

LEXINGTON PARK VOLUNTEER RESCUE SQUAD  
NOTICE OF PUBLIC HEARING FOR  
RESIDENTS OF THE 8TH ELECTION DISTRICT  
PROPOSAL BY LEXINGTON PARK VRS  
TO INCREASE THE RESCUE TAX RATE EFFECTIVE  
JULY 1, 2018

Residents of the Eighth Election District have their Rescue services provided by Lexington Park Volunteer Rescue Squad. The funding for this service is provided from several sources, principally the district-specific Rescue Tax, the county-wide Emergency Services Support Tax, and fund raising by the Lexington Park Volunteer Rescue Squad. The Eighth Election District is served by the Lexington Park VRS.

The Lexington Park Rescue Squad, Inc. is seeking approval from the Commissioners of St. Mary's County to increase Rescue Tax Rate in the Eighth District effective July 1, 2018. Lexington Park Rescue Squad, Inc. is seeking this increase because, in developing their FY2019 budget, they have identified a need for additional funding in the amount of \$222,578 annually for equipment maintenance and costs associated with capital vehicle replacement. This increased funding is proposed to be raised by increasing the Rescue Tax rate from \$.017 to \$.023, per \$100 of assessed value. Based on an estimated 12,887 properties in the Eighth Election District, the increase is expected to average \$17.27 per property in the first year. Each property will be impacted differently. The actual amount of the increase will depend upon the value of the land and improvements as established by the State Department of Assessments and Taxation.

NOTICE IS HEREBY GIVEN that a public hearing for residents of the Eighth Election District will be held on Tuesday, February 20, 2018 at 6pm, at the Lexington Park Volunteer Rescue Squad Station 39, 21685 FDR Boulevard, Lexington Park, MD 20653. At that time, a representative of Lexington Park Volunteer Rescue Squad will make a presentation regarding these budgetary needs, and respond to questions, as appropriate. Documents relating to this proposal, including audit report and budget information, are available at Lexington Park Volunteer Rescue Squad Station 39, 21685 FDR Boulevard, Lexington Park, MD 20653, the Public Information Office, Chesapeake Building, 41770 Baldrige Street, Leonardtown, MD, 20650, and each of the three public libraries in St. Mary's County, during regular business hours. Public comment and participation is encouraged.

Written comments on this hearing should be submitted to the attention of the Commissioners of St. Mary's County, P.O. Box 653, 41770 Baldrige Street, Leonardtown, MD 20650 through February 27, 2018. The Commissioners of St. Mary's County will also accept testimony regarding this matter on April 17, 2018 at Great Mills High School, and will make a decision on May 15, 2018, in connection with the adoption of the annual budget.

Lexington Park Volunteer Rescue Squad, Inc.

By: Patricia Davidson, President



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January 9, 2018

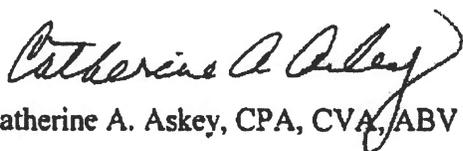
Ms. Tracey Byrne, Treasurer  
Lexington Park Volunteer Ambulance  
and Rescue Squad, Inc.  
P.O. Box 339  
Lexington Park, MD 20653

Dear Ms. Byrne

Enclosed please find:

- 1) Five bound copies and one unbound copy of financial statements for *Lexington Park Volunteer Ambulance and Rescue Squad, Inc.* for the years ended June 30, 2017 and 2016;
- 2) A Communication with Those Charged with Governance letter; and
- 3) A Communication of Deficiencies in Internal Control letter.

Sincerely,



Catherine A. Askey, CPA, CVA, ABV

Enclosures

***THE LEXINGTON PARK VOLUNTEER  
AMBULANCE AND RESCUE SQUAD, INC.***

***FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION***

***FOR THE YEARS ENDED  
JUNE 30, 2017 AND 2016***

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### INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Lexington Park Volunteer  
Ambulance and Rescue Squad, Inc.  
Lexington Park, Maryland

We have audited the accompanying financial statements of The Lexington Park Volunteer Ambulance and Rescue Squad, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

#### 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.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 qualified audit opinion.

### **Basis for Qualified Opinion**

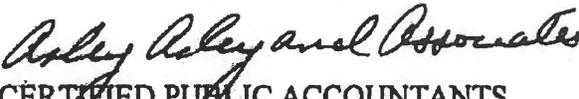
No accounting controls are exercised over door-to-door cash collections prior to the initial entry of such contributions in the accounting records. We were unable to obtain sufficient appropriate audit evidence about the amount recognized for the door-to-door contributions collected by The Lexington Park Volunteer Ambulance and Rescue Squad, Inc. for the years ended June 30, 2017 and 2016, because there were no accounting controls. Consequently, we were unable to determine whether any adjustments to those amounts were necessary.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of The Lexington Park Volunteer Ambulance and Rescue Squad, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of program and supporting expenses for the years ended June 30, 2017 and 2016, on pages 12 and 13 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

  
CERTIFIED PUBLIC ACCOUNTANTS

Leonardtown, Maryland  
January 8, 2018

## EXHIBIT A

**THE LEXINGTON PARK VOLUNTEER AMBULANCE  
AND RESCUE SQUAD, INC.**  
Statements of Financial Position  
June 30, 2017 and 2016

	Assets	
	2017	2016
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 322,384	\$ 496,511
Accounts Receivable	1,885	4,735
Other Receivables	13,752	4,626
Prepaid Expenses	3,428	3,276
Inventory	21,087	15,346
<b>Total Current Assets</b>	362,536	524,494
Property, Equipment, and Intangibles, Net	4,887,036	5,014,261
Deposits on Equipment	50,000	10,000
<b>Total Assets</b>	\$ 5,299,572	\$ 5,548,755
	<b>Liabilities &amp; Net Assets</b>	
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 37,621	\$ 44,019
Note Payable, Current Portion	48,888	44,760
<b>Total Current Liabilities</b>	86,509	88,779
<b>Long-Term Liabilities</b>		
Note Payable, Long-term Portion, net of unamortized debt issuance costs of \$50,007 and \$51,349, respectively	2,534,382	2,672,820
<b>Total Liabilities</b>	2,620,891	2,761,599
<b>Net Assets</b>		
Unrestricted	2,656,616	2,766,541
Temporarily Restricted	22,065	20,615
<b>Total Net Assets</b>	2,678,681	2,787,156
<b>Total Liabilities and Net Assets</b>	\$ 5,299,572	\$ 5,548,755

The Accompanying Notes to Financial Statements  
Are an Integral Part of These Financial Statements.

