

AUDITED FINANCIAL STATEMENTS

**JOHNSON COUNTY
AMBULANCE DISTRICT**

YEAR ENDED DECEMBER 31, 2017

Johnson County Ambulance District

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December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Johnson County Ambulance District
Warrensburg, Missouri

We have audited the accompanying financial statements of the governmental activities and each major fund of Johnson County Ambulance District as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities and each major fund of Johnson County Ambulance District as of December 31, 2017, and the respective changes in financial position-modified cash basis thereof for the year then ended in accordance with the basis of accounting as described in Note A.

INDEPENDENT AUDITOR'S REPORT - CONT'D

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Disclaimer of Opinion Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Johnson County Ambulance District's basic financial statements. The budgetary comparison schedule and the pension schedules on pages 15 through 19, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2018, on our consideration of Johnson County Ambulance District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Johnson County Ambulance District's internal control over financial reporting and compliance.

Other Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Johnson County Ambulance District's basic financial statements. The schedule of expenditures on page 20, which is the responsibility of management, was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic 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 schedule of disbursements is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note A.

Gillum and Gillum, CPA, LLC

June 22, 2018

Johnson County Ambulance District

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

December 31, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash--Note B	\$ 2,134,879
Deposits--Note B	<u>748,420</u>
TOTAL ASSETS	<u><u>\$ 2,883,299</u></u>

COMMITMENTS--NOTE D

SUBSEQUENT EVENTS--NOTE G

NET POSITION	
Unrestricted	<u>\$ 2,883,299</u>
TOTAL NET POSITION	<u><u>\$ 2,883,299</u></u>

See notes to financial statements

Johnson County Ambulance District

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended December 31, 2017

	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for Services</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>
GOVERNMENTAL ACTIVITIES			
Emergency medical services	\$ 4,152,711	\$ 2,612,854	\$ (1,539,857)
Miscellaneous	14,750	-	(14,750)
TOTALS	<u>4,167,461</u>	<u>2,612,854</u>	<u>(1,554,607)</u>
 GENERAL REVENUES			
Property taxes--Note C			1,840,714
Training fees			33,576
Interest			21,559
Miscellaneous			<u>21,295</u>
TOTAL GENERAL REVENUES			<u>1,917,144</u>
CHANGE IN NET POSITION			362,537
Net position, beginning of year			<u>2,520,762</u>
NET POSITION, END OF YEAR			<u>\$ 2,883,299</u>

See notes to financial statements

Johnson County Ambulance District

GOVERNMENTAL FUND BALANCE SHEET - MODIFIED CASH BASIS

December 31, 2017

	<u>General Fund</u>
ASSETS	
Cash--Note B	\$ 2,134,879
Deposits--Note B	<u>748,420</u>
TOTAL ASSETS	<u>\$ 2,883,299</u>

COMMITMENTS--NOTE D

SUBSEQUENT EVENTS--NOTE G

FUND BALANCE--NOTE F

Committed	\$ 1,821,371
Assigned	131,679
Unassigned	<u>930,249</u>
TOTAL FUND BALANCE	<u>\$ 2,883,299</u>

See notes to financial statements

Johnson County Ambulance District

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**

For the Year Ended December 31, 2017

	General Fund
REVENUES	
Property taxes--Note C	\$ 1,840,714
Charges for services	2,612,854
Training fees	33,576
Interest income	21,559
Miscellaneous	21,295
	<u>4,529,998</u>
EXPENDITURES	
Human resources	2,931,726
Support services	944,581
Capital outlay	276,404
Miscellaneous	14,750
	<u>4,167,461</u>
REVENUES OVER EXPENDITURES	362,537
Fund balance, beginning of year	<u>2,520,762</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 2,883,299</u></u>

See notes to financial statements

Johnson County Ambulance District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Johnson County Ambulance District (the District) have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity: The financial reporting entity consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable, or, other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financially accountable means the primary government is accountable for the component unit and is able to impose its will, or the component unit provides financial benefits or imposes a financial burden on the primary government.

