>
 Total liabilities	 <u>62,387</u>	 <u>1,271,612</u>	 <u>1,333,999</u>
Fund Balances/Net Position			
Fund balances:			
Restricted	81,000	(81,000)	-
Unassigned	<u>179,972</u>	<u>(179,972)</u>	<u>-</u>
 Total fund balances	 <u>260,972</u>	 <u>(179,972)</u>	 <u>-</u>
 Total liabilities and fund balances	 <u>\$ 323,359</u>		
Net position:			
Invested in capital assets, net of related debt		615,278	615,278
Restricted for debt service		81,000	81,000
Unrestricted		<u>112,865</u>	<u>112,865</u>
 Total net position		 <u>\$ 809,143</u>	 <u>\$ 809,143</u>

The accompanying independent auditor's report and notes to the financial statements are integral parts of this statement.

**JEFFERSON COUNTY EMERGENCY SERVICES AGENCY
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES/STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014**

	<u>General</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
Expenditures:			
Personnel	\$ 1,581,152	\$ 59,320	\$ 1,640,472
Current expense	262,834	-	262,834
Capital outlay	9,591	-	9,591
Contributions to fire departments	401,408	-	401,408
Loan principal	26,117	(26,117)	-
Loan interest	54,847	-	54,847
Bad debt expense	10,530	-	10,530
Depreciation	-	79,847	79,847
	<u>2,346,479</u>	<u>113,050</u>	<u>2,459,529</u>
Program revenues:			
Charges for services	<u>68,899</u>	<u>-</u>	<u>68,899</u>
	<u>68,899</u>	<u>-</u>	<u>68,899</u>
		<u>(113,050)</u>	<u>(2,390,630)</u>
General revenues:			
Intergovernmental:			
County Commission	2,266,353	-	2,266,353
City	4,000	-	4,000
Interest income	1,655	-	1,655
Miscellaneous	<u>20,544</u>	<u>-</u>	<u>20,544</u>
	<u>2,292,552</u>	<u>-</u>	<u>2,292,552</u>
Excess (deficiency) of revenues over expenditures	14,972		
Change in net position		(113,050)	(98,078)
Fund balances/net position at beginning of year	<u>246,000</u>	<u>661,221</u>	<u>907,221</u>
Fund balances/net position at end of year	<u>\$ 260,972</u>	<u>\$ 548,171</u>	<u>\$ 809,143</u>

The accompanying independent auditor's report and notes to the financial statements are integral parts of this statement.

JEFFERSON COUNTY EMERGENCY SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

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 ten members appointed by the county commission, each serving a three year term. The officers are elected 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.

JEFFERSON COUNTY EMERGENCY SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

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 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.

D. Assets, liabilities, and net assets or equity

1. 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.

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.

**JEFFERSON COUNTY EMERGENCY SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014**

2. 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.

3. Inventories and Prepaid Items

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

4. 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:

Asset Type	Life In Years
Buildings	40
Machinery and equipment	3-10

5. 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*.

6. 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.

JEFFERSON COUNTY EMERGENCY SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

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:

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

7. 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.

8. Change in Accounting Principle

Effective July 1, 2013, the Board adopted Governmental Accounting Standards Board Statement 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This change was incorporated in the government's financial statements; however, there was no effect on beginning net position or fund balance.

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 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:

JEFFERSON COUNTY EMERGENCY SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

Capital assets	\$ 2,456,460
Less: accumulated depreciation	(636,677)
Notes payable	(1,204,505)
Compensated absences	<u>(67,107)</u>
Total adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 548,171</u>

B. Explanation of adjustments shown on the Statement of Revenues, Expenditures, and Changes in Fund Balance/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	\$ 26,117
Depreciation expense	(79,847)
Salaries	<u>(59,320)</u>
Total adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (113,050)</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. Detailed notes on all funds

A. Cash and cash equivalents

At year end, the government's carrying amount of deposits and bank balances was \$226,392, which was entirely covered by Federal Deposit Insurance Corporation coverage or security collateral. The Board's balances did not exceed this FDIC or security coverage at any time during the year.

The Board's cash balance at June 30, 2014, was composed of the following accounts:

General Checking Account	\$ 58,255
Payroll Checking	68,065
Building Account	99,741
Fire Department Account	<u>331</u>
Total cash	<u>\$ 226,392</u>

JEFFERSON COUNTY EMERGENCY SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

B. Receivables

Receivables as of year end including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	
Accounts	\$ <u>22,264</u>

C. Capital Assets

The Board had the following capital asset activity for the year ended June 30, 2014:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 550,000	\$	\$	\$ 550,000
Total capital assets not being depreciated	<u>550,000</u>	<u>0</u>	<u>0</u>	<u>550,000</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 1,366,998	\$	-	\$ 1,366,998
Machinery and equipment	539,462	-	-	539,462
Total accumulated depreciation	<u>(556,830)</u>	<u>(79,847)</u>	<u></u>	<u>(636,677)</u>
Total capital assets being depreciated, net	<u>1,349,630</u>	<u>(79,847)</u>	<u>-</u>	<u>1,269,783</u>
Governmental activities capital assets, net	<u>\$ 1,899,630</u>	<u>\$ (79,847)</u>	<u>\$ -</u>	<u>\$ 1,819,783</u>

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

Governmental activities:	
Current Expense	\$ <u>79,847</u>
Total depreciation expense - governmental activities	\$ <u>79,847</u>

D. Long-Term Debt

Notes Payable

On April 22, 2009, the Agency borrowed \$1,310,000 from the USDA to pay for the construction of a new operations center. Loan funds were advanced during the construction period as requested by the Agency. As of June 30, 2014, the outstanding loan principal balance was \$1,204,505. The loan terms require 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.