## EXHIBIT B

**THE LEXINGTON PARK VOLUNTEER AMBULANCE  
AND RESCUE SQUAD, INC.**

**Statements of Activities and Changes in Net Assets  
For the Years Ended June 30, 2017 and 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>						
Contributed Services	\$ 1,646,927	\$	\$ 1,646,927	\$ 1,472,081	\$	\$ 1,472,081
Rescue Tax	668,794		668,794	655,192		655,192
Donated Pension Income	56,043		56,043	53,739		53,739
Fundraising	49,861		49,861	51,193		51,193
Contributions	44,256		44,256	35,124		35,124
State 508 Funding		23,077	23,077		20,615	20,615
County Funding	19,000		19,000	19,000		19,000
Miscellaneous Income	4,371		4,371	9,746		9,746
Other Grants		2,000	2,000			
Interest Income	212		212	517		517
Gain on Disposal of Property and Equipment				49,500		49,500
Net Assets Released from Restrictions	23,627	(23,627)				
<b>Total Support and Revenue</b>	<u>2,513,091</u>	<u>1,450</u>	<u>2,514,541</u>	<u>2,346,092</u>	<u>20,615</u>	<u>2,366,707</u>
<b>Expenses</b>						
Program Services	2,537,952		2,537,952	2,365,730		2,365,730
Management and General	60,709		60,709	60,478		60,478
Fundraising	24,355		24,355	28,368		28,368
<b>Total Expenses</b>	<u>2,623,016</u>		<u>2,623,016</u>	<u>2,454,576</u>		<u>2,454,576</u>
<b>Change in Net Assets</b>	(109,925)	1,450	(108,475)	(108,484)	20,615	(87,869)
Net Assets at Beginning of Year	2,766,541	20,615	2,787,156	2,875,025		2,875,025
<b>Net Assets at End of Year</b>	<u>\$ 2,656,616</u>	<u>\$ 22,065</u>	<u>\$ 2,678,681</u>	<u>\$ 2,766,541</u>	<u>\$ 20,615</u>	<u>\$ 2,787,156</u>

The Accompanying Notes to Financial Statements  
Are an Integral Part of These Financial Statements.

## EXHIBIT C

**THE LEXINGTON PARK VOLUNTEER AMBULANCE  
AND RESCUE SQUAD, INC.**  
Statements of Cash Flows  
For the Years Ended June 30, 2017 and 2016

	2017	2016
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (108,475)	\$ (87,869)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	365,457	330,895
Amortization of debt issuance costs	1,342	1,342
Gain on Property and Equipment Sales and Disposals		(49,500)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	2,850	(476)
Other Receivables	(9,126)	(4,626)
Prepaid Expenses	(152)	(3,276)
Inventory	(5,741)	(15,346)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	(6,398)	41,408
<b>Net Cash Flows Provided by Operating Activities</b>	<b>239,757</b>	<b>212,552</b>
<b>Cash Flows From Investing Activities</b>		
Cash Payments for Deposits on Equipment	(45,000)	(10,000)
Cash Payments for Property and Equipment	(233,232)	(171,720)
Proceeds from Sale of Asset		49,500
<b>Net Cash Flows Provided by (Used In) Investing Activities</b>	<b>(278,232)</b>	<b>(132,220)</b>
<b>Cash Flows From Financing Activities</b>		
Principal Payments on Notes Payable	(135,652)	(43,222)
<b>Net Change in Cash and Cash Equivalents</b>	(174,127)	37,110
<b>Cash and Cash Equivalents at the Beginning of Year</b>	<b>496,511</b>	<b>459,401</b>
<b>Cash and Cash Equivalents at the End of Year</b>	<b>\$ 322,384</b>	<b>\$ 496,511</b>
<b>Supplemental Information:</b>		
Interest Paid	\$ 80,958	\$ 82,647

The Accompanying Notes to Financial Statements  
Are an Integral Part of These Financial Statements.

**THE LEXINGTON PARK VOLUNTEER AMBULANCE  
AND RESCUE SQUAD, INC.  
Notes to Financial Statements  
June 30, 2017 and 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Activities***

The purpose of The Lexington Park Volunteer Ambulance and Rescue Squad, Inc. (the Organization) is to give immediate and emergency first-aid and transportation to the closest medical aid, when required, to foster and develop the highest class of rescue squad services recognized by the county, state, and national accrediting agencies, and to maintain and improve these standards at all times. The area served by the Organization is primarily St. Mary's County, Maryland, and other areas as directed by the St. Mary's County Fire Board. The Organization's support comes primarily from local government rescue tax, grants, and other government appropriations.

***Basis of Accounting***

The financial statements of The Lexington Park Volunteer Ambulance and Rescue Squad, Inc. have been prepared in accordance with United States of America generally accepted accounting principles on the accrual basis of accounting. Accordingly, revenue is recognized as it is earned and expenses are recorded as incurred.

***Basis of Presentation***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the Organization and changes therein are classified and reported as follows:

***Unrestricted net assets*** – Net assets that are not subject to donor-imposed stipulations.

***Temporarily restricted net assets*** – Net assets that are available for use, but expendable only for those purposes or within the timeframe specified by the donor.

