



**COUNTY OF EL DORADO
Procurement & Contracts**

ATTN: Purchasing Agent
360 Fair Lane
Placerville, CA 95667

REQUEST FOR PROPOSAL #17-918-022

DUE: 3:00 PM – December 28, 2016

Sealed Proposals must be clearly marked on the outside of the package with:
“RFP #17-918-022 MAILROOM DO NOT OPEN”

AUDIT SERVICES FOR COUNTY AMBULANCE TRANSPORTATION CONTRACTORS

The County of El Dorado Office of Procurement and Contracts, through its Health and Human Services Agency (also referred to as “County”), is requesting proposals for Audit Services for County Ambulance Transport Contractors.

This request for proposal (RFP) defines the scope of services and outlines the requirements that must be met by Proposers interested in providing such services. Proposers shall carefully examine the entire RFP and any addenda thereto, and all related materials and data referenced in the RFP or otherwise available, and shall become fully aware of the nature and the conditions to be encountered in performing the service. **Proposers are advised to read all sections of this RFP prior to submitting a proposal.**

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Notice to Proposers

The Procurement and Contracts Division does not mail out hard copy letters advising participating Proposers of RFP results. For RFP results, please visit our website at

<http://edcapps.edcgov.us/contracts/bidresults.asp>

RFP results will be posted within approximately fourteen business days after the RFP opening deadline date. The timeline for posting RFP results may vary depending on the nature and complexity of the RFP.

- I. **Background:** The County of El Dorado is topographically divided into two zones. The northeast corner of the County is in the Lake Tahoe basin and is commonly referred to as the "East Slope" of the County, while the remainder of the County is in the area west of Echo Summit or "West Slope" of the County. The United States Census estimates that, as of 2014, the population of El Dorado County was 183,087.

The County currently provides ambulance transportation services under a public utility model in the areas known as County Service Area (CSA) 3 (East Slope) and CSA 7 (West Slope), via contracts with ambulance transportation agencies, specific to each CSA. Currently, these contracted ambulance transportation agencies are California Tahoe Emergency Services Operations Authority (Cal Tahoe), and El Dorado County Emergency Services Authority (EDCESA). Ambulance services available in the County must be provided as a part of these County contracts. While three vendors are currently contracted to provide ambulance transportation services, the County may increase or decrease the number of contractors involved in ambulance transportation services contracts, or otherwise change vendors for these services, contingent on action taken by the Board of Supervisors.

The County seeks proposals from qualified firms to provide independent audit services for ambulance transportation contractors in CSA 3 and CSA 7. It is anticipated as a result of this RFP, the County will enter into a single contract with a single firm for auditing services for all of the ambulance transportation contractors. The contract is anticipated to be effective upon execution, for a term of three years, with the possibility of up to two additional one-year renewals at the discretion of the County.

- II. **Scope of Services:** The successful Proposer will be required to enter into a three (3) year agreement for services with the County substantially similar in form to that attached hereto as Exhibit "A," marked "Sample Agreement for Services." Any reference in this Request for Proposal to specific terms of the agreement are for illustrative purposes only and shall not limit the scope of the obligations to be assumed by the successful Proposer under the agreement. In the event of any conflict between a provision of this Request for Proposal and the provisions of the agreement attached as Exhibit "A," the terms of the agreement shall govern.

The Services to be provided shall include, but not be limited to, the following:

- A. Perform all audits in accordance with the applicable standards, including but not limited to the following:
1. Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants;
 2. Standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States;
 3. The provisions of the Single Audit Act Amendments of 1996; and
 4. The Uniform Administrative Requirements, Title 2 Code of Federal Regulations section 200, Subpart F (formerly identified in OMB A-133).

B. Perform the following audit services and issue all required reports for the following:

1. Express an opinion on the fair presentation of the ambulance transportation contractors' basic financial statements, including the combining and individual fund financial statements, in accordance with the standards generally accepted in the United States of America (GAAP) for the fiscal years ending June 30, 2015, 2016, 2017, and 2018 at the discretion of the County.

Contractor shall provide an independent auditor's report on the ambulance transportation contractor's basic financial statements, including and "in-relation-to" opinion on the combining and individual fund financial statements and schedules that are presented as a part of the ambulance transportation service contractor's basic financial statements.

2. Provide a report on the internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements and grants, noncompliance with which could have a material effect on the financial statements in accordance with Generally Acceptable Government Auditing Standards.
3. Prepare a management letter in accordance with SAS No. 114, which is to include any findings and recommendations regarding internal controls, including significant deficiencies and/or material weaknesses.
 - a. A significant deficiency is a control deficiency, or combination of deficiencies, that adversely affects the ambulance transportation service contractor's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the ambulance transportation service contractor's financial statements that is more than inconsequential will not be prevented or detected.
 - b. A material weakness is a significant deficiency, or a combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Management letters shall be addressed to the Board of Directors for the corresponding Ambulance Transportation Contractors with a copy of the letter submitted to the Chief Fiscal Officer of the County Health and Human Services Agency (HHSA):

Agency	Mailing address for Management Letters
Cal Tahoe	Cal Tahoe Emergency Services Operations Authority 2211 Keetak Street South Lake Tahoe, CA 96150 Attn: Board of Directors
JPA	El Dorado County Emergency Services Authority 480 Locust Road Diamond Springs, CA 95619 Attn: Board of Directors
El Dorado County HHSA	3057 Briw Road, Suite B Placerville, CA 95667 Attn: Chief Fiscal Officer

- C. Upon execution of a contract, Contractor shall begin preliminary audit work for the audit of the fiscal year ending June 30, 2015, followed by the audits for the remaining fiscal years referenced herein. The final audit schedule will be determined by mutual agreement between the Contractor and the County once an auditor has been selected.
- D. Contractor shall provide bi-weekly written status updates to the County during the audit fieldwork period, summarizing the progress of the audit. Any significant concerns and/or delays in obtaining information that require County attention or immediate corrective action by the ambulance transportation contractor shall be communicated by the Contractor in these reports.
- E. Preferred Standards:
The County would prefer to contract with a vendor who has undergone a Peer Review within the last three (3) years, in accordance with the California Board of Accountancy Peer Review reporting requirements. More information on the peer review process can be found here: (<http://www.dca.ca.gov/cba/licensees/peer-review-faqs.shtml>). During the evaluation process, firms who submit a copy of their most recent Peer Review will be evaluated more favorably than firms that do not.

III. Eligibility:

In order to be eligible to apply for and receive funding through this Request for Proposals, Proposers shall meet the following requirements:

- A. Be an independent contractor, licensed to practice by the State of California as a CPA, and provide evidence of said licensure.
- B. Provide a signed statement certifying no conflict of interest exists with regard to any work performed by the firm on behalf of the County.
- C. Provide a signed statement certifying under penalty of perjury that he/she or any other person associated with the firm in the capacity of owner, partner, director, officer, and/or manager:
 - 1. Is not currently under suspension, debarment, voluntary exclusion, or determination of ineligibility by any Federal agency;
 - 2. Has not been suspended, debarred, voluntarily excluded or deemed ineligible by any Federal agency within the past 3 years;
 - 3. Does not have a debarment pending; and
 - 4. Has not been indicted, convicted, or had a civil judgement rendered against it by a court of competent jurisdiction in any matter involving fraud or official misconduct within the past 3 years.
- D. Provide a signed statement certifying the proposer has provided independent financial audit services for government or semi-government agencies for a cumulative total of no less than 3 years.
- E. Provide a copy of your firm's most recent Peer Review Report, if applicable.

IV. Proposal Content: Proposal responses must adhere to the requirements set forth in this section, both for content and sequence. Failure to adhere to these requirements or the inclusion of conditions, limitations or misrepresentations may be cause for rejection of the submittal. Use 8-1/2 x 11 sheets (foldouts are acceptable for charts, etc.) and font size large enough to be easily legible, but not smaller than 10 point. The original proposal and each subsequent copy must be submitted on paper, properly bound, appropriately tabbed and labeled in the following order:

A. Cover letter: Provide a “cover Letter” and introduction, including the name and address of the organization or individual submitting the proposal, together with the name, address, telephone and fax numbers, and e-mail address of the contact person who will be authorized to make representations for the organization, and an expression of the Proposer’s ability and desire to meet the requirements of this Request for Proposal. **The letter must be signed by an individual authorized to bind the firm contractually.**

B. Table of Contents: This section shall include a detailed “Table of Contents” and an outline of the submittal, identified by sequential page number and by section reference number and section title as described herein.

C. Proposal Narrative: Describe the firm’s resources, experience and capabilities as they relate to scope of services described hereinabove. Submit in the order identified below:

1. Executive Summary:

The executive summary shall not exceed three pages. The proposer should provide responses to each of the directives identified below:

- a. Describe the Proposer’s overall plan for accomplishing the services identified herein; and
- b. Summarize and highlight the major features of the proposal and identify relevant supporting materials.

2. Detailed Discussion: The detailed discussion is a general, but complete, narrative of the Proposer’s assessment of the work to be performed and the ability to meet those objectives. This overview should clearly describe:

- a. The Proposer’s understanding of the performance expectations as well as how the requirements will be met.
- b. How each item in **Section II. Scope of Services A through D** will be accomplished.

By virtue of submitting a response to this RFP, Proposer understands, acknowledges and agrees to the standard terms and conditions of Exhibit “A”.

3. Background and Capabilities: Proposers should provide responses as indicated below. Resume’s, copies of certificates and/or degrees, and stock biographies will not be evaluated in lieu of responses to each of the directives listed below:

- a. Describe the firm's background performing independent financial auditing services as solicited herein.
 - b. Identify the number of years of experience the firm has been performing independent financial audits of ambulance transportation contractors or similar organizations. If describing similar organizations, describe how the similarities relate to the work being performed.
 - c. Describe the firm's ability and organizational capacity to perform the multiple independent audits necessary to accomplish the services described in Section II. Scope of Services.
 - d. Describe the firm's history of performing independent financial audits related to government and semi-government organizations.
 - e. Describe the firm's organizational structure and how the auditors performing the services fit within the organization structure.
 - f. Describe the educational background and qualifications of the personnel the proposer intends to utilize to perform the services identified herein, and explain how the background and qualifications are relevant to successfully performing the services described in Section II. Scope of Services.
 - g. Provide a copy of the firm's most recent Peer Review Report.
- 4. Work Plan:** Provide a timeline detailing how the firm's team intends to approach this project, along with anticipated timelines for accomplishing the audits identified herein. In addition to this timeline, please include a brief narrative describing:
- a. How the proposed timeline is reasonable given the totality of work involved; and
 - b. How the proposed timeline allows for the services identified herein, to be accomplished within the proposed three year agreement that will result from this RFP process.
- 5. Budget Narrative and Price Proposal:**
Proposers should include a budget of all proposed expenses and a budget narrative clearly describing:
- a. The price structure for all services to be performed, including but not limited to:
 - All applicable personnel costs including hourly rates;
 - Any non-personnel costs; and
 - A total cost for performing all services described herein.
 - b. How the costs described are reasonable and justifiable; and
 - c. The level of time commitment, described in full-time equivalents (FTEs) for all personnel dedicated to performing these services.
- 6. References:** Proposers must provide a minimum of three (3) letters of reference from clients, preferably of county governments, municipalities, or service districts in California, of organizations with whom you currently have contracts with and/or have previously had contracts with for the provision of services of equal type and scope within the last five (5) years. Each reference letter shall include company or organization name, contact person, title, telephone number, length of business relationship, and summary of services performed. Additionally, each letter shall address the following:

- a. How well the proposer performed the services identified in their contract;
- b. The reference's level of satisfaction with the quality of services performed; and
- c. The extent to which the reference would choose to contract with the proposer for similar services in the future.

