

**LODI AMBULANCE  
SERVICE RATE  
INCREASE REQUEST**

Agenda Item K-1 - "Lodi Ambulance Service - Audit rate increase request" was introduced by Staff who reminded Council that Council had directed Staff to have an auditor evaluate the financial data presented to the City by the Lodi Ambulance Company. The accounting firm of Ernst and Whinney conducted such an evaluation.

Representatives of the firm of Ernst and Whinney were in the audience and responded to questions regarding the financial data presented as were posed by the Council.

A very lengthy discussion followed with questions being directed to Staff, representatives of Ernst and Whinney and Mr. Michael Nilssen, of the Lodi Ambulance Service, Inc.

Several motions were made but died for lack of a second.

Councilman Pinkerton then moved that the Lodi Ambulance Service be granted a 12% rate increase effective July 15, 1982, with the stipulation that a Profit and Loss Statement is to be prepared by the auditors as of December 31, 1982, with that information to be presented to Council at the earliest possible time following that date for Council review and possible adjustment to the subject rates at that time. The motion was seconded by Mayor Reid and carried by unanimous vote.

It was the tacit concurrence of the Council that Mayor Reid appoint an Advisory Committee similar to that in the City of Stockton to review rates, requested increases, etc., and that the subject committee be comprised of selected citizens of the Community, Council members and Staff.

MEMORANDUM

Why are we Regulating Them?  
Sanborn Ambulance Co wanted to  
Come in here they could - (all the City would  
need to say is that there is a need for  
additional Service —)

To: Honorable Mayor and City Council

From: Assistant City Manager

Subject: Lodi Ambulance Service

Date: March 26, 1982

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In accordance with Council direction at its regular meeting held February 24, 1982, the following information is submitted regarding the operation of Lodi Ambulance Service, Inc.

SUMMARY

The services provided by Lodi Ambulance Service is not unlike the services provided by the Fire Department. They must be able to provide immediate emergency response to the Northern San Joaquin County. The Lodi Ambulance Service has at least 4 people and 4 pieces of equipment ready to respond at all times. The Ambulance Service averages less than 10

emergency calls per day within the Northern San Joaquin County; of these, 6 to 7 are within the city limits of Lodi. The financial statement provided shows a cash flow deficit of over \$8,000; however, the increase in accounts receivable is significantly more than \$8,000. The change in fee schedule proposed by the Lodi Ambulance Service will result in bills over 30% higher than before. The combined charges are not an industry standard at this time.

#### SERVICE LEVELS

In evaluating ambulance service, it is important to note this is a 24-hour per day, 7-day per week operation. The ambulance operation is manned by 4 persons at all times. In addition to the emergency ambulance service, Lodi Ambulance Service also operates a "medicab" which is used to transport wheelchair patients on a non-emergency basis. This latter service is provided from 8 a.m. to 5 p.m., Monday through Friday, or on a pre-scheduled basis. They also maintain 4 ambulances in an "on-line" capacity. An ambulance service doing business in California and billing Medicare patients is a very closely regulated operation in that rules, regulations and guidelines from at least 25 Federal, State and local agencies effect the operation.

In 1981, the Ambulance Service responded to 3447 calls, an average of 9.4 calls per day. Approximately 70% of the calls were in the city limits of the City of Lodi.

The owners of Lodi Ambulance Service also own and operate Stockton Ambulance Service. The business operations of both Companies do operate from the same headquarters. The office is divided and functions separately with joint use of certain equipment. Four persons work in the offices and it was explained that two persons are employees of Lodi Ambulance Service and two are employees of Stockton Ambulance Service. No effort was made to review the operations as they pertained to Stockton Ambulance Service.

#### STAFFING

The staffing of the Lodi Ambulance Service is:

- 2 Owner Operators
- 9 Certified Paramedics
- 1 Wheelchair Driver
- 2 Clerical Staff

These personnel are supplemented by a number of part time personnel to assure that minimum staffing levels are provided.

The certified paramedics are highly trained and skilled personnel. Certification is made by San Joaquin County and is granted only after completing an extensive course of study of 1060 hours including a field internship. To qualify for this program, an individual must have had 2 years' previous experience.

The hourly salary paid the paramedic staff is \$3.40 per hour which is \$.05 per hour over minimum wage. Lodi Ambulance Service operates under the Fair Labor Standards Act and therefore can pay no less than \$3.35 per hour and must pay cash overtime (\$5.10) per hour over 40 hours in a given 7-day period. The paramedics work a 72-hour week.

The only way in which salary costs can be controlled is not through salary rate reductions, but through reduction in staff.

## EQUIPMENT

The equipment owned by the Lodi Ambulance Service is:

- 1 1978 Dodge paramedic van
- 1 1979 Dodge paramedic van
- 1 1982 Dodge paramedic van
- 1 1971 Cadillac ambulance
- 1 1979 Dodge wheelchair van
- 1 1981 Buick Riviera Sedan

All equipment is in good operating order and properly maintained. For the service area, the number of pieces does not seem to be out of line.

## OPERATING COSTS AND OVERHEAD

An unaudited cash basis statement was submitted for analysis. The operating statement provided does show a "net" loss for 1981 of \$8,312.90 on a cash basis. It must be noted that the receivables increased by \$54,024.68 for the period March 27, 1981 to February 19, 1982. Some of the receivables are uncollectible as patients are either Medicare/MediCal patients, or indigents, however, it was not determined what portion could be collected. This does,

however, point out the effect that uncollectibles has on cash flow.

