

EXETER DISTRICT AMBULANCE
Exeter, California

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**
Years Ended June 30, 2015 and 2014

EXETER DISTRICT AMBULANCE
Exeter, California

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EXETER DISTRICT AMBLULANCE
Exeter, California

JUNE 30, 2015

BOARD OF DIRECTORS

Wesley Grim

President

Loraine Pipkin-Franks

Vice President

Stacey Walter

Treasurer

Vickie Riddle

Secretary

Mike Sherer

Member

ADMINISTRATION

Kim Damico

District Manager

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Exeter District Ambulance
Exeter, California

We have audited the accompanying financial statements of Exeter District Ambulance (the District), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The financial statements of the Exeter District Ambulance as of June 30, 2014, were audited by other auditors whose report dated September 30, 2014, expressed an unqualified opinion on those 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.

Auditor's 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 misstatements 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 representation 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 opinion.

Visalia Office

KEITH M. WHELAN
Certified Public Accountant
Partner

GREG D. GROEN
Certified Public Accountant
Partner

Lindsay Office

D. CHRIS NEEDY
Enrolled Agent
Partner

CARY J. MORRIS
Consultant

Visalia Office

822 W. Center
Visalia, California 93291
Tel: (559) 625-0320
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Lindsay Office

P.O. Box 518
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Lindsay, California 93247
Tel: (559) 562-2551
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Opinion

In our opinion, the 2015 financial statements referred to above present fairly, in all material respects, the respective financial position of Exeter District Ambulance, as of June 30, 2015, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

Other Matters

Prior Period Financial Statements

The financial statements of the Exeter District Ambulance as of June 30, 2014, were audited by other auditors whose report dated September 30, 2014, expressed an unqualified opinion on those statements.

Required Supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Exeter District Ambulance's basic financial statements. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Morris Sprague Graen & Neese

August 24, 2015

EXETER DISTRICT AMBULANCE

Exeter, California

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Exeter District Ambulance (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position was \$1,136,431 at June 30, 2015. This represents a decrease of \$268,772, from the previous year. This includes \$268,772 of net loss from current year operations.
- During the year, the District's total expenses were \$1,554,512. The District's total revenues were \$1,285,740. The District revenues were \$268,772 less than expenses.
- The District issued no new debt during the year ended June 30, 2015.

USING THIS ANNUAL REPORT

Governments that are engaged only in business-type activities should present only the financial statements required for enterprise funds. Since the District meets this criterion, its basic financial statements consist only of Enterprise fund financial statements, not Government-wide financial statements, which begin on page 8.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented in this annual report include the activities of Exeter District Ambulance using the reporting model as presented by Governmental Accounting Standards Board Statement Number 34 (GASB 34) and Statement Number 63 (GASB 63). The report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information, if any. In addition, we have included other supplementary information pertinent to these financial statements. The basic financial statements also include notes that further explain some of the information presented in the financial statements and provide more detailed data.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statements of Net Position include information on the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, and provide information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). The Statements of Revenues, Expenses and Changes in Fund Net Position identify the District's revenues and expenses for the fiscal years ended June 30, 2015 and 2014. This statement provides information on the District's operations over the past two fiscal years and can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges. The third financial statement is the Statements of Cash Flows. From the Statement of Cash Flows, the reader can obtain information on the source and use of cash and the changes in cash and cash equivalents balance for the last fiscal year.

See Independent Auditor's Report.

EXETER DISTRICT AMBULANCE

Exeter, California

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT

The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Fund Net Position

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Fund Net Position Assets report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating. To assess the overall health of the District, however, one needs to consider additional non-financial factors such as changes in the District's user base, the ability to adjust rates and the availability of funding from outside sources.

See Independent Auditor's Report.