***Permanently restricted net assets*** – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

There were no permanently restricted net assets at June 30, 2017 and 2016. See Note 2 for a description of temporarily restricted net assets at June 30, 2017 and 2016.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual result could differ from those estimates.

### ***Fixed Assets and Depreciation***

All acquisitions of property and equipment with useful lives greater than one year and in excess of \$500 are capitalized. Fixed assets are stated at cost or, if donated, at the approximate fair market value at the date of donation. Where actual costs could not be determined, management has made estimates of the acquisition costs of certain assets. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method.

### ***Inventories***

Inventories, consisting of goods for sale at the store, are stated at the lower of cost or market, measured on a first-in, first-out basis.

### ***Contributions***

Contributions, including unconditional promises to give, are recorded when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

### ***Cash and Cash Equivalents***

For purposes of reporting cash flows, cash includes monies held at financial institutions in checking, savings, and certificates of deposit accounts unless they are received with donor-imposed restrictions limiting their use to long-term purposes.

### ***Functional Association of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### ***Reclassification of Prior Year Balances***

Certain immaterial reclassifications of the prior year balances have been made to conform to current year presentation. The reclassification has no effect on net income or net assets for the year ending June 30, 2016.

## **2. TEMPORARILY RESTRICTED NET ASSETS**

The Organization receives funds through the Senator William H. Amoss Fire, Rescue and Ambulance Fund (State 508 Funding). These funds are to be used for the acquisition or rehabilitation of fire or rescue apparatus or capital equipment or rehabilitation of facilities. It is stipulated in the agreement between the Organization and the Fund that these funds are to be deposited in a separate bank account and may not be used by the Organization for any other purpose. For each of the years ending June 30, 2017 and 2016, the Organization received \$23,077 and \$20,615, respectively from this fund. As of June 30, 2017 and 2016, \$22,064 and

\$20,615 of these funds remained unspent and are respectively reported as temporarily restricted net assets in the accompanying statement of financial position.

**3. INCOME TAXES**

The Organization is a tax-exempt organization under Section 501(c)(3) of the United States Internal Revenue Code and is classified as other than a private foundation. It is exempt from paying federal income tax on any income except unrelated business income. No provision has been made for income taxes as the Organization has no significant unrelated business income. The Organization's federal information returns are generally subject to examination by the Internal Revenue Service for three years after the date they are filed.

**4. PROPERTY, EQUIPMENT, AND INTANGIBLE ASSETS**

Property, equipment, and intangible assets consisted of the following at June 30:

	Estimated Lives (in years)	<u>2017</u>	<u>2016</u>
Land		\$444,187	\$444,187
Land Improvements	15	27,883	27,883
Buildings	10 to 40	4,425,863	4,393,835
Vehicles	5 to 7	1,505,212	1,364,120
Furniture and Equipment	3 to 10	<u>435,499</u>	<u>371,725</u>
		6,838,644	6,601,750
Less: Accumulated Depreciation & Amortization		<u>(1,951,608)</u>	<u>(1,587,489)</u>
Net Property and Equipment		<u>\$4,887,036</u>	<u>\$ 5,014,261</u>

Depreciation and amortization expense for the years ended June 30, 2017 and 2016, was \$365,457 and \$330,895, respectively.

**5. RETIREMENT BENEFITS**

In 1980, the St. Mary's County Board of County Commissioners established a retirement system for volunteer firefighters and rescue personnel. Benefits are based upon length of service for qualified active volunteer members of St. Mary's County Volunteer Fire Companies and Volunteer Rescue Squads. This program is fully funded and administered by the County Commissioners by annual appropriations. Total contributions by the County on behalf of the Organization for the fiscal years ending June 30, 2017 and 2016, were \$56,043 and \$53,739, respectively. These amounts have been included in support and program expenses in the accompanying financial statements.

## **6. CONTRIBUTED SERVICES**

The Organization's functions are accomplished entirely by unpaid volunteers. Contributed services are included in program revenue and expenses in the accompanying financial statements at their estimated fair market value at the date of receipt and totaled \$1,646,927 and \$1,472,081, respectively, for the years ended June 30, 2017 and 2016. Total volunteer hours that met the criteria for recognition in the financial statements for the years ended June 30, 2017 and 2016, were 68,224 and 62,482, respectively. For the years ended June 30, 2017 and 2016, donated volunteer hours were valued at \$24.14 and \$23.56 an hour, respectively.

## **7. CONCENTRATIONS**

The Organization receives a significant amount of funding from St. Mary's County, Maryland. A significant reduction in the level of this funding, if it were to occur, may have an adverse effect on the Organization's programs and activities.

At various times during the years ending June 30, 2017 and 2016, the Organization maintained cash-in-bank balances in excess of the federally insured limits. Amounts in excess of the federally insured limits totaled approximately \$2,500 and \$223,000 at June 30, 2017 and 2016, respectively.

## **8. RELATED PARTY TRANSACTIONS**

The Organization may purchase goods or services from companies that are affiliated with or owned by members, directly or indirectly. Items purchased are priced at competitive rates and are generally considered to be immaterial to the financial statements. During the years ended June 30, 2017 and 2016, the Organization purchased supplies from businesses owned by members in the amount of \$4,908 and \$57,001, respectively.

## **9. NOTE PAYABLE**

During the year ending June 30, 2015 the Organization completed the construction of a new squad building in Lexington Park, Maryland at a total cost of approximately \$3,800,000.

In August 2013 the Organization obtained a construction loan with a local bank to finance the construction of the new Squad building described above. The total borrowings available under the loan are \$2,962,000. The loan allows for a construction period of up to 18 months followed by a permanent amortizing term of 40 years. During the construction period interest only payments are due based on the amount drawn on the loan at a variable rate based on the "Prime Rate" as published in the Wall Street Journal. Upon the completion of the construction phase the loan's interest rate will be initially set at 3% for the first 10 years of the loan. After 10 years and on each 10-year anniversary of the loan the interest rate will be adjusted based on an index used by the bank plus a margin of 2.75%. The maximum interest rate is capped at 6% during the permanent amortizing term of the loan.