From the statement provided, it is impossible to determine the exact costs of particular functions or items. For instance, the statement has salaries (defined as take home pay) and payroll taxes (both employee and employer contributions) as separate items. Determining total labor costs is further complicated because employee insurance is grouped with all other types of insurance.

A few expense items deserve special consideration as direct questions have been posed:

Medical Supplies - The owners of Lodi Ambulance Service are the owners of another business which distributes and sells medical supplies in the San Joaquin Valley and foothills. This Company sells supplies directly to Lodi Ambulance Service at cost, or 15% above cost at a maximum. This is less than the cost to other customers. The total cost of unrecoverable medical supplies for 1981 was \$3,026.68 for over 3,000 patient trips which figures to less than \$1.00 per trip. The hospital replaces much of the bandages and supplies and then bills the patient or includes those costs in the hospital fees and charges.

Rent - The owners of Lodi Ambulance Service own the building and property used by the Company. The rent is \$1200 per month. The owner stated that the rent at their previous location was \$1,000 per month, over 3 years ago.

Officers' Compensation - The wives of the owners are officers of the Corporation. As such, they are given a monthly stipend or draw of \$100. They are paid no other salary, however, they are reimbursed for travel expenses on Company business.

#### FEE STRUCTURE

The request for rates presented by Lodi Ambulance Service was presented in such a way that it appeared there was not a large increase in revenue contemplated. The rationale given was that this new scheme was designed to be more efficient and to conform to new Federal criteria.

A review of the practical implementation of this scheme reveals an average increase in bills of over 30%.

Ten billings were selected at random and the proposed rates were applied to those billings. The results of that sampling is summarized:

<u>Bill Amount</u>	<u>Amount of New Procedure</u>	<u>Additional Cost</u>
\$ 264.50	\$ 398.25	50.5
137.50	188.00	36.7
213.50	226.25	5.9
397.75	518.60	30.3
183.50	202.50	10.3
116.25	165.75	42.5
107.25	155.25	44.7
242.00	337.75	39.5
150.75	216.75	43.7
156.75	188.00	19.9
<hr/>	<hr/>	<hr/>
\$1,969.75	\$2,597.10	31.8

The Ambulance Service points out that only 37% of their customers pay the entire bill as charged; that over 50% are Medicare or Medical patients; and that 10% of the bills are uncollectible. The Federal Government (Medicare) pays only 80% of recognized charges which today means that \$64 is paid for the base rate. A State program for the elderly did pay the other 20%; however, AB 251 which recently passed the Legislature has eliminated this program. The State welfare program will only pay \$57.61 for the base rate and that is scheduled to be reduced to \$51.85.

It is the Ambulance Company's contention that because of the previously-mentioned factors that rates must be increased by 32% in order to generate a cash flow increase of 12%.

## RATES OF OTHER AMBULANCE SERVICES

Appendix A attached hereto is a comparison of rates charged by other ambulance services in the area. In most cases, the charges are greater than those of the other ambulance services in the comparison. There seems to be little effort on the part of government to regulate fees. Contra Costa County, for instance, grants exclusive franchises and then lets the ambulance charge what the market will bear. San Joaquin County makes no effort to regulate fees. The City of Stockton does regulate the ambulance fees charged within that City on an annual basis.

None of these ambulance services have combined charges such as is now being made by Lodi Ambulance Service. The trend may be to this combined billing since Medicare has recently recognized a charge for Advanced Life Support.

## EFFECT OF COUNTY OPERATION ON THE CITY OF LODI

Lodi Ambulance Service is geared to provide service to an area that is at least 10 times the size of Lodi but contains one-half the population. The bottom-line effect is the need for additional manpower and equipment to be available. If the need to provide service to such a large area did not exist, the need for manpower and equipment could be reduced.

## COMMENTS

The few people who did contact me were most concerned about the cost of services that were performed, especially the emergency response and paramedic fee. The comments made were that in all cases in the City of Lodi, the ambulance is no more than 4 or 5 minutes from the hospital and that it would be preferable to transport the patient immediately rather than provide on-the-spot treatment for a period of time longer than the trip to the hospital. Each person did admit that when the distance was long, such as Victor, Lockeford, or Clements, there is justification for "paramedic service", but certainly not when the trip is across the street or around the corner.

The Ambulance Service is, however, under standing orders from San Joaquin County Paramedic Committee and Board of Supervisors to respond in an emergency mode whenever there is a life-threatening problem or the request is for immediate response. Paramedic care is rendered upon orders of the physician at the Paramedic Base Station, an attendant, or in an obvious life-threatening situation.

If the City Council is desirous of setting service levels, it certainly has that prerogative. As a matter of fact, the City's present ordinance does spell out minimum qualifications of the operators and drivers of the Ambulance

Service. In 1976, the Council authorized paramedic services with the understanding that the paramedic service would only be used on an as-needed basis. The past year indicates that paramedic service (advanced life support) is used approximately 20 percent of the time.

If the City Council is desirous of becoming more involved, the following are available alternatives:

1. Contract with the Ambulance Service on a flat-rate basis for all emergency care provided in the City of Lodi.
2. Establish an ambulance service within the City service.
3. The City become involved with the management of the service and set the maximum fees which the Ambulance Service may charge.

Each of these are filled with pitfalls as the City does not have the expertise nor the money to properly implement either one. The present policy allows the Ambulance Service to set service levels and method of operation. The City has taken the approach of monitoring the rates the Company has deemed appropriate to charge. To

this point, there is no recollection of the City exercising its right to modify the posted rates.

