

**SOUTH PLACER
FIRE DISTRICT**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended June 30, 2013**

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**ROBERT
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An Accountancy Corporation
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Placer Fire District
Granite Bay, California

We have audited the accompanying financial statements of South Placer Fire District, as of and for the year ended June 30, 2013, as listed in the table of contents, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Placer Fire District as of June 30, 2013, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

Other Matters

Required Supplementary Information

The Management's Discussion and Analysis is not a required part of the financial statements but is supplemental information required by the Government Auditing Standards Board. Management has elected to omit the Management's Discussion and Analysis.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is 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, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Robert W. Johnson, An Account Corporation

Citrus Heights, California
September 20, 2013

SOUTH PLACER FIRE DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2013

ASSETS	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash (Note 3)	\$2,058,114	\$ -	\$ 2,058,114
Accounts receivable (Note 4)	488,709	-	488,709
Prepaid expenses	41,177	-	41,177
Capital assets (Note 5)	-	9,542,968	9,542,968
Less, accumulated depreciation	<u>-</u>	<u>2,648,027</u>	<u>(2,648,027)</u>
Total assets	<u>\$2,588,000</u>	<u>\$ 6,894,941</u>	<u>\$ 9,482,941</u>
LIABILITIES			
Accounts payable	\$ 129,357	\$ -	\$ 129,357
Accrued salaries and benefits	199,399	-	199,399
Compensated absences	242,423	-	242,423
OPEB liability (Note 10)	714,861	-	714,861
Capital lease payable (Note 12)	<u>-</u>	<u>316,733</u>	<u>316,733</u>
Total liabilities	<u>1,286,040</u>	<u>316,733</u>	<u>1,602,773</u>
FUND BALANCES/NET POSITION			
Fund balances (Note 9):			
Restricted (Note 6)	420,329	(420,329)	-
Committed	585,995	(585,995)	-
Unassigned	<u>295,636</u>	<u>(295,636)</u>	<u>-</u>
Total fund balances	<u>1,301,960</u>	<u>(1,301,960)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$2,588,000</u>		
Net position (Note 9):			
Net investment in capital assets		6,578,208	6,578,208
Restricted		420,329	420,329
Unrestricted		<u>881,631</u>	<u>881,631</u>
Total net position		<u>\$ 7,880,168</u>	<u>\$ 7,880,168</u>

See notes to financial statements

SOUTH PLACER FIRE DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2013

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Public protection	\$7,090,938	\$ -	\$7,090,938
Support services	180,249	-	180,249
Capital outlay	1,051,578	(1,051,578)	-
Depreciation	<u>-</u>	<u>280,758</u>	<u>280,758</u>
Total program expenditures/expenses	<u>8,322,765</u>	<u>(770,820)</u>	<u>7,551,945</u>
Program revenues:			
Ambulance services (Note 4)	1,163,175	-	1,163,175
OES reimbursements	244,697	-	244,697
Fees	21,220	-	21,220
Other	<u>65,608</u>	<u>-</u>	<u>65,608</u>
Total program revenues	<u>1,494,700</u>	<u>-</u>	<u>1,494,700</u>
General revenues:			
Tax revenue	5,356,851	-	5,356,851
Special tax	663,446	-	663,446
Mitigation fees	124,304	-	124,304
Cellular tower lease	52,354	-	52,354
Interest income	23,540	-	23,540
Other	52,325	-	52,325
Proceeds from capital lease	<u>316,733</u>	<u>(316,733)</u>	<u>-</u>
Total general revenues	<u>6,589,553</u>	<u>(316,733)</u>	<u>6,272,820</u>
Excess of revenues (expenditures)/ changes in net position	(238,512)	454,087	215,575
Fund balances/net position:			
Beginning	1,540,472	6,868,499	8,408,971
Prior year adjustment (Note 11)	<u>-</u>	<u>(744,378)</u>	<u>(744,378)</u>
Ending	<u>\$1,301,960</u>	<u>\$ 6,578,208</u>	<u>\$7,880,168</u>