In October 2014 the construction period officially ended and the permanent amortizing term of the loan began at an opening interest rate of 3.0%. The balance of the loan upon conversion to the permanent amortizing term was \$2,961,270. The loan is secured by the completed building, matures in September 2054, and calls for fixed monthly payments of approximately \$10,600 a month, subject to the interest rate changes described above. Future loan maturities are as follows for each of the five years ending June 30:

2018	\$ 48,888
2019	50,375
2020	51,908
2021	53,487
2022	55,113
Thereafter	<u>2,373,506</u>
Total	2,633,277
Less: Unamortized debt issuance costs	<u>(50,007)</u>
Long-term debt, less unamortized debt issuance costs	2,583,270
Less: current portion	<u>(48,888)</u>
Long-term portion	<u>\$ 2,534,382</u>

Total interest paid on the above loan was \$82,300 and \$85,331 for the years ending June 30, 2017 and 2016.

During the year ended June 30, 2017, the Organization retroactively adopted the requirements in FASB ASC-835-30 to present debt issuance costs as a reduction of the carrying amount of the related debt rather than as an asset. Long-term debt as of June 30, 2016, was previously reported on the statement of financial position as \$2,768,929 with the associated \$51,349 unamortized debt issuance costs included in property and equipment. Amortization of the debt issuance costs is reported as interest expense in the statement of activities.

#### 10. *DEPOSITS ON EQUIPMENT*

During the year ending June 30, 2017, the Organization entered into an agreement for the purchase of a vehicle chassis for a squad vehicle. The total amount paid toward the purchase of the vehicle chassis was \$45,000, and is included in deposits on equipment in the statement of financial position at June 30, 2017. The vehicle chassis is expected to be delivered in fiscal year 2019.

During the year ending June 30, 2016, the Organization placed two deposits for future vehicle remounts for \$5,000 each. At June 30, 2017 a \$5,000 deposit remains for this purchase, and is included in deposits on equipment in the statement of financial position at June 30, 2017. In July 2017, the organization entered into an agreement for the remount of an existing ambulance at a total cost of approximately \$148,000.

## 11. OPERATING LEASE

During the year ending June 30, 2017, the Organization entered into an agreement with a company to supply solar panels on the station. The lease calls for monthly lease payments of \$522.21 per month, escalating each year. The lease begins in July 2017 and is 20 years, with a renewal option of up to ten years.

Future minimum lease payments under the above lease are as follows for the year ending June 30:

2018	\$ 6,267
2019	6,448
2020	6,635
2021	6,828
2022	7,026
Thereafter	<u>133,477</u>
Total	<u>\$ 166,681</u>

## 12. SUBSEQUENT EVENTS

In September 2017, the organization obtained a line of credit with a local bank in the amount of \$60,000. The line of credit is secured by a deed of trust on the Organization's property. Interest on the line of credit is based on the bank's base rate plus .50%. The line of credit is renewed annually and expires in September 2018.

In October 2017, the organization entered into an agreement to purchase a new utility vehicle at a total cost of approximately \$27,000, this amount was paid in full in November 2017.

Management has considered and evaluated subsequent events through January 8, 2018, the date the financial statements were available to be issued.

**Supplementary Information**

**THE LEXINGTON PARK VOLUNTEER AMBULANCE  
AND RESCUE SQUAD, INC.  
Schedules of Program Expenses  
For the Years Ended June 30, 2017 and 2016**

	2017	'2016
<b>Program Expenses</b>		
Contributed Services	\$ 1,646,927	\$ 1,472,081
Depreciation and Amortization	365,457	330,895
Maintenance	84,893	84,543
Interest Expense	82,300	85,331
Insurance	65,284	85,510
Pension Expense	56,043	53,739
Uniforms and Protective Clothing	53,156	42,911
Medical Equipment and Supplies	48,964	35,629
Fuel	38,639	33,995
Utilities	34,521	34,455
Apparatus Repairs	27,300	33,552
Training and Education	15,063	25,669
Telephone, Internet, and Cable	11,144	11,109
Radio Communications	7,961	36,011
Dues	300	300
	<u>300</u>	<u>300</u>
<b>Total Program Expenses</b>	<u>\$ 2,537,952</u>	<u>\$ 2,365,730</u>

**THE LEXINGTON PARK VOLUNTEER AMBULANCE  
AND RESCUE SQUAD, INC.**

**Schedules of Supporting Expenses  
For the Years Ended June 30, 2017 and 2016**

	2017	2016
<b>Management and General</b>		
Awards	\$ 14,006	\$ 10,376
Professional Fees	11,100	11,500
Installation	8,416	7,751
Supplies	7,402	6,594
Office Equipment	5,498	13,775
Miscellaneous	5,266	4,227
Hospitality	3,698	4,256
Stores	2,671	
Public Relations	1,952	1,299
Conventions	700	700
<b>Total Management and General</b>	<b>\$ 60,709</b>	<b>\$ 60,478</b>
<b>Fundraising Expenses</b>		
Contracted Services	\$ 16,997	\$ 17,894
Miscellaneous	7,358	10,474
<b>Total Fundraising Expenses</b>	<b>\$ 24,355</b>	<b>\$ 28,368</b>



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**Communication with Those Charged with Governance**

January 8, 2018

To the Board of Directors of  
The Lexington Park Volunteer Ambulance  
and Rescue Squad, Inc.

We have audited the financial statements of The Lexington Park Volunteer Ambulance and Rescue Squad, Inc. for the year ended June 30, 2017, and have issued our report thereon dated January 8, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 7, 2017. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings**

***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by The Lexington Park Volunteer Ambulance and Rescue Squad, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the value of Contributed Services is based on the total duty hours that are logged and valued at a national standard placed upon an hour of specialized donated services. We evaluated the key factors and assumptions used to develop the value in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached Adjusting Journal Entry report lists the misstatements detected as a result of audit procedures that were corrected by management.