The present ordinance places the City in a very difficult position. The Ambulance Service is not under the management control of the City either by contract or franchise. The City does not have the authority to become involved in the day-to-day management of the Ambulance Service. The City does, however, have the right to establish rates to be charged.

The Ambulance Service is caught in a price squeeze: on one hand, their costs are going up, the amount of money to pay for services is being reduced and business is declining. If these factors do not change, their only recourse is to increase rates to the extent the people who pay the full bill will pay for all the additional costs; the level of service be decreased; or operating costs reduced. It is obvious that Lodi Ambulance Service has chosen the first alternative.

## APPENDIX "A"

## AMBULANCE RATES COMPARISON

Description of Service	Lodi Ambulance		Antioch	Stockton Ambulance Service	Superior Sacramento	Michaels Concord	Modesto
	3/1/82	4/1/82					
Base Rate	85.00	90.00	95.00	80.00	80.00	110.00	107.00
Mileage	4.50	5.25	5.00	4.00	5.00	6.00	6.50
Night	17.75	35.00	20.00	12.00	15.00	25.00	28.00
Emergency	17.75	60.00	20.00	12.00	15.00	25.00	35.00
Oxygen	21.25	21.25	20.00	15.00	12.50	25.00	29.00
Paramedic	49.50	100.00	N.A.	N.A.	N.A.	25.00	45.00
EKG	35.50	50.00	-	N.A.	35.00	50.00	60.00
Defibrillation	14.25		-	N.A.	35.00	25.00	30.00
Resuscitator	35.50	-	15.00	35.00	N. C.	30.00	N. C.
Suction	14.25	-	15.00	12.00	N. C.	20.00	35.00
Emergency OB	35.50	-	N. C.	25.00	50.00	50.00	N. C.
OB Pack	14.25	-	15.00	15.00	20.00	20.00	N. C.
Oral Airway	4.25	-	4.00	No Fee	4.50	5.00	
Spinal Board	14.25	-	15.00	"	N. C.	20.00	34.00
Traction Splint	14.25	-	15.00	"	N. C.	20.00	40.00
Inflation Splint	10.75	-	15.00	"	N. C.	15.00	20.00
Burn Pack - Large	35.50	-	15.00	"	11.00	18.00	13.00
Cold Pack	11.25	-	3.50	"	3.00	6.00	5.00
Anti-Shock Trousers	28.50	-	N.A.	"	N. A.	25.00	56.00
Esophageal Airway	35.00	-	N.A.	"	15.00	40.00	30.00



**Lodi  
Ambulance  
Service, Inc.**

1709 SOUTH STOCKTON STREET  
LODI, CALIFORNIA 95240  
(209) 334-0830

February 10, 1982

Lodi City Council  
221 W. Pine St.  
Lodi, CA 95240

Gentleman:

In accordance to the City of Lodi Code Section 2A-3, we are filing a 30 day notice to change and modification of our rates.

We are submitting this letter for a change in the way we bill for our services. In todays mannor, we must change with the requirement of the government programs so we are able to serve the people in our community.

In revamping the way we charge for services, dropping 32 now charged items, and adding three new charges that the government programs understand. Having each area of service recover the cost of that service. Only the patient receiving such service would be charged for that service.

As you know, the State of California in their Medical Program greatly reduced the revenue to the Hospital. We also received cuts from the State payments that equal 20% of the bill; as of 1/1/82, we no longer receive those funds from the State. Also, we have indications that there is a 10% across the board reduction on all Payments from the State in the near future.

With these losses of revenue and increased number of governmental agencies placing requirements upon our operation. Coupled with todays inflation it is necessary to increase the cost to the patient.

These increases would enable ourselves to continue a high quality of service for the people of our community. Be assured, we are doing everything possible to hold all increases to as little as possible, without jeopardizing patient care.

If you have any questions, please contact myself at our office.

Respectfully,

Perry Schimke  
Controller

PS:jd



# Lodi Ambulance Service, Inc.

1709 SOUTH STOCKTON STREET  
LODI, CALIFORNIA 95240  
(209) 334-0830

## PROPOSED RATES

<u>DESCRIPTION</u>	<u>CURRENT</u>	<u>NEW PRICE</u>
Base Rate	85.00	90.00
Sit-Up patient	85.00	90.00
Mileage (one way)	4.50	5.25
Night 7Pm to 7AM	17.75	35.00
Emergency	17.75	
Oxygen - per tank	21.25	21.25
Waiting time - per 15min.	10.75	15.00
Paramedic Stand-by per 15min	14.25	
IPPB respirator	42.50	
Paramedic Service	49.50	
Clinical spec - per hour	21.25	
Defibrillator use	14.25	
Emergency EKG	35.50	50.00
Heart/lung resuscitator	35.50	
Suction	14.25	
Resuscitator elder	14.25	
Infant ambu	14.25	
Adult ambu	14.25	
Emergency child birth	35.50	
O.B. Pack	14.25	
Oral airway	4.25	
Reactose	10.75	
Flat stretcher	21.25	
Orthopedic stretcher	21.25	
Spinal board - short	14.25	
Spinal board - long	14.25	
Traction splint	14.25	
Ladder splint	14.25	
Cardboard splint	10.75	
Inflation splint	10.75	
Cold Pak	11.25	
Burn pak - large	35.50	
Burn pak - small	14.25	
Sandbags	3.00	
Anti-shock trousers	28.50€	
Multi-trauma dressing	7.25	
ET tube	35.00	
Esophageal airway	35.00	
Needle thoracotomy	75.00	
Cricothyroid stick	75.00	
Immediate Responce (Emergency)		60.00
Spinal Care		50.00
Advance Life Support		100.00

