

GOODELL,
PORTER,
SANCHEZ &
BRIGHT, LLP

March 31, 2015

To The Board of Directors
El Dorado County Emergency Services Authority
480 Locust Road
Diamond Springs, CA 95619

CERTIFIED
PUBLIC
ACCOUNTANTS

JOHN L. GOODELL, CPA
VIRGINIA K. PORTER, CPA
BEVERLY A. SANCHEZ, CPA
SUZY H. BRIGHT, CPA
RICHARD J. GOODELL, CPA
MICHELLE M. HANSON, CPA

We have audited the financial statements of the governmental activities of El Dorado County Emergency Services Authority (JPA) for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated April 10, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the JPA are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the JPA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the El Dorado County Emergency Services Authority's financial statements was:

Management's estimate of the annual contribution for other post-retirement benefits based on actuarial calculation. We evaluated the key factors and assumptions used to develop the annual required contribution and determined it is reasonable in relation to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statement is Note 1 - Significant Accounting Policies.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representation

We have requested certain representations from management that are included in the attached management representation letter dated March 31, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the JPA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Reportable Deficiencies

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 controls 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.

The JPA continues to incur monthly interest expense charged on the deficit balance in the County Treasury. We recommend JPA administration continue to review options with the County that will improve monthly cash flows to eliminate deficit cash balances.

JPA administration should monitor annual activity relating to other post-employment benefits (OPEB) for JPA employees. Each participating member agency should provide a current actuarial report (no more than three years old) that supports the billing to the JPA for the JPA's share of the OPEB annual required contribution. (ARC). Confirmation should be obtained that the JPA's OPEB responsibility is limited to the annual amounts billed by each participating member agency.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the JPA's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on other supplementary information which accompany the financial statements but are not required supplementary information.

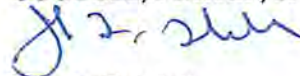
With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We applied certain limited procedures to management's discussion and analysis, budgetary comparisons and accounting by employer for postemployment benefits, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This information is intended solely for the use of the Board of Directors and management of El Dorado County Emergency Services Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

GOODELL, PORTER, SANCHEZ & BRIGHT, LLP



John L. Goodell
Certified Public Accountant

JLG:jn

El Dorado County Emergency Services Authority
Schedule of Unrecorded Adjustments
As of and for the Year Ended June 30, 2014

The following items represent potential adjustments that were not recorded as adjustments to the financial statements because they are considered immaterial both individually and in the aggregate.

Accounts Receivable	\$18,898	
Retiree Health: OPEB Contributions		\$18,898
<i>To record receivable for overpayment by JPA to El Dorado County Fire for 2014 OPEB costs</i>		

Accounts Receivable	\$54,944	
Class 30 Expenses - Diamond		\$54,944
<i>To record receivable for Class 30 expenses in excess of the \$1 million cap put in place for the 2013-2014 fiscal year</i>		

(Government-wide financial statements only:)

Compensated Absence Liability	\$708	
Regional Ambulance and Dispatch Services		\$708
<i>To reduce vacation liability accrual for Todd Pennington by hours taken in pay-period 2014-14</i>		

We did not adjust the amount reported for Cash in County Treasury at June 30, 2014 to the current fair value amount. Had we recorded the adjustment, the JPA's total amount reported as Cash in County Treasury would decrease \$1,932.

EL DORADO COUNTY EMERGENCY
SERVICES AUTHORITY
DIAMOND SPRINGS, CALIFORNIA
ANNUAL FINANCIAL REPORT
JUNE 30, 2014

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

JUNE 30, 2014

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FINANCIAL SECTION

GOODELL,
PORTER,
SANCHEZ &
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C E R T I F I E D
P U B L I C
A C C O U N T A N T S

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INDEPENDENT AUDITOR'S REPORT

JPA Governing Board
El Dorado County Emergency Services Authority
Diamond Springs, California

We have audited the accompanying financial statements of the governmental activities and the major fund of El Dorado County Emergency Services Authority as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the El Dorado County Emergency Services Authority'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 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair 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 respective financial position of the governmental activities and the major fund of El Dorado County Emergency Services Authority, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise El Dorado County Emergency Services Authority's basic financial statements. The financial and statistical information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The financial and statistical information listed as supplementary information is the responsibility of management and were derived from and relate 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 financial and statistical information listed as supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2015, on our consideration of the El Dorado County Emergency Services Authority's internal control over financial reporting and 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 El Dorado County Emergency Services Authority's internal control over financial reporting and compliance.


GOODELL, PORTER, SANCHEZ & BRIGHT, LLP
Certified Public Accountants

March 31, 2015

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

The discussion and analysis of El Dorado County Emergency Services Authority's (JPA) financial performance provides an overall review of the JPA's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the JPA's financial performance as a whole. To provide a complete understanding of the JPA's financial performance, please read it in conjunction with the Independent Auditor's Report on page 1, notes to the basic financial statements and the JPA's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The JPA is a contract provider to the County of El Dorado with its primary funding source through County Service Area #7 (CSA #7.) All costs are budgeted expenditures through the El Dorado County Health Department. All funds budgeted in excess of actual expenditures are returned at the end of each fiscal year.
- The JPA approved the implementation of cost saving measures by instituting caps on the amount member districts would be reimbursed for certain expenditures. This included a \$1,000,000 cap on the Class 30, salary and benefit expenses, and \$20,000 cap on the Class 40, services and supplies expenses.
- The JPA's total net position is \$715,318, a decrease of \$51,290 from 2012-2013. This decrease is the net of the change in capital assets, including additions, surplus items and the recognition of depreciation.
- The JPA has no reserve for ambulance replacement and capital equipment. There is a Five-Year Plan projecting and planning for these costs, however there is no fund set up within the JPA. The CSA #7 has a reserve fund, which the JPA is allowed to use for capital assets.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