D. Insurance Requirements: A written statement of your firm's ability to comply with the insurance requirements set forth in Exhibit "A."

E. Additional Data: (this Section shall be limited to five pages) Include any other data the Contractor deems essential to the evaluation of the qualifications and proposal statements. Where appropriate, please key data back to information contained in Section A thru H. If there is no additional data, this section will consist of the statement, "We wish to present no additional data."

V. Proposers' Questions: Questions regarding this RFP must be submitted in writing to the Procurement and Contracts Office and must be received no later than **5:00 PM – on November 30, 2016**. All envelopes or containers must be clearly labeled "**RFP #17-918-022 – QUESTION**" for convenience purposes. Envelopes or containers not clearly labeled may be overlooked and not responded to. Questions will **not** be accepted by telephone, facsimile (fax), electronically, or orally. The County reserves the right to decline a response to any question if, in the County's assessment, the information cannot be obtained and shared with all potential organizations in a timely manner. A summary of the questions submitted, including responses deemed relevant and appropriate by the County, will be posted on the Procurement and Contracts website on or about **December 7, 2016**.

All inquiries shall be submitted by U.S. mail to:

Procurement and Contracts
360 Fair Lane
Placerville, California 95667
RFP #17-918-022 – Question

Proposers are cautioned that they are not to rely upon any oral statements that they may have obtained. Proposers shall direct all inquiries to the County Purchasing Agent and shall not contact the requesting department directly regarding any matter related to this Request for Proposal.

VI. Proposal Submittal: Proposers must submit one (1) original, six (6) copies, and one (1) electronic version (USB flash drive) of their proposal, along with any addenda, in a sealed envelope or container, clearly marked "**RFP #17-918-022 – MAILROOM DO NOT OPEN**", **no later than 3:00 PM – December 28, 2016**, to:

County of El Dorado
Procurement and Contracts
360 Fair Lane
Placerville, CA 95667

A Proposer may withdraw its final proposal at any time **prior** to the opening deadline date and time by submitting a written request for its withdrawal to the County Purchasing Agent, signed by an authorized agent of the firm. Proposers may thereafter submit a new or modified proposal **prior** to the opening deadline date and time. Modifications offered in any manner, oral or written, will not be considered.

Proposers submitting less than the required number of copies of their proposal will be rejected and considered "non-responsive." Proposals received beyond the deadline will not be considered, and will be returned unopened.

It is the responsibility of the Proposer to assure that the proposal is received in the Procurement & Contracts Division prior to the proposal opening deadline date and time. Proposals received beyond the proposal opening deadline will not be accepted and will be returned unopened. The time stamp clock located in the office of the Procurement and Contracts Division will serve as the official time clock.

For questions regarding the Request for Proposal process, contact Ashley Wells, Department Analyst, at (530) 621-5804.

- IV. **Public Records Act:** All proposals and materials submitted shall become property of the County and will not be returned. All responses, including the accepted proposal and any subsequent contract, become public records per the requirements of the California Government Code, Sections 6250 - 6270, "California Public Records Act". Proprietary material must be clearly marked as such. Pricing and service elements of the successful proposal are not considered proprietary information. Proposers which indiscriminately identify all or most of their proposal as confidential or proprietary without justification may be deemed unresponsive.

The County will treat all information submitted in a proposal as available for public inspection once the County has selected a Contractor. If you believe that you have a legally justifiable basis under the California Public Records Act (Government Section 6250 et. seq.) for protecting the confidentiality of any information contained within your proposal, you must identify any such information, together with the legal basis of your claim in your proposal, and present such information **separately** as part of your response package.

The final determination as to whether the County will assert your claim of confidentiality on your behalf shall be at the sole discretion of the County. If the County makes a determination that your information does not meet the criteria for confidentiality, you will be notified as such. Any information deemed to be non-confidential shall be considered public record.

Upon receipt of a request for disclosure pursuant to the California Public Records Act for information that is set apart and marked as proprietary, County will notify you of the request for disclosure. You shall have sole responsibility for the defense of the proprietary designation of such information. Failure to respond to the notice and enter into an agreement with County providing for the defense of and complete indemnification and reimbursement for all costs incurred by the County in any legal action to compel the

disclosure of such information, shall constitute a complete waiver of any rights regarding the information designated proprietary and such information will be disclosed by County pursuant to applicable procedures under the California Public Records Act.

- VII. Valid Offer:** Proposals shall remain valid for 120 days from the due date. The County reserves the right to negotiate with the successful Proposer any additional terms or conditions not contained in their proposal which are in the best interest of the County or to otherwise revise the scope of this RFP.

This RFP does not constitute a contract nor an offer of employment. The cost of preparation of proposals shall be the obligation of the Proposer. All proposals, whether accepted or rejected, shall become the property of the County and will not be returned. Unnecessarily elaborate responses, enclosures and specialized binding are not desired, and may be construed as an indication of Proposer's lack of cost consciousness.

- VIII. County's Rights:** The County reserves the right to:

1. Request clarification of any submitted information
2. Waive any informalities or irregularities in any qualification statement
3. Not enter into any agreement
4. Not select any consultant
5. Cancel this process at any time
6. Amend this process at any time
7. To award more than one contract if it is in the best interest of the County
8. Interview consultants prior to award
9. To request additional information during an interview

- IX. El Dorado County Web Site Requirements:** It is the bidder's responsibility to monitor the County's website for possible addenda to this bid to inform him/herself of the most current specifications, terms, and conditions, and to submit his/her bid in accordance with the original bid requirements and all addenda. All available bids and related addenda can be found at:

<http://edcapps.edcgov.us/contracts/invite.asp>

Failure of bidder to obtain this information shall not relieve him/her of the requirements contained therein. Those bidders not acknowledging and returning Addenda as required will not be considered and will be rejected as "non-responsive."

- X. Evaluation:** It is anticipated proposals will be evaluated by a team composed of County personnel representing the El Dorado County Health and Human Services agency and a community representative; the County may change the composition of the evaluation panel without additional notice. Proposals will be evaluated on the basis of:

Evaluation Criteria	Maximum Points Possible
Executive Summary	10 (5%)
Detailed Discussion	40 (20%)
Background and Capabilities	70 (35%)
Work Plan	20 (10%)
Budget Narrative	30 (15%)
References	30 (15%)
Total Points Possible:	200 (100%)

Failure to comply with any of the requirements contained herein may result in disqualification. It is the responsibility of all Proposers to read ALL sections of this RFP prior to submitting a response.

- XI. Award:** Award shall be recommended to the Proposer whose proposal best meets the needs of the County. The County reserves the right to reject any or all proposals, and to solicit additional proposals if deemed in the best interest of the County to do so. The decision of the County Board of Supervisors shall be final in making such determination.

The successful Proposer will receive written notification of the award, along with instructions for finalizing the agreement documents. Receipt of the fully executed agreement will serve as Proposer's notice to proceed with services.

- XII. Business License Requirement:** It is unlawful for any person to furnish supplies or services, or transact any kind of business in the unincorporated territory of El Dorado County without possessing a County business license unless exempt under County Code Section 5.08.070. Contact the Tax Collector's Office at 360 Fair Lane, Placerville, CA 95667, or phone (530) 621-5800, for further information. El Dorado County is an equal opportunity employer (EOE). Minorities, females, and handicapped are encouraged to participate (M/F/H).

It is not a requirement to possess a County business license at the time of proposal submittal. Successful Proposers may be required to possess a County business license to award contract.

The County of El Dorado is an equal opportunity employer (EOE). Minorities, Females and Handicapped are encouraged to participate.

- XIII. Public Agency:** It is intended that other public agencies (i.e., city, special district, public authority, public agency and other political subdivisions of the State of California) shall have the option to participate in any agreement created as a result of this Request for Proposal to Bid with the same terms and conditions specified there in, including pricing. The County shall incur no financial responsibility in connection with any agreement from another public agency. The public agency shall accept sole responsibility for contracting for services and making payment to the vendor.

Exhibit "A"

SAMPLE ONLY

AGREEMENT FOR SERVICES # ____-_____

THIS AGREEMENT made and entered by and between the County of El Dorado, a political subdivision of the State of California (hereinafter referred to as "County") and _____, a _____, duly qualified to conduct business in the State of California, whose principal place of business is _____, and whose Agent for Service of Process is *Company name, physical address*, (hereinafter referred to as "Contractor");

RECITALS

WHEREAS, County has determined that it is necessary to obtain a Contractor to provide _____; and

WHEREAS, Contractor has represented to County that it is specially trained, experienced, expert and competent to perform the special services required hereunder and County has determined to rely upon such representations; and

WHEREAS, it is the intent of the parties hereto that such services be in conformity with all applicable federal, state and local laws; and

WHEREAS, County has determined that the provision of these services provided by Contractor is in the public's best interest, and that these services are more economically and feasibly performed by outside independent Contractors as well as authorized by El Dorado County Charter, Section 210 (b) (6) and/or Government Code 31000;

NOW, THEREFORE, County and Contractor mutually agree as follows:

ARTICLE I

Scope of Services: Contractor agrees to furnish the personnel and equipment necessary to provide

ARTICLE II

Term: This Agreement shall become effective upon final execution by both parties hereto and shall expire

ARTICLE III

Compensation for Services: For services provided herein, including any deliverables that may be identified herein, County agrees to pay Contractor upon the satisfactory completion and County's acceptance of work, monthly in arrears and within forty-five (45) days following the County's receipt and approval of itemized invoice(s) identifying services rendered.

For the purposes of this Agreement, the billing rate shall be

Total amount of this Agreement shall not exceed _____.

Itemized invoices shall follow the format specified by County and shall reference this Agreement number on their faces and on any enclosures or backup documentation. Copies of documentation attached to invoices shall reflect Contractor's charges for the specific services billed on those invoices. Invoices shall be mailed to County at the following address:

County of El Dorado
Department
Address
Placerville, California 95667

or to such other location as County directs.

In the event that Contractor fails to deliver the documents or other deliverables required by the individual Work Orders issued pursuant to this Agreement, County at its sole option may delay the monthly payment for the period of time of the delay, cease all payments until such time as the deliverables are received, or proceed as set forth herein below in Article _____, Default, Termination, and Cancellation.

ARTICLE IV

Taxes: Contractor certifies that as of today's date, it is not in default on any unsecured property taxes or other taxes or fees owed by Contractor to County. Contractor agrees that it shall not default on any obligations to County during the term of this Agreement.