EXETER DISTRICT AMBULANCE

Exeter, California

MANAGEMENT'S DISCUSSION AND ANALYSIS**CONDENSED COMPARATIVE FINANCIAL STATEMENT INFORMATION**

A presentation of condensed financial information, as compared to the previous year, is as follows:

Statements of Net Position

	2015	2014	Increase (Decrease)	Percentage of Change
Assets				
Current and other assets	\$ 792,787	\$ 994,276	\$ (201,489)	-20.26%
Capital assets	427,406	489,063	(61,657)	-12.61%
Total assets	<u>\$ 1,220,193</u>	<u>\$ 1,483,339</u>	<u>\$ (263,146)</u>	-17.74%
Deferred Outflows of Resources				
	-	-	-	0.00%
Total assets and deferred outflows of resources	<u>\$ 1,220,193</u>	<u>\$ 1,483,339</u>	<u>\$ (263,146)</u>	-21.57%
Liabilities				
Current liabilities	\$ 83,762	\$ 78,136	\$ 5,626	7.20%
Noncurrent liabilities	-	-	-	0.00%
Total liabilities	<u>83,762</u>	<u>78,136</u>	<u>5,626</u>	6.72%
Deferred Inflows of Resources				
	-	-	-	0.00%
Net Position				
Net investment in capital assets	427,406	489,063	(61,657)	-12.61%
Restricted	-	-	-	0.00%
Unrestricted	<u>709,025</u>	<u>916,140</u>	<u>(207,115)</u>	-22.61%
Total net position	<u>1,136,431</u>	<u>1,405,203</u>	<u>(268,772)</u>	-19.13%
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,220,193</u>	<u>\$ 1,483,339</u>	<u>\$ (263,146)</u>	-17.74%

Explanation of changes in selected line items:

- Net capital assets had a net decrease of \$61,657 which consisted of \$12,956 of net asset additions and a reduction for depreciation expense of \$74,613.
- Current assets decreased due to less cash and cash investments and accounts receivable balances over prior year.
- Current liabilities increased due to accrued expenses.

See Independent Auditor's Report.

EXETER DISTRICT AMBULANCE

Exeter, California

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONDENSED COMPARATIVE FINANCIAL STATEMENT INFORMATION (continued)

Statements of Revenues, Expenses and Changes in Fund Net Position

Revenues	2015	2014	Increase (Decrease)	Percentage of Change
Service revenues	\$ 3,302,553	\$ 3,493,602	\$ (191,049)	-5.47%
Contractual write downs	(2,226,719)	(2,198,259)	(28,460)	-1.29%
Other charge write downs	(102,819)	(107,584)	4,765	4.43%
Bad debt recovery	42,975	46,410	(3,435)	-7.40%
Other	17,955	8,968	8,987	100.21%
Total operating revenues	1,033,945	1,243,137	(209,192)	-16.83%
Non-Operating Revenues				
Interest income	503	1,262	(759)	-60.14%
Property taxes	251,292	246,136	5,156	2.09%
Total non-operating revenues	251,795	247,398	4,397	1.78%
Total Revenues	1,285,740	1,490,535	(204,795)	-13.74%
Expenses				
Wages and benefits	884,989	806,723	78,266	9.70%
Bad debt	124,077	178,578	(54,501)	-30.52%
Depreciation	74,613	84,590	(9,977)	-11.79%
Maintenance and operations	470,833	414,340	56,493	13.63%
Total operating expenses	1,554,512	1,484,231	70,281	4.74%
Non-Operating Expenses				
Interest expense	-	-	-	0.00%
Total Expenses	1,554,512	1,484,231	70,281	4.74%
Increase (decrease) in net position	(268,772)	6,304	(275,076)	-4363.52%
Total net position, beginning of year	1,405,203	1,398,899	6,304	0.45%
Total net position, end of year	\$ 1,136,431	\$ 1,405,203	\$ (268,772)	-19.13%

Explanation of changes in selected line items:

- Revenues decreased due to decreased billable call volume during the year.
- The District experienced an increase of \$5,156 in tax revenue during the current year.
- Operating expenses increased mainly due to increased salaries, professional fees, and increased maintenance expense.

See Independent Auditor's Report.

EXETER DISTRICT AMBULANCE
Exeter, California

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

At June 30, 2015, the District had invested \$1,388,788 in a broad range of capital assets, including land, equipment, buildings and vehicles. Details of capital assets are as follows:

Capital Assets

	2015	2014	Increase (Decrease)
Land	\$ 141,820	\$ 141,820	-
Buildings and improvements	508,320	505,883	2,437
Vehicles and equipment	635,688	635,688	-
Office equipment	102,960	92,441	10,519
Total capital assets	1,388,788	1,375,832	12,956
Accumulated depreciation	(961,382)	(886,769)	(74,613)
Net capital assets	<u>\$ 427,406</u>	<u>\$ 489,063</u>	<u>\$ (61,657)</u>

- Capital asset additions included Building improvements and upgrades to the office hardware and machines.