CALIFORNIA AMBULANCE ASSOCIATION

RATE SURVEY

JANUARY 1982

County	Base	Mileage	Night	Emergency	Oxygen
Alameda	85.00	4.50	20.00	15.00	14.50
Amador	85.00	5.00	15.00	20.00	15.00
Butte	105.00	6.00	35.00	35.00	20.00
Contra Costa	105.00	6.00	25.00	25.00	17.00
Fresno	97.50	5.00	25.00	25.00	15.00
Humboldt	118.50	7.00	30.00	30.00	20.00
Kern	110.00	7.00	35.00	15.00	15.00
Kings	85.00	4.00	20.00	20.00	15.00
Los Angeles	75.00	5.00	12.00	12.00	12.00
Madera	80.00	4.00	15.00	15.00	15.00
Mendocino	65.00	3.00	10.00	10.00	10.00
Monterey	81.00	4.00	15.50	18.50	13.00
Napa	87.50	4.50	15.00	20.00	13.00
Orange	75.00	5.00	15.00	15.00	15.00
Placer	110.00	6.00	30.00	35.00	30.00
Plumas	70.00	4.00	24.00	15.00	15.00
Riverside	105.00	5.50	40.00	50.00	30.00
Sacramento	80.00	5.00	15.00	15.00	15.00
San Benito	75.00	3.50	12.50	12.50	12.50
San Bernardino	81.50	5.25	16.50	16.50	8.00
San Diego	85.00	5.00	20.00	20.00	20.00
San Francisco	100.00	4.75	16.50	16.50	14.00
San Joaquin (Tracy)	130.00	6.50	28.00	35.00	29.00
San Luis Obispo	117.50	5.50	35.00	45.00	25.00
San Mateo	125.00	5.00	25.00	25.00	25.00
Santa Barbara	96.00	5.00	25.00	72.00	26.00
Santa Clara	115.00	4.00	20.00	25.00	15.00
Santa Cruz	95.00	4.00	13.50	13.50	13.50
Shasta	95.00	5.25	15.00	15.00	20.00
Siskiyou	95.00	5.25	15.00	15.00	20.00
Solano	90.00	5.00	20.00	20.00	15.00
Sonoma	125.00	7.00	40.00	40.00	30.00
Stanislaus	107.00	6.50	28.00	35.00	29.00
Tulare	85.00	4.00	20.00	20.00	15.00
Tuolumne	90.00	4.50	15.00	15.00	15.00
Ventura	95.00	6.00	25.00	30.00	30.00
Yolo	115.00	5.50	20.00	25.00	26.00
Yuba	87.50	5.25	20.00	20.00	20.00

Percentage Break Downs

Lodi				Stockton
1135	37%	Private Pay & Insurance	31.5%	1903
552	18%	Medicare--Medical	19.5%	1178
1039	34%	Medical	38 %	2263.
36	1%	County	2%	117
295	10%	Uncollectable	9%	583
3048	100%	Totals	100%	6044

200	6.5%	Dry Runs	17%	1029
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**Total Calls**

1976 ---	2960
1977 ---	3487
1978 ---	3259
1979 ---	3629
1980 ---	3657
1981 ---	3447

BASE RATE	90.00	6%
MILIAGE	5.25	17%
NIGHT	35.00	97%
EKG	50.00	40%
OXYGEN	21.25	NONE
STAND BY	14.25	NONE

**PARAMEDIC CALLS**

1977 ---	553
1978 ---	535
1979 ---	566
1980 ---	757
1981 ---	654

**ADD**

ADVANCE LIFE SUPPORT	100.00	New
IMMEDIATE RESPONCE "EMERGENCY"	60.00	New
SPINIAL CARE	50.00	New

"Drop 32 now charged idems"

LODI AMBULANEE SERVICE, INC.

	1980	1981	1982
<b>INCOME :</b>	<b>\$372,252.48</b>	<b>\$416,777.18</b>	<b>\$475,000.00</b>
 <b>EXPENCE:</b>			
Salaries	133,649.87	162,604.00	180,500.00
Insurance	35,881.89	43,651.60	47,500.00
Interest	37,643.88	18,666.67	21,375.00
Rent	14,400.00	14,400.00	16,625.00
Advertising & Promotion	5,157.02	7,317.60	9,500.00
Telephone & Utilities	8,247.65	12,971.52	14,250.00
Legal & Accounting	2,239.70	9,651.80	9,500.00
Radio & Medical Equipt.	5,531.27	9,139.96	9,500.00
Medical Supplies	2,289.61	3,026.68	3,562.50
Taxes & Licences	957.00	2,133.10	2,375.00
Payroll Taxes	61,245.42	74,638.80	80,750.00
Laundry & Cleaning	3,201.56	3,619.88	4,750.00
Office Expence	9,661.74	7,074.28	8,312.50
Auto Maintenance	7,970.06	7,369.24	9,500.00
Gas & Oil	15,882.27	18,525.28	21,375.00
Refunds	8,892.91	9,077.00	9,500.00
Depreciation Expence	8,403.00	9,663.45	11,875.00
Officers - Expence	12,727.00	10,944.48	14,250.00
Misc. Expence	<u>        </u>	<u>614.74</u>	<u>        </u>
	<b>366,558.85</b>	<b>425,090.08</b>	<b>475,000.00</b>
 <b>NET INCOME OR LOSS</b>	 <b>5,693.63</b>	 <b>-8,312.90</b>	 <b>0.00</b>