<u>Purpose</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/14</u>
Operations Center	April 2039	4.50%	\$ 1,310,000	\$ 105,495	\$ 1,204,505
Total notes payable			<u>\$ 1,310,000</u>	<u>\$ 105,495</u>	<u>\$ 1,204,505</u>
Total notes payable at June 30, 2014					\$ 1,204,505
Less: Current portion due in upcoming year					<u>(27,320)</u>
Long-term notes payable at June 30, 2014					<u>\$ 1,177,185</u>

JEFFERSON COUNTY EMERGENCY SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

Debt service requirements to maturity are as follows:

Year Ended	Governmental Activities		
	Principal	Interest	Totals
2015	\$ 27,320	\$ 53,644	\$ 80,964
2016	28,576	52,388	80,964
2017	29,888	51,076	80,964
2018-2022	171,343	233,477	404,820
2023-2027	214,487	190,333	404,820
2028-2032	268,494	136,326	404,820
2033-2037	336,099	68,721	404,820
2038-2039	128,298	5,036	133,334
Totals	<u>\$ 1,204,505</u>	<u>\$ 791,001</u>	<u>\$ 1,995,506</u>

Changes in long-term liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 7,787	\$ -	\$ -	\$ 7,787	-
Notes payable	1,230,622	-	26,117	1,204,505	27,320
Governmental activity long-term liabilities	<u>\$ 1,238,409</u>	<u>\$ -</u>	<u>\$ 26,117</u>	<u>\$ 1,212,292</u>	<u>\$ 27,320</u>

Note 5. Other information

A. Risk management

The Agency carried workers compensation coverage with BrickStreet Insurance and then switched to WVCorp during this fiscal year. 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.

B. 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.

The Board has no interest rate risk policy.

JEFFERSON COUNTY EMERGENCY SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

Depository Accounts	Book Balance	Bank Value
Insured	\$226,392	\$ 305,615
Collateralized by securities held by pledging bank in the bank's name	-	-
Uninsured and uncollateralized	-	-
Total Deposits	\$226,392	\$ 305,615

C. 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.

D. Subsequent Events

The Agency has considered all subsequent events through January 30, 2015, the date the financial statements were made available. After June 30, 2014, the Jefferson County Commission has made cuts to the operating contributions to the Agency and also imposed a county wide ambulance fee. These changes in funding levels have resulted in budget cuts for the Agency in FY 2015.

E. Employee retirement systems and pension plans

Plan Descriptions, Contribution Information and Funding Policies

West Virginia Emergency Medical Services Retirement System (EMSRS)

The Agency participates in a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and state appropriations, as necessary.

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

Eligibility to participate	All Agency full-time EMS employees
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	8.50%
County's contribution rate	10.50%
Period required to vest	Five Years

JEFFERSON COUNTY EMERGENCY SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

Benefits and eligibility for distribution

A member is eligible for "normal" retirement as follows: a member who has attained age 50 and has 20 or more years of contributing service; or age 50 if the sum of his/her age plus years of credited service is equal to or greater than 70 while still in covered employment; or age 60 and has 10 years of credited service while still in covered employment; or age 62 with completion of 5 years of credited service.

The final average salary (highest annual salary during covered employment for any 5 consecutive plan years in the last 10) times the number of years of service times 2.6% equals the annual retirement benefit for years 1-20, 2.0% for years 21-25, and 1.0% for years 26-30.

Maximum benefit allowed by Federal law for governmental retirement plan is 67% if plan is less than 75% funded.

In accordance with provisions in statute, upon reaching a 75% funded level as of an actuarial valuation date, the CPRB (Consolidated Public Employees Retirement Board) shall increase the annual multiplier from 2.6% of the final average salary to 2.75% of final average salary for years one through twenty of service credited.

Provisions for:
 Disability benefits
 Death benefits

Yes
 Yes

Trend Information

Fiscal Year	Annual Pension Percentage	
	Cost	Contributed
2014	\$ 180,239	100%
2013	\$ 157,520	100%
2012	\$ 75,240	100%

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

Lisa K. Thornburg, CPA

2514 Bedford Chapel Road

Milton, WV 25541

(304) 617-2960

**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**

Honorable Members of the Board
Jefferson County Emergency Services Agency
Ranson, West Virginia 25438

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 basic financial statements of the Jefferson County Emergency Services Agency (Agency), as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2015.

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 opinion 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 Agency'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 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 basic 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.

Respectfully submitted,



Lisa K. Thornburg, CPA

January 30, 2015