Long-Term Debt

At June 30, 2015, the District had \$0 in long-term debt outstanding.

ECONOMIC FACTORS RELATIVE TO FUTURE PERIODS

- Change in the number of total service calls and area of service.
- Change in reimbursement factors from Medicare and Medi-Cal.
- Employee and staffing changes.
- Changes in employee Memorandum of Understanding
- Vehicle maintenance

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's business office at (559) 594-5250, or by mail at: Exeter District Ambulance, 302 East Palm, Exeter, CA 93221.

See Independent Auditor's Report.

EXETER DISTRICT AMBULANCE
Exeter, California

STATEMENTS OF NET POSITION
JUNE 30, 2015 and 2014
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2015	2014
CURRENT ASSETS		
Cash and cash investments	\$ 626,333	\$ 738,504
Accounts receivable, net of \$68,000 and 94,000 allowance	121,405	215,013
Property taxes accrued	13,336	12,991
Interest receivable	607	532
Prepaid expenses	21,106	27,236
Deposits	10,000	-
Total current assets	792,787	994,276
CAPITAL ASSETS		
Land	141,820	141,820
Other capital assets, net of depreciation	285,586	347,243
Total capital assets	427,406	489,063
DEFERRED OUTFLOWS OF RESOURCES		
Total assets and deferred outflows of resources	\$ 1,220,193	\$ 1,483,339

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

	2015	2014
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 27,538	\$ 34,079
Accrued wages and payroll taxes	34,875	25,680
Accumulated compensated absences	9,019	6,254
Pension liability	12,330	12,123
Total current liabilities	83,762	78,136
LONG-TERM LIABILITIES		
Total liabilities	83,762	78,136
DEFERRED INFLOWS OF RESOURCES		
-		
NET POSITION		
Net investment in capital assets	427,406	489,063
Restricted	-	-
Unrestricted	709,025	916,140
Total net position	1,136,431	1,405,203
Total liabilities, deferred inflows of resources, and net position	\$ 1,220,193	\$ 1,483,339

See Independent Auditor's Report and Accompanying Notes.

EXETER DISTRICT AMBULANCE
Exeter, California

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 and 2014**

OPERATING REVENUES	<u>2015</u>	<u>2014</u>
Service revenues	\$ 3,302,553	\$ 3,493,602
Contractual write downs	(2,226,719)	(2,198,259)
Other charge write downs	(102,819)	(107,584)
Bad debt recovery	42,975	46,410
Other	17,955	8,968
Total operating revenues	<u>1,033,945</u>	<u>1,243,137</u>
OPERATING EXPENSES		
Salaries, employee benefits and payroll taxes	884,989	806,723
Bad debts	124,077	178,578
Legal and professional	123,618	89,025
Communications	91,375	84,217
Depreciation	74,613	84,590
Repairs and maintenance	60,560	63,057
Supplies	52,963	46,507
Fuel and oil	39,689	51,420
Insurance	28,829	26,664
Special district expense	24,792	5,759
Office expense	17,829	20,682
Utilities	12,193	11,224
Uniforms	8,466	6,497
Miscellaneous	5,823	4,719
Director fees	2,147	2,950
Bank service charges	1,594	1,124
Memberships	955	495
Total operating expenses	<u>1,554,512</u>	<u>1,484,231</u>
Operating loss	(520,567)	(241,094)
NON-OPERATING REVENUES (EXPENSES)		
Interest income	503	1,262
Property taxes	251,292	246,136
Total non-operating revenues (expenses)	<u>251,795</u>	<u>247,398</u>
Increase (decrease) in net position	(268,772)	6,304
Total net position, July 1, 2014	<u>1,405,203</u>	<u>1,398,899</u>
Total net position, June 30, 2015	<u>\$ 1,136,431</u>	<u>\$ 1,405,203</u>

See Independent Auditor's Report and Accompanying Notes.