12.7%

LODI AMBULANCE SERVICE, INC.  
A CALIFORNIA CORPORATION  
Income Statement (Cash Basis)  
For the 12 month Period Ending Dec. 31, 1981

INCOME:

Total Cash Basis Income  
from Ambulance Services: \$416,777.18

OPERATING EXPENCES:

Salaries	\$162,604.00
Insurance	43,651.60
Interest	18,666.67
Rent	14,400.00
Advertising & Promotion	7,317.60
Telephone & Utilities	12,971.52
Legal & Accounting	9,651.80
Radio & Medical Equipment	9,139.96
Medical Supplies	3,026.68
Taxes & Licenses	2,133.10
Payroll Taxes	74,638.80
Laundry & Cleaning	3,619.88
Office Expence	7,074.28
Auto Expence	7,369.24
Gas & Oil	18,525.28
Refunds	9,077.00
Depreciation Expence	9,663.45
Officers- Operating Expence	10,944.48
Misc. Expence	<u>614.74</u>

Total Operating Expence \$425,090.08

Net Income or Loss -8,312.90

The Accompanying Letter is an  
integral part of this statement.

(unaudited)

811 7/17  
COUNCIL

# CITY OF LODI

FRED M. REID, Mayor  
ROBERT C. MURPHY,  
Mayor Pro Tempore  
EVELYN M. OLSON  
JAMES W. PINKERTON, Jr.  
JOHN R. (Randy) SNIDER

CITY HALL, 221 WEST PINE STREET  
POST OFFICE BOX 320  
LODI, CALIFORNIA 95241  
(209) 334-5634

HENRY A. CLAVES, Jr.  
City Manager

ALICE M. REIMCHE  
City Clerk

RONALD M. STEIN  
City Attorney

July 13, 1982

Mr. Michael Nilssen  
Lodi Ambulance Service Inc.  
1709 South Stockton Street  
Lodi, CALIFORNIA 95240

Dear Mr. Nilssen:

This letter will confirm the actions of the Lodi City Council taken at its regular meeting of July 7, 1982 whereby following receipt of a request for a rate increase, the Council, following a lengthy discussion, granted to the Lodi Ambulance Service, effective July 15, 1982, a 12% rate increase with the stipulation that a Profit and Loss Statement is to be prepared by the auditors as of December 31, 1982. This information is to be presented to the Council at the earliest possible time following that date for Council review. Council reserves the right to make a possible adjustment to the subject rates at that time following its review of the December 31 Profit and Loss Statement.

Should you have any questions regarding this item, please do not hesitate to call this office.

Very truly yours,

Alice M. Reimche  
City Clerk

AMR/lf

LODI AMBULANCE SERVICE, INC.

**Current Ratio** - Current assets to current liabilities. Measures the ability of a business to pay its current obligations.

	<u>3/82</u>	<u>3/81</u>
Current Assets	\$171,099	\$127,462
Current Liabilities	20,333	29,957
Working Capital	<u>\$150,766</u>	<u>\$ 97,505</u>
Current Ratio	841%	425%

**Accounts Receivable Turnover** - Aids in evaluating the receivable position and approximate collection time.

	<u>3/82</u>	<u>3/81</u>
Net Ambulance Fees	\$541,445	\$449,387
Net Receivables	139,207	113,775
Receivables turnover for year	3.9	3.9

**Ratio of Stockholders' Equity to Total Liabilities** - Indicates changes in source of business capital. Increases indicate the company is less vulnerable to a decline in business. Decreases indicate trading on equity (applying leverage) which may be a favorable position to be in.

	<u>3/82</u>	<u>3/81</u>
Stockholders' Equity	\$221,145	\$202,249
Total Liabilities	62,058	29,957
Ratio of Stockholders Equity to total liabilities	3.6	6.8

**Ratio of Stockholders Equity to Land, Buildings and Equipment** - An increase means acquisitions are financed through retained earnings. A decrease may suggest possible over expansion, excessive use of credit and greater vulnerability to financial difficulties if business drops off.

	<u>3/82</u>	<u>3/81</u>
Stockholders' equity	\$221,145	\$202,249
Land, buildings & equipment (net)	65,534	53,818
Ratio of stockholders equity to land, buildings, and equipment	3.4	3.8

Ratio of net sales to total assets - Indicates the relative effectiveness of asset utilization.