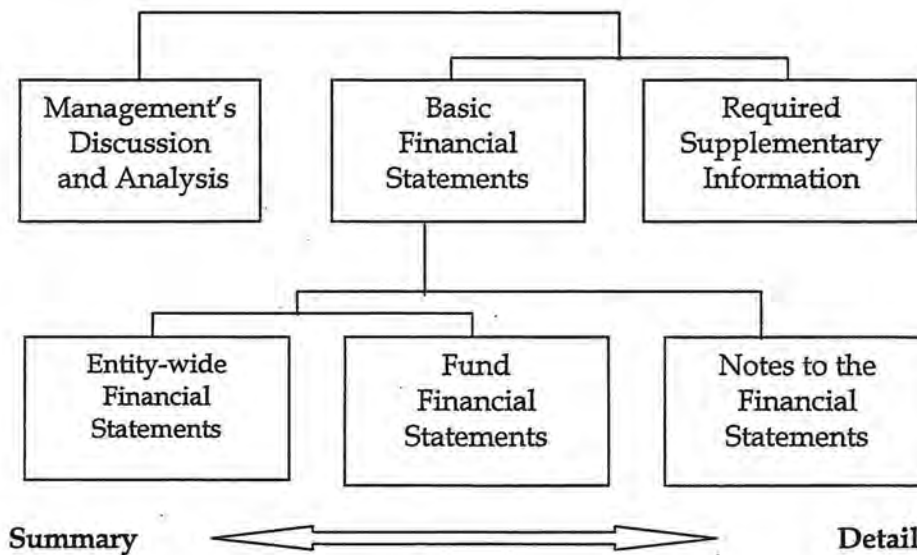
MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. These statements are organized so the reader can understand the El Dorado County Emergency Services Authority as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Components of the Financial Section



The first two statements are *entity-wide financial statements*, the Statement of Net Position and Statement of Activities. These statements provide information about the activities of the whole JPA, presenting both an aggregate view of the JPA’s finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. A comparison of the JPA’s general fund budget is included.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Reporting the JPA as a Whole

Statement of Net Position and the Statement of Activities

These two statements provide information about the JPA as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the JPA's assets and liabilities using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the JPA as a whole and its activities in a way that helps answer the question, "How did we do financially during 2013-2014?"

These two statements report the JPA's net position and changes in that position. This change in net position is important because it tells the reader that, for the JPA as a whole, the financial position of the JPA has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the JPA's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the JPA's operating results. However, the JPA's goal is to provide emergency services to our communities, not to generate profits as commercial entities. One must consider many other non-financial factors, such as the quality of care provided to assess the overall health of the JPA.

- ◆ Increases or decreases in the net position of the JPA over time are indications of whether its financial position is improving or deteriorating, respectively.
- ◆ Additional non-financial factors such as condition of vehicles and changes to the property tax base of the JPA need to be considered in assessing the overall health of the JPA. The JPA serves semi-rural and wilderness areas, putting a lot of miles on the vehicles. The JPA has a replacement plan to replace two or three ambulances each year.

Fund Financial Statements

The fund financial statements provide more detailed information about the inflow and outflow of the JPA's resources in the current year - not the JPA as a whole.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)

Reporting the JPA's Most Significant Funds (Concluded)

◆ **Governmental Funds**

All of the JPA's activities are reported in governmental funds. The General Fund is the JPA's only fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the JPA's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the JPA's programs.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The JPA as a Whole

The JPA's net position was \$715 thousand at June 30, 2014, consisting of \$681 thousand invested in capital assets and \$34,566 unrestricted. The government-wide data is presented in Table 1.

(Table 1)
Comparative Statement of Net Position

	Governmental Activities	
	2014	2013
Assets		
Cash	\$ 1,297,608	\$ 861,423
Receivables	156,593	119,727
Prepaid expenditures	34,566	
Capital assets	680,752	766,608
Total assets	\$ 2,169,519	\$ 1,747,758
Liabilities		
Accounts payable and other current liabilities	\$ 1,110,949	\$ 647,487
Deferred revenue/due to CSA #7	125,830	45,734
Long-term liabilities	217,422	287,929
Total liabilities	\$ 1,454,201	\$ 981,150
Net Position		
Net investment in capital assets	\$ 680,752	\$ 766,608
Unrestricted	34,566	0
Total net position	\$ 715,318	\$ 766,608

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONTINUED)

The JPA as a Whole (Continued)

The JPA's net position decreased \$51 thousand this fiscal year. (See Table 2) The JPA's expenses for providing ambulance and dispatch services represented 97% percent of total expenses. The purely administrative activities of the JPA accounted for the remaining 3% of total costs. (See Figure 2)

**(Table 2)
Comparative Statement of Change in Net Position**

	Governmental Activities	
	2014	2013
Revenues		
Program revenues	\$ 9,723,454	\$ 10,435,164
General revenues		
Interest and investment earnings	(3,281)	(3,357)
Miscellaneous revenues	249,136	16,174
Total revenues	9,969,309	10,447,981
Expenses		
Regional ambulance and dispatch services	9,707,203	10,072,654
General administrative	313,396	329,914
Total expenses	10,020,599	10,402,568
Increase (decrease) in net position	\$ (51,290)	\$ 45,413