The District is a primary government, which is governed by an elected Board of Directors. The District has evaluated the above definition and has determined that no outside entities meet the criteria and, therefore, no entities have been included as component units in the District's financial statements.

Basis of Presentation: The District's basic financial statements consist of government-wide statements as well as fund financial statements. The government-wide statements (Statement of Net Position and Statement of Activities) display information about the government as a whole. Fund financial statements provide information at the fund level, with each fund considered a separate accounting entity.

Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities present summaries of the District's governmental activities.

The Statement of Net Position presents the financial condition of the District's governmental activities at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for the District's activities. Program revenues include ambulance charges. Revenues that are not classified as program revenues, primarily property taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which the District is self-financing or draws from general revenues.

Fund Financial Statements: The District uses a general fund to account for all its financial activity during the year. The operations of the fund are accounted for with a set of self-balancing accounts which include its assets, liabilities, fund balance, revenues and expenditures. Fund financial statements are designed to present financial information of the District at this more detailed level. The District has no non-major funds or fiduciary funds.

Johnson County Ambulance District

NOTES TO FINANCIAL STATEMENTS - CONT'D

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Measurement Focus and Basis of Accounting: The term measurement focus is used to denote what is being measured and reported in the District's financial statements. The government-wide financial statements are presented using the flow of economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net position and changes in net position, with the limitation of the modified cash basis of accounting. The fund financial statements are presented using the current financial resources measurement focus. Only current financial assets are generally included in the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. Fund balance is used as the measure of available spendable financial resources at the end of the period.

The term basis of accounting is used to determine when transactions are recorded regardless of the measurement focus applied. The District's policy is to prepare its financial statements on the modified cash basis of accounting. This basis recognizes assets, net position/fund equity, revenues and expenditures/expenses when they result from cash transactions, with the exception of deposits. The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Cash and Deposits: Cash includes all demand and savings accounts. Deposits are certificates of deposit (stated at cost) whose original maturities are greater than three months.

Capital Assets: Capital assets are recorded as capital outlay expenditures upon acquisition.

Risk Management: The District has identified its significant risk areas, including property, liability, workers compensation, and errors and omissions liability, and has covered those risks with the purchase of commercial insurance.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Equity

Net Position: In the government-wide financial statements, net position may be displayed in the following two components:

Restricted net position: Net position with limitations placed on its use either by enabling legislation adopted by the District, or external restrictions imposed by creditors, grantors, donors, or laws and regulations of other governments. The District currently has no restricted net position.

Unrestricted net position: All remaining net position that does not meet the definition of "restricted."

When both restricted and unrestricted resources are available for use, it is the District's policy to first use restricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Johnson County Ambulance District

NOTES TO FINANCIAL STATEMENTS - CONT'D

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Equity - continued

Fund balance: In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is classified within one of five categories:

Nonspendable: Funds that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

Restricted: Funds that are mandated for a specific purpose by external parties, such as grantors and contributors, or by state statute and other enabling legislation.

Committed: Funds that are set aside for a specific purpose determined by formal action of the District's highest level of decision making authority, the Board of Directors. Commitments are authorized by Board policy or resolution. A Board policy revision or a Board resolution is also required to modify or rescind the limitations placed on these funds.

Assigned: Funds that are set aside with the intent to be used for a specific purpose by the District's Board of Directors or the Administrator. These funds do not meet the criteria to be classified as restricted or committed.

Unassigned: Residual amount for the general fund, after allocations to the other four categories. This category provides spendable resources to meet unexpected expenditures and revenue shortfalls. It is the District's policy to maintain an unassigned general fund balance of not less than 20% of budgeted operating expenditures.

When both restricted and unrestricted resources are available for expenditure, restricted amounts are to be reduced first, unless legal requirements disallow it. When committed, assigned, and unassigned funds are available for expenditure, committed funds should be spent first, followed by assigned amounts and then unassigned amounts.