***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 8, 2018.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and Management of The Lexington Park Volunteer Ambulance and Rescue Squad, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Askey, Askey & Associates, CPA, LLC



**Askey, Askey &  
Associates, CPA, LLC**

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**Communication of Deficiencies in Internal Control**

To the Board of Directors and Management of  
The Lexington Park Volunteer Ambulance and  
Rescue Squad, Inc.  
Lexington Park, Maryland

In planning and performing our audit of the financial statements of The Lexington Park Volunteer Ambulance and Rescue Squad, Inc. as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered The Lexington Park Volunteer Ambulance and Rescue Squad, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in The Lexington Park Volunteer Ambulance and Rescue Squad, Inc.'s internal control to be material weaknesses:

**Cash Basis Method of Accounting**

During the year ended June 30, 2017, the Organization's records were maintained primarily on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. During the course of our audit, we proposed adjustments to convert the year-end accounting records from the cash basis of accounting to the accrual basis of accounting. While the Organization's budget is ordinarily prepared on the cash basis of accounting, the year-end financial statements are required to be prepared using the accrual basis of accounting. Therefore, we recommend that the Organization implement procedures to ensure that the accrual adjustments are recorded at year-end to convert the cash basis records to the accrual basis of accounting.

**No Accounting Controls Over Door-To-Door Cash Collections**

The Organization has engaged a professional third party fundraising company (the Company) to organize and carry out an annual photo fundraiser. The third party is responsible for soliciting and collecting donations on behalf of the Organization. No accounting controls exist relating to the contributions solicited and collected by the Company. We recommend that the Organization implement control procedures to provide assurance that all contributions raised by the Company are properly accounted for and included in the Organization's accounting records. Specifically, we recommend that the Organization request documentation from the third party fundraising company that provides assurance over the accounting for cash collections by solicitors. Such documentation could include

descriptions of the control procedures utilized by the Company, documentation of the bonding insurance purchased by the Company and covering solicitors, or a copy of an audit or attestation report from an independent CPA firm covering the Company's solicitation activities.

**Understatement of credit card expenses**

Under the procedures in place during fiscal year 2017 the Organization only entered the credit card charges in QuickBooks once the approved spending voucher is received. This causes expenses to be understated when reviewing the QuickBooks file and budget reports since the charges that approved spending vouchers were not received from were not entered. The credit card charges should be entered off the statement in the case an approved spending voucher is not received and followed up on. The correct expense account should be noted when the charge was approved or by speaking with the credit card user so that the financials are up to date when being reviewed. Upon receiving the QuickBooks file there was approximately \$15,000 of credit card charges not categorized. We understand the Organization has put procedures in place during fiscal year 2018 to correct this deficiency by recording the charges from the statements to an unreconciled credit card expense account.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

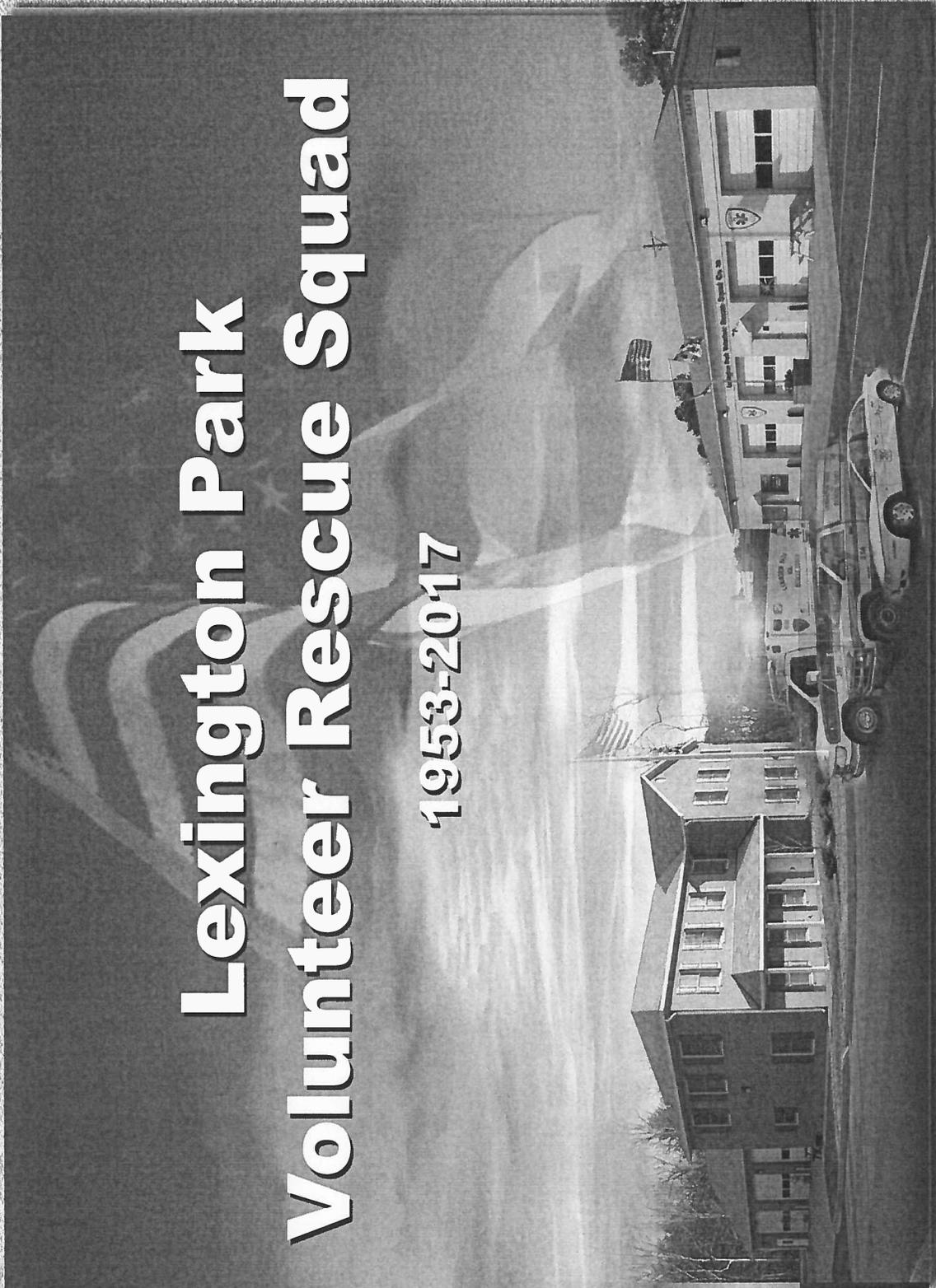
This communication is intended solely for the information and use of management the Board of Directors, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.