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

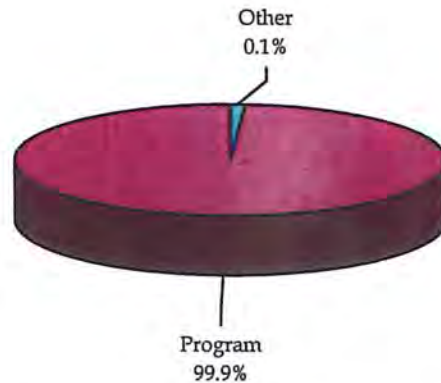
FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONCLUDED)

The JPA as a Whole (Concluded)

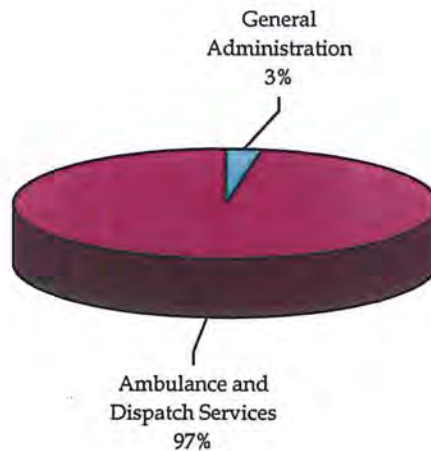
Governmental Activities

As reported in the Statement of Activities, the cost of all of the JPA's governmental activities this year was \$10 million. Program revenues totaled 98%. (See Figure 1)

Sources of Revenue for the 2013-2014 Fiscal Year
Figure 1



Expenses for the 2013-2014 Fiscal Year
Figure 2



EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the JPA's operations in more detail than the government-wide statements. The JPA's fund statements provide information on inflows and outflows of spendable resources. All funds budgeted in excess of actual expenditures are returned at the end of each fiscal year.

General Fund Budgetary Highlights

Over the course of the year, the JPA reviews the annual operating budget monthly. Once adopted, there are not any official changes unless significant. Funds are spent as expenses come in and the board is most concerned with the overall net amount rather than physically moving money from account to account. The significant budget adjustments fell into the following categories:

- ◆ At year-end, transfers are made from accounts with underspent appropriations to accounts with overspent appropriations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

	2014	2013	Difference Increase (Decrease)
Machinery and Equipment	\$ 680,752	\$ 766,608	\$ (85,856)

During the 2013-2014 fiscal year the JPA surplused three ambulances and put three ambulances into service. The JPA also purchased equipment to improve communications including five (5) repeaters and three Feeny Wifi Routers.

Long-term Debt

As of June 30, 2014, the JPA had \$217 thousand in long-term debt outstanding.

	2014	2013
Compensated Absences	\$ 217,422	\$ 287,929

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CONTACTING THE JPA'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the JPA's finances and to show the JPA's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Executive Director, El Dorado County Emergency Services Authority, 480 Locust Road, Diamond Springs, CA 95619.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2014

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash (Note 2)	\$ 1,297,608
Accounts Receivable (Note 3)	156,593
Prepaid Expenses (Note 1G)	34,566
Capital Assets, Net of Depreciation (Note 4)	<u>680,752</u>
Total Assets	<u>\$ 2,169,519</u>
<u>Liabilities</u>	
Accounts Payable and Other Current Liabilities	\$ 1,110,949
Deferred Revenue/Due to CSA #7 (Note 1G)	125,830
Long-term Liabilities (Note 5)	
Due Within One Year	<u>217,422</u>
Total Liabilities	<u>\$ 1,454,201</u>
<u>Net Position</u>	
Net Investment in Capital Assets	\$ 680,752
Unrestricted	<u>34,566</u>
Total Net Position	<u>\$ 715,318</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

			<u>Net Revenue and Changes in Net Position</u>
<u>Governmental Activities</u>	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Regional Ambulance and Dispatch Services	\$ 9,707,203	\$ 9,410,058	\$ (297,145)
General Administration	<u>313,396</u>	<u>313,396</u>	<u>0</u>
Total Governmental Activities	<u>\$ 10,020,599</u>	<u>\$ 9,723,454</u>	<u>(297,145)</u>
General Revenues:			
Interest and Investment Earnings (Expense)			(3,281)
Miscellaneous Revenues			<u>249,136</u>
Total General Revenues			<u>245,855</u>
Change (Decrease) in Net Position			(51,290)
Net Position Beginning			<u>766,608</u>
Net Position Ending			<u>\$ 715,318</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

	<u>General Fund</u>
<u>Assets</u>	
Cash (Note 2)	\$ 1,297,608
Due From Other Governments (Note 3)	156,593
Prepaid Expenditures (Note 1G)	<u>34,566</u>
Total Assets	<u>\$ 1,488,767</u>
<u>Liabilities and Fund Balance</u>	
Liabilities:	
Accounts Payable	\$ 892,866
Salaries and Benefits Payable	218,083
Deferred Revenue/Due to CSA #7 (Note 1G)	<u>125,830</u>
Total Liabilities	<u>1,236,779</u>
Fund Balance (Note 1G):	
Nonspendable	34,566
Restricted	<u>217,422</u>
Total Fund Balance	<u>251,988</u>
Total Liabilities and Fund Balance	<u>\$ 1,488,767</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY
 RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET POSITION
 JUNE 30, 2014

Total fund balance - governmental funds \$ 251,988

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets: In governmental funds, only current assets are reported. In the statement of net position all assets are reported, including capital assets and accumulated depreciation.

