

EL DORADO COUNTY EMERGENCY  
SERVICES AUTHORITY  
DIAMOND SPRINGS, CALIFORNIA  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2013

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

JUNE 30, 2013

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FINANCIAL SECTION



CERTIFIED  
PUBLIC  
ACCOUNTANTS

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### INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and the major fund of El Dorado County Emergency Services Authority as of and for the year ended June 30, 2013, 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 opinions.

#### **Opinions**

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, 2013, 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 on pages 31 and 32 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.

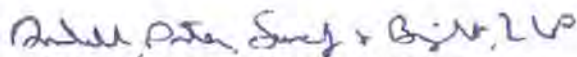
*Other Information*

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 December 26, 2013, 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

December 26, 2013

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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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, 2013. 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's total net position is \$766,608, an increase of \$45,413 from 2011-2012. The compensated absence liability increased \$3,167 and capital assets net of depreciation increased \$45,413.
- 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

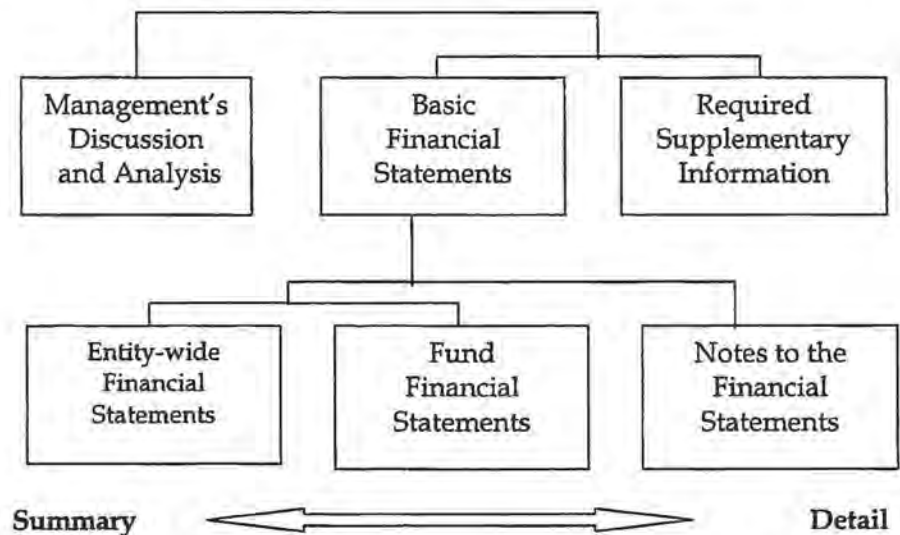
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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**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, 2013

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**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 2012-2013?"

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, 2013

**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 \$767 thousand at June 30, 2013, consisting of \$767 thousand invested in capital assets. The government-wide data is presented in Table 1.

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

	Governmental Activities	
	2013	2012
<b>Assets</b>		
Cash	\$ 861,423	\$ 822,309
Receivables	119,727	559,094
Capital assets	766,608	721,195
<b>Total assets</b>	<b>\$ 1,747,758</b>	<b>\$ 2,102,598</b>
<b>Liabilities</b>		
Accounts payable and other current liabilities	\$ 647,487	\$ 651,335
Deferred revenue/due to CSA #7	45,734	445,306
Long-term liabilities	287,929	284,762
<b>Total liabilities</b>	<b>\$ 981,150</b>	<b>\$ 1,381,403</b>
<b>Net Position</b>		
Net investment in capital assets	\$ 766,608	\$ 721,195
Unrestricted	0	0
<b>Total net position</b>	<b>\$ 766,608</b>	<b>\$ 721,195</b>

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONTINUED)**

*The JPA as a Whole (Continued)*

The JPA's net position increased \$45 thousand this fiscal year. (See Table 2) The JPA's expenses for providing ambulance and dispatch services represented 97% percent of total expenses. The purely administrative activities of the JPA accounted for the remaining 3% of total costs. (See Figure 2)

(Table 2)  
Comparative Statement of Change in Net Position

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>Revenues</b>		
Program revenues	\$ 10,435,164	\$ 10,549,496
General revenues		
Interest and investment earnings	(3,357)	(3,163)
Interagency revenues	16,174	117,016
Total revenues	<u>10,447,981</u>	<u>10,663,349</u>
<b>Expenses</b>		
Regional ambulance and dispatch services	10,072,654	10,597,061
General administrative	329,914	397,087
Total expenses	<u>10,402,568</u>	<u>10,994,148</u>
Increase (decrease) in net position	<u>\$ 45,413</u>	<u>\$ (330,799)</u>

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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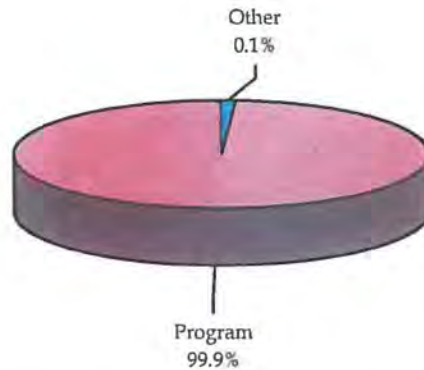
**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONCLUDED)**

*The JPA as a Whole (Concluded)*

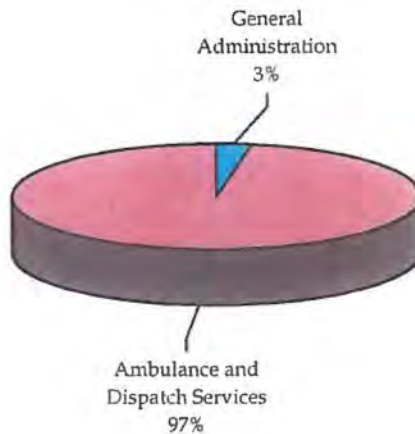
**Governmental Activities**

As reported in the Statement of Activities, the cost of all of the JPA's governmental activities this year was \$10 million. Program revenues totaled 99.9%. (See Figure 1)

**Sources of Revenue for the 2012-2013 Fiscal Year  
Figure 1**



**Expenses for the 2012-2013 Fiscal Year  
Figure 2**



EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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**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>2013</u>	<u>2012</u>	Difference Increase (Decrease)
Machinery and Equipment	<u>\$ 766,608</u>	<u>\$ 721,195</u>	<u>\$ 45,413</u>

During the 2012-2013 fiscal year the JPA purchased three ambulances and five Motorola Repeaters with Amps and removed one ambulance from service.

**Long-term Debt**

As of June 30, 2013, the JPA had \$288 thousand in long-term debt outstanding.

	<u>2013</u>	<u>2012</u>
Compensated Absences	<u>\$ 287,929</u>	<u>\$ 284,762</u>

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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**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, 2013

	Governmental Activities
<u>Assets</u>	
Cash (Note 2)	\$ 861,423
Accounts Receivable (Note 3)	119,727
Capital Assets, Net of Depreciation (Note 4)	766,608
Total Assets	\$ 1,747,758
<u>Liabilities</u>	
Accounts Payable and Other Current Liabilities	\$ 647,487
Deferred Revenue/Due to CSA #7 (Note 1G)	45,734
Long-term Liabilities (Note 5)	
Due Within One Year	287,929
Total Liabilities	\$ 981,150
<u>Net Position</u>	
Net Investment in Capital Assets	\$ 766,608
Unrestricted	0
Total Net Position	\$ 766,608

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, 2013

			<u>Net Revenue and Changes in Net Position</u>
<u>Governmental Activities</u>	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Regional Ambulance and Dispatch Services	\$ 10,072,654	\$ 10,105,250	\$ 32,596
General Administration	329,914	329,914	0
Total Governmental Activities	<u>\$ 10,402,568</u>	<u>\$ 10,435,164</u>	<u>32,596</u>
General Revenues:			
Interest and Investment Earnings (Expense)			(3,357)
Interagency revenues			16,174
Total General Revenues			<u>12,817</u>
Change in net position			45,413
Net Position Beginning			<u>721,195</u>
Net Position Ending			<u>\$ 766,608</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS



EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

	<u>General Fund</u>
<u>Assets</u>	
Cash (Note 2)	\$ 861,423
Accounts Receivable (Note 3)	29,726
Due From Other Governments (Note 3)	<u>90,001</u>
Total Assets	<u>\$ 981,150</u>
<u>Liabilities and Fund Balances</u>	
Liabilities:	
Accounts Payable	\$ 463,838
Salaries and Benefits Payable	183,649
Deferred Revenue/Due to CSA #7 (Note 1G)	<u>45,734</u>
Total Liabilities	<u>693,221</u>
Fund Balances (Note 1G):	
Restricted	<u>287,929</u>
Total Liabilities and Fund Balances	<u>\$ 981,150</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, 2013

Total fund balance - governmental funds \$ 287