ARTICLE V

Changes to Agreement: This Agreement may be amended by mutual consent of the parties hereto. Said amendments shall become effective only when in writing and fully executed by duly authorized officers of the parties hereto.

ARTICLE VI

Contractor to County: It is understood that the services provided under this Agreement shall be prepared in and with cooperation from County and its staff. It is further agreed that in all matters pertaining to this Agreement, Contractor shall act as Contractor only to County and shall not act as Contractor to any other individual or entity affected by this Agreement nor provide information in any manner to any party outside of this Agreement that would conflict with Contractor's responsibilities to County during term hereof.

ARTICLE VII

Assignment and Delegation: Contractor is engaged by County for its unique qualifications and skills as well as those of its personnel. Contractor shall not subcontract, delegate or assign services to be provided, in whole or in part, to any other person or entity without prior written consent of County.

ARTICLE VIII

Independent Contractor/Liability: Contractor is, and shall be at all times, deemed independent and shall be wholly responsible for the manner in which it performs services required by terms of this Agreement. Contractor exclusively assumes responsibility for acts of its employees, associates, and subContractors, if any are authorized herein, as they relate to services to be provided under this Agreement during the course and scope of their employment.

Contractor shall be responsible for performing the work under this Agreement in a safe, professional, skillful and workmanlike manner and shall be liable for its own negligence and negligent acts of its employees. County shall have no right of control over the manner in which work is to be done and shall, therefore, not be charged with responsibility of preventing risk to Contractor or its employees.

ARTICLE IX

Fiscal Considerations: The parties to this Agreement recognize and acknowledge that County is a political subdivision of the State of California. As such, El Dorado County is subject to the provisions of Article XVI, Section 18 of the California Constitution and other similar fiscal and procurement laws and regulations and may not expend funds for products, equipment or services not budgeted in a given fiscal year. It is further understood that in the normal course of County business, County will adopt a proposed budget prior to a given fiscal year, but that the final adoption of a budget does not occur until after the beginning of the fiscal year.

Notwithstanding any other provision of this Agreement to the contrary, County shall give notice of cancellation of this Agreement in the event of adoption of a proposed budget that does not provide for funds for the services, products or equipment subject herein. Such notice shall become effective upon the adoption of a final budget which does not provide funding for this Agreement. Upon the effective date of such notice, this Agreement shall be automatically terminated and County released from any further liability hereunder.

In addition to the above, should the Board of Supervisors during the course of a given year for financial reasons reduce, or order a reduction, in the budget for any County department for which services were contracted to be performed, pursuant to this paragraph in the sole discretion of the County, this Agreement may be deemed to be canceled in its entirety subject to payment for services performed prior to cancellation.

ARTICLE X

Audit by California State Auditor: Contractor acknowledges that if total compensation under this agreement is greater than \$10,000.00, this Agreement is subject to examination and audit by the California State Auditor for a period of three (3) years, or for any longer period required by law, after final payment under this Agreement, pursuant to California Government Code §8546.7. In order to facilitate these potential examinations and audits, Contractor shall maintain, for a period of at least three (3) years, or for any longer period required by law, after final payment under the contract, all books, records and documentation necessary to demonstrate performance under the Agreement.

ARTICLE XI

Default, Termination, and Cancellation:

- A. **Default:** Upon the occurrence of any default of the provisions of this Agreement, a party shall give written notice of said default to the party in default (notice). If the party in default does not cure the default within ten (10) days of the date of notice (time to cure), then such party shall be in default. The time to cure may be extended at the discretion of the party giving notice. Any extension of time to cure must be in writing, prepared by the party in default for signature by the party giving notice and must specify the reason(s) for the extension and the date on which the extension of time to cure expires.

Notice given under this section shall specify the alleged default and the applicable Agreement provision and shall demand that the party in default perform the provisions of this Agreement within the applicable period of time. No such notice shall be deemed a termination of this Agreement unless the party giving notice so elects in this notice, or the party giving notice so elects in a subsequent written notice after the time to cure has expired. In the event of termination for default, County reserves the right to take over and complete the work by contract or by any other means.

- B. **Bankruptcy:** This Agreement, at the option of the County, shall be terminable in the case of bankruptcy, voluntary or involuntary, or insolvency of Contractor.
- C. **Ceasing Performance:** County may terminate this Agreement in the event Contractor ceases to operate as a business, or otherwise becomes unable to substantially perform any term or condition of this Agreement.
- D. **Termination or Cancellation without Cause:** County may terminate this Agreement in whole or in part upon seven (7) calendar days written notice by County without cause. If such prior termination is effected, County will pay for satisfactory services rendered prior to the effective dates as set forth in the Notice of Termination provided to Contractor, and for such other services, which County may agree to in writing as necessary for contract resolution. In no event, however, shall County be obligated to pay more than the total amount of the contract. Upon receipt of a Notice of Termination, Contractor shall promptly discontinue all services affected, as of the effective date of termination set forth in such Notice of Termination, unless the notice directs otherwise.

ARTICLE XII

Notice to Parties: All notices to be given by the parties hereto shall be in writing and served by depositing same in the United States Post Office, postage prepaid and return receipt requested. Notices to County shall be addressed as follows:

COUNTY OF EL DORADO
(Department Name)
(Address)
(City, State, Zip)
ATTN: (Name), (Title)

or to such other location as the County directs.

with a carbon copy to

COUNTY OF EL DORADO
Chief Administrative Office
Procurement and Contracts Division
360 Fair Lane
Placerville, CA 95667
ATTN: Purchasing Agent

Notices to Contractor shall be addressed as follows:

(COMPANY NAME)
(Address)
(City, State, Zip)
ATTN: (Name), (Title)

or to such other location as the Contractor directs.

ARTICLE XIII

Change of Address: In the event of a change in address for Contractor's principal place of business, Contractor's Agent for Service of Process, or Notices to Contractor, Contractor shall notify County in writing pursuant to the provisions contained in this Agreement under the Article titled "Notice to Parties". Said notice shall become part of this Agreement upon acknowledgment in writing by the County Contract Administrator, and no further amendment of the Agreement shall be necessary provided that such change of address does not conflict with any other provisions of this Agreement.

ARTICLE XIV

Indemnity: The Contractor shall defend, indemnify, and hold the County harmless against and from any and all claims, suits, losses, damages and liability for damages of every name, kind and description, including attorney's fees and costs incurred, brought for, or on account of, injuries to or death of any person, including but not limited to workers, County employees, and the public, or damage to property, or any economic or consequential losses, which are claimed to or in any way arise out of or are connected with the Contractor's services, operations, or performance

hereunder, regardless of the existence or degree of fault or negligence on the part of the County, the Contractor, subContractor(s) and employee(s) of any of these, except for the sole, or active negligence of the County, its officers and employees, or as expressly prescribed by statute. This duty of Contractor to indemnify and save County harmless includes the duties to defend set forth in California Civil Code Section 2778.

ARTICLE XV

Insurance: Contractor shall provide proof of a policy of insurance satisfactory to the County of El Dorado Risk Manager and documentation evidencing that Contractor maintains insurance that meets the following requirements:

- A. Full Worker's Compensation and Employer's Liability Insurance covering all employees of Contractor as required by law in the State of California.
- B. Commercial General Liability Insurance of not less than \$1,000,000.00 combined single limit per occurrence for bodily injury and property damage and a \$2,000,000.00 aggregate limit.
- C. Automobile Liability Insurance of not less than \$1,000,000.00 is required in the event motor vehicles are used by the Contractor in the performance of the Agreement.
- D. In the event Contractor is a licensed professional or professional consultant, and is performing professional services under this Agreement, professional liability is required with a limit of liability of not less than \$1,000,000.00 per occurrence.
- E. Contractor shall furnish a certificate of insurance satisfactory to the County of El Dorado Risk Manager as evidence that the insurance required above is being maintained.
- F. The insurance will be issued by an insurance company acceptable to Risk Management, or be provided through partial or total self-insurance likewise acceptable to Risk Management.
- G. Contractor agrees that the insurance required above shall be in effect at all times during the term of this Agreement. In the event said insurance coverage expires at any time or times during the term of this Agreement, Contractor agrees to provide at least thirty (30) days prior to said expiration date, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than the remainder of term of the Agreement, or for a period of not less than one (1) year. New certificates of insurance are subject to the approval of Risk Management and Contractor agrees that no work or services shall be performed prior to the giving of such approval. In the event the Contractor fails to keep in effect at all times insurance coverage as herein provided, County may, in addition to any other remedies it may have, terminate this Agreement upon the occurrence of such event.
- H. The certificate of insurance must include the following provisions stating that:
 - 1. The insurer will not cancel the insured's coverage without prior written notice to County, and;
 - 2. The County of El Dorado, its officers, officials, employees and volunteers are included as additional insured on an additional insured endorsement, but only insofar as the operations under this Agreement are concerned. This provision shall apply to the general liability policy.

- I. The Contractor's insurance coverage shall be primary insurance as respects the County, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the County, its officers, officials, employees or volunteers shall be in excess of the Contractor's insurance and shall not contribute with it.
- J. Any deductibles or self-insured retentions must be declared to and approved by the County, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the County, its officers, officials, employees and volunteers; or the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- K. Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the County, its officers, officials, employees or volunteers.
- L. The insurance companies shall have no recourse against the County of El Dorado, its officers and employees or any of them for payment of any premiums or assessments under any policy issued by any insurance company.
- M. Contractor's obligations shall not be limited by the foregoing insurance requirements and shall survive expiration of this Agreement.
- N. In the event Contractor cannot provide an occurrence policy, Contractor shall provide insurance covering claims made as a result of performance of this Agreement for not less than three (3) years following completion of performance of this Agreement.
- O. Certificate of insurance shall meet such additional standards as may be determined by the contracting County Department either independently or in consultation with Risk Management, as essential for protection of the County.

ARTICLE XVI

Interest of Public Official: No official or employee of County who exercises any functions or responsibilities in review or approval of services to be provided by Contractor under this Agreement shall participate in or attempt to influence any decision relating to this Agreement which affects personal interest or interest of any corporation, partnership, or association in which he/she is directly or indirectly interested; nor shall any such official or employee of County have any interest, direct or indirect, in this Agreement or the proceeds thereof.

ARTICLE XVII

Interest of Contractor: Contractor covenants that Contractor presently has no personal interest or financial interest, and shall not acquire same in any manner or degree in either: 1) any other contract connected with or directly affected by the services to be performed by this Agreement; or, 2) any other entities connected with or directly affected by the services to be performed by this Agreement. Contractor further covenants that in the performance of this Agreement no person having any such interest shall be employed by Contractor.

ARTICLE XVIII

Conflict of Interest: The parties to this Agreement have read and are aware of the provisions of Government Code Section 1090 et seq. and Section 87100 relating to conflict of interest of public officers and employees.