Capital assets, at historical cost:	\$	2,783,526	
Accumulated depreciation:		<u>(2,102,774)</u>	
Net:			680,752

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Compensated absences	\$	<u>217,422</u>	
Total			<u>(217,422)</u>

Total net position - governmental activities \$ 715,318

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Revenues</u>	<u>General Fund</u>
Contract Service Area #7 Payments	\$ 9,723,454
Other Reimbursements	249,136
Interest	(3,281)
	9,969,309
 <u>Expenditures</u>	
Salaries and Related Benefits	7,831,240
Services and Supplies	1,787,602
Provider Administrative Fees	160,000
Capital Outlay	226,408
	10,005,250
Excess of Revenues Over (Under) Expenditures	(35,941)
Fund Balances - July 1, 2013	287,929
Fund Balances - June 30, 2014	\$ 251,988

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY
 RECONCILIATION OF THE GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Net change (decrease) in fund balance - total governmental funds \$ (35,941)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$	254,239	
Depreciation expense:		(311,701)	
Net:		(57,462)	(57,462)

Gain or loss from disposal of capital assets: In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is: (28,394)

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: 70,507

Total change (decrease) in net position - governmental activities \$ (51,290)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

The El Dorado County Emergency Services Authority (JPA) (formerly: The El Dorado County Regional Prehospital Emergency Services Operations Authority) was established to provide a regional ambulance service to the western slope of El Dorado County and to provide a coordinated dispatch system within El Dorado County. The effective date of the notice of Joint Powers Agreement filed with the State of California Secretary of State was September 1, 1996. The agreement is pursuant to Governmental Code Sections 6503.5 and 6503.7. Actual operations of the JPA commenced on January 1, 1997.

A board composed of ten (10) members governs the JPA. Each member is a representative of the public agencies that are a party to the agreement.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the JPA conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

A. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the JPA consists of all funds, departments, boards and agencies that are not legally separate from the JPA. For El Dorado County Emergency Services Authority, this includes the general operations of the JPA. The JPA has considered all potential component units in determining how to define the reporting entity, using criteria set forth in generally accepted accounting principles. The JPA determined that there are no potential component units that meet the criteria for inclusion within the reporting entity.

B. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the JPA and its component units.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Concluded)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the JPA's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The JPA does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the JPA, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the JPA.

Fund Financial Statements:

Fund financial statements report detailed information about the JPA.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current asset and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues - exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the JPA, "available" means collectible within the current period or within 60 days after year-end.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

Non-exchange transactions, in which the JPA receives value without directly giving equal value in return, include grants and entitlements. Under the accrual basis, revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the JPA must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the JPA on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the JPA's policy to use restricted resources first, then unrestricted resources as they are needed. Expenditures incurred in the unrestricted resources shall be reduced first from the committed resources, then from assigned resources and lastly, the unassigned resources.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting

The accounts of the JPA are organized on the basis of funds. The operations of the fund are accounted for with in a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The JPA's accounts are organized using one fund as follows:

MAJOR GOVERNMENTAL FUND:

1. General Fund is the general operating fund of the JPA. It is used to account for all financial resources.

E. Budgets and Budgetary Accounting

An annual budget is adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the JPA's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The JPA's governing board satisfied these requirements.

This budget is reviewed by the JPA Governing Board during the year to give consideration to unanticipated income and expenditures. The original and final revised are presented for the General Fund as required supplementary information in the financial statements.

F. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

G. Assets, Liabilities and Equity

1. Deposits and Investments

The JPA has instructed the County of El Dorado to invest excess funds on deposit in their overall pooling of investments. The county pools these funds with those of other local agencies in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited monthly into participating funds. Any investments losses are proportionately shared by all funds in the pool.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

1. Deposits and Investments (Concluded)

Investments Valuation - In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. However, the JPA's financial statements do not reflect the fair value of investments as the differences between total investment cost and fair value has been determined to be immaterial.

The County is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the county either are secured by federal depository insurance or are collateralized.

Deposits and Investment Risk Disclosures - In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements, if applicable, for Deposits and Investment Risks are specified in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial
 - Concentrations of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

2. Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The JPA has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The JPA has chosen to report the expenditures in the period benefited.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

3. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over an estimated useful life of 5 to 10 years depending on the asset class.

4. Unearned Revenue

The JPA is a contract provider to the El Dorado County Service Area #7 (CSA #7.) All costs are budgeted expenditures through the El Dorado County Health Department. All funds budgeted in excess of actual expenditures are returned at the end of each fiscal year.

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

5. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund only if they have matured, for example, as a result of employee resignations and retirements.

The JPA's policy is to allow employees of each Provider District to accumulate earned but unused vacation (and in some Districts, sick leave,) which will be paid to the employees upon separation of service. Even though a District may not pay out amounts for unused sick leave at termination, it may allow certain amounts as a credit to PERS upon retirement.

6. Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition of the assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Concluded)

6. Net Position (Concluded)

Unrestricted Net Position - This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

7. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the JPA's policy is to apply restricted net position first.

8. Fund Equity

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned, based primarily on the extent to which the JPA is bound to honor constraints on how specific amounts are to be spent:

Nonspendable Fund Balance - Includes the portions of fund balance not appropriable for expenditures.