Askey, Askey & Associates, CPA, LLC  
Leonardtown, Maryland  
January 8, 2018

# Lexington Park Volunteer Rescue Squad

1953-2017



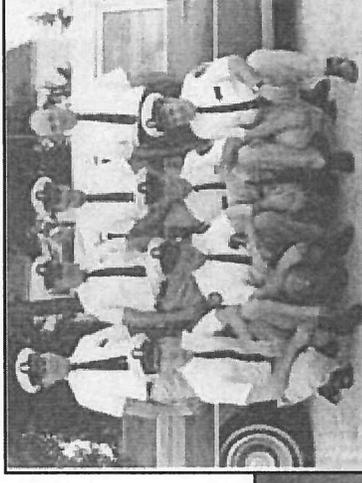
FY2019 BUDGET SUBMISSION

# HISTORY



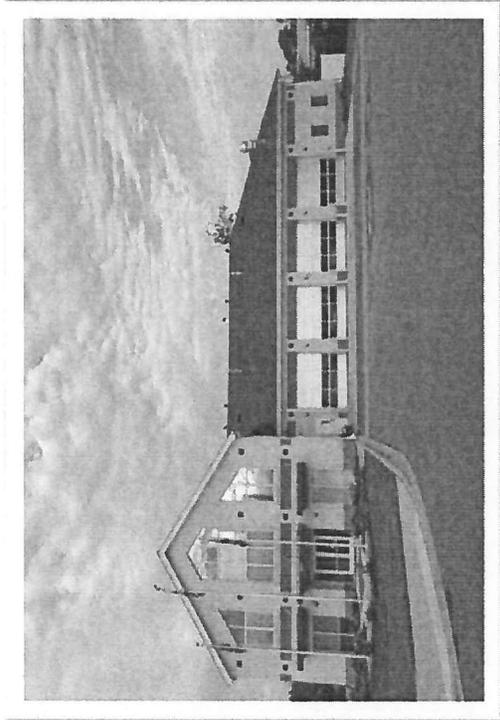
## AMBULANCE

- **Lexington Park Volunteer Rescue Squad was organized on March 19, 1953 under the sponsorship of the American Legion, Veterans of Foreign Wars, and the Lions Club and was incorporated in 1954; In that first year, there were approximately 10 squad members who responded to 48 calls for assistance on a budget of \$700.00; A new ambulance equipped with the basic life support systems of that era cost no more than \$6,000.00**
- **63 years later in 2017, Lexington Park Volunteer Rescue Squad has 279 member who responded to 7,461 calls for assistance on a FY18 budget of \$967,392; A new ambulance equipped with basic life support systems now costs \$250,000.00**

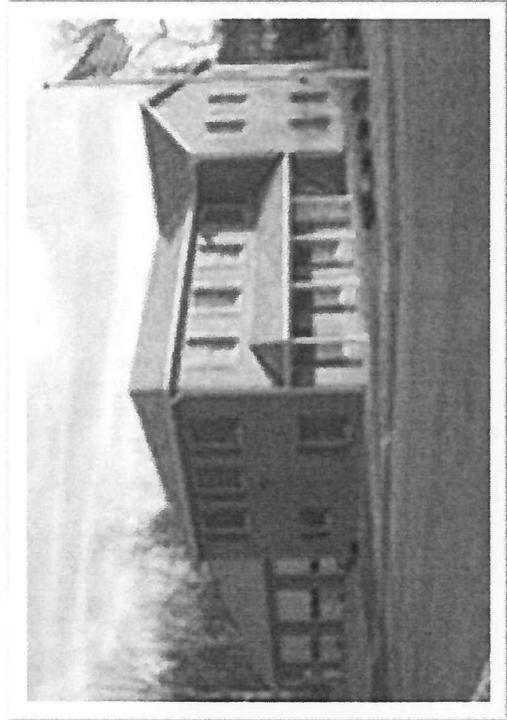


# STATIONS

## AMBULANCE



- **STATION 39 - Built in FY2015 with modern living, administrative, and training facilities. This includes four double depth drive through bays and a fifth maintenance bay**



- **STATION 38 - Built in 2000 by LPVRS; 7,223 SF of building on 1.96 ac; Four large vehicle bays, training, administration and living spaces**

# EMERGENCY VEHICLE FLEET



**AMBULANCE**

- 7 – Lifeline Type III Ambulances (6 Chevy G4500, 1 Ford E450)
- 1 – Ford Expedition Command/Utility vehicle (EMS 39)
- 1 – Utility/First response vehicle (Utility 38)
- 1 – Utility vehicle (not an Emergency Vehicle) (Utility 39)