See notes to financial statements

SOUTH PLACER FIRE DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET
for the year ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Revenues:			
Taxes revenue	\$5,397,404	\$5,356,851	\$(40,553)
Special tax	663,462	663,446	(16)
Ambulance service (Note 4)	945,000	1,163,175	218,175
Interest income	25,000	23,540	(1,460)
Mitigation fees	95,000	124,304	29,304
OES reimbursements	300,000	244,697	(55,303)
Fees	29,000	21,220	(7,780)
Cellular tower lease	55,000	52,354	(2,646)
Proceeds from capital lease	-	316,733	316,733
Other	<u>81,500</u>	<u>117,933</u>	<u>36,433</u>
 Total revenues	 <u>7,591,366</u>	 <u>8,084,253</u>	 <u>492,887</u>
Expenditures:			
Salaries and wages	3,313,943	3,172,745	141,198
Sellback (Admin.)	145,000	139,912	5,088
Callback/overtime	915,000	1,001,705	(86,705)
PERS retirement	839,792	808,735	31,057
FICA/medicare	73,720	65,098	8,622
WC	237,000	184,300	52,700
Agency share insurance	560,279	780,327	(220,048)
Labor legal	20,000	15,450	4,550
Uniform/cell allowance	31,000	28,149	2,851
Employee assistance program	4,500	4,278	222
Board of Directors	7,500	4,400	3,100
Audit	9,000	8,500	500
Propane	2,250	1,044	1,206
Employee physicals	15,000	6,040	8,960
Paramedic/EMT cert. classes	4,000	6,203	(2,203)
Ambulance billing service	68,000	60,797	7,203
Garbage	4,800	4,437	363
Gas & electric	54,000	54,041	(41)
Insurance (FAIRA)	32,000	31,109	891

(continued)

See notes to financial statements

SOUTH PLACER FIRE DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES, continued
COMPARED TO BUDGET
for the year ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Favorable/ (Unfavorable) <u>Variance</u>
Expenditures, continued:			
Memberships & subs.	\$ 4,800	\$ 3,801	\$ 999
News publications	250	2,065	(1,815)
Sewer	4,590	4,476	114
Telephone	60,000	57,300	2,700
Training supplies	3,000	3,098	(98)
Business & conference	4,000	3,206	794
Education & training	30,000	31,315	(1,315)
Water	7,200	8,107	(907)
Laundry	1,700	2,043	(343)
Legal & consulting	55,000	71,345	(16,345)
Prevention consulting fees	-	47,821	(47,821)
Petty cash fund	400	377	23
Pre-employment testing	5,000	4,820	180
Medical waste disposal	4,800	5,176	(376)
Physio control contract	7,500	7,156	344
County charges	117,000	133,857	(16,857)
Elections	-	-	-
Public education	1,000	369	631
Incident supplies	4,000	8,748	(4,748)
Rish management service	-	-	-
Awards & recognition	1,000	3,309	(2,309)
Sun Pro User mtce. fee	5,100	6,642	(1,542)
Cleaning supplies	5,000	6,224	(1,224)
Copy machine contract	9,000	9,100	(100)
Computer service	35,000	37,755	(2,755)
Fire prevention supplies	3,000	6,509	(3,509)
Fuel & oil	52,000	53,092	(1,092)
Medical supplies	54,000	54,271	(271)
Miscellaneous	1,000	1,233	(233)
Office supplies	9,380	11,604	(2,224)
Oxygen	5,304	4,742	562
Postage	2,000	2,554	(554)

(continued)

See notes to financial statements

SOUTH PLACER FIRE DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES, continued
COMPARED TO BUDGET
for the year ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Favorable/ (Unfavorable) <u>Variance</u>
Expenditures, continued:			
Storage	\$ -	\$ -	\$ -
Uniform supplies	3,000	5,152	(2,152)
Firefighting supplies	18,000	19,302	(1,302)
Recruitment supplies	-	-	-
Radio repair	8,000	2,991	5,009
Automotive repairs	95,000	72,102	22,898
Facilities maintenance	45,000	55,549	(10,549)
SCBA & compressor mtce.	6,500	14,474	(7,974)
Turnout clothing mtce.	8,400	4,355	4,045
Extinguisher service	650	674	(24)
Printing	500	1,408	(908)
Bad debt provision	-	29,381	(29,381)
Mitigation refund	-	591	(591)
Mitigation capital expenditures	15,500	15,493	7
Fixed assets-minor	129,700	80,330	49,370
Capital expenditures	690,000	1,051,578	(361,578)
Contingency	<u>534,000</u>	<u>-</u>	<u>534,000</u>
 Total expenditures	 <u>8,383,058</u>	 <u>8,322,765</u>	 <u>60,293</u>
 Excess of revenues/ (expenditures)	 <u>\$ (791,692)</u>	 <u>\$ (238,512)</u>	 <u>\$ 553,180</u>

See notes to financial statements

SOUTH PLACER FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. Organization:

South Placer Fire District (the "District") was formed in 1952. The District serves the community of Granite Bay, Folsom Lake State Recreation Area, and portions of Loomis, Penryn, and Newcastle. The South Placer Fire District provides commercial and residential structural fire protection, wild land fire protection, rescue services, emergency hazardous materials services, emergency medical services, paramedic ambulance transportation service and a variety of other non-emergency related services.