Restricted Fund Balance - Includes amounts subject to externally imposed and legally enforceable constraints.

Committed Fund Balance - Includes amounts subject to JPA constraints self-imposed by formal action of the JPA Governing Board.

Assigned Fund Balance - Includes amounts the JPA intends to use for a specific purpose. Assignments may be established by the JPA Governing Board with the recommendation of the Executive Director.

Unassigned Fund Balance - Includes the residual balance that has not been assigned to other funds and is not restricted, committed, or assigned to specific purposes.

Fund Balances

The JPA's fund balance at June 30, 2014 consisted of the following:

	<u>Total</u>
Nonspendable for:	
Prepaid expenditures	\$ 34,566
Restricted for:	
Unfunded vacation and sick leave liabilities	<u>217,422</u>
Total Fund Balance	<u>\$ 251,988</u>

Fund Balance Policy

The JPA does not have a formal fund balance policy.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

H. Impact of Recently Issued Accounting Principles

The GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities* in March, 2013. GASB 65 was intended to compliment Statement No. 63 by identifying items previously reported as assets and liabilities that should be classified as deferred outflows or deferred inflows going forward. The JPA was required to implement the Statement 65 in 2013-2014. The adoption of GASB 65 does not have any impact on the JPA's financial statements.

The GASB issued Statement 68, *Accounting and Financial Reporting for Pensions* in June 2012 to amend Statements 27 and 50 and improve accounting and financial reporting by state and local governments for pensions. The Statement details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan. The Statement is effective beginning in fiscal year 2014-2015.

The GASB issued Statement 69, *Government Combinations and Disposals of Government Operations* in January 2013 to provide guidance for reporting mergers, acquisitions, transfers of operations, and disposals of government operations. The Statement is effective beginning in fiscal year 2014-2015.

The GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* in April 2013 to improve accounting and financial reporting by governments that extend and receive nonexchange financial guarantees. The Statement is effective beginning in fiscal year 2013-2014. The JPA does not have nonexchange financial guarantees and therefore the adoption of GASB 70 does not have any impact on the JPA's financial statements.

The GASB issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* which amends Statement 68 by requiring that, at transition, a government should recognize a beginning deferred outflow of resources for its pension contributions made after the measurement date of the beginning net pension liability. The Statement is effective beginning in fiscal year 2014-2015.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 2 - CASH

A. Summary of Cash

The JPA had the following cash at June 30, 2014:

	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Credit Quality Rating</u>
Cash in County Treasury	\$ 1,295,676	\$ 1,297,608	Not Rated
Total Cash	<u>\$ 1,295,676</u>	<u>\$ 1,297,608</u>	

B. Cash in County Treasury

The JPA maintains all of its cash with the County Treasury as an involuntary participant of a common investment pool, which totaled \$411,998,957 on June 30, 2014. The fair market value of this pool as of that date, as provided by the pool sponsor, was \$411,942,612. Interest is deposited into participating funds. The balance available for withdrawal is based on the accounting records maintained by the county treasurer, which is recorded on the amortized cost basis.

C. Risk Disclosures

GASB Statement No. 40 requires a determination as to whether the JPA was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures.

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The JPA manages its exposure to interest rate risk by investing in the County Pool and having the pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

At June 30, 2014 the JPA had the following investment maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less than 1</u>	<u>1 to 2</u>	<u>More than 2</u>
County Treasury	<u>\$1,295,676</u>	<u>\$ 798,784</u>	<u>\$ 435,088</u>	<u>\$ 61,804</u>

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 2 - CASH (CONCLUDED)

C. Risk Disclosures (Concluded)

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the JPA was not exposed to credit risk.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the JPA's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the JPA's name. At year end, the JPA was not exposed to custodial credit risk.

Concentration of Credit Risk - This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the JPA was not exposed to concentration of credit risk.

Foreign Currency Risk - This is the risk that exchange rate will adversely affect the fair value of an investment. At year end, the JPA was not exposed to foreign currency risk.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2014 consist of the following:

El Dorado County Fire Protection District	\$	72,694
Diamond Springs/El Dorado Fire District		21,846
El Dorado Hills Fire Department		20,074
Georgetown Fire Protection District		1,004
Cameron Park Community Service District		22,515
Garden Valley Fire District		1,004
Pioneer Fire District		4,673
Mosquito Fire District		1,891
Latrobe Fire Protection District		2,590
Rescue Fire District		1,066
Department of Forestry and Fire Protection		7,020
Other		216
Total Accounts Receivable	\$	<u>156,593</u>

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2014, is shown below:

	Balance July 01, 2013	Additions	Deductions	Balance June 30, 2014
Total capital assets, not being depreciated	\$ 0	\$ 0	\$ 0	\$ 0
Capital assets being depreciated:				
Equipment	3,044,510	254,239	515,223	2,783,526
Total capital assets, being depreciated	3,044,510	254,239	515,223	2,783,526
Less accumulated depreciation for:				
Equipment	2,277,902	311,701	486,829	2,102,774
Total accumulated depreciation	2,277,902	311,701	486,829	2,102,774
Total capital assets, being depreciated, net	766,608	(57,462)	28,394	680,752
Governmental activities capital assets, net	\$ 766,608	\$ (57,462)	\$ 28,394	\$ 680,752

Depreciation expense was charged to Regional Ambulance and Dispatch Services on the Statement of Activities.