	<u>3/82</u>	<u>3/81</u>
Net sales	\$436,207	\$406,580
Total assets	283,203	232,206
Ratio of net sales to total assets	1.5	1.8

Rate earned on total assets

	<u>3/82</u>	<u>3/81</u>
Net Income	\$ 18,896	\$ 35,531
Total assets	283,203	232,206
Rate earned on total assets	6.67%	15.30%

Rate earned on stockholders equity

	<u>3/82</u>	<u>3/81</u>
Net income	\$ 18,896	35,531
Stockholders equity	221,145	202,249
Rate earned on stockholders equity	8.54%	17.57%

ACCOUNTS RECEIVABLE		13,774.72	
INVENTORY		391.84	
PREPAID EXPENSES		1,452.21	
<b>TOTAL CURRENT ASSETS</b>			<b>127,458.23</b>
PROPERTY, PLANT AND EQUIPMENT		10,978.20	
ACCUMULATED DEPRECIATION		(1,556.13)	
NET EQUIPMENT		9,422.07	
ACCUMULATED DEPRECIATION		(2,050.22)	
<b>TOTAL PROPERTY AND EQUIPMENT</b>			<b>39,919.28</b>
OTHER ASSETS			
INTANGIBLE ASSETS		13,431.15	
CONTRACTS		2,711.01	
IMPROVEMENTS		1,847.94	
<b>TOTAL OTHER ASSETS</b>			<b>5,925.46</b>
<b>TOTAL ASSETS</b>			<b>232,205.91</b>
<b>LIABILITIES AND CAPITAL</b>			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE		1,583.45	
CONTRACTS PAYABLE		33,502.51	
OTHER LIABILITIES		506.73	
DEFERRED INCOME TAXES		1,089.08	
DEFERRED INCOME TAXES		1,978.02	
DEFERRED INCOME TAXES		2,218.50	
STATE DEFERRED		307.50	
<b>TOTAL CURRENT LIABILITIES</b>			<b>25,956.79</b>
<b>CAPITAL</b>			
COMMON STOCK		10,486.81	
RETAINED EARNINGS		5,185.17	
EARNINGS YEAR-TO-DATE		3,583.53	
<b>TOTAL CAPITAL</b>			<b>20,249.21</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>			<b>232,205.91</b>

PERIOD TO DATE

INCOME					
AMB	14072.27	171.52		14243.79	110.52
OTR		73		73.09	09
LES	2187.81	17.57		2205.38	10.62
<b>TOTAL</b>	<b>11884.46</b>	<b>154.01</b>		<b>12038.47</b>	<b>100.00</b>
<b>OPERATING EXPENSES</b>					
RENT	2312.21	2.79		2315.00	2.27
UTILITIES	2253.12	1.77		2254.89	1.07
INSURANCE	245.26	2.26		247.52	3.06
REPAIRS	2379.80	1.07		2380.87	1.07
MAINTENANCE	7504.09	1.74		7505.83	1.94
DEPRECIATION	10537.00	3.33		10537.00	3.33
INTEREST	1533.47	1.12		1533.47	1.12
REPAIRS	1042.73	7.75		1042.73	7.75
LAUNDRY & CLEANING	7124.03	7.77		7124.03	7.77
LEGAL & ACCOUNTING	2089.70	5.1		2089.70	5.1
LICENSES & TAXES	8813.14	1.18		8813.14	1.18
MEDICAL SUPPLIES	2194.12	5.1		2194.12	5.1
MISCELLANEOUS	598.04	1.15		598.04	1.15
OFFICE EXPENSE	2432.31	2.45		2432.31	2.45
TRAVEL & MEDICAL EQUIP	5764.97	1.66		5764.97	1.66
REFUNDS	2139.77	2.25		2139.77	2.25
GROUPMENT EXPENSE	1003.54	3.32		1003.54	3.32
ST	1430.00	3.54		1430.00	3.54
SALARIES-OTHER	182782.47	44.56		182782.47	44.56
TAXES-PAYROLL	11422.30	13.54		11422.30	13.54
TELEPHONE & UTILITIES	18255.52	2.31		18255.52	2.31
<b>TOTAL OPERATING EXPENSES</b>	<b>371048.62</b>	<b>91.24</b>		<b>371048.62</b>	<b>91.24</b>
<b>NET PROFIT OR LOSS</b>	<b>12339.85</b>	<b>3.76</b>		<b>12339.85</b>	<b>3.76</b>

ASSETS

CURRENT

CASH  
RECEIVABLE  
ACCOUNTS RECEIVABLE  
INVENTORY  
PREPAID EXPENSES  
PROPERTY AND EQUIPMENT  
OTHER

100  
100  
100  
100  
100  
100  
100

OTHER ASSETS

171099.20  
17795.20  
25003.81  
29534.32  
1343.15  
43558.41  
1557.91

TOTAL CURRENT ASSETS

171099.20

PROPERTY AND EQUIPMENT

PROPERTY AND EQUIPMENT  
ACCUMULATED DEPRECIATION  
TOTAL PROPERTY AND EQUIPMENT

41121.81  
15918.70  
72590.20  
69054.23

17795.20  
25003.81  
29534.32

65534.32

OTHER ASSETS

OTHER ASSETS  
DEFERRED TAXES  
OTHER

1343.15  
43558.41  
1557.91

45569.47

45569.47

CURRENT ASSETS		
CASH	2,135.70	
RECEIVABLES	12,530.91	
INVENTORY	1,000.00	
PREPAID EXPENSES	100.00	
<b>TOTAL CURRENT ASSETS</b>		<b>20,366.61</b>
LIABILITIES		
NOTES PAYABLE	10,000.00	
ACCOUNTS PAYABLE	1,200.00	
<b>TOTAL LIABILITIES</b>		<b>11,200.00</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>		<b>31,566.61</b>
CAPITAL		
COMMON STOCK	10,000.00	
RETAINED EARNINGS	1,300.00	
EARNINGS OF YEAR TO DATE	10,266.61	
<b>TOTAL CAPITAL</b>		<b>20,366.61</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>		<b>31,566.61</b>