Contractor attests that it has no current business or financial relationship with any County employee(s) that would constitute a conflict of interest with provision of services under this contract and will not enter into any such business or financial relationship with any such employee(s) during the term of this Agreement. County represents that it is unaware of any financial or economic interest of any public officer or employee of Contractor relating to this Agreement. It is further understood and agreed that if such a financial interest does exist at the inception of this Agreement either party may immediately terminate this Agreement by giving written notice as detailed in the Article in the Agreement titled, "Default, Termination and Cancellation".

ARTICLE XIX

Nondiscrimination:

- A. County may require Contractor's services on projects involving funding from various state and/or federal agencies, and as a consequence, Contractor shall comply with all applicable nondiscrimination statutes and regulations during the performance of this Agreement including but not limited to the following: Contractor and its employees and representatives shall not unlawfully discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, medical condition, marital status, age, or sex; Contractor shall, unless exempt, comply with the applicable provisions of the Fair Employment and Housing Act (Government Code, Sections 12900 et seq.) and applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Sections 7285.0 et seq.); the applicable regulations of the Fair Employment and Housing Commission implementing Government Code, Section 12990, set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations incorporated into this Agreement by reference and made a part hereof as if set forth in full; and Title VI of the Civil Rights Act of 1964, as amended. Contractor and its employees and representatives shall give written notice of their obligations under this clause as required by law.
- B. Where applicable, Contractor shall include these nondiscrimination and compliance provisions in any of its agreements that affect or are related to the services performed herein.
- C. Contractor's signature shall provide any certifications necessary under the federal laws, the laws of the State of California, including but not limited to Government Code Section 12990 and Title 2, California Code of Regulations, Section 8103.

ARTICLE XX

California Residency (Form 590): If Contractor is a California resident, Contractors must file a State of California Form 590, certifying its California residency or, in the case of a corporation, certifying that it has a permanent place of business in California. The Contractor will be required to submit a Form 590 prior to execution of an Agreement or County shall withhold seven (7) percent of each payment made to the Contractor during term of the Agreement. This requirement applies to any agreement/contract exceeding \$1,500.00.

ARTICLE XXI

Nonresident Withholding: If Contractor is not a California resident, Contractor shall provide documentation that the State of California has granted a withholding exemption or authorized reduced withholding prior to execution of this Agreement or County shall withhold seven (7%) percent of each payment made to the Contractor during term of the Agreement as required by law. This requirement applies to any agreement/contract exceeding \$1,500.00.

Contractor shall indemnify and hold the County harmless for any action taken by the California Franchise Tax Board.

ARTICLE XXII

Taxpayer Identification Number (Form W-9): All independent Contractors or corporations providing services to the County must file a Department of the Treasury Internal Revenue Service Form W-9, certifying their Taxpayer Identification Number.

ARTICLE XXIII

County Business License: It is unlawful for any person to furnish supplies or services, or transact any kind of business in the unincorporated territory of El Dorado County without possessing a County business license unless exempt under County Code Section 5.08.070.

ARTICLE XXIV

Licenses: Contractor hereby represents and warrants that Contractor and any of its subcontractors employed under this Agreement has all the applicable licenses, permits, and certifications that are legally required for Contractor and its subcontractors to practice its profession or provide the services or work contemplated under this Agreement in the State of California. Contractor and its subcontractors shall obtain or maintain said applicable licenses, permits, or certificates in good standing throughout the term of this Agreement.

ARTICLE XXV

Administrator: The County Officer or employee with responsibility for administering this Agreement is (name), (title), (department), or successor.

ARTICLE XXVI

Authorized Signatures: The parties to this Agreement represent that the undersigned individuals executing this Agreement on their respective behalf are fully authorized to do so by law or other appropriate instrument and to bind upon said parties to the obligations set forth herein.

ARTICLE XXVII

Partial Invalidity: If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.

ARTICLE XXVIII

Venue: Any dispute resolution action arising out of this Agreement, including, but not limited to, litigation, mediation, or arbitration, shall be brought in El Dorado County, California, and shall be resolved in accordance with the laws of the State of California.

ARTICLE XXIX

No Third Party Beneficiaries: Nothing in this Agreement is intended, nor will be deemed, to confer rights or remedies upon any person or legal entity not a party to this agreement.

ARTICLE XXX

Entire Agreement: This document and the documents referred to herein or exhibits hereto are the entire Agreement between the parties and they incorporate or supersede all prior written or oral Agreements or understandings.

Requesting Contract Administrator Concurrence:

By: _____
Name
Title
Department

Dated: _____

Requesting Department Head Concurrence:

By: _____
Name
Title
Department

Dated: _____

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates indicated below.

-- COUNTY OF EL DORADO --

By: _____ Dated: _____
Purchasing Agent
Chief Administrative Office
"County"

OR

-- COUNTY OF EL DORADO --

Dated: _____
By: _____
Chair
Board of Supervisors
"County"

ATTEST:
James S. Mitrising
Clerk of the Board of Supervisors

By: _____ Dated: _____
Deputy Clerk

-- CONTRACTOR --

IF CORPORATION, LLC, ETC.
(COMPANY NAME, INC.)
(A [NAME OF STATE] CORPORATION)
IF SOLE PROPRIETOR, ETC., DELETE THIS TEXT

By: _____
Name
Title
"Contractor"

Dated: _____

By: _____
Corporate Secretary

Dated: _____

(insert contract preparer's initials)

(insert purchasing assigned contract #)



County of El Dorado

Chief Administrative Office

Procurement & Contracts Division
Phone (530)621-5830 Fax (530)295-2537

December 8, 2016

To: All Interested Individuals and Firms

Re: RFP #17-918-022 – Ambulance Transport Audit Services

The following questions regarding the subject RFP were received by the stated deadline of November 30, 2016. Below are the questions and answers that the County has deemed appropriate and relevant with respect to the scope of services.

1. Question: What were the fees for the previous audit? Please identify the audit fees for each audit/task?

Answer: The Request for Proposal provided \$155,000 in funding for these services over a three-year term. For the purposes of this proposal, proposers should provide an estimated cost basis for all services identified in the RFP.

2. Question: How many auditors were onsite by week for both interim testing and final fieldwork?

Answer: We do not know.

3. Question: What were the hours of the previous audit?

Answer: We do not know.

4. Question: Were there any major changes in the engagement requested in the RFP compared to last year's engagement?

Answer: No substantive changes have been made to the proposal from prior years; the services we are soliciting are essentially similar to the services for which the County previously contracted. This solicitation is being made in order to comply with County practice necessitating a competitive bidding process for these services.

5. Question: Does the County prepare its own Financial Report or is the auditor responsible for preparation and assembly?

Answer: The Contractor will provide audit reports for the two ambulance service vendors identified in the RFP; the services identified in the RFP do not include a County Financial Report or auditing of any county entity.

6. Question: Can you please confirm the period of the agreement? Page 2 of the RFP mentions a three (3) year agreement for services within the Scope of Services section and at number B.1 on the following page (page 3) fiscal years ending June 30, 2015, 2016, 2017, and 2018 are mentioned.

Answer: The term of the agreement is for three years. During the term of the agreement, the Contractor will provide audit services covering Fiscal Years 2015/2016, 2016/2017, and 2017/2018.

7. Question: Please provide a copy of the most recent audited financial statements and single audit report, if available.

Answer: Audit reports for these contracts are filed publicly with the El Dorado County Board of Supervisors. As such, a sample of the reports can be accessed through the Board of Supervisors website at the following link:

<https://eldorado.legistar.com/LegislationDetail.aspx?ID=2676119&GUID=7EDE5D11-73BD-4517-A849-571227055656&Options=ID|&Search=11-0766>

Other reports may be available through the search mechanism found on the webpage in the link above. However, not all reports may be available at this time.

8. Question: Page 2 of the Request for Proposal says you currently have 3 vendors, but only 2 vendors are listed, Cal Tahoe and EDCESA. Is there a third one?

Answer: Three vendors provide ambulance transportation services within the county, but only two of those vendors will be subject to the audit services described in the RFP: Cal Tahoe and EDCESA.

9. Question: If the number of contractors needing audits will change, should the fee in the bid include only the existing vendors? If not, how should the fee be presented?

Answer: It is anticipated the number of vendors will remain at two.

10. Question: Can you provide a copy of the June 30, 2014, or last audited financial statements and related communications for the current vendors?

Answer: See Question #7.

11. Question: Did the prior auditor issue a management letter containing recommendations? If so, can we obtain a copy?

Answer: Please refer to the report data found on the link provided in response to Question #7 for more specific information about what information was contained in past audits.

12. Question: Were there any compliance findings or internal control weaknesses noted in past audits?

Answer: Please refer to the report data found on the links provided in response to Question #7 for more specific information about what information was contained in past audits.

13. Question: If not previously audited, please provide the latest year-end internally prepared financial statements.

Answer: Both JPAs have been audited.

14. Question: Are you expecting the audits of 2015 and 2016 to be done at the same time and issued under one report? Would 2017 and 2018 each be issued separately?

Answer: We require separate audit reports for each of the three Fiscal Years: 2015/2016, 2016/2017, and 2017/2018.

15. Question: When are you expecting completed reports for each fiscal year?

Answer: We expect audit reports to be completed within approximately 8 months of the end of the Fiscal Year.

16. Question: Are any significant changes in operations expected in 2016 and future years that will affect the financial statements and scope of the audit, such as debt issuances or new funding sources?

Answer: No significant changes in operations are expected at this time.

17. Question: How many audit adjustments did the prior auditors have on each contractor? What were the nature of these adjustments?

Answer: Specific components of prior audit reports may be referenced by viewing the reports at the link provided in response to Question #7.

18. Question: How many employees does each contractor have?

Answer: We do not know.

19. Question: Do the contractors provide pension benefits under CalPERS? If so, who performs the calculation of the net pension liability and related deferred inflows/outflows?

Answer: Employees of the JPAs do receive CalPERS benefits. The calculation of the net pension liability and related deferred inflows/outflows is performed by their designated CalPERS Administrator.

20. Question: How many staff and how many days were the prior auditors on-site for fieldwork?

Answer: See Question #2 and #3.

21. Question: How many individuals are involved in the accounting function at each contractor?

Answer: See Question #2 and #3.

22. Question: Has there been any turnover in accounting staff that have contact with the auditors?

Answer: We do not know.

23. Question: When do they expect to have the books closed and available for the audit for each year?

Answer: Typically, books will be closed by July or August following the fiscal year.

24. Question: What did the prior auditor charge for the audits?

Answer: See Question #1.

25. Question: What is your annual budget for this work?

Answer: We anticipate entering into a three year agreement that will not exceed \$155,000.

26. Question: Why are you going through the proposal process?

Answer: See Question #4.

27. Question: For the format of the proposal, are you expecting tabs for all of the bold headings in section IV? (i.e., items A, B, C1 to C6, D, and E)?

Answer: Tabs would be acceptable.

28. Question: Is it possible to obtain a copy of the most recent audited financial statement for each of the Ambulance contractors that were audited under this County contract?

Answer: See Question #7.

29. Question: Do the Ambulance contractors receive Federal funding of any type? If so - do you have any estimate of how much they receive?

Answer: No. Ambulance contractors receive fee-for-service payments from County revenue; there is no Federal pass-through funding. The County receives reimbursement, which may include Medical or Medicare Payments.