NOTE 5 - COMPENSATED ABSENCES

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Due Within One Year
El Dorado County Fire Protection District	\$ 136,122		\$ 72,568	\$ 63,554	\$ 63,554
Diamond Springs Fire Protection District	25,808	\$ 22,070		47,878	47,878
Georgetown Fire Protection District	95,245	2,393		97,638	97,638
El Dorado Hills Fire Department	30,754		22,402	8,352	8,352
JPA - Administration	0			0	0
Compensated Absences	\$ 287,929	\$ 24,463	\$ 94,970	\$ 217,422	\$ 217,422

On November 16, 1998, the El Dorado County Public Health Department recommended to the CSA # 7 Board of Directors a modification to the JPA budget in the amount of \$146,789 for the purposes of establishing a reserve account to cover unfunded liabilities such as vacation and sick leave when paid out. It was recommended that this reserve be adjusted annually to the actual liability, \$217,422 at June 30, 2014.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 6 - OPERATING LEASES

The JPA has entered into a lease for office and storage space and two office equipment leases that extend beyond the current fiscal year. The JPA does not intend to purchase the building or buy-out the equipment at the end of the leases and historically has turned in the old equipment for new. The following is a schedule by year of minimum future rentals on non-cancelable operating leases as of June 30, 2014.

<u>Year Ended June 30</u>	<u>Future Minimum Rent Payments</u>
2015	\$ 7,356
2016	2,196
2017	2,196
2018	<u>1,739</u>
Total	<u>\$ 13,487</u>

The JPA paid \$12,136 for related rents in 2013-2014. The JPA will receive no sublease rentals nor pay any contingent rentals for this equipment.

NOTE 7 - EMPLOYEE RETIREMENT BENEFITS

A. California Public Employees' Retirement System (CalPERS)

CalPERS retirement system consists of a defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issue a separate comprehensive annual financial report that includes financial statements and required supplemental information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Room 1820, Sacramento, CA 95814.

Funding Policy. The sub-contracting fire agencies acquire an actuarial to determine their CalPERS rate and active plan members are required to contribute a percentage of their salary to cover these costs. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by State statute. The JPA is a separate entity apart from the member agencies and the sub-contracting fire districts and is not a CalPERS contracting agency.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 7 - EMPLOYEE RETIREMENT BENEFITS

B. Other Post-Employment Benefits

Plan Description. The fire districts that sub-contract with the JPA contribute to the Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

Funding Policy. Active plan members are required to contribute a percentage of their salary and the JPA is required to reimburse an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by State statute.

In addition to the retirement benefits described above, sub-contracting fire districts provide post-employment health care benefits to all qualified employees. A qualified employee would include those that meet age and length of service requirements. Every three years the fire districts acquire a current actuarial to determine the costs for these post-employment benefits. The fire districts use the cost information from the actuarial to determine annually how much they will invoice the JPA and CSA 7 for reimbursement. The fire districts are required to accumulate the annual reimbursements from the JPA and CSA 7 so that resources are available to pay the post-employment health care benefits for those employees who staffed and operated the ambulances. The JPA, County and CSA 7 have no obligation for post-employment health care premiums, beyond the annual reimbursement payments made to the fire districts.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

A. Litigation

The JPA may become involved in litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the JPA at June 30, 2014.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 8 - COMMITMENTS AND CONTINGENCIES

B. Joint Ventures

County Service Area #7 (CSA #7) has initiated an agreement with the JPA, effective January 1, 1997. The agreement allows the JPA to provide prehospital ambulance and dispatch services. The JPA contracts the ambulance services to five Provider Fire Districts within the County of El Dorado. The source of funding received by the JPA is based upon estimated budgeted need for the fiscal year and is allocated to the JPA from the CSA #7 funds.

The current contract with the County expires June 30, 2018. Continued operation of the JPA is contingent on annual funding agreements with CSA #7.

NOTE 9 - RISK MANAGEMENT

A. Property and Liability

The JPA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2014, the JPA contracted with American Alternative Insurance Corporation for property, liability, auto and theft insurance coverage. Settled claims have not exceeded this commercial coverage in the last year.

B. Workers' Compensation

For fiscal year 2014, the JPA purchased workers' compensation insurance for its two employees from the State Compensation Insurance Fund.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 31, 2015, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION SECTION

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (GAAP) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Revenues</u>	<u>Budget</u>	<u>Final (GAAP Basis)</u>	<u>Variance Positive (Negative)</u>
CSA # 7 Contract Payments	\$ 11,116,439	\$ 9,723,454	\$ (1,392,985)
Interest Income		(3,281)	(3,281)
Other Program Revenue-Reimbursements		249,136	249,136
Total Revenues	<u>11,116,439</u>	<u>9,969,309</u>	<u>(1,147,130)</u>
<u>Expenditures</u>			
Salaries	8,068,641	5,325,987	2,742,654
Deferred Compensation		42,764	(42,764)
Payroll Tax	10,766	117,196	(106,430)
Health Insurance	86,000	654,040	(568,040)
Health Insurance-OPEB	458,552	339,607	118,945
Other Employee Benefits	2,250	1,351,646	(1,349,396)
Total Salaries and Benefits	<u>8,626,209</u>	<u>7,831,240</u>	<u>794,969</u>
Provider Administration Fee	<u>160,000</u>	<u>160,000</u>	<u>0</u>
Clothing and Personal Supplies	26,000	16,242	9,758
Telephone/Radio	1,034,250	877,560	156,690
Professional Fees/Contracts	50,980	71,085	(20,105)
Household/Food	10,700	7,476	3,224
Utilities	53,200	60,053	(6,853)
Insurance	30,000	25,367	4,633
Maintenance	163,000	148,998	14,002
Supplies	454,750	339,602	115,148
Dues/Memberships	500	449	51
Miscellaneous		1,011	(1,011)
Postage	150	753	(603)
Printing	150	92	58
Rent	16,200	33,706	(17,506)
Equipment	15,000	8,021	6,979
Special Project/Other	5,000	461	4,539
Education	24,400	17,932	6,468
Travel/Transportation	185,950	178,794	7,156
Total Services and Supplies	<u>2,070,230</u>	<u>1,787,602</u>	<u>282,628</u>
Fixed Asset - Equipment	<u>260,000</u>	<u>226,408</u>	<u>33,592</u>
Total Expenditures	<u>11,116,439</u>	<u>10,005,250</u>	<u>1,111,189</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 0</u>	<u>\$ (35,941)</u>	<u>\$ (35,941)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - PURPOSE OF SCHEDULE