INCOME					
AME				54,445.50	124.10
INT				111.41	.16
LES				1,447.73	2.27
TOTAL				53,109.18	100.00
OPERATING EXPENSES					
				3,897.00	1.30
				6,555.86	1.00
				18,009.29	4.20
				1,770.00	.31
				9,000.41	2.00
				1,571.62	.38
				15,472.00	3.70
				1,032.07	.25
				894.00	.11
				3,015.90	.70
				34,025.38	7.90
				2,925.15	.69
				4,574.75	1.05
				5,404.20	1.24
				774.00	.18
				4,191.39	.96
				1,208.26	.28
				2,735.50	.61
				4,311.74	1.01
				1,347.19	.31
				3,283.24	.76
				3,470.81	.80
				18,150.00	4.18
				1,330.00	.30
				21,373.90	4.96
				15,702.51	3.52
				369.17	.08
				1,460.00	.33
				1,017.49	.23
TOTAL OPERATING EXPENSES				41,511.70	95.57
NET PROFIT OR LOSS				11,597.48	26.43



**Lodi  
Ambulance  
Service, Inc.**

1708 SOUTH STOCKTON STREET  
LODI, CALIFORNIA 95240  
(209) 334-0830

RECEIVED  
1982 JUN 29 AM 10:05

ALICE M. REIMCHE  
CITY CLERK  
CITY OF LODI

June 22, 1982

City Council  
City of Lodi  
221 W. Pine St.  
Lodi, CA 95240

Dear Council Members,

During the past 11 years that I have been with Lodi Ambulance I have verbally requested any and all City Council Members to visit our company to discuss and examine any of our records or operations. The only council member in those 11 years to visit our operation has been Mr. Murphy.

Our policy on the future for rate revisions will be to provide the Council with a letter of request and other data statistics. We will be unable to provide a copy of the P & L to the Council or City Administration, however, we welcome any Council Member or City Administrator to come to our office to review and discuss any financial documents.

I am also formally offering in writing an invitation to visit me personally at my office or telephone any time during the business week. I offer this because I believe we need an on line communication so you can understand our operation.

Very truly yours,

*Mike Nilssen*  
Mike Nilssen

cc: James Pinkerton  
Robert Murphy  
Fred Reed  
Evelyn Olson  
Randy Snider

MN:bs

**Medi-Cab**

**Lodi Medical Products**

# Ernst & Whinney

555 Capitol Mall, Suite 650  
Sacramento, California 95814

916/447-3237

City Council  
City of Lodi

At your request, we have performed the procedures enumerated below with respect to the financial information supporting the calculation of the rates proposed by Lodi Ambulance Services, Inc. for fiscal year 1982-83. Our review was made solely to assist you in evaluating the reasonableness of the financial information supporting the calculation of the rates, and our report is not to be used for any other purposes. The procedures we performed are summarized as follows:

- a. We compared the unaudited cash flow statement for the year ended December 31, 1981 of Lodi Ambulance Services, Inc. prepared by Lodi Ambulance Service, Inc. with the unaudited statements of operations for the year ended March 31, 1982 compiled by the independent accountants of Lodi Ambulance Services, Inc.
- b. We performed ratio analyses using the unaudited financial statements as of March 31, 1982 and 1981 and for the years then ended.

Our findings are presented in the accompanying schedules.

Because the above procedures do not constitute an examination made in accordance with generally accepted auditing standards, we do not express an opinion on the financial information supporting the calculation of the rates proposed by Lodi Ambulance Services, Inc. for fiscal year 1982-83. This report relates only to the financial information supporting the calculation of the rates proposed by Lodi Ambulance Services, Inc. for fiscal year 1982-83 and does not extend to any financial statements of Lodi Ambulance Services, Inc., taken as a whole.

*Ernst & Whinney*

Sacramento, California  
April 26, 1982

SCHEDULE A

COMPARISON OF CASH FLOW STATEMENT AND STATEMENT OF OPERATIONS

LODI AMBULANCE SERVICES, INC.

UNAUDITED

	Cash Flow Statement For Year Ended <u>December 31, 1981</u>	Statement of Operations for Year Ended <u>March 31, 1982</u>	Footnote Reference
Income	\$416,777	\$436,207	
Expenses			
Salaries and benefits	237,243	230,250	
Insurance	43,652	34,826	
Principal and interest payments	18,667	5,017	1.
Rent	14,400	13,500	
Advertising and promotion	7,318	5,697	
Telephone and utilities	12,972	13,017	
Legal and accounting	9,652	9,982	
Radio and medical equipment	9,140	7,883	2.
Medical supplies	3,027	4,192	
Taxes and licenses	2,133	3,183	
Laundry and cleaning	3,620	2,986	
Office expense	7,074	4,511	
Auto maintenance	7,369	9,100	
Gas and oil	18,525	18,709	
Refunds	9,077	8,971	
Depreciation	9,663	16,472	3.
Officers' expense	10,944	12,150	
Miscellaneous expense	614	2,736	
Amortization of goodwill		4,356	4.
Leases		5,835	
Other		3,939	
	<u>425,090</u>	<u>417,312</u>	
Net Income (Cash Flow Deficit)	<u>\$ (8,313)</u>	<u>\$ 18,895</u>	

1. Cash flow statement properly includes principal and interest payments, while the statement of operations properly includes interest expense only.
2. Items are not of a capital nature. Therefore, they are properly included in both statements.
3. Depreciation does not require an outlay of cash and should not be included in the cash flow statement.
4. Amortization does not require a cash outlay. It was properly excluded from the cash flow statement.