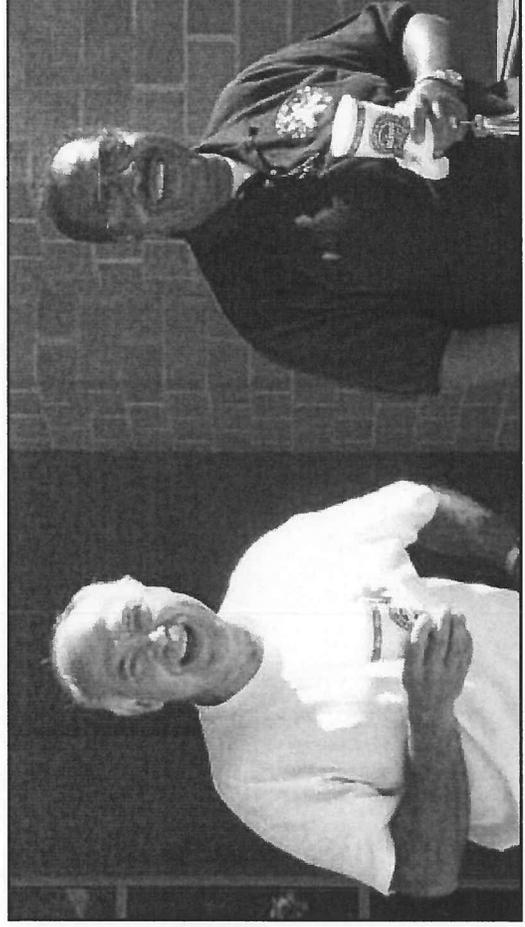
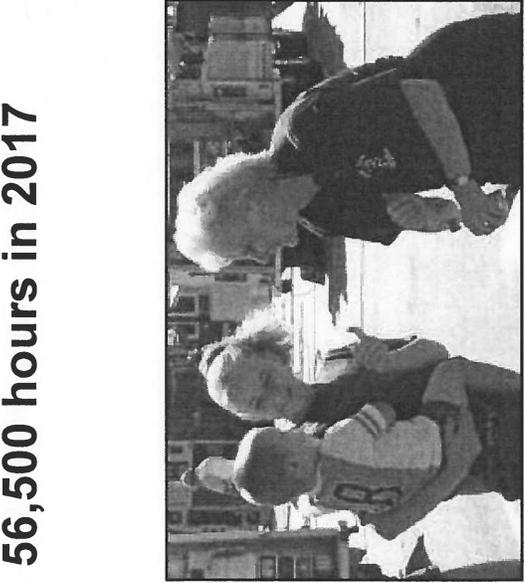


# MEMBERS



## AMBULANCE

- 100% volunteer since 1953
- Composed of community members from throughout St. Mary's county
- 279 members at this time
- Donated in excess of 56,500 hours in 2017

