

**SOUTH PLACER
FIRE DISTRICT**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended June 30, 2014**

ROBERT W. JOHNSON
Certified Public Accountant

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**ROBERT
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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, 2014, 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, 2014, 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 Accountancy Corporation

Citrus Heights, California

October 16, 2014

SOUTH PLACER FIRE DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2014

ASSETS	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash (Note 3)	\$2,117,722	\$ -	\$ 2,117,722
Accounts receivable (Note 4)	454,988	-	454,988
Prepaid expenses	65,749	-	65,749
Capital assets (Note 5)	-	10,079,185	10,079,185
Less, accumulated depreciation	<u>-</u>	<u>2,956,097</u>	<u>(2,956,097)</u>
Total assets	<u>\$2,638,459</u>	<u>\$ 7,123,088</u>	<u>\$ 9,761,547</u>
LIABILITIES			
Accounts payable	\$ 187,659	\$ -	\$ 187,659
Accrued salaries and benefits	239,419	-	239,419
Compensated absences	278,793	-	278,793
OPEB liability (Note 10)	840,314	-	840,314
Capital lease payable (Note 11)	<u>-</u>	<u>159,216</u>	<u>159,216</u>
Total liabilities	<u>1,546,185</u>	<u>159,216</u>	<u>1,705,401</u>
FUND BALANCES/NET POSITION			
Fund balances (Note 9):			
Restricted (Note 6)	378,011	(378,011)	-
Committed	571,242	(571,242)	-
Unassigned	<u>143,021</u>	<u>(143,021)</u>	<u>-</u>
Total fund balances	<u>1,092,274</u>	<u>(1,092,274)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$2,638,459</u>		
Net position (Note 9):			
Net investment in capital assets		6,963,872	6,963,872
Restricted		378,011	378,011
Unrestricted		<u>714,263</u>	<u>714,263</u>
Total net position		<u>\$ 8,056,146</u>	<u>\$ 8,056,146</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, 2014

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Public protection	\$7,436,552	\$ -	\$7,436,552
Support services	174,500	-	174,500
Debt service	157,517	(157,517)	-
Capital outlay	538,695	(538,695)	-
Depreciation	<u>-</u>	<u>310,548</u>	<u>310,548</u>
Total program expenditures/expenses	<u>8,307,264</u>	<u>(385,664)</u>	<u>7,921,600</u>
Program revenues:			
Ambulance services (Note 4)	848,491	-	848,491
OES reimbursements	10,944	-	10,944
Fees	12,653	-	12,653
CFAA revenues	191,372	-	191,372
Other	<u>179,346</u>	<u>-</u>	<u>179,346</u>
Total program revenues	<u>1,242,806</u>	<u>-</u>	<u>1,242,806</u>
General revenues:			
Tax revenue	5,665,663	-	5,665,663
Special tax	667,903	-	667,903
Mitigation fees	296,034	-	296,034
Cellular tower lease	52,721	-	52,721
Interest income	15,571	-	15,571
Other	156,880	-	156,880
Proceeds from capital lease	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues	<u>6,854,772</u>	<u>-</u>	<u>6,854,772</u>
Excess of revenues (expenditures)/ changes in net position	(209,686)	385,664	175,978
Fund balances/net position:			
Beginning	<u>1,301,960</u>	<u>6,578,208</u>	<u>7,880,168</u>
Ending	<u>\$1,092,274</u>	<u>\$ 6,963,872</u>	<u>\$8,056,146</u>

See notes to financial statements

SOUTH PLACER FIRE DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET
for the year ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Revenues:			
Taxes revenue	\$5,553,434	\$5,665,663	\$ 112,229
Special tax	668,000	667,903	(97)
Ambulance service (Note 4)	1,036,000	848,491	(187,509)
Interest income	25,000	15,571	(9,429)
Mitigation fees	200,000	296,034	96,034
OES reimbursements	10,000	10,944	944
Fees	6,000	12,653	6,653
Cellular tower lease	60,000	52,721	(7,279)
CFAA revenues	250,000	191,372	(58,628)
Other	<u>120,600</u>	<u>336,226</u>	<u>215,626</u>
 Total revenues	 <u>7,929,034</u>	 <u>8,097,578</u>	 <u>168,544</u>
Expenditures:			
Salaries and wages	3,372,458	3,481,007	(108,549)
Sellback (Admin.)	165,000	90,973	74,027
Callback/overtime	770,000	880,930	(110,930)
PERS retirement	882,311	918,278	(35,967)
OPEB funding	65,000	65,000	-
FICA/medicare	56,204	64,769	(8,565)
WC	220,000	252,067	(32,067)
Agency share insurance	581,352	701,814	(120,462)
Labor legal	20,000	12,668	7,332
Uniform/cell allowance	50,400	49,929	471
Employee assistance program	4,500	4,468	32
Board of Directors	7,500	4,900	2,600
Audit	9,000	8,750	250
Propane	2,500	1,331	1,169
Employee physicals	12,000	22,315	(10,315)
Paramedic/EMT cert. classes	5,000	4,573	427
Ambulance billing service	68,000	62,105	5,895
Garbage	5,000	5,186	(186)
Gas & electric	58,000	50,508	7,492
Insurance (FAIRA)	32,000	31,557	443