Subsequent events: Subsequent events have been evaluated through June 22, 2018, which is the date these financial statements were available to be issued.

NOTE B--CASH AND DEPOSITS

Missouri statutes authorize the District to deposit in open accounts, certificates of deposit and United States Treasury obligations. At December 31, 2017, cash and deposits consisted of:

Checking and petty cash	\$ 341,856
Money market	1,793,023
Certificates of deposit	<u>748,420</u>
	<u>\$ 2,883,299</u>

Johnson County Ambulance District

NOTES TO FINANCIAL STATEMENTS - CONT'D

NOTE B--CASH AND DEPOSITS - CONT'D

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to follow Missouri statutes requiring all bank deposits to be insured or collateralized.

The District bank balances were \$2,996,752 at December 31, 2017. Of that amount, \$1,738,692 was collateralized by securities held by the District's banks' agent in the District's name, and the remainder was covered by federal depository insurance.

NOTE C--TAXES AND TAX LEVY

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. Johnson County collects the property tax and remits it to the District.

The assessed valuation of the tangible taxable property for calendar year 2017 for the purposes of local taxation was:

Real estate	\$488,734,334
Personal property	<u>137,954,715</u>
	<u>\$626,689,049</u>

The tax levy for real and personal property owners from Johnson County was assessed at \$.2934 for every \$100 of assessed valuation.

The receipts of current and delinquent property taxes during 2017 aggregated approximately 99.52 percent of the current assessment on the basis of the levy as shown above.

NOTE D--COMMITMENTS AND CONTINGENCIES

At December 31, 2017, the District's liability for accrued leave was \$38,978 based on pay rates in effect at that date.

At December 31, 2017, the District was obligated in the amount of \$186,000 under contracts for construction management and architectural services in connection with the construction of a new headquarters.

NOTE E--PENSION PLAN

Plan description: Johnson County Ambulance District participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the express intent of the General Assembly. The plan is qualified under Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operation and administration of LAGERS is vested in the seven-member Board of Trustees. LAGERS issues a publicly available financial report, including financial statements and required supplementary information. That report may be obtained by accessing the LAGERS website at www.molagers.org.

Johnson County Ambulance District

NOTES TO FINANCIAL STATEMENTS - CONT'D

NOTE E--PENSION PLAN - CONT'D

Benefits provided: LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	<u>2017 Valuation</u>
Benefit Multiplier	1.50%
Final Average Salary	5 years
Member Contributions	4%

Benefit terms provide for annual post-retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index, and is limited to 4% per year.

Employees covered by benefit terms: At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees/beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	13
Active employees	<u>34</u>
Total	<u>48</u>

Contributions: The District is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District's full-time employees contribute 4% of their gross pay to the pension plan. Employer contribution rates were 4.3% of annual covered payroll. The District's contribution to LAGERS under the modified cash basis of accounting was \$78,747 for the plan's fiscal year ended June 30, 2017.

Net Pension Liability: The employer's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017.

Actuarial Assumptions: The total pension liability in the February 28, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.5% price inflation
Salary increases	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 Disabled Mortality Table for males and females. The pre-retirement mortality tables used were the RP-2014 Employees Mortality Table for males and females.

Johnson County Ambulance District

NOTES TO FINANCIAL STATEMENTS - CONT'D

NOTE E--PENSION PLAN - CONT'D

Actuarial Assumptions - continued: Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2017 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	43.0%	5.29%
Fixed Income	26.0%	2.23%
Real Assets	21.0%	3.31%
Strategic Assets	10.0%	5.73%

Discount rate: The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Johnson County Ambulance District

NOTES TO FINANCIAL STATEMENTS - CONT'D

NOTE E--PENSION PLAN - CONT'D

Changes in the Net Pension Liability:

	<u>Increase (Decrease)</u>		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a - b)
Balance at June 30, 2016	\$1,859,409	\$1,981,014	(\$121,605)
Changes for the year:			
Service cost	144,397		
Interest	138,106		
Expected vs. actual experience	(133,393)		
Changes of assumptions	0		
Contributions - employer		78,747	
Contributions - employee		72,470	
Net investment income		244,561	
Benefit payments	(51,772)	(51,772)	
Administrative expense		(3,457)	
Other changes - net transfer		(1,180)	
Net changes	<u>97,338</u>	<u>339,369</u>	<u>(242,031)</u>
Balance at June 30, 2017	<u>\$1,956,747</u>	<u>\$2,320,383</u>	<u>(\$363,636)</u>

Sensitivity of the Net Pension Liability to changes in the discount rate: The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower, or 1 percentage point higher, than the current rate.

	1% Decrease 6.25%	Current Single Discount Rate 7.25%	1% Increase 8.25%
Total Pension Liability	\$2,469,159	\$1,956,747	\$1,564,323
Plan Fiduciary Net Position	<u>2,320,383</u>	<u>2,320,383</u>	<u>2,320,383</u>
Net Pension Liability (Asset)	<u>\$ 148,776</u>	<u>\$(363,636)</u>	<u>\$(756,060)</u>

NOTE F--FUND BALANCE

At December 31, 2017, District fund balances are as follows:

Committed: Formally committed funds include \$840,000 for future construction of a new facility; \$750,000 for new ambulances; \$150,000 for new medical equipment; \$50,000 towards a line of duty death benefit fund, and \$31,371 for a health insurance benefit fund.

Assigned: Assigned funds are for capital outlay and an employee fund

Unassigned: Residual amount, after allocations to committed fund balance categories.

Johnson County Ambulance District

NOTES TO FINANCIAL STATEMENTS - CONT'D

NOTE G--SUBSEQUENT EVENTS

After year end, the District entered into a contract to build a new headquarters facility, and executed a lease-purchase agreement in the amount of 2.8 million dollars to finance the construction costs.

Johnson County Ambulance District

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$ 1,835,000	\$ 1,835,000	\$ 1,840,714	\$ 5,714
Charges for services	2,515,000	2,617,000	2,612,854	(4,146)
Training fees	32,000	32,000	33,576	1,576
Interest income	6,000	21,000	21,559	559
Miscellaneous	3,700	10,625	21,295	10,670
	<u>4,391,700</u>	<u>4,515,625</u>	<u>4,529,998</u>	<u>14,373</u>
EXPENDITURES				
Human resources	3,091,575	3,004,700	2,931,726	72,974
Support services	1,077,509	985,126	944,581	40,545
Capital outlay	174,000	279,300	276,404	2,896
Miscellaneous	17,700	16,975	14,750	2,225
	<u>4,360,784</u>	<u>4,286,101</u>	<u>4,167,461</u>	<u>118,640</u>
REVENUES OVER (UNDER) EXPENDITURES	30,916	229,524	362,537	133,013
Fund balance, beginning of year			<u>2,520,762</u>	
FUND BALANCE, END OF YEAR			<u><u>\$ 2,883,299</u></u>	

Johnson County Ambulance District

NOTE TO BUDGETARY COMPARISON SCHEDULE

December 31, 2017

In accordance with Chapter 67, RSMo, the District adopts a complete annual operating budget. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Directors, the budget document is available for public inspection. On December 28, 2016, the budget was legally enacted by a vote of the Board of Directors.

Subsequent to its formal approval of the budget, the Board has the authority to make necessary adjustments to the budget by formal vote. Adjustments made during the year are reflected in the budgetary comparison schedule.