EXETER DISTRICT AMBULANCE
Exeter, California

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,109,598	\$ 1,220,407
Other cash receipts	17,955	8,968
Cash payments to suppliers for goods and services	(588,316)	(581,034)
Cash payments to employees for services	(890,247)	(808,668)
Net cash used by operating activities	(351,010)	(160,327)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Property taxes received	251,292	246,136
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid on long-term debt	-	(16,117)
Interest paid on long-term debt	-	-
Net cash used in capital and related financing activities	-	(16,117)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital asset acquisition	(12,956)	(14,927)
Interest income	503	1,262
Net cash used by investing activities	(12,453)	(13,665)
Net (decrease) increase in cash and cash investments	(112,171)	56,027
Cash and cash investments, July 1, 2014 and 2013	738,504	682,477
Cash and cash investments, June 30, 2015 and 2014	\$ 626,333	\$ 738,504
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (520,567)	\$ (241,094)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	74,613	84,590
Decrease (Increase) in:		
Accounts receivable	93,608	(13,762)
Property taxes	(345)	(723)
Interest receivable	(75)	(141)
Deposits	(10,000)	-
Prepaid expenses	6,130	(2,808)
Increase (decrease) in:		
Accounts payable	(6,541)	12,505
Accrued wages and payroll taxes	9,195	2,476
Accrued interest expense	-	(839)
Accumulated compensated absences	2,765	(735)
Pension liability	207	204
Net cash used by operating activities	\$ (351,010)	\$ (160,327)

See Independent Auditor's Report and Accompanying Notes.

EXETER DISTRICT AMBULANCE

Exeter, California

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 and 2014

NOTE 1 -Summary of Significant Accounting Policies

Exeter District Ambulance (the District) was organized in May 1977 under provisions of Section 32002.1 of the California Health and Safety Code to provide emergency medical assistance and transportation for the residents within the tax district and the surrounding areas.

The accounting policies of the District conform to generally accepted accounting principles as applicable to government agencies. The following is a summary of the more significant provisions:

Reporting Entity

The District's basic financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District
- exclusion of the organization would render the financial statements incomplete or misleading

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB statements.

Fund Accounting

The operations of the District are accounted for in an enterprise fund. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where costs (expenses, including depreciation) of providing services to the general public on a continuing basis are financed primarily through user charges.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts of the District and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

See Independent Auditor's Report

EXETER DISTRICT AMBULANCE
Exeter, California

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

The accrual basis of accounting is required for enterprise funds and is utilized by the District. Under this method, revenues are recorded when earned and expenditures or expenses are recorded when incurred.

This report has been prepared in conformance with accounting principles generally accepted in the United States of America. The District follows all pronouncements of the Governmental Accounting Standards Board, and has elected not to follow Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989.

Measurement Focus

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statements of net position. Net position is segregated into net investment in capital assets; restricted for debt service; and unrestricted components.

Operating and Non-Operating Revenues

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as property taxes and investment earnings, result from non-exchange transactions or ancillary activity. When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the District's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

Cash Equivalents and Investments

The District considers all highly liquid investments (including restricted cash and investments) with maturities of less than one year when purchased to be cash equivalents. This includes bank accounts and deposits with the State of California Local Agency Investment Fund (LAIF). Investments in the District's cash and investments pools are stated at cost. Accrued interest on the District's investments is separately stated.

See Independent Auditor's Report.

EXETER DISTRICT AMBULANCE

Exeter, California

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 and 2014

NOTE 1 - Summary of Significant Accounting Policies (continued)

Budgetary Procedures

The District follows these procedures in establishing budgetary data reflected in these financial statements:

- a. The District operates under a budget prepared and approved annually by the Board of Directors. The budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by use (salaries and employee benefits, services and supplies, other charges, fixed asset acquisitions and contingencies)
- b. Once approved, the Board of Directors may amend the adopted budget when unexpected modifications are required in estimated revenues and expenditures or expenses.
- c. The Budgetary Comparison Schedule – budget and actual present comparisons of legally adopted budgets with actual data. Since both the actual data and the budget amounts are presented on a basis consistent with generally accepted accounting principles, no additional reconciliation is required.
- d. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Allowance for Doubtful Accounts

The District has provided for an allowance for doubtful accounts consisting of estimated write-offs based on historical experience. This is further adjusted based on review of aged accounts receivable as deemed necessary.

Capital Assets

Capital assets are recorded at cost and are depreciated using the straight-line method over the following estimated useful lives:

Office Equipment	5-8 years
Vehicles and Equipment	5-10 years
Buildings and Improvements	10-20 years

See Independent Auditor's Report.