30. Question: Why are you going out to bid at this time?

Answer: See Question #4.

31. Question: Will your current auditors be bidding on this RFP?

Answer: This RFP is being offered as an open solicitation in accordance with County practice. All qualified bidders are invited to bid.

32. Question: Will the audits take place at the County offices or at each Ambulance Contractor's office?

Answer: Audits will take place at the Ambulance Contractor's office/location.

33. Question: Are you accustomed to preliminary/interim fieldwork prior to year-end and final fieldwork after year end? Or just fieldwork after year end?

Answer: The timing and extent of fieldwork will be left to the discretion of the Contractor.

34. Question: How many auditors are typically in the field for fieldwork?

Answer: The number of auditors in the field is left to the discretion of the Contractor; we do not know how many auditors the prior vendor sent into the field.

35. Question: How long are the auditors in the field for fieldwork? Interim and/or Final fieldwork?

Answer: The extent to which auditors are in the field will be left to the discretion of the Contractor.

36. Question: Does the County accounting staff or Contractor accounting staff prepare the annual financial statements, or will you be looking to the auditor to prepare the statements?

Answer: See Question #5.

37. Question: Are there Auditor adjustments to the Contractor's trial balances each year? If so – what are the adjustments usually for?

Answer: See Question #7.

38. Question: Aside from reportable material weaknesses or significant deficiencies, does the auditor typically have control deficiencies that are reported to Management or the Board in a separate comment letter?

Answer: Specific matters related to prior audit reports should be looked for in the sample reports provided by the link as indicated in the answer to Question #7.

39. Question: What are some of your main concerns regarding policies, operations, issues, upcoming reporting requirements, etc?

Answer: We have no concerns. Auditing is a requirement of the agreements the County has with these vendors.

40. Question: What was the fee for the most recent audits? Did the audit fee include any additional fees outside of the scope of annual audit?

Answer: See Question #1.

41. Question: What is the reason you are considering changing the auditor(s)?

Answer: See Question #4.

42. Question: About how much time did the prior year auditors spend onsite to conduct their audit for each agency?

Answer: We do not know.

43. Question: Are the prior year auditors being invited to bid?

Answer: See Question #31.

44. Question: What were the prior year fees for each audit?

Answer: See Question #1.

45. Question: Are there any new services in this RFP that were not included in the prior year?

Answer: See Question #4.

46. Question: I did not see prior year financial statements for the three contracted ambulance transportation agencies. Please send us a copy of the prior year audited financial statements.

Answer: See Question #7.

47. Question: How long have the current auditors been performing the audit for County Office? Will the prior auditors be invited to bid again?

Answer: See Question #4.

48. Question: How many auditors and how many weeks were the auditors on site for both interim and year end field work?

Answer: We do not know.

49. Question: What is the desired audit timeline?

Answer: See Question #15.

50. Question: What were the prior audit fees? What is County Office's Current Year Budget for audit fees? Please provide the bifurcation of the prior year cost according to the services requested.

Answer: See Question #1.

51. Question: Are there any new services requested in this RFP that were not included in the prior year audit fee?

Answer: See Question #4.

52. Question: How many journal entries were proposed by the auditors? Were there any findings?

Answer: We do not know.

53. Question: Were there any material adjustments made by the auditors in connection with the examination of the prior year Financial Statements?

Answer: Please refer to the report data found on the links provided in response to Question #7 for more specific information about what information was contained in past audits.

54. Question: Is County Office able to provide the Balance Sheet, Revenue Summary and Expenditure reports in excel format?

Answer: The County is not able to provide the Balance Sheet, Revenue Summary, and Expenditure reports in Excel format.

55. Question: Is County Office involved in any litigation not included in the Prior Year Financial Statements?

Answer: County Offices and any litigation related to the County is not a subject of this RFP. This RFP is for audit services to vendors (JPAs) providing services to the County as the result of a contract between the County and the vendor.

56. Question: Is County Office able to provide a copy of last year's audit report?

Answer: See Question #1.

Thank you for your participation.



Terri Knowlton
Purchasing Agent



The County of El Dorado

Chief Administrative Office

Procurement & Contracts Division
Phone (530)621-5830 Fax (530)295-2537

December 15, 2016

TO: All Proposers

Re: RFP #17-918-022 – Audit Services for County Ambulance Transportation Contractors
Q & A Addendum I

The following attachments to this notice are to provide additional information related to Question #7 in the Questions and Answers posted on December 8, 2016. The most recent audit report for Cal Tahoe is not included in the link provided in the posted Questions and Answers. The link to the Cal Tahoe reports will not be available until early January 2017. To accommodate requests for both JPA audit reports, the most recent audit report for the Cal Tahoe JPA and the EDCESA JPA are attached to this notice.

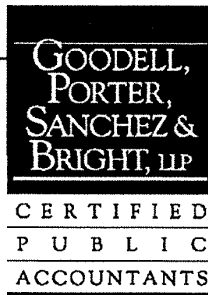
For questions, please contact Ashley Wells, at (530) 621-5804.

Thank you for your participation in the RFP process.

A handwritten signature in blue ink, appearing to read "T. Knowlton".

Terri Knowlton
Purchasing Agent

360 Fair Lane Placerville, CA 95667



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

February 26, 2016

To The Board of Directors
 California Tahoe Emergency Services Operations Authority
 2211 Keetak Street
 South Lake Tahoe, Ca 96150

We have audited the financial statements of the governmental activities of California Tahoe Emergency Services Operations Authority (JPA) for the year ended June 30, 2015. 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 January 21, 2015. 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 recorded 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.

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.

An entry for \$611 was recorded to the money market cash account to record interest earned for the year. An entry of \$1,515 was recorded to increase prepaid insurance to the amount available June 30, 2015.

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 February 26, 2016.

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.

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.

Other Matters (Concluded)

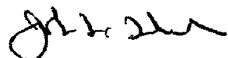
With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United 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 California Tahoe Emergency Services Operations 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

California Tahoe Emergency Services Operations Authority

Schedule of Unrecorded Adjustments

As of and for the Year Ended June 30, 2015

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.

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 increase \$340.

CALIFORNIA TAHOE
EMERGENCY SERVICES OPERATIONS AUTHORITY
SOUTH LAKE TAHOE, CALIFORNIA

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

JUNE 30, 2015

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CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

JUNE 30, 2015

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FINANCIAL SECTION



CERTIFIED
PUBLIC
ACCOUNTANTS

JOHN L. GOODELL, CPA
VIRGINIA K. PORTER, CPA
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SUZY H. BRIGHT, CPA
MICHELLE M. HANSON, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
California Tahoe Emergency Services Operations Authority
South Lake Tahoe, California

We have audited the accompanying financial statements of the governmental activities and the major fund of California Tahoe Emergency Services Operations Authority as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the California Tahoe Emergency Services Operations 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.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of California Tahoe Emergency Services Operations Authority, as of June 30, 2015, and the respective changes in fund balance 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.

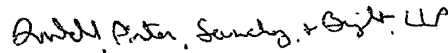
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise California Tahoe Emergency Services Operations 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 February 26, 2016, on our consideration of the California Tahoe Emergency Services Operations 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 California Tahoe Emergency Services Operations Authority's internal control over financial reporting and compliance.



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

February 26, 2016

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The discussion and analysis of California Tahoe Emergency Services Operations Authority's (JPA) financial performance provides an overall review of the JPA's financial activities for the fiscal year ended June 30, 2015. 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 #3 (CSA #3.) 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 \$1.1 million, a decrease of \$234,702 from 2013-2014. This decrease is primarily the reduction in cash.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

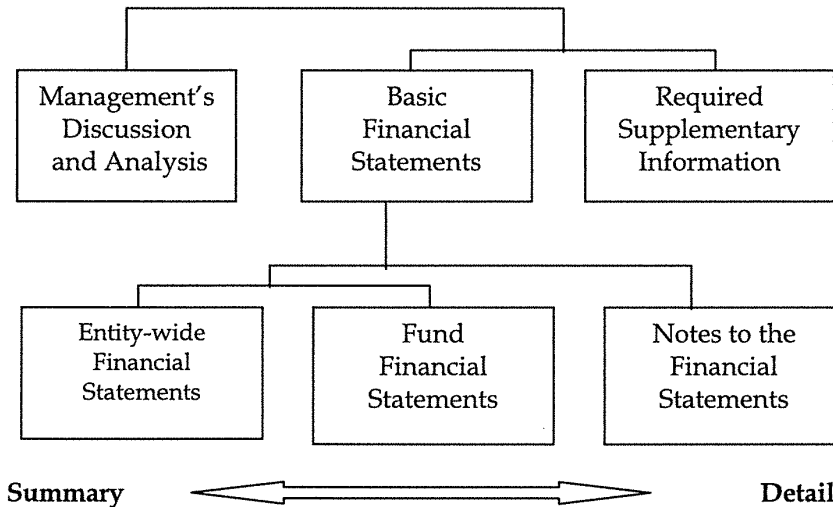
MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 California Tahoe Emergency Services Operations 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.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 2014-2015?"

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 for ambulances based on mileage. The current replacement plan calls for one ambulance to be replaced or remounted approximately every two years.

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.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 \$1.13 million at June 30, 2015, consisting of \$558 thousand invested in capital assets and \$571,424 unrestricted. The government-wide data is presented in Table 1.

**(Table 1)
Comparative Statement of Net Position**

	Governmental Activities	
	2015	2014
ASSETS		
Cash	\$ 757,341	\$ 1,003,887
Receivables	608	
Prepaid expenditures	6,102	4,587
Performance deposit	50,000	50,000
Capital assets	557,917	553,541
Total assets	<u>\$ 1,371,968</u>	<u>\$ 1,612,015</u>
LIABILITIES		
Accounts payable and other current liabilities	\$ 242,627	\$ 247,972
Total liabilities	<u>\$ 242,627</u>	<u>\$ 247,972</u>
NET POSITION		
Net investment in capital assets	\$ 557,917	\$ 553,541
Unrestricted	571,424	810,502
Total net position	<u>\$ 1,129,341</u>	<u>\$ 1,364,043</u>

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONTINUED)

The JPA as a Whole (Continued)

The JPA's net position decreased \$235 thousand this fiscal year. (See Table 2) The JPA's expenses for providing ambulance and dispatch services represented 99% percent of total expenses. (See Figure 2)

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

	Governmental Activities	
	2015	2014
REVENUES		
Program revenues	\$ 2,061,304	\$ 2,046,920
General revenues		
Interest and investment earnings	2,050	2,332
Total revenues	2,063,354	2,049,252
EXPENSES		
Regional ambulance and dispatch services	2,298,056	1,928,138
Total expenses	2,298,056	1,928,138
Increase (decrease) in net position	\$ (234,702)	\$ 121,114

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

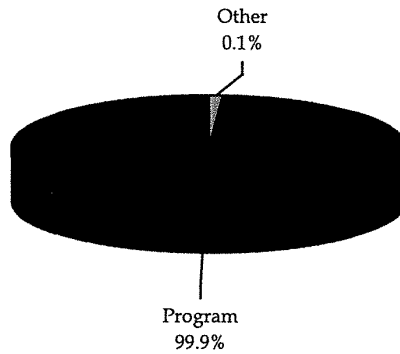
FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONCLUDED)

The JPA as a Whole (Concluded)

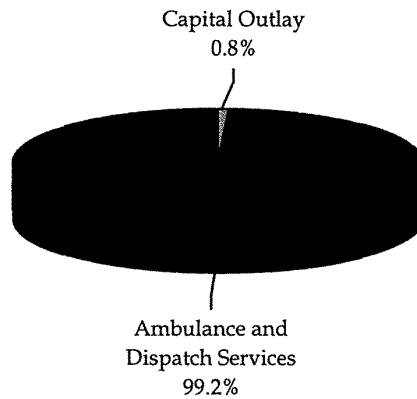
Governmental Activities

As reported in the Statement of Activities, the cost of all of the JPA's governmental activities this year was \$2.3 million. Program revenues totaled 99.9%. (See Figure 1)

**Sources of Revenue for the 2014-2015 Fiscal Year
Figure 1**



**Expenses for the 2014-2015 Fiscal Year
Figure 2**



CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Table 3
Comparative Schedule of Capital Assets
(net of depreciation)
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>	Difference Increase (Decrease)
Machinery and Equipment	<u>\$ 557,917</u>	<u>\$ 553,541</u>	<u>\$ 4,376</u>

Long-term Debt

For 2014-2015 the JPA has no outstanding debt.