Budgetary Comparison Schedule

The JPA employs budget control by account code. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budget is reviewed during the year by the JPA Governing Board to provide for revised priorities. The final revised budget for the General Fund is presented as Required Supplementary Information.

SUPPLEMENTARY INFORMATION SECTION

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY
 COMBINING SCHEDULE OF EXPENDITURES
 DIAMOND SPRINGS, CALIFORNIA
 GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	El Dorado County Fire District	Diamond Springs/El Dorado Fire District	Georgetown Fire District	Cameron Park Community Service District
<u>Expenditures</u>				
Permanent Employees/Elected Officials	\$ 1,871,061	\$ 524,681	\$ 441,494	\$ 928,121
Temporary Employees	6,585	8,865	38,431	
Overtime	523,706	95,715	122,625	
Other Compensation	83,650	3,400		
Retirement-Employer	647,754	165,576	160,220	
Payroll Taxes	34,634	47,496	13,101	
Health Insurance-Employer	424,764	109,611	62,823	
Health Insurance-OPEB				
Long Term Disability-Employer	4,671	1,420	1,304	
Deferred Compensation-Employer	5,900	20,856	16,008	
Vision Insurance-Employer			1,050	
Worker Compensation	122,835	76,684	39,046	
Flexible Benefits		639		
Total Salaries and Benefits	<u>3,725,560</u>	<u>1,054,943</u>	<u>896,102</u>	<u>928,121</u>
Provider Administration Fee	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Clothing and Personal Supplies	4,338	6,828	20	1,824
Telephone/Radio	122	62	1,633	
Professional Fees/Contracts			1,475	
Household/Food	3,810			1,600
Utilities	26,250	6,650	9,204	7,800
Insurance	1,231			
Maintenance	11,192	375	999	418
Supplies	3,848	706	1,078	2,346
Dues/Memberships			375	
Miscellaneous				
Postage				
Printing				
Rent				
Equipment	1,037			1,345
Special Project/Other				9
Education	6,156	2,706	1,782	3,663
Travel/Transportation	6,520	3,294	2,087	50
Total Services and Supplies	<u>64,504</u>	<u>20,621</u>	<u>18,653</u>	<u>19,055</u>
Fixed Asset - Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 3,790,064</u>	<u>\$ 1,075,564</u>	<u>\$ 914,755</u>	<u>\$ 947,176</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

<u>El Dorado Hills Fire And Water District</u>	<u>Total Program</u>	<u>Joint Powers Authority Administration</u>	<u>Total Joint Powers Authority</u>
\$ 343,079	\$ 4,108,436	\$ 131,172	\$ 4,239,608
	53,881		53,881
191,392	933,438	7,802	941,240
2,642	89,692	1,566	91,258
72,341	1,045,891		1,045,891
10,368	105,599	11,597	117,196
56,842	654,040		654,040
		339,607	339,607
995	8,390		8,390
	42,764		42,764
9,170	10,220		10,220
46,294	284,859	1,259	286,118
388	1,027		1,027
<u>733,511</u>	<u>7,338,237</u>	<u>493,003</u>	<u>7,831,240</u>
<u>0</u>	<u>0</u>	<u>160,000</u>	<u>160,000</u>
1,056	14,066	2,176	16,242
	1,817	875,743	877,560
1,296	2,771	68,314	71,085
1,600	7,010	466	7,476
4,800	54,704	5,349	60,053
	1,231	24,136	25,367
7,059	20,043	128,955	148,998
1,500	9,478	330,124	339,602
	375	74	449
		1,011	1,011
		753	753
		92	92
		33,706	33,706
56	2,438	5,583	8,021
	9	452	461
2,700	17,007	925	17,932
62	12,013	166,781	178,794
<u>20,129</u>	<u>142,962</u>	<u>1,644,640</u>	<u>1,787,602</u>
<u>0</u>	<u>0</u>	<u>226,408</u>	<u>226,408</u>
<u>\$ 753,640</u>	<u>\$ 7,481,199</u>	<u>\$ 2,524,051</u>	<u>\$ 10,005,250</u>

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - PURPOSE OF SCHEDULE

A. Combining Schedule of Expenditures

This schedule is presented for purposes of additional analysis, and is not a required part of the JPA's basic financial statements. This schedule presents more detailed information about the financial activities of the JPA's individual Districts.