EXETER DISTRICT AMBULANCE
Exeter, California

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 1 -Summary of Significant Accounting Policies (continued)

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability of the District at June 30, 2015 and 2014, and are calculated using the employees current pay rate. Employees do not gain a vested right to accumulated sick leave; therefore, accumulated employee sick leave benefits are not recognized as a liability of the District, but are recorded as expenses in the year sick leave is taken.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The District did not have any items that qualified for reporting in this category for the years ended June 30, 2015 and 2014.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District did not have any items that qualified for reporting in this category for the years ended June 30, 2015 and 2014.

Net Position

Governmental Accounting Standard Board Statement (GASBS) No. 63, requires the classification of net position into three components – net investment in capital assets; restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets- This component of net position consists of capital assets, net of accumulated depreciation reduced by the outstanding debt balances, unspent debt proceeds and deferred inflows of resources related to the acquisition, construction, or improvement of the capital assets.

Restricted - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to reserved assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the reserved assets reported.

Unrestricted- This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of “net investment in capital assets” or “restricted.”

See Independent Auditor's Report.

EXETER DISTRICT AMBULANCE

Exeter, California

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 and 2014

NOTE 1 - Summary of Significant Accounting Policies (continued)

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. These taxes are levied from July 1 through June 30. Taxes are payable in two installments on November 1 and February 1 and are collected December 10 and April 10. Unsecured taxes are payable in one installment on or before August 31. The County of Tulare bills and collects the taxes for the District.

Income Taxes

The District is a governmental agency and is not subject to income or property taxes.

Reclassification

Several account balances were reclassified for the year ended June 30, 2014, as previously reported. These reclassifications were required for the comparability to the current year's financial statements and must be considered when comparing the financial statements of this report with those of prior reports. Such reclassification had no effect on net income.

Date of Management Evaluation

Management has evaluated subsequent events through August 24, 2015, which is the date the financial statements were available to be issued.

NOTE 2 - Cash and Cash Investments

Cash and cash investments as of June 30, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Cash on hand	\$ 150	\$ 150
Cash in bank - Business checking	46,500	39,925
Cash in bank - Money market	50,599	170,510
State Treasurer's Office		
Local Agency Investment Fund	<u>529,084</u>	<u>527,919</u>
Total cash and cash investments	<u>\$ 626,333</u>	<u>\$ 738,504</u>

See Independent Auditor's Report.

EXETER DISTRICT AMBULANCE

Exeter, California

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 and 2014

NOTE 2 - Cash and Cash Investments (continued)

The District's cash deposits are held at Bank of the Sierra and are insured under the Federal Deposit Insurance Corporation ("FDIC") guidelines. The District maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. Amounts in excess of certain limits are collateralized by the pledged securities in accordance with the local agency deposit and security law and California Government Code.

Cash Investments at June 30, 2015, consisted of the following:

	<u>Amount</u>	<u>Maturity Date</u>
State Treasurer's Office		
Loca Agency Investment Fund-County Investment Pool *	<u>\$ 529,084</u>	239 days

1) The County Investment Pool funds are held by Tulare County and are pooled with other county agencies.

The District relies upon information from the County of Tulare to report the fair value of its funds held by the County. Any changes in the fair value of these funds are recorded as interest income in the District's financial statements. The pool's exposure to risk (credit, market, or legal) is not currently available. These investments are carried at the value reported by the County Investment Pool, net of warrants payable at June 30, 2015.

Investments Authorized by the California Government Code and the District's Investment Policy – The District's investment policy authorizes investments in the Local Agency Investment Fund (LAIF) pool administered by the State of California and in a bank or savings association account fully insured by the Federal Deposit Insurance Corporation (FDIC). In addition, the District also authorizes investments in the following investment instruments:

banker's acceptances, treasury bills and notes, government agency securities, commercial paper and repurchase agreements. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit.) The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

See Independent Auditor's Report.

EXETER DISTRICT AMBULANCE

Exeter, California

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 and 2014

NOTE 2 - Cash and Cash Investments (continued)

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). As of June 30, 2015, all of the District's deposits in financial institutions were under the insured limits.

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District limits its investment to those allowed by the California Government Code as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Investments

The District's investment policy is in accordance with the California Government Code. As of June 30, 2015, the District's investments were held in County investment pools, the majority in Tulare County. The credit ratings for the investments held in the investment pools are available in the investment reports issued by the investment pools. For Tulare County, the majority of assets are held in AA or AAA (Moody's ratings) investments.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio.) The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

See Independent Auditor's Report.