Table 4
Comparative Schedule of Outstanding Debt
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Lake Valley FPD	<u>\$ 0</u>	<u>\$ 0</u>

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, Ryan Wagoner, California Tahoe Emergency Services Operations Authority, 2211 Keetak Street, South Lake Tahoe, CA 96150.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash (Note 2)	\$ 757,341
Accounts Receivable	608
Prepaid Expenses (Note 1G)	6,102
Performance Deposit	50,000
Capital Assets, Net of Depreciation (Note 4)	<u>557,917</u>
 Total Assets	 <u>\$ 1,371,968</u>
LIABILITIES	
Accounts Payable and Other Current Liabilities	<u>\$ 242,627</u>
 Total Liabilities	 <u>\$ 242,627</u>
NET POSITION	
Net Investment in Capital Assets	\$ 557,917
Unrestricted	<u>571,424</u>
 Total Net Position	 <u>\$ 1,129,341</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues		Net Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<u>Governmental Activities</u>				
Regional Ambulance and Dispatch Services	\$ 2,298,056	\$ 3,102	\$ 2,058,202	\$ (236,752)
Total Governmental Activities	<u>\$ 2,298,056</u>	<u>\$ 3,102</u>	<u>\$ 2,058,202</u>	<u>(236,752)</u>
General Revenues:				
Interest and Investment Earnings (Expense)				2,050
Total General Revenues				<u>2,050</u>
Change (Decrease) in Net Position				(234,702)
Net Position Beginning				<u>1,364,043</u>
Net Position Ending				<u>\$ 1,129,341</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

BALANCE SHEET - GOVERNMENTAL FUND

JUNE 30, 2015

	<u>General Fund</u>
ASSETS	
Cash (Note 2)	\$ 757,341
Accounts Receivable (Note 3)	608
Prepaid Expenditures (Note 1G)	6,102
Performance Deposit	<u>50,000</u>
Total Assets	<u>\$ 814,051</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	<u>\$ 242,627</u>
Total Liabilities	<u>242,627</u>
Fund Balance (Note 1G):	
Nonspendable	6,102
Committed	300,000
Unassigned	<u>265,322</u>
Total Fund Balance	<u>571,424</u>
Total Liabilities and Fund Balance	<u>\$ 814,051</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balance - governmental funds	\$	571,424
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>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.</p>		
Capital assets, at historical cost:	\$	1,516,560
Accumulated depreciation:		<u>(958,643)</u>
Net:		<u>557,917</u>
Total net position - governmental activities	\$	<u><u>1,129,341</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>
REVENUES	
Contract Service Area #3 Payments	\$ 2,058,202
Other Program Revenue	3,102
Interest	2,050
	<u>2,063,354</u>
EXPENDITURES	
Services and Supplies	2,128,804
Capital Outlay	173,628
	<u>2,302,432</u>
Excess of Revenues Over Expenditures	(239,078)
Fund Balances - July 1, 2014	<u>810,502</u>
Fund Balances - June 30, 2015	<u>\$ 571,424</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Net change (decrease) in fund balance - total governmental funds \$ (239,078)

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:	\$	173,628	
Depreciation expense:		<u>(169,252)</u>	
Net:			<u>4,376</u>

Total change (decrease) in net position - governmental activities \$ (234,702)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

California Tahoe Emergency Services Operations Authority (JPA) was organized under the laws of the State of California on January 24, 2001 and began operations on September 1, 2001. The JPA is a joint exercise of powers entity (JPA) between the City of South Lake Tahoe Fire Department (the "City"), and the Lake Valley Fire Protection District ("Lake Valley").

The purpose of the JPA is to provide ambulance and other emergency medical services within the Lake Tahoe basin and other portions of El Dorado County, as specified by a service agreement with El Dorado County. Powers of the JPA are exercised through a four member Board of Directors made up of each participating entity.

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 California Tahoe Emergency Services Operations 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.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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:

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.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 \$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

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. 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.

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."

6. 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.

7. 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 appropriate for expenditures.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Concluded)

7. Fund Equity (Concluded)

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, 2015 consisted of the following:

	<u>Total</u>
Nonspendable	
Prepaid insurance	\$ 6,102
Committed for	
Ambulance replacements	300,000
Unassigned	<u>265,322</u>
Total Fund Balance	<u>\$ 571,424</u>

Fund Balance Policy

The JPA does not have a formal fund balance policy.

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 2014-2015. 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 adoption of GASB 68 does not have any impact on the JPA's financial statements.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

H. Impact of Recently Issued Accounting Principles (Concluded)

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 2014-2015. 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. The adoption of GASB 71 does not have any impact on the JPA's financial statements.

NOTE 2 - CASH

A. Summary of Cash

The JPA had the following cash at June 30, 2015:

	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Credit Quality Rating</u>
Cash in County Treasury	\$ 383,937	\$ 383,597	Not Rated
Money Market Account	373,744	373,744	Not Rated
Total Cash	<u>\$ 757,681</u>	<u>\$ 757,341</u>	

B. Cash in County Treasury

The JPA maintains all operating cash with the County Treasury as an involuntary participant of a common investment pool, which totaled \$429,492,937 on June 30, 2015. The fair market value of this pool as of that date, as provided by the pool sponsor, was \$429,874,113. 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. Cash in Commercial Banks

The JPA also maintains cash in an interest bearing money market account. This account is insured by the Federal Deposit Insurance Corporation to the amount of \$250,000. As of June 30, 2015, the carrying amount of the JPA's accounts was \$373,744, of which \$123,744 was not insured.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2 - CASH (CONCLUDED)

C. Risk Disclosures (Concluded)

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, 2015 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>\$383,937</u>	<u>\$ 272,711</u>	<u>\$ 105,967</u>	<u>\$ 5,259</u>

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.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 - ACCOUNTS RECEIVABLE

As of June 30, 2015 the JPA had the following accounts receivables:

Lake Tahoe Visitors Authority	\$ 608
Total Accounts Receivable	<u>\$ 608</u>

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2015, is shown below:

	Balance July 01, 2014	Additions	Deductions	Balance June 30, 2015
Capital assets being depreciated:				
Equipment	\$ 1,532,379	\$ 173,628	\$ 189,447	\$ 1,516,560
Total capital assets, being depreciated	<u>1,532,379</u>	<u>173,628</u>	<u>189,447</u>	<u>1,516,560</u>
Less accumulated depreciation for:				
Equipment	978,838	169,252	189,447	958,643
Total accumulated depreciation	<u>978,838</u>	<u>169,252</u>	<u>189,447</u>	<u>958,643</u>
Total capital assets, being depreciated, net	<u>553,541</u>	<u>4,376</u>	<u>0</u>	<u>557,917</u>
Governmental activities capital assets, net	<u>\$ 553,541</u>	<u>\$ 4,376</u>	<u>\$ 0</u>	<u>\$ 557,917</u>

The deductions represent the net effect of the addition of previously unreported fully depreciated assets and deletion of previously disposed fully depreciated assets.

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

NOTE 5 - 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, 2015.

B. El Dorado County Contract

El Dorado County has contracted with the JPA to provide full service emergency and non-emergency pre-hospital advanced life support services, dispatch services, and non-emergency transports for the area known in El Dorado County as CSA No. 3 South Shore area, except for the Tahoe West Shore Zone of Benefit. Under the terms of this agreement, the JPA receives a set amount per month, which is adjusted annually for volume changes and the consumer price index.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 5 - COMMITMENTS AND CONTINGENCIES (CONCLUDED)

B. El Dorado County Contract (Concluded)

Under the terms of the contract, audits may be required and certain items may be questioned as not being appropriate under the terms of the contract. Such audits could lead to request for reimbursement to the County.

The JPA has been awarded the bid from El Dorado County for the new contract term starting September 1, 2011. The contract is a ten year contract (five year contract with five one-year extensions).

NOTE 6 - RISK MANAGEMENT

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, 2015, 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.

NOTE 7 - SUBSEQUENT EVENTS

On December 7, 2015, the City of South Lake Tahoe announced at its city council meeting the South Lake Tahoe Fire Department would be pulling out of the JPA in 120 days.

Management has evaluated subsequent events through February 26, 2016, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (GAAP) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget	Final (GAAP Basis)	Variance Positive (Negative)
REVENUES			
Contract Payments	\$ 2,026,000	\$ 2,058,202	\$ 32,202
Other Program Revenue	16,000	3,102	(12,898)
Interest Income	800	2,050	1,250
Total Revenues	2,042,800	2,063,354	20,554
EXPENDITURES			
Telephone/Radio	8,700	8,267	433
Professional Fees/Contracts	1,600,056	1,776,857	(176,801)
Insurance	15,000	13,185	1,815
Maintenance	35,384	30,482	4,902
Supplies	102,000	113,921	(11,921)
Contingency	1,325	2,320	(995)
Dispatch Contract	150,000	138,472	11,528
Equipment	2,000	671	1,329
Education	13,600	4,230	9,370
Travel/Transportation	33,000	40,399	(7,399)
Total Services and Supplies	1,961,065	2,128,804	(167,739)
Fixed Asset - Equipment	277,000	173,628	103,372
Total Expenditures	2,238,065	2,302,432	(64,367)
Excess of Revenues Over Expenditures	\$ (195,265)	\$ (239,078)	\$ (43,813)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

SOUTH LAKE TAHOE, CALIFORNIA

JUNE 30, 2015

ORGANIZATION

The California Tahoe Emergency Services Operations Authority (JPA) is administered through a Board of Directors that is represented by two members for each of the member agencies. The Executive Director of the JPA is selected by the Board and is retained under contract to provide operational oversight of financial operations, contract negotiations and compliance in collaboration with the Fire Chiefs and member agencies.