(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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Expenditures, continued:			
Memberships & subs.	\$ 5,000	\$ 3,465	\$ 1,535
News publications	2,000	721	1,279
Sewer	4,700	4,476	224
Telephone	60,000	58,034	1,966
Training supplies	6,359	6,941	(582)
Business & conference	6,000	5,474	526
Education & training	48,000	51,331	(3,331)
Water	8,000	7,442	558
Laundry	2,500	2,198	302
Legal & consulting	90,000	45,525	44,475
Prevention consulting fees	-	38,494	(38,494)
Petty cash fund	400	232	168
Pre-employment testing	5,000	2,107	2,893
Medical waste disposal	5,500	5,399	101
Physio control contract	7,700	7,839	(139)
County charges	135,000	138,588	(3,588)
Elections	-	-	-
Public education	1,000	-	1,000
Incident supplies	5,000	5,508	(508)
Risk management service	-	-	-
Awards & recognition	3,000	1,829	1,171
Sun Pro User mtce. fee	7,000	7,559	(559)
Cleaning supplies	7,500	2,551	4,949
Copy machine contract	9,400	9,358	42
Computer service	38,000	28,421	9,579
Fire prevention supplies	5,000	4,005	995
Fuel & oil	58,000	51,037	6,963
Medical supplies	60,000	59,996	4
Miscellaneous	1,500	601	899
Office supplies	10,000	10,780	(780)
Oxygen	5,500	5,424	76
Postage	2,500	1,888	612

(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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Expenditures, continued:			
Storage	\$ -	\$ -	\$ -
Uniform supplies	5,000	7,511	(2,511)
Firefighting supplies	19,000	23,503	(4,503)
Recruitment supplies	-	-	-
Radio repair	6,000	3,718	2,282
Automotive repairs	75,000	117,465	(42,465)
Facilities maintenance	50,000	-	50,000
SCBA & compressor mtce.	9,000	7,026	1,974
Turnout clothing mtce.	6,500	4,242	2,258
Extinguisher service	750	498	252
Printing	500	637	(137)
Bad debt provision	-	(31,938)	31,938
Mitigation refund	-	-	-
Mitigation capital expenditures	342,624	342,789	(165)
Fixed assets-minor	96,500	86,238	10,262
Capital expenditures	457,000	465,224	(8,224)
Contingency	<u>440,000</u>	<u>-</u>	<u>440,000</u>
 Total expenditures	 <u>8,493,658</u>	 <u>8,307,264</u>	 <u>186,394</u>
 Excess of revenues/ (expenditures)	 <u>\$ (564,624)</u>	 <u>\$ (209,686)</u>	 <u>\$ 354,938</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 \$63,167 and the bank balance was \$106,837.

	Balance June 30 <u>2014</u>
Imprest cash	\$ 250
Checking – general	55,013
– mitigation	8,154
Cash with County – general	1,684,448
– mitigation	<u>369,857</u>
	<u>\$2,117,722</u>

SOUTH PLACER FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

4. Accounts Receivable:

Accounts receivable at June 30, 2014 consist of:

Ambulance receivables		\$ 537,291
Deduct, allowance for bad debts		<u>84,222</u>
		453,069
Add, interest receivable (County)	\$ 1,919	
Accounts receivable - other	<u>-</u>	<u>1,919</u>
		<u>\$ 454,988</u>

Ambulance revenues are analyzed as follows:

Gross revenues		\$1,072,302
Deduct, contractual and other adjustments		<u>223,811</u>
Net revenues		<u>\$ 848,491</u>

SOUTH PLACER FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

5. Capital Assets:

Changes in capital assets for the year ended June 30, 2014 are as follows:

	<u>Balance, Beginning of year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, end of year</u>
Land	\$ 332,140	\$ -	\$ -	\$ 332,140
Buildings	5,261,854	17,170	-	5,279,024
Equipment	374,838	21,748	2,478	394,108
Apparatus	<u>3,574,136</u>	<u>499,777</u>	<u>-</u>	<u>4,073,913</u>
	<u>\$ 9,542,968</u>	<u>\$ 538,695</u>	<u>\$ 2,478</u>	<u>\$10,079,185</u>

SOUTH PLACER FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

6. Mitigation Fees:

Activities of the mitigation reserve for 2013-14 follows:

Balance, 6-30-13		\$ 420,339
Add, mitigation fees	\$296,034	
interest income	<u>4,427</u>	
		300,461
Deduct, refund	-	
provided for capital items	<u>342,789</u>	
		<u>(342,789)</u>
Balance, 6-30-14		<u>\$ 378,011</u>
Cash on hand:		
Checking	\$ 8,154	
County	<u>369,857</u>	
		<u>\$ 378,011</u>