The District is a special district funded primarily by property tax, a special tax and the District's ability to generate revenue by providing ambulance service and contracting for other services. The overall service is provided from a well-established system that consists of five elected officials, appointed staff members and a combination of volunteer, apprentice, and professional employees that staff five fire stations located throughout the unincorporated areas of Southern Placer County.

The mission of South Placer Fire Protection District is the protection of lives and property of the community from the adverse effects of fires, sudden medical emergencies or exposure to dangerous conditions created by either man or nature.

2. Summary of Significant Accounting Policies:

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local government organizations. The District's significant accounting policies are described below.

Measurement Focus and Basis of Accounting

The District reports a *General Fund* that is used to account for all financial resources except those required or designated by the Board of Directors to be accounted for in another fund.

SOUTH PLACER FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies (continued):

Measurement Focus and Basis of Accounting, continued

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers revenues to be available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues that are accrued include property taxes, interest income, and charges for current services. Revenues that are not accrued include permits and fines, forfeitures, and penalties, if applicable. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital assets are reported as expenditures in governmental funds. Proceeds of general long-term and capital assets are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Amortization of assets acquired under capital lease is included in depreciation. Structures and equipment are depreciated using the straight-line method over their estimated useful lives.

Compensated Absences

Vested or accumulated vacation time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability. Sick pay is not vested.

SOUTH PLACER FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies (continued):

Budgets

In accordance with the provisions of Sections 13901 through 13906 of the California Health & Safety Code and other statutory provisions, commonly known as the Budget Act, the District prepares and legally adopts a final balanced budget for each fiscal year.

Revenue Recognition

The District receives revenues for performing emergency medical and ambulatory services to District residents. The District's policy for recognizing these revenues is billing and recording revenues as services are performed. Patient service revenues (ambulance revenues) are reported net of provisions for contractual allowances in the basic and fund financial statements.

Investments

The District maintains cash balances with the Treasurer of Placer County in interest-bearing pooled investment accounts.

Property Taxes

The District receives property taxes from Placer County. Property taxes receivable are recorded in the fiscal year for which the tax is levied based on the assessed value as of September 1 of the preceding fiscal year. They become a lien on the first day of the year they are levied. Secured property tax is levied on September 1 and due in two installments, on November 1 and March 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are levied on July 1, and become delinquent on August 31. The District elected to receive the property taxes from the County under the Teeter Bill Program. Under this Program, the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

SOUTH PLACER FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies (continued):

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

3. Cash and Investments:

The District maintains certain portions of its funds with Placer County. The County is authorized to deposit cash and invest excess funds by the California Government code Section 53648 et. seq. The funds maintained by the County are secured by federal depository insurance.

At year-end the carrying amount of the District's deposits was \$89,406 and the bank balance was \$110,746.

	Balance June 30 <u>2013</u>
Imprest cash	\$ 250
Checking – general	81,252
– mitigation	8,154
Cash with County – general	1,556,283
– mitigation	<u>412,175</u>
	<u>\$2,058,114</u>

SOUTH PLACER FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

4. Accounts Receivable:

Accounts receivable at June 30, 2013 consists of:

Ambulance receivables		\$ 580,798
Deduct, allowance for bad debts		<u>116,160</u>
		464,638
Add, interest receivable (County)	\$ -	
Accounts receivable - other	<u>24,071</u>	<u>24,071</u>
		<u>\$ 488,709</u>

Ambulance revenues are analyzed as follows:

Gross revenues		\$1,250,212
Deduct, contractual and other adjustments		<u>87,037</u>
Net revenues		<u>\$1,163,175</u>

SOUTH PLACER FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

5. Capital Assets:

Changes in capital assets for the year ended June 30, 2013 are as follows:

	Balance, Beginning of year	July 1, 2012 Prior Period Adjustment	Additions	Disposals	Balance, end of year
Land	\$ 223,187	\$ 108,953	\$ -	\$ -	\$ 332,140
Buildings	7,049,799	(1,815,923)	27,978	-	5,261,854
Ambulances	279,612	(279,612)	-	-	-
Fire engines	2,321,090	(2,321,090)	-	-	-
Light vehicles	847,079	(847,079)	-	-	-
Equipment	3,177,217	(2,819,579)	17,200	-	374,838
Apparatus	<u>-</u>	<u>2,775,868</u>	<u>1,006,400</u>	<u>208,132</u>	<u>3,574,136</u>
	<u>\$13,897,984</u>	<u>\$(5,198,462)</u>	<u>\$1,051,578</u>	<u>\$ 208,132</u>	<u>\$9,542,968</u>