EXETER DISTRICT AMBULANCE
Exeter, California

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 3 - Capital Assets

The following is a summary of changes in Capital Assets:

	Balance July 1, 2014	Additions	Transfers and Deletions	Balance June 30, 2015
Land	\$ 141,820	\$ -	\$ -	\$ 141,820
Other capital assets:				
Building and improvements	505,883	2,437	-	508,320
Vehicles and equipment	635,688	10,519	-	646,207
Office equipment	92,441	-	-	92,441
Total other capital assets	1,234,012	12,956	-	1,246,968
Accumulated Depreciation	(886,769)	(74,613)	-	(961,382)
Other capital assets, net	347,243	(61,657)	-	285,586
Capital assets, net	<u>\$ 489,063</u>	<u>\$ (61,657)</u>	<u>\$ -</u>	<u>\$ 427,406</u>

NOTE 4 – Defined Benefit Pension Plan

A. PLAN DESCRIPTION

Exeter District Ambulance’s defined benefit pension plan, Miscellaneous Plan, 2% @ 55 Full Formula, 100% Prior Service of the Exeter District Ambulance, which began in June 2004, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to Plan members and beneficiaries. The Miscellaneous Plan, 2% @ 55 Full Formula, 100% Prior Service of the Exeter District Ambulance is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California.

A menu of benefit provisions as well as other requirements are established by State statutes with the Public Employees’ Retirement Law. Exeter District Ambulance selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 “P” Street, Sacramento, California 95814.

The District’s payroll for employees covered by the system for the years ended June 30, 2015 and 2014, was \$243,111 and \$169,282, respectively. The total payroll for the District was \$602,699. The basic benefit will be 2% of “final compensation” for each year of credited service upon retirement at age 55. Final compensation is defined as the monthly average of the member’s

See Independent Auditor’s Report.

EXETER DISTRICT AMBULANCE
Exeter, California

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 4 – Defined Benefit Pension Plan (Continued)

A. PLAN DESCRIPTION (continued)

highest 36 or 12 consecutive month's full-time equivalent monthly pay. CalPERS also provides death and disability benefits.

B. FUNDING POLICY

Active Plan members in the Miscellaneous Plan, 2% @ 55 Full Formula, 100% Prior Service of the Exeter District Ambulance are required to contribute 7 percent of their annual covered salary. Exeter District Ambulance is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2014-2015 was 48.410 percent. The contribution requirements of the Plan members are established by State statutes and the employer contribution rate is established and may be amended by CalPERS.

The actuarial value of Miscellaneous Plan, 2% @ 55 Full Formula, 100% Prior Service of the Exeter District Ambulance was determined using a technique that smooths the effect of short-term volatility in the market value of investments over a two to five year period depending upon the size of investment gains and/or losses.

The Miscellaneous Plan, 2% @ 55 Full Formula, 100% Prior Service of the Exeter District Ambulance's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining average amortization period at June 30, 2012 was 18 years.)

See Independent Auditor's Report.

EXETER DISTRICT AMBULANCE
Exeter, California

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 4 – Defined Benefit Pension Plan (Continued)

B. FUNDING POLICY (Continued)

Annual Pension Cost

For fiscal year 2014-2015, the Exeter District Ambulance’s annual pension cost was \$119,035 and Exeter District Ambulance actually contributed \$120,201.

Principal assumptions and methods used to determine the annual required contributions are as follows:

Valuation Date		6/30/2012
Actuarial Cost Method	Entry Age Normal Cost Method	
Amortization Method	Level Percent of Payroll	
Average Remaining Period	19 Years as of the Valuation Date	
Asset Valuation Method	15 Year Smoothed Market	
Actuarial Assumptions:		
Investment Rate of Return	7.50% (net of administrative expenses)	
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and Type of employment	
Inflation		2.75%
Payroll Growth		3.00%
Individual Salary Growth	A Merit scale Varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%	

In addition, the District’s plan is not in a super-funded status and has required pension contribution amount; accordingly the District has reflected a net pension obligation (asset) amount on its financial statement for the plan as follows:

Annual Required Contribution (ARC)	\$	120,201
Interest on NPO		909
Adjustment to ARC		<u>(702)</u>
Annual Pension Cost		120,408
Contributions made		<u>(120,201)</u>
Increase in NPO		207
NPO (NPA) - July 1, 2014		<u>12,123</u>
NPO (NPA) - June 30, 2015	\$	<u><u>12,330</u></u>

See Independent Auditor’s Report.