7. Subsequent Events:

Management has evaluated subsequent events through October 16, 2014, the date these June 30, 2014 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, 2014, 2013, 2012 and 2011 were \$918,278, \$808,735, \$1,163,341 and \$1,200,162 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>
2010-11	21.884%	22.038%
2011-12	24.723%	24.097%
2012-13	24.411%	24.412%
2013-14	25.658%	29.141%

9. Equity:

General Fund:

Restricted for:

Mitigation reserve		\$ 378,011
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Committed for:

Imprest cash reserve	\$ 250	
Facilities reserve	463,528	
Apparatus reserve	42,446	
Major equipment reserve	<u>65,018</u>	
		571,242

Unassigned

		<u>143,021</u>
		<u>\$ 1,092,274</u>

SOUTH PLACER FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

9. Equity, continued:

Statement of Net Position:

Net investment in capital assets		\$ 6,963,872
Restricted:		
Mitigation reserve		378,011
Unrestricted:		
Board designated:		
Imprest cash reserve	\$ 250	
Facilities reserve	463,528	
Apparatus reserve	42,446	
Major equipment reserve	<u>65,018</u>	
	571,242	
Undesignated	<u>143,021</u>	
		<u>714,263</u>
		<u>\$ 8,056,146</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, 2014, the District contributed \$65,000. 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 2014 and 2013, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	<u>2014</u>	<u>2013</u>
Annual required contribution (ARC)	\$ 316,264	\$ 297,343
Interest on net OPEB obligation	41,102	33,600
Adjustment to annual required contribution	<u>(40,634)</u>	<u>(32,238)</u>
Annual OPEB cost (expense)	316,732	298,705
Contributions made – retiree		
health insurance premiums	(111,476)	(90,934)
CERBT contribution	<u>(65,000)</u>	<u>(179,710)</u>
(Increase) decrease in net OPEB obligation	140,256	28,061
Net OPEB obligation, beginning of year	<u>700,058</u>	<u>671,997</u>
Net OPEB obligation, end of year	<u>\$ 840,314</u>	<u>\$ 700,058</u> (1)

(1) Adjusted to reflect Actuarial Valuation as of July 1, 2012.

SOUTH PLACER FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

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

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2013, 2012 and 2011 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 316,732	55.72%	\$ 840,314
June 30, 2013	\$ 298,705	90.61%	\$ 700,058
June 30, 2012	\$ 313,508	51.61%	\$ 671,997
June 30, 2011	\$ 313,508	17.02%	\$ 520,284

Funded Status and Funding Progress: July 1, 2012 is the most recent actuarial valuation date, with the assumption made that the District fund a total annual contribution equal to 50% of the Annual Required Contribution. The actuarial accrued liability for benefits was \$3,999,131. In June 30, 2012, the District began participating in the PARS Public Agencies Post-Retirement Health Care Plan Trust.

The District contributed \$65,000 in the 2013-14 fiscal year. At June 30, 2014 the OPEB (PARS) Trust account balance was \$352,596.

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.

SOUTH PLACER FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

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

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, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0% 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 7.0% 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, 2014 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. 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.

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, 2014 are:

2015	<u>\$162,623</u>
Total payments	\$162,623
Less, amount representing interest	<u>3,407</u>
Present value of net minimum lease payments	<u>\$159,216</u>

12. New Pronouncements:

In June 2012, the GASB approved Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement requires governments providing defined benefit pension plans to recognize their long-term obligation for pension benefits as a liability on the statement of net position and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also requires revised and new note disclosures and required supplementary information (RSI) to be reported by employers. The implementation of this GASB Statement will have a significant impact on the District's financial statements and is effective for the District's June 30, 2015 financial statements.

SUPPLEMENTAL DATA

SOUTH PLACER FIRE DISTRICT
PRINCIPAL OFFICIALS

Board of Directors:

Gary Grenfell	President
Mike DeLaurentis	Vice President
Sean Mullin	
David Harris	
Teresa Ryland	Clerk

Operations:

Lawrence Bettencourt	Fire Chief
Eric Walder	Deputy Fire Chief
Katherine Medeiros	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, 2014

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%
7/1/2012	\$ 77,357	\$3,783,287	2.04%	\$3,705,930	not provided	not provided

SOUTH PLACER FIRE DISTRICT
STATEMENT OF CASH FLOWS
for the year ending June 30, 2014

Cash flows from operating activities:

Net income		\$ 175,978
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	\$ 310,548	
Changes in operating assets and liabilities:		
Accounts receivable	33,721	
Prepaid expenses	(24,572)	
Accounts payable	58,302	
Accrued salaries and benefits	40,020	
Compensated absences	36,370	
OPEB liability	<u>125,453</u>	
		<u>579,842</u>
Net cash provided by operating activities		755,820
Cash flows from financing activities:		
Payment on capital lease		(157,517)
Cash flows from investing activities:		
Purchase of equipment		<u>(538,695)</u>
Net increase in cash		59,608
Cash at beginning of year		<u>2,058,114</u>
Cash at end of year		<u>\$2,117,722</u>