OTHER INDEPENDENT AUDITORS REPORTS SECTION

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

JPA Governing Board
El Dorado County Emergency Services Authority
Diamond Springs, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Dorado County Emergency Services Authority, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise El Dorado County Emergency Services Authority's basic financial statements and have issued our report thereon dated March 31, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered El Dorado County Emergency Services Authority'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 El Dorado County Emergency Services Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of El Dorado County Emergency Services Authority'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 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 and therefore, material weaknesses or significant deficiencies, may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2014-001 that we consider to be a significant deficiency.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether El Dorado County Emergency Services Authority'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*.

El Dorado County Emergency Services Authority's Response to Finding

El Dorado County Emergency Services Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. El Dorado County Emergency Services Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


GOODELL, PORTER, SANCHEZ & BRIGHT, LLP
Certified Public Accountants

March 31, 2015

FINDINGS AND RESPONSES SECTION

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

2014-001 - EXPENSE REIMBURSEMENT CAP

Criteria: The JPA Governing Board approved the implementation of a policy that placed limits on the amount a member district could be reimbursed for certain expenditures. Class 30, salary and benefit expenditures were limited annually to \$1,000,000 per medic unit and Class 40, services and supplies expenditures were limited annually to \$20,000 per medic unit.

Statement of Condition: The Diamond Springs/El Dorado Fire District had Class 30 expenditures that exceeded the \$1,000,000 cap in 2013-2014 that were not billed to the Fire District until the Spring, 2015. Even at the time of billing, it was expected the Fire District was going to be allowed to reduce the excess for expenditures incurred in extenuating circumstances.

Cause: The JPA did not establish procedures for monitoring and enforcing this policy.

Effect or Potential Effect: The financial statements could be materially misstated in the year the overage occurs and in the subsequent year when the reimbursement for the overage is received.

Recommendation: We recommend the JPA establish procedures to provide for monitoring spending by each member District and a timely reconciliation and billing of any excess expenditures. These procedures should include timely billing of excess expenditures after the annual accounting has been completed by the El Dorado County Auditor-Controller's Office. In addition, each time a member District incurs expenditures for which the cap does not apply, a description and account of the expenditures should be presented to the JPA, these expenditures should be presented at the next Finance Committee meeting and the next Board meeting for approval as expenditures for which the cap will not apply.

Agency Response: The JPA will establish procedures to allow for a timely reconciliation and accrual of excess expenditures. These procedures will include the submission and approval of claims for expenditures to be excluded from the cap as they occur or are known, the review of total expenditures reported on the final financial statements once provided by the El Dorado County Auditor-Controller and a final bill and accrual amount within thirty days.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

2013 - 1: JPA management should develop procedures to be followed for all Districts' accounting and reporting of reimbursable expenses. We recommend an annual ambulance service budget be developed and approved by JPA management for each District. The El Dorado County Health Department would make monthly apportionments to each District of one-twelfth (1/12) of their annual budget for ambulance service operations.

Current Status:

Accepted
In Progress

Explanation If Not Fully Implemented:

Administration is reviewing options with the County to improve monthly cash flow.
Comment not repeated.

2013 - 2: To prevent inappropriate payments for loaned labor, the JPA management should develop procedures for the intermittent and timely review of District charges to the JPA for personnel costs.

Current Status:

Accepted
Implemented

2013 - 3: To comply with JPA policies, each member agency should provide a current actuarial (no more than three years old) and submit bills to the JPA for the JPA's share of the Annual Required Contribution. We also recommend JPA management implement procedures for regular monitoring of each District's compliance with maintaining OPEB reserves

Current Status:

Accepted
Partially Implemented

Explanation if Not Fully Implemented:

The five Provider fire districts now have a current OPEB actuarial and/or are in the process of updating one as required every three years.
Comment not repeated.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

2013 - 4: To improve the internal controls over cash disbursements, no payment or reimbursement be approved without complete supporting documentation. The supporting documentation should be retained to provide a complete audit trail for each payment.

Current Status:

Accepted
Implemented

2013 - 5: To comply with JPA policies and improve internal controls over cash disbursements, no cash disbursements (payments to vendors or reimbursements to member agencies) should be made unless they have been approved by the submitting agency and the JPA administration (Finance Committee). The approvals should be documented and retained as part of the audit trail in support of the expenditure.

Current Status:

Accepted
Implemented

2013 - 6: To improve internal controls, procedures should be developed that include obtaining and retaining as part of the audit trail, documentation that each order being paid for has been received, inspected and counted and conforms to the JPA's intended use.

Current Status:

Accepted
Implemented

2013 - 7: To comply with contract requirements found in the JPA's master contract with the County of El Dorado, an annual independent audit should be performed.

Current Status:

Accepted
Implemented

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

2013 – 8: To comply with generally accepted accounting principles, revenue and expenditures should be reported in the period they occurred. Cut-off procedures should be developed and implemented to establish clear guidelines for the timely submission of each District's year-end expenditures.

Current Status:

Accepted
Implemented

2013 – 9: To prevent unnecessary interest expenses the County and JPA should arrange for timely reimbursements of expenses to maintain a positive cash balance throughout the year.

Current Status:

Accepted
Not Implemented

Explanation if Not Fully Implemented:

County Health and Human Services (CSA 7) has the responsibility to resolve the delayed monthly cash flow problem and eliminate the loss of interest payments in the CSA 7 fund. The County is searching for a better process and recently sent the JPA Board a draft contract amendment to move to an annual lump sum payment of the services the JPA provides.

Comment not repeated.