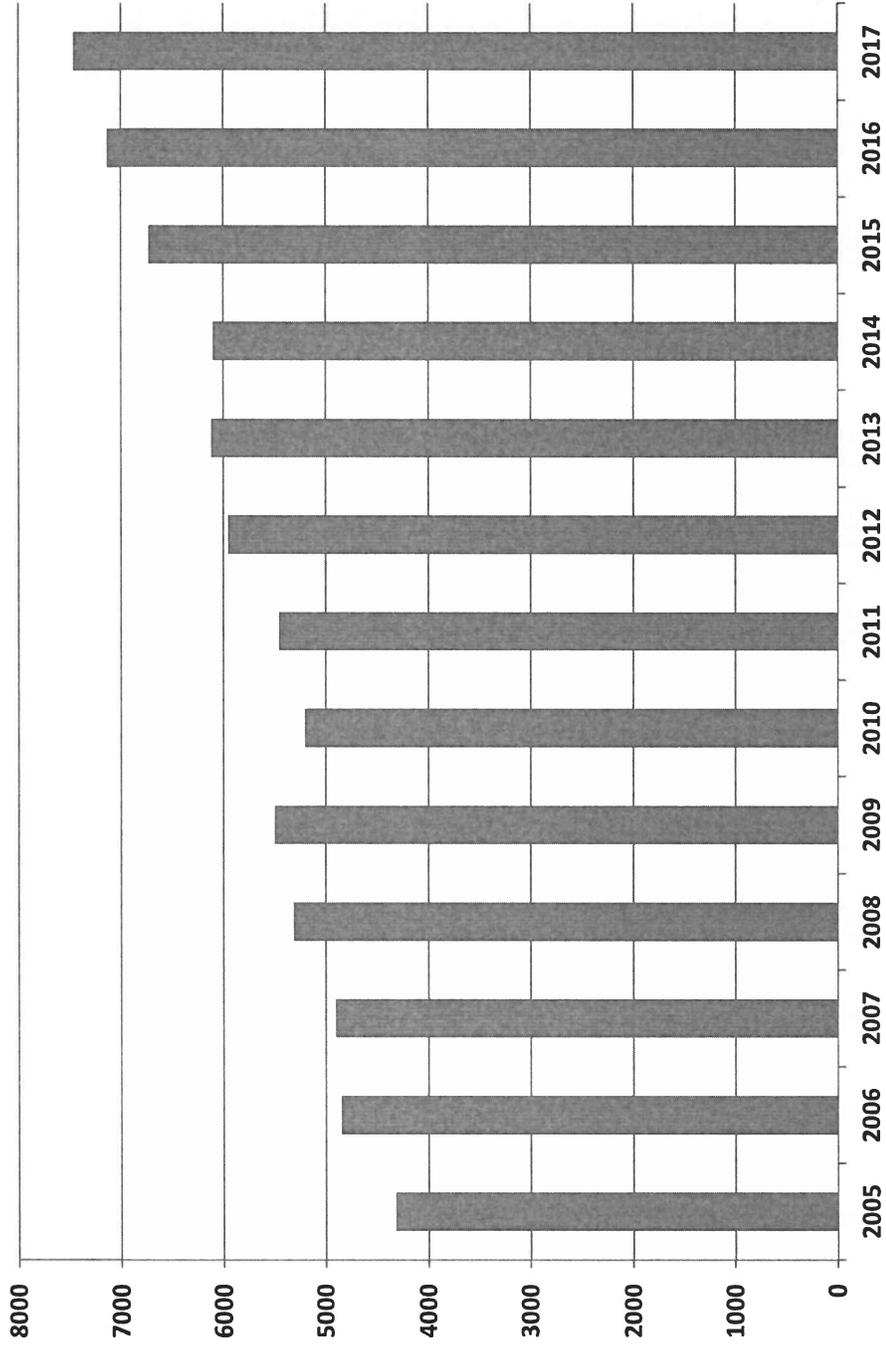


**OUR MOST VALUABLE RESOURCE!**

# CALL VOLUME



## AMBULANCE



# OPERATIONS



## AMBULANCE

- Two staffed ambulance 24 hours a day, 365 days a year
- A First Response vehicle and additional Ambulances staffed as often as we can or as needed
- In FY17, LPVRS had one of the lowest Did Not Respond (DNR) rate of any rescue squad in St. Mary's County (0.3%)
- In FY17, LPVRS had a average response time of 8:27. Response time is time from dispatch till first unit on scene.
- LPVRS responded to 7566 calls for service in CY2017
- That represents 49.2% of ALL Fire and Rescue incidents (15,380) in St. Mary's County



# Accomplishments

## AMBULANCE

- LPVRS was named the busiest ALL Volunteer Emergency Medical Service company in the State of Maryland
- LPVRS has multiple safety initiatives to protect members, equipment, and the public
  - Driver Safety officer / program reviewing training and all incidents
  - Dash Cameras in all emergency vehicles that is reviewed for training and all incidents
  - On line safety training in conjunction with our insurance
  - Just received an award from Chesapeake Employers Insurance company (1 of only 18 in MD)
- LPVRS allows all EMT Students (not just LPVRS Members) to ride our ambulances to learn and gather the required numbers of patient assessments
- LPVRS has used ambulance remounting/refurb vice new unit procurement for the last two replacement cycles saving more then \$400,000 in total
- All seven (7) LPVRS ambulances achieved Voluntary Ambulance Inspection Program (VAIP) Advanced Life Support (ALS) Ambulance Seals of Excellence
- In 2014, LPVRS stood up Ambulance 396 as our Special Response Unit supporting the county with Infectious Disease and Bariatrics responses

# **COST SAVING EFFORTS**



## **AMBULANCE**

- **Multi-ambulance replacement contracts**
- **Ambulance Remounts vice new purchase**
- **Annual Insurance reviews**
- **Personal Protective Equipment and equipment grants**
- **Installed Diesel fuel tank at Station 38**
- **Installed Solar Power at Station 38**
- **Members perform as much vehicle maintenance as possible**
- **Cost savings mind set preached to membership**
- **CPA audit every year**

# Budget Process



## AMBULANCE

- **Budget committee consisted of 9 members**
- **Process involved**
  - Review of current budget line items
  - Review of past budgets
  - Review of FY2017 line items over or under drawn
  - Review and update of the 10 year capital purchase plan
  - Discussion of Ambulance Fleet related issues that will impact budget
  - Review of Fleet replacement costs
  - Developed Fleet Replacement plan
  - Creation of draft FY2019 budget expense
  - Review of county tax estimates at different rates
  - Review of available funding outside county tax
  - Creations of 5 year full budget for LPVRS
  - Decision Emergency Service tax level to be requested
  - Board of Director review and approval
    - Approved Vehicle Replacement plan
    - Approved request for Emergency Services tax level increase
    - Approved FY2019 Budget
  - General membership review and approval
  - Submission of full budget package January 2018
  - Received Emergency Services Committee approval of tax increase request

# FLEET REPLACEMENT



## AMBULANCE

- Fleet replacement is the primary reason for the request to increase our Emergency Services tax rate
- For the past 12 years we have worked under a 7-8 year replacement cycle.
- With current EMS operations we place over 23,000 miles on each ambulance per year.
- Currently the average mileage on ambulances at replacement exceeds 170,000 miles
- Our engineers are seeing larger and more frequent issues once ambulances crest the 130,000 miles mark (DEF Systems, transmissions, and electronics)
- Replacement ambulances have had to be procured early for the last three years due to these issues
- In the past ten years we have been forced to change from Ford E450 van chassis to Chevy G4500 van chassis and now to Ford F450 truck chassis. This last change will drive procurement of full new ambulances in the next replacement cycle

# FLEET REPLACEMENT PLAN



## AMBULANCE

- To replace ambulances prior to excessive miles we need to replace all seven ambulances every 5 years (6<sup>th</sup> year for utility vehicles). This will force procurement of two ambulances in two years of the plan.
- LPVRS plans to place the cost of one and one half (1.5) ambulances into a Vehicle Replacement Savings account
- Each vehicle replacement would be funded out of this account
- Once first replacement cycle is completed we would return to remounting/refurb to reduced costs. This will free this funding for other increasing costs of operations.
- Use of loans was considered but deemed unsupported



# Secondary Increase Reasons



## AMBULANCE

- **Cost to maintain two stations has increased. In FY17, Station maintenance /upkeep costs exceeded \$100,000.**
- **Costs to supply uniforms, Safety Equipment, and pagers is increasing**
- **Insurance cost are slowly increasing**
- **Current EMS operations require more advanced equipment and services. Each ambulance has over \$47,000 worth of equipment on board. This equipment must be maintained and/or replaced.**

# SUMMARY



## AMBULANCE

- LPVRS has done everything in our power to minimize our budget/costs
- The cost of running the busiest all volunteer emergency medical service in the state of Maryland is increasing every year
- Ambulance maintenance and reliability is now affecting LPVRS EMS Operations
- LPVRS has provided all required data. LPVRS began on this review/budget process over 5 months ago. We completed a thorough study of our practices and future costs. This request was not made lightly or without thought.
- LPVRS requests permission to take this request to the citizens of the 8<sup>th</sup> district.



Questions??