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Robert Bettencourt	Chair	December 2016
Angela Swanson	Member	December 2014
Jo Ann Conner	Member	December 2016
Tom Davis	Member	December 2016
Dave Huber	Member	December 2018
Wendy David	Member	December 2019

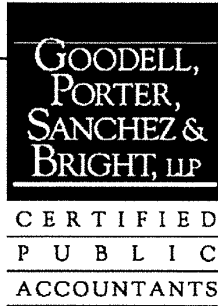
ADMINISTRATION

Ryan Wagoner
Executive Director

Jeff Meston
Fire Chief
South Lake Tahoe Fire Department

Gareth Harris
Fire Chief
Lake Valley Fire Department

OTHER INDEPENDENT AUDITORS REPORTS SECTION



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

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

To the Board of Directors
California Tahoe Emergency Services Operations Authority
South Lake Tahoe, 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 California Tahoe Emergency Services Operations Authority, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise California Tahoe Emergency Services Operations Authority's basic financial statements and have issued our report thereon dated February 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered California Tahoe Emergency Services Operations 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 California Tahoe Emergency Services Operations Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of California Tahoe Emergency Services Operations 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.

To the Board of Directors
California Tahoe Emergency Services Operations Authority
Page Two

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether California Tahoe Emergency Services Operations 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*.

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

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

February 26, 2016

FINDINGS AND RESPONSES SECTION

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

There were no matters reported.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

2014-001 - The JPA should maintain current capital asset inventory records. An annual physical inventory should be completed.

Current Status:

Accepted
Implemented

2014-002: Each JPA expenditure should be supported by a completed purchase order. All documentation in support each expenditure should be retained in an orderly manner. A Board member should review and approve invoices submitted by the Executive Director. The Board should review and approve purchases made by the JPA at each meeting.

Current Status:

Accepted
Implemented in 2015-2016, comment not repeated.

2014-003 - Supporting documentation should be retained for all deposits.

Current Status:

Accepted
Implemented - The JPA no longer accepts any deposits.

2014-004 - The Board and management should adopt and monitor formal financial operating policies and procedures.

Current Status:

Accepted
Implemented

EL DORADO COUNTY EMERGENCY
SERVICES AUTHORITY
DIAMOND SPRINGS, CALIFORNIA
ANNUAL FINANCIAL REPORT
JUNE 30, 2015

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

JUNE 30, 2015

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EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

JUNE 30, 2015



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FINANCIAL SECTION



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

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, 2015, 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, 2015, 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.

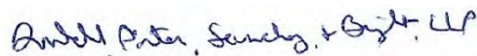
Other Information

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 January 28, 2016, 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

January 28, 2016

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2015. 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 \$726,231, an increase of \$10,913 from 2013-2014. This increase is the net of the change in capital assets, including additions, 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

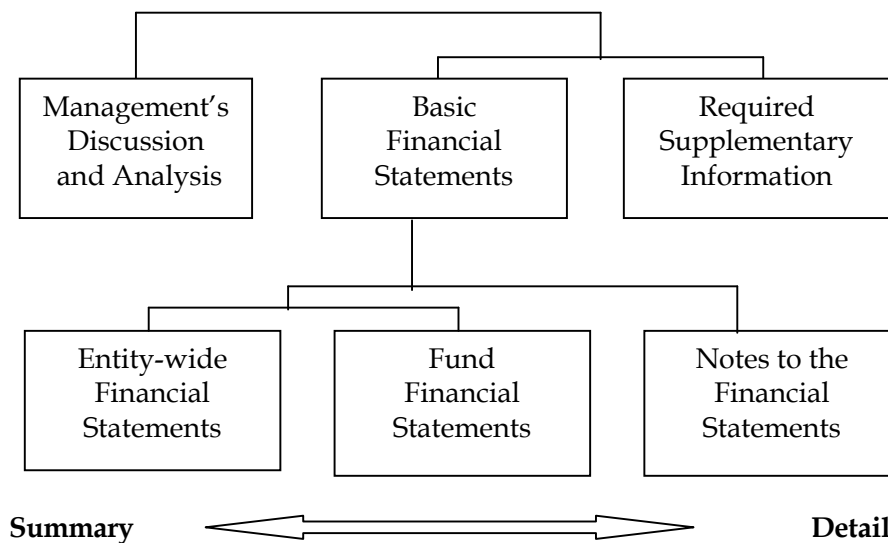
MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2015

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 2014-2015?"

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, 2015

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 \$726 thousand at June 30, 2015, consisting of \$686 thousand invested in capital assets and \$40 thousand unrestricted. The government-wide data is presented in Table 1.

**(Table 1)
Comparative Statement of Net Position**

	Governmental Activities	
	2015	2014
ASSETS		
Cash	\$ 964,581	\$ 1,297,608
Receivables	34,711	156,593
Prepaid expenditures	39,739	34,566
Capital assets	686,492	680,752
Total assets	<u>\$ 1,725,523</u>	<u>\$ 2,169,519</u>
LIABILITIES		
Accounts payable and other current liabilities	\$ 650,321	\$ 1,110,949
Unearned revenue/due to CSA #7	192,041	125,830
Long-term liabilities	156,930	217,422
Total liabilities	<u>\$ 999,292</u>	<u>\$ 1,454,201</u>
NET POSITION		
Net investment in capital assets	\$ 686,492	\$ 680,752
Unrestricted	39,739	34,566
Total net position	<u>\$ 726,231</u>	<u>\$ 715,318</u>

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONTINUED)

The JPA as a Whole (Continued)

The JPA's net position increased \$11 thousand this fiscal year. (See Table 2) The JPA's expenses for providing ambulance and dispatch services represented 98% percent of total expenses. The purely administrative activities of the JPA accounted for the remaining 2% of total costs. (See Figure 2)

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

	Governmental Activities	
	2015	2014
REVENUES		
Program revenues	\$ 10,189,950	\$ 9,723,454
General revenues		
Interest and investment earnings	(3,312)	(3,281)
Miscellaneous revenues	227,808	249,136
Total revenues	10,414,446	9,969,309
EXPENSES		
Regional ambulance and dispatch services	10,090,705	9,707,203
General administrative	312,828	313,396
Total expenses	10,403,533	10,020,599
Increase (decrease) in net position	\$ 10,913	\$ (51,290)

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

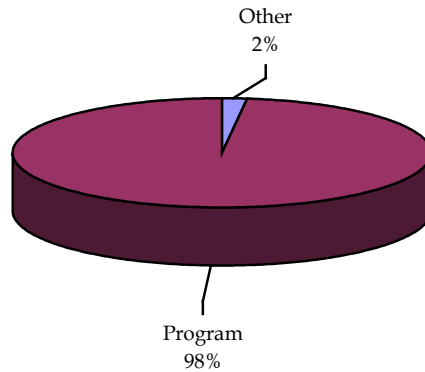
FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONCLUDED)

The JPA as a Whole (Concluded)

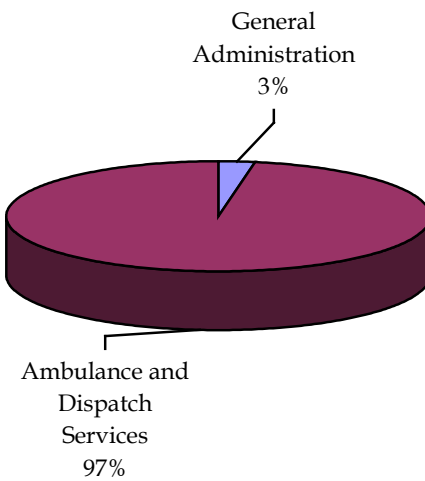
Governmental Activities

As reported in the Statement of Activities, the cost of all of the JPA's governmental activities this year was \$10.4 million. Program revenues totaled 98%. (See Figure 1)

Sources of Revenue for the 2014-2015 Fiscal Year
Figure 1



Expenses for the 2014-2015 Fiscal Year
Figure 2



EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

	<u>2015</u>	<u>2014</u>	Difference Increase (Decrease)
Machinery and Equipment	<u>\$ 686,492</u>	<u>\$ 680,752</u>	<u>\$ 5,740</u>

During the 2014-2015 fiscal year the JPA put one new medic unit and one ambulance into service and recognized depreciation expense.

Long-term Debt

As of June 30, 2015, the JPA had \$157 thousand in long-term debt outstanding.

	<u>2015</u>	<u>2014</u>
Compensated Absences	<u>\$ 156,930</u>	<u>\$ 217,422</u>

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash (Note 2)	\$ 964,581
Accounts Receivable (Note 3)	34,711
Prepaid Expenses (Note 1G)	39,739
Capital Assets, Net of Depreciation (Note 4)	<u>686,492</u>
Total Assets	<u><u>\$ 1,725,523</u></u>
LIABILITIES	
Accounts Payable and Other Current Liabilities	\$ 650,321
Unearned Revenue/Due to CSA #7 (Note 1G)	192,041
Long-term Liabilities (Note 5)	
Due Within One Year	<u>156,930</u>
Total Liabilities	<u><u>\$ 999,292</u></u>
NET POSITION	
Net Investment in Capital Assets	\$ 686,492
Unrestricted	<u>39,739</u>
Total Net Position	<u><u>\$ 726,231</u></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, 2015

			Net Revenue and Changes in Net Position
<u>Governmental Activities</u>	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Regional Ambulance and Dispatch Services	\$ 10,090,705	\$ 9,877,122	\$ (213,583)
General Administration	<u>312,828</u>	<u>312,828</u>	<u>0</u>
Total Governmental Activities	<u>\$ 10,403,533</u>	<u>\$ 10,189,950</u>	<u>(213,583)</u>
General Revenues:			
Interest and Investment Earnings (Expense)			(3,312)
Miscellaneous Revenues			<u>227,808</u>
Total General Revenues			<u>224,496</u>
Change in Net Position			10,913
Net Position Beginning			<u>715,318</u>
Net Position Ending			<u>\$ 726,231</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2015

	<u>General Fund</u>
ASSETS	
Cash (Note 2)	\$ 964,581
Due From Other Governments (Note 3)	34,711
Prepaid Expenditures (Note 1G)	<u>39,739</u>
Total Assets	<u>\$ 1,039,031</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable	\$ 423,775
Salaries and Benefits Payable	226,546
Unearned Revenue/Due to CSA #7 (Note 1G)	<u>192,041</u>
Total Liabilities	<u>842,362</u>
Fund Balance (Note 1G):	
Nonspendable	39,739
Restricted	<u>156,930</u>
Total Fund Balance	<u>196,669</u>
Total Liabilities and Fund Balance	<u>\$ 1,039,031</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, 2015

Total fund balance - governmental funds	\$	196,669
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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:	\$	3,063,188	
Accumulated depreciation:		<u>(2,376,696)</u>	
Net:			686,492

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>156,930</u>	
Total			<u>(156,930)</u>

Total net position - governmental activities	\$	<u><u>726,231</u></u>
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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, 2015

	<u>General Fund</u>
REVENUES	
Contract Service Area #7 Payments	\$ 10,189,950
Other Reimbursements	227,808
Interest	(3,312)
Total Revenues	10,414,446
EXPENDITURES	
Salaries and Related Benefits	7,797,775
Services and Supplies	2,232,328
Provider Administrative Fees	160,000
Capital Outlay	279,662
Total Expenditures	10,469,765
Excess of Revenues Over (Under) Expenditures	(55,319)
Fund Balances - July 1, 2014	251,988
Fund Balances - June 30, 2015	\$ 196,669

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, 2015

Net change (decrease) in fund balance - total governmental funds \$ (55,319)

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:	\$	279,662	
Depreciation expense:		(273,922)	
Net:			5,740

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:

60,492

Total change in net position - governmental activities \$ 10,913

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, 2015

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, 2015

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, 2015

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, 2015

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 within 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 investment 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, 2015

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, 2015

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, 2015

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 appropriate 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.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

8. Fund Equity (Concluded)

Fund Balances

The JPA's fund balance at June 30, 2015 consisted of the following:

	<u>Total</u>
Nonspendable for:	
Prepaid expenditures	\$ 39,739
Restricted for:	
Unfunded vacation and sick leave liabilities	<u>156,930</u>
Total Fund Balance	<u>\$ 196,669</u>

Fund Balance Policy

The JPA does not have a formal fund balance policy.