SOUTH PLACER FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

6. Mitigation Fees:

Activities of the mitigation reserve for 2012-13 follows:

Balance, 6-30-12		\$ 307,265
Add, mitigation fees	\$124,304	
interest income	<u>4,843</u>	129,147
Deduct, refund	591	
provided for capital items	<u>15,492</u>	<u>(16,083)</u>
Balance, 6-30-13		<u>\$ 420,329</u>
Cash on hand:		
Checking	\$ 8,154	
County	<u>412,175</u>	<u>\$ 420,329</u>

7. Subsequent Events:

Management has evaluated subsequent events through September 20, 2013, the date these June 30, 2013 financial statements were available to be issued.

SOUTH PLACER FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

8. Defined Benefit Retirement Plan:

Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer defined benefit pension plan. The District participates in the miscellaneous 3% at age 55 risk pool (safety) and 3.0% at age 60 risk pool (miscellaneous). Effective on January 1, 2013, in accordance with Public Employees' Pension Reform Act (PERPA), new employees who meet the definition of new member of CalPERS will have benefit formulas calculated as (safety) 2.7% at age 57 and (miscellaneous) 2% at age 62.

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS require agencies with less than 100 active members in the plan to participate in the risk pool. All District permanent employees are eligible to participate in the System. Benefits vest after five years of service. Pre-PERPA (December 31, 2012 and earlier hires) District employees who retire at age 50 to 55 and with over 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.40 to 3.00 percent of their average salary (safety) during their last highest year of employment and 2.00 to 2.50 percent (miscellaneous). Employees hired on or after January 1, 2013 use last highest three years of employment to determine retirement benefit.

A menu of benefits provision as well as other requirements is established by State Statutes within the Public Employees Retirement Law. The plan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through District resolution. 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.

Funding Policy

Covered employees are required by statute to contribute 9 to 11.5% percent (safety) and 6.25 to 8 percent (miscellaneous) of their salary to the plan after a formula to coordinate with Social Security. The District is required by the same statute to contribute the remaining amounts necessary to pay benefits when due; however, the employees paid all employees' share. The District is required to contribute at an actuarially determined rate. The contribution requirements of the plan members and the District are established and may be amended by CalPERS. The District's contributions for the years ended June 30, 2013, 2012, 2011 and 2010 were \$808,735, \$1,163,341, \$1,200,162 and \$948,944 respectively, which were equal to the required contributions each year.

SOUTH PLACER FIRE DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued

8. Defined Benefit Retirement Plan, continued:

The required employer contribution rates were:

	<u>Safety</u>	<u>Miscellaneous</u>
2009-10	12.816%	11.833%
2010-11	21.884%	22.038%
2011-12	24.723%	24.097%
2012-13	24.411%	24.412%

9. Equity:

General Fund:

Restricted for:

Mitigation reserve		\$ 420,329
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Committed for:

Imprest cash reserve	\$ 250	
Facilities reserve	410,281	
Apparatus reserve	148,446	
Major equipment reserve	<u>27,018</u>	
		585,995

Unassigned

<u>295,636</u>
<u>\$ 1,301,960</u>

SOUTH PLACER FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

9. Equity, continued:

Statement of Net Position:

Net investment in capital assets		\$ 6,578,208
Restricted:		
Mitigation reserve		420,329
Unrestricted:		
Board designated:		
Imprest cash reserve	\$ 250	
Facilities reserve	410,281	
Apparatus reserve	148,446	
Major equipment reserve	<u>27,018</u>	
	585,995	
Undesignated	<u>295,636</u>	
		<u>881,631</u>
		<u>\$ 7,880,168</u>

10. Other Post-Employment Benefits (OPEB):

Plan Description: The District provides post-employment health care benefits to eligible retirees and their eligible dependents who retire from the District at age 50 with at least five years of service, or become fully disabled while working. The District participates in the CalPERS Medical Program and retirees may enroll in any of the available health plans. Benefits continue throughout the lifetime of the retiring employee and his/her spouse.

Funding Policy: The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The required contribution is based on projected pay-as-you-go financing requirements, with an amount of funding determined annually by the Board. For the fiscal year ended June 30, 2013, the District contributed \$179,710. Annually, the District intends to make a total contribution equal to 50% of the Annual Required Contribution (ARC). Retiree benefit costs will be paid directly by the District and any remaining amount (up to 50% of the ARC) will be deposited into the OPEB Trust.