SCHEDULE B

RATIO ANALYSES OF THE UNAUDITED FINANCIAL STATEMENTS OF

LODI AMBULANCE SERVICES, INC.

UNAUDITED

	Year Ended March 31	
	1982	1981
Current Ratio:		
$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	8.4 to 1	4.3 to 1
Bad Debt Loss Ratio:		
$\frac{\text{Adjustment and Write Downs}}{\text{Ambulance Fees}}$	19.6%	9.6%
Profit Margin:		
$\frac{\text{Net Income}}{\text{Total Income}}$	4.3%	8.7%
Return on Equity:		
$\frac{\text{Net Income}}{\text{Total Capital}}$	8.5%	17.6%
Return on Capital:		
$\frac{\text{Net Income}}{\text{Common Stock}}$	18.0%	33.9%
Return on Total Assets:		
$\frac{\text{Net Income}}{\text{Total Assets}}$	6.7%	15.3%

LODI AMBULANCE SERVICE, INC.

Current Ratio - Current assets to current liabilities. Measures the ability of a business to pay its current obligations.

	<u>3/82</u>	<u>3/81</u>
Current Assets	\$171,099	\$127,462
Current Liabilities	20,333	29,957
Working Capital	<u>\$150,766</u>	<u>\$ 97,505</u>
Current Ratio	<u>841%</u>	<u>425%</u>

Accounts Receivable Turnover - Aids in evaluating the receivable position and approximate collection time.

	<u>3/82</u>	<u>3/81</u>
Net Ambulance Fees	\$541,445	\$449,387
Net Receivables	139,207	113,775
Receivables turnover for year	3.9	3.9

Ratio of Stockholders' Equity to Total Liabilities - Indicates changes in source of business capital. Increases indicate the company is less vulnerable to a decline in business. Decreases indicate trading on equity (applying leverage) which may be a favorable position to be in.

	<u>3/82</u>	<u>3/81</u>
Stockholders' Equity	\$221,145	\$202,249
Total Liabilities	62,058	29,957
Ratio of Stockholders Equity to total liabilities	3.6	6.8

Ratio of Stockholders Equity to Land, Buildings and Equipment - An increase means acquisitions are financed through retained earnings. A decrease may suggest possible over expansion, excessive use of credit and greater vulnerability to financial difficulties if business drops off.

	<u>3/82</u>	<u>3/81</u>
Stockholders' equity	\$221,145	\$202,249
Land, buildings & equipment (net)	65,534	53,818
Ratio of stockholders equity to land, buildings, and equipment	3.4	3.8

Ratio of net sales to total assets - Indicates the relative effectiveness of asset utilization.

	<u>3/82</u>	<u>3/81</u>
Net sales	\$436,207	\$406,580
Total assets	283,203	232,206
Ratio of net sales to total assets	1.5	1.8

Rate earned on total assets

	<u>3/82</u>	<u>3/81</u>
Net Income	\$ 18,896	\$ 35,531
Total assets	283,203	232,206
Rate earned on total assets	6.67%	15.30%

Rate earned on stockholders equity

	<u>3/82</u>	<u>3/81</u>
Net income	\$ 18,896	35,531
Stockholders equity	221,145	202,249
Rate earned on stockholders equity	8.54%	17.57%

Enclosure 2

RE: Lodi Ambulance Service  
Rate Increase

PERCENTAGE RATIO TO PRIVATE RATE

<u>TYPE OF SERVICE</u>	<u>PRIVATE</u>	<u>MEDICARE</u>	<u>MEDI-CAL</u>	<u>PERCENTAGE</u>	
				<u>MC</u>	<u>CM</u>
BASE RATE	\$ 85.00	\$ 80.00	\$ 57.61	94%	68%
MILEAGE	4.50	4.75	2.97	0	66
NIGHT CALL	17.75	15.00	9.22	84	61
EMERGENCY	17.75	15.00	9.22	84	61
OXYGEN	21.25	15.00	9.22	70	43
WAITING TIME	10.50	11.00	9.22	0	87
ADVANCED LIFE SUPPORT	49.50	0.00	0.00	100	100
EKG	35.50	17.50	18.34	50	52

MN:bs

June 11, 1982

Enclosure

RE: Lodi Ambulance Service  
Rate Increase

*Rates Effective 7/15/82*

PROPOSED RATES

BASE RATE	95.00 *
MILEAGE	5.00
NIGHT CALL	20.00
EMERGENCY	20.00
OXYGEN	25.00
WAITING TIME	14.25
ADVANCE LIFE SUPPORT	55.00
EKG	40.00
HEART/LUNG RESUSCITATOR	40.00
SUCTION	16.00
RESUSCITATOR	16.00
ORAL AIRWAY	5.00
ENDO TRACHEAL INTUBATION	40.00
ESOPHOGEAL INTUBATION	40.00
CHILD DELIVERY	40.00
FLAT STRETCHER	21.25
ORTHOPEDIC STRETCHER	25.00
SPINAL BOARD SHORT	16.00
" " LONG	16.00
SPLITTING TRACTION	16.00
" LADDER	16.00
CARDBOARD ARM	12.00
" LEG	12.00
INFLATION ARM	12.00
" LEG	12.00
SPINAL CARE	
SAND BAGS	3.50
MED ANTI SHOCK TROUSERS	34.00
MULTI TRAUMA DRESSING	7.25
NEEDLE THORACOTOMY	75.00
NEEDLE TREACHYOTOMY	75.00

MN:bs

June 11, 1982

\* modified 8/21/82