Johnson County Ambulance District

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Fiscal year ending June 30,	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total Pension Liability (TPL)										
Service cost	\$136,098	\$141,556	\$144,397							
Interest on total pension liability	99,447	122,316	138,106							
Changes of benefit terms	0	0	0							
Expected vs. actual experience	91,505	(82,096)	(133,393)							
Changes of assumptions	0	65,265	0							
Benefit payments	<u>18,223</u>	<u>10,231</u>	<u>51,772</u>							
Net change in TPL	308,827	236,810	97,338							
Beginning TPL	<u>1,313,772</u>	<u>1,622,599</u>	<u>1,859,409</u>							
Ending TPL (a)	<u>\$1,622,599</u>	<u>\$1,859,409</u>	<u>\$1,956,747</u>							
Plan Fiduciary Net Position										
Contributions - employer	\$77,746	\$77,415	\$78,747							
Contributions - employee	64,424	70,223	72,470							
Net investment income	34,023	7,415	244,561							
Benefit payments	18,223	10,231	51,772							
Administrative expense	2,797	3,200	3,457							
Other (net transfer)	<u>77,010</u>	<u>(17,236)</u>	<u>(1,180)</u>							
Change in net position	232,183	124,386	339,369							
Beginning net position	<u>1,624,445</u>	<u>1,856,628</u>	<u>1,981,014</u>							
Ending net position (b)	<u>\$1,856,628</u>	<u>\$1,981,014</u>	<u>\$2,320,383</u>							
Net pension liability(asset) (a-b)	(\$234,029)	(\$121,605)	(\$363,636)							
Net position as a % of TPL (b/a)	114.42%	106.54%	118.58%							
Covered employee payroll	\$1,560,879	\$1,599,394	\$1,779,104							
Net pension liability as a % of covered employee payroll	(14.99)%	(7.60)%	(20.44)%							

Johnson County Ambulance District

SCHEDULE OF PENSION CONTRIBUTIONS

June 30, 2017

Fiscal Year	Actuarially Determined Contribution	Contribution in Relation	Contribution (Excess) Deficiency	Covered Employee Payroll	Contribution as a Percentage
2008	\$53,965	\$53,965	\$0	\$963,657	5.60%
2009	\$50,290	\$50,290	\$0	\$986,071	5.10%
2010	\$60,319	\$60,319	\$0	\$1,117,010	5.40%
2011	\$63,099	\$63,099	\$0	\$1,168,507	5.40%
2012	\$76,867	\$76,867	\$0	\$1,397,579	5.50%
2013	\$86,056	\$86,056	\$0	\$1,623,693	5.30%
2014	\$85,080	\$85,080	\$0	\$1,636,156	5.20%
2015	\$75,408	\$75,408	\$0	\$1,713,826	4.40%
2016	\$70,982	\$70,982	\$0	\$1,613,227	4.40%
2017	\$83,363	\$83,363	\$0	\$1,938,673	4.30%

Johnson County Ambulance District

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS

June 30, 2017

Valuation Date: February 28, 2017

Notes: The roll-forward of total pension liability from February 28, 2017 to June 30, 2017 reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	Level percentage of payroll amortization method over a closed period of years. If the UAAL is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period, or (ii) 15 years.
Remaining Amortization Period	Multiple bases from 15 to 16 years
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.5% price inflation
Salary Increases	3.25% to 6.55% including wage inflation
Investment Rate of Return	7.25%, net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	<p>The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.</p> <p>Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.</p>

Other Information: None

Johnson County Ambulance District

SCHEDULE OF EXPENDITURES - MODIFIED CASH BASIS

For the Year Ended December 31, 2017

Human resources		
Payroll and payroll taxes	\$	2,290,651
Fringe benefits		641,075
Support services		
Employee expenses		175,768
Fleet management		330,041
Insurance expense		126,758
Building and grounds		47,744
Utilities		32,888
Computers		62,211
Communications		29,448
General administration		16,821
User fee refunds		20,337
Professional services		69,325
Training		19,204
Special operations		14,036
Capital outlay		276,404
Miscellaneous		<u>14,750</u>
TOTAL EXPENDITURES	\$	<u>4,167,461</u>

See independent auditor's report

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Johnson County Ambulance District
Warrensburg, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Johnson County Ambulance District as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 22, 2018. The District prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS - CONT'D**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Johnson County Ambulance District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gillum and Gillum, CPA, LLC

June 22, 2018