SOUTH PLACER FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

10. Other Post-Employment Benefits (OPEB), continued:

Annual OPEB Cost and Net OPEB Obligation: The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for 2013 and 2012, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	<u>2013</u>	<u>2012</u>
Annual required contribution	\$ 313,508	\$ 313,508
Actual employer contribution	(179,710)	(77,490)
Current year premiums paid	<u>(90,934)</u>	<u>(84,305)</u>
Change in net OPEB obligation	42,864	151,713
Net OPEB obligation, beginning of year	<u>671,997</u>	<u>520,284</u>
Net OPEB obligation, end of year	<u>\$ 714,861</u>	<u>\$ 671,997</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2012 and 2011 were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2013	\$ 313,508	86.33%	\$ 714,861
June 30, 2012	\$ 313,508	51.61%	\$ 671,997
June 30, 2011	\$ 313,508	17.02%	\$ 520,284

Funded Status and Funding Progress: As of July 1, 2009, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$3,470,398, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$3,827,484 and the ratio of UAAL to the covered payroll was 90.67%. In June 30, 2012, the District began participating in the PARS Public Agencies Post-Retirement Health Care Plan Trust and funded \$77,490 into the OPEB (PARS) Trust.

SOUTH PLACER FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

10. Other Post-Employment Benefits (OPEB), continued:

The District contributed \$179,710 in the 2012-13 fiscal year. At June 30, 2013 the OPEB (PARS) Trust account balance was \$259,722.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 3.5% discount rate, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate at 7.9% initially, gradually decreasing to 5.5%. An inflation rate of 3.5% was used. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2013 was twenty six years. The District's monthly pay-out is capped at a maximum of \$858 per employee and the actuarial study assumed that the caps will not increase in the future.

SOUTH PLACER FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

11. Prior Year Adjustment:

As a result of a July 1, 2012 property, plant and equipment physical inventory, the books and records of the District were restated by \$744,378. The restatement resulted in capital asset write down of \$744,378 at July 1, 2012.

12. Capital Lease:

In 2013, the District entered into a capital lease agreement to finance the purchase of a new 100' aerial ladder fire truck. Assets under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense. Depreciation of the new fire truck will not commence until 2013/2014 at such time the truck is placed in service.

The capitalized value of the engine subject to the capital lease is \$816,733.

Minimum future lease payments under capital leases as of June 30, 2013 are:

2014	\$162,623
2015	<u>162,623</u>
Total payments	325,246
Less, amount representing interest	<u>8,513</u>
Present value of net minimum lease payments	<u>\$316,733</u>

SUPPLEMENTAL DATA

SOUTH PLACER FIRE DISTRICT
PRINCIPAL OFFICIALS

Board of Directors:

Gary Grenfell	President
Mike DeLaurentis	Vice President
Craig Powell-Clerk	
Sean Mullin	
David Harris	

Operations:

Lawrence Bettencourt	Fire Chief
Eric Walder	Deputy Fire Chief
Ana Mendez	Interim Fiscal Ops/HR Administrator
Jason Brooks	Battalion Chief
Karl Fowler	Battalion Chief
Darren McMillin	Battalion Chief

SOUTH PLACER FIRE DISTRICT
 SCHEDULE OF FUNDING PROGRESS
 Other Post-Employment Benefits (OPEB)
 for the year ended June 30, 2013

The table below shows an analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) – (1)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (4) / (5)
7/1/2009	\$ -	\$3,470,398	0.0%	\$3,470,398	\$3,827,484	90.67%

This is the first valuation under GASB 45 so no historical information is available.

SOUTH PLACER FIRE DISTRICT
STATEMENT OF CASH FLOWS
for the year ending June 30, 2013

Cash flows from operating activities:

Net income		\$ 215,575
Adjustments to reconcile net loss to net cash provided to operating activities:		
Depreciation	\$ 280,758	
Changes in operating assets and liabilities:		
Accounts receivable	(139,142)	
Prepaid expenses	(41,177)	
Accounts payable	95,901	
Accrued salaries and benefits	(1,390)	
Compensated absences	(33,879)	
OPEB liability	<u>42,864</u>	
		<u>203,935</u>
Net cash provided by operating activities		419,510
Cash flows from financing activities:		
Proceeds from capital lease		316,733
Cash flows from investing activities:		
Purchase of equipment		<u>(1,051,578)</u>
Net decrease in cash		(315,335)
Cash at beginning of year		<u>2,373,449</u>
Cash at end of year		<u>\$2,058,114</u>