H. Impact of Recently Issued Accounting Principles

The GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities* in March, 2014. 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 2014-2015. 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 Statement does not apply to the JPA's financial statements as the JPA is not a contracting agency with the CalPERS defined benefit pension plan.

The GASB issued Statement 69, *Government Combinations and Disposals of Government Operations* in January 2014 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 2014 to improve accounting and financial reporting by governments that extend and receive nonexchange financial guarantees. The Statement is effective beginning in fiscal year 2014-2015. 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.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2 - CASH

A. Summary of Cash

The JPA had the following cash at June 30, 2015:

	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Credit Quality Rating</u>
Cash in County Treasury	\$ 965,437	\$ 964,581	Not Rated
Total Cash	<u>\$ 965,437</u>	<u>\$ 964,581</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 \$429,492,937 on June 30, 2015. The fair market value of this pool as of that date, as provided by the pool sponsor, was \$429,874,113. 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, 2015 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 4</u>	<u>More than 4</u>
County Treasury	<u>\$ 965,437</u>	<u>\$ 685,750</u>	<u>\$ 266,461</u>	<u>\$ 13,226</u>

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2015 consist of the following:

El Dorado Hills Fire Department	\$	22,382
Cameron Park Community Service District		13,039
El Dorado County Fire Protection District		<u>(710)</u>
Total Accounts Receivable	\$	<u>34,711</u>

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2015, is shown below:

	Balance July 01, 2014	Additions	Deductions	Balance June 30, 2015
Total capital assets, not being depreciated	\$ 0	\$ 0	\$ 0	\$ 0
Capital assets being depreciated:				
Equipment	2,783,526	279,662		3,063,188
Total capital assets, being depreciated	2,783,526	279,662		3,063,188
Less accumulated depreciation for:				
Equipment	2,102,774	273,922		2,376,696
Total accumulated depreciation	2,102,774	273,922		2,376,696
Total capital assets, being depreciated, net	680,752	5,740		686,492
Governmental activities capital assets, net	\$ 680,752	\$ 5,740	\$	\$ 686,492

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

NOTE 5 - COMPENSATED ABSENCES

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due Within One Year
El Dorado County Fire Protection District	\$ 63,554		\$ 63,554	\$ 0	\$ 0
Diamond Springs Fire Protection District	47,878		25,139	22,739	22,739
Georgetown Fire Protection District	97,638	\$ 27,652		125,290	125,290
El Dorado Hills Fire Department	8,352	549		8,901	8,901
JPA - Administration	0			0	0
Compensated Absences	\$ 217,422	\$ 28,201	\$ 88,693	\$ 156,930	\$ 156,930

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 this reserve be adjusted annually to the actual liability, \$156,930 at June 30, 2015.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2015.

<u>Year Ended June 30</u>	<u>Future Minimum Rent Payments</u>
2016	\$ 2,196
2017	2,196
2018	<u>1,739</u>
Total	<u>\$ 6,131</u>

The JPA paid \$7,356 for related rents in 2014-2015. 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, 2015

NOTE 7 - EMPLOYEE RETIREMENT BENEFITS (CONCLUDED)

A. California Public Employees' Retirement System (CalPERS) (Concluded)

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.

B. Other Post-Employment Benefits

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, 2015.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8 - COMMITMENTS AND CONTINGENCIES (CONCLUDED)

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, 2015, 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 2015, 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 January 28, 2016, 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, 2015

	Budget	Final (GAAP Basis)	Variance Positive (Negative)
REVENUES			
CSA # 7 Contract Payments	\$ 10,439,878	\$ 10,189,950	\$ (249,928)
Interest Income	21,130	(3,312)	(24,442)
Other Program Revenue-Reimbursements	400,000	227,808	(172,192)
Total Revenues	<u>10,861,008</u>	<u>10,414,446</u>	<u>(446,562)</u>
EXPENDITURES			
Salaries	6,434,294	5,214,942	1,219,352
Deferred Compensation		50,811	(50,811)
Payroll Tax	49,500	107,128	(57,628)
Health Insurance	480,403	699,936	(219,533)
Health Insurance-OPEB	407,552	353,171	54,381
Other Employee Benefits	931,501	1,371,787	(440,286)
Total Salaries and Benefits	<u>8,303,250</u>	<u>7,797,775</u>	<u>505,475</u>
Provider Administration Fee	<u>160,000</u>	<u>160,000</u>	<u>0</u>
Clothing and Personal Supplies	33,800	30,801	2,999
Telephone/Radio	1,110,000	1,074,251	35,749
Professional Fees/Contracts	50,060	53,440	(3,380)
Household/Food	15,100	2,479	12,621
Utilities	98,500	97,854	646
Insurance	30,000	26,145	3,855
Maintenance	169,500	166,334	3,166
Supplies	424,000	420,410	3,590
Dues/Memberships	400	1,308	(908)
Miscellaneous		5,799	(5,799)
Postage	900	754	146
Printing	150	1,388	(1,238)
Rent	160,300	175,905	(15,605)
Equipment	46,350	5,140	41,210
Special Project/Other	5,000	(2,616)	7,616
Education	92,150	18,788	73,362
Travel/Transportation	184,900	154,148	30,752
Total Services and Supplies	<u>2,421,110</u>	<u>2,232,328</u>	<u>188,782</u>
Fixed Asset - Equipment	<u>360,000</u>	<u>279,662</u>	<u>80,338</u>
Total Expenditures	<u>11,244,360</u>	<u>10,469,765</u>	<u>774,595</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (383,352)</u>	<u>\$ (55,319)</u>	<u>\$ 328,033</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, 2015

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, 2015

	El Dorado County Fire District	Diamond Springs/El Dorado Fire District	Georgetown Fire District	Cameron Park Community Service District	El Dorado Hills Fire And Water District	Total Program	Joint Powers Authority Administration	Total Joint Powers Authority
EXPENDITURES								
Permanent Employees/Elected Officials	\$ 1,809,502	\$ 465,381	\$ 461,694	\$ 976,501	\$ 345,575	\$ 4,058,653	\$ 137,304	\$ 4,195,957
Temporary Employees		4,730	30,962			35,692		35,692
Overtime	463,243	74,375	125,521		129,313	792,452		792,452
Other Compensation	160,378	25,751			3,146	189,275	1,566	190,841
Retirement-Employer	658,769	141,064	163,348		62,305	1,025,486		1,025,486
Payroll Taxes	36,027	42,064	10,695		6,850	95,636	11,492	107,128
Health Insurance-Employer	441,858	96,893	65,700		95,485	699,936		699,936
Health Insurance-OPEB							353,171	353,171
Long Term Disability-Employer	6,534	1,612	1,628		1,287	11,061		11,061
Deferred Compensation-Employer		18,208	32,603			50,811		50,811
Vision Insurance-Employer	5,771		1,054		11,490	18,315		18,315
Worker Compensation	145,848	76,697	46,718		41,379	310,642	1,401	312,043
Flexible Benefits		780	3,600		502	4,882		4,882
Total Salaries and Benefits	<u>3,727,930</u>	<u>947,555</u>	<u>943,523</u>	<u>976,501</u>	<u>697,332</u>	<u>7,292,841</u>	<u>504,934</u>	<u>7,797,775</u>
Provider Administration Fee	0	0	0	0	0	0	160,000	160,000
Clothing and Personal Supplies	10,836	7,519	7,160	2,294	2,415	30,224	577	30,801
Telephone/Radio	88					88	1,074,163	1,074,251
Professional Fees/Contracts		145	4,013		2,043	6,201	47,239	53,440
Household/Food			6	2,239		2,245	234	2,479
Utilities		1,020	1,282			2,302	95,552	97,854
Insurance	1,653					1,653	24,492	26,145
Maintenance	1,695		2,789	137		4,621	161,713	166,334
Supplies	112		268	751	1,500	2,631	417,779	420,410
Dues/Memberships							1,308	1,308
Miscellaneous	1,800		984			2,784	3,015	5,799
Postage							754	754
Printing							1,388	1,388
Rent							175,905	175,905
Equipment	1,352	857	606	589	82	3,486	1,654	5,140
Special Project/Other	45					45	(2,661)	(2,616)
Education	9,993	673	737	1,225	4,200	16,828	1,960	18,788
Travel/Transportation				25	120	145	154,003	154,148
Total Services and Supplies	<u>27,574</u>	<u>10,214</u>	<u>17,845</u>	<u>7,260</u>	<u>10,360</u>	<u>73,253</u>	<u>2,159,075</u>	<u>2,232,328</u>
Fixed Asset - Equipment	0	0	0	0	0	0	279,662	279,662
Total Expenditures	<u>\$ 3,755,504</u>	<u>\$ 957,769</u>	<u>\$ 961,368</u>	<u>\$ 983,761</u>	<u>\$ 707,692</u>	<u>\$ 7,366,094</u>	<u>\$ 3,103,671</u>	<u>\$ 10,469,765</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS 11-0766 4A 39 of 46

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO SUPPLEMENTARY INFORMATION

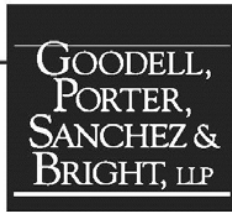
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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



CERTIFIED
P U B L I C
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

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, 2015, 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 January 28, 2016.

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.

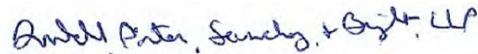
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

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*.

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

January 28, 2016

FINDINGS AND RESPONSES SECTION

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

No matters are reported.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

2014 - 1: The JPA should establish procedures to provide for monitoring spending by each member District and a timely reconciliation and billing of any excess expenditures. 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.

Current Status:

Accepted

Implemented