EXETER DISTRICT AMBULANCE
Exeter, California

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 4 – Defined Benefit Pension Plan (Continued)

C. FUNDING POLICY (Continued)

Annual Pension Cost (Continued)

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Amount of APC Contributed	Net Pension Obligation (Asset)
June 30, 2013	\$ 61,213	\$ 60,984	\$ 11,919
June 30, 2014	\$ 82,854	\$ 82,650	\$ 12,123
June 30, 2015	\$ 120,408	\$ 120,201	\$ 12,330

**D. ACTUARIALLY DETERMINED CONTRIBUTION
REQUIREMENTS, FUNDING METHOD, AND FUND STATUS OF THE PLAN**

The required contributions for fiscal year 2014-2015 was determined as part of the June 30, 2012 actuarial valuation using the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost.

The actuarial accrued liability for active members is then calculated as the portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for members currently receiving benefits, for active members beyond the assumed retirement age, and for members entitled to deferred benefits, is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

The excess of the total actuarial accrued liability over the value of plan assets is called the unfunded actuarial accrued liability. Funding requirements are determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payrolls. All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methodology are amortized separately over a 20-year period.

All gains or losses are tracked and amortized over a rolling 30-year period with the exception of gains and losses in fiscal years 2008-2009, 2009-2010 and 2010-2011 in which each year's gains or losses will be isolated and amortized over fixed and declining 30 year periods (as opposed to the current rolling 30-year amortization). If a pool's accrued liability exceeds the actuarial value of assets, the annual contribution amount with respect to the total unfunded liability may not be less than the amount produced by a 30-year amortization of the unfunded liability.

See Independent Auditor's Report.

EXETER DISTRICT AMBULANCE

Exeter, California

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 and 2014

NOTE 4 – Defined Benefit Pension Plan (Continued)

D. FUNDED STATUS OF THE PLAN

Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability (UL)	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
6/30/2008	\$ 2,780,280,768	\$ 2,547,323,278	\$ 232,957,490	91.6%	\$ 688,606,681	33.8%
6/30/2009	\$ 3,104,798,222	\$ 2,758,511,101	\$ 346,287,121	88.9%	\$ 742,981,488	46.6%
6/30/2010	\$ 3,309,064,934	\$ 2,946,408,106	\$ 362,656,828	89.0%	\$ 748,401,352	48.5%
6/30/2011	\$ 3,619,835,876	\$ 3,203,214,899	\$ 416,620,977	88.5%	\$ 759,263,518	54.9%
6/30/2012	\$ 4,175,139,166	\$ 3,686,598,343	\$ 488,540,823	88.3%	\$ 757,045,663	64.5%

NOTE 5 – Designations

At June 30, 2015, the District had designated \$48,770 for contingencies.

NOTE 6 - Concentration of Credit Risk

The Exeter District Ambulance serves the residents of Tulare County, California and extends credit to all of its customers.

NOTE 7 - Policy of Administration by and between Exeter District Ambulance and Teamsters Local #517

On October 26, 2012, the Policy of Administration by and between Exeter District Ambulance and Teamsters Local #517 was signed. Pursuant to this agreement, the District recognizes the Union as the exclusive bargaining agent for all District field employees full-time and regular part-time, Paramedics and EMT-1's that work regular and consistent. The District agreed to meet and confer with the Union on matters relating to wages, hours, and other terms and conditions of employment. Specific rights and benefits of the employees covered were included in this agreement. The contract expired on May 31, 2015, which has been extended for further contract negotiations.

See Independent Auditor's Report.

EXETER DISTRICT AMBULANCE

Exeter, California

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014**

NOTE 8 – Related Party Transactions

The following related party relationship existed as of June 30, 2015 and 2014:

Don Schultz, District Manager, is the co-owner and President of *LifeStar Ambulance, Inc.*

Jackie Paull, District's Operations Manager, is the co-owner and Vice President of *LifeStar Ambulance, Inc.*

The District entered into the following transactions with the related party:

During June 30, 2015 and 2014, the District paid \$56,365 and \$61,800, respectively to *Lifestar Ambulance, Inc.* for management fees. The arrangement with *Lifestar Ambulance, Inc.* was terminated in April of 2015.

NOTE 9 - Risk Management

The District has purchased commercial insurance policies for various risks of loss related to torts; theft, damage or destruction of assets; wrongful acts; injuries to employees; and employee health and life. Payments of premiums for these policies are recorded as expenses of the District. Insurance settlements have not exceeded insurance coverage in any of the past three years. There are no significant reductions in coverage compared to the prior years. For insurance coverage policy limits, refer to the Supplementary Information – Schedule II for more information.

NOTE 10 – Contingent Liabilities CalPERS

The District during the June 30, 2014 year was in contact with CalPERS to determine the liability amount for multiple employees that were previously considered a non-covered employee by the District but worked in excess of 1,000 hours in 2014 and previous years. As the amount of the liability was not determinable at that time and no liability had been recorded as of June 30, 2014. During the current year, the amounts were determined by CalPERS and paid accordingly.

NOTE 11 – Change in Accounting Principles

During the fiscal year ended June 30, 2014, the District implemented GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". GASB Statement No. 65 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. The implementation of GASB Statement No. 65 had no material effect on the financial statements of Exeter District Ambulance.

See Independent Auditor's Report.

EXETER DISTRICT AMBULANCE
Exeter, California

SUPPLEMENTARY INFORMATION

EXETER DISTRICT AMBULANCE

Exeter, California

Supplementary Information

Schedule I – Budgetary Comparison Schedule for the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>OPERATING REVENUES</u>			
Service revenues (Net of Refunds)	\$ 3,300,000	\$ 3,302,553	\$ 2,553
Contractual write downs	(1,950,000)	(2,226,719)	(276,719)
Other charge write downs	(100,000)	(102,819)	(2,819)
Bad debt recovery	50,000	42,975	(7,025)
Other	3,000	17,955	14,955
Total operating revenues	<u>1,303,000</u>	<u>1,033,945</u>	<u>(269,055)</u>
<u>OPERATING EXPENSES</u>			
Salaries, employee benefits and payroll taxes	831,000	884,989	(53,989)
Uniforms	6,000	8,466	(2,466)
Fuel and oil	48,000	39,686	8,314
Utilities	11,220	12,193	(973)
Communications	86,000	91,378	(5,378)
Memberships	1,500	955	545
Legal and professional	103,000	123,618	(20,618)
Insurance	30,000	28,829	1,171
Repairs and maintenance	55,000	60,560	(5,560)
Office	21,750	17,829	3,921
Supplies	43,200	52,963	(9,763)
Special district expense	-	24,792	(24,792)
Director fees	3,000	2,147	853
Bad debts	225,000	124,077	100,923
Bank service charges	1,000	1,594	(594)
Miscellaneous	3,600	5,823	(2,223)
Total operating expenses	<u>1,469,270</u>	<u>1,479,899</u>	<u>(10,629)</u>
Operating loss	<u>(166,270)</u>	<u>(445,954)</u>	<u>(279,684)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest income	1,000	503	(497)
Property taxes	250,000	251,292	1,292
Total non-operating revenues (expenses)	<u>251,000</u>	<u>251,795</u>	<u>795</u>
Decrease in net position, budgetary basis	<u>\$ 84,730</u>	<u>(194,159)</u>	<u>\$ (278,889)</u>
Depreciation		<u>(74,613)</u>	
DECREASE IN NET POSITION, FINANCIAL STATEMENT BASIS		<u>\$ (268,772)</u>	

See Independent Auditor's Report and Accompanying Notes.

EXETER DISTRICT AMBULANCE

Exeter, California

Supplementary Information

Schedule II – Insurance Coverage for the Year Ended June 30, 2015

Workers Compensation insurance coverage of the District in force at June 30, 2015 is summarized as follows, coverage period extends from 7/1/14 to 7/1/2015:

Workers Compensation

Each Accident / Employee / Policy Limit	\$ 1,000,000
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Insurance coverage of the District in force at June 30, 2015 is summarized as follows, Coverage period extends from 11/19/14 to 11/19/15:

Commercial General Liability / Professional Liability

Each Occurrence	\$ 1,000,000
Damage to Rented Premises / Each Occurrence	\$ 1,000,000
Medical Expense (any one person)	\$ 10,000
Personal and Advertising Injury	\$ 1,000,000
General Aggregate	\$ 10,000,000
Products and Completed Operations	\$ 10,000,000

Automobile

Any Auto / Each Accident / Policy Limit	\$ 1,000,000
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See Independent Auditor's Report and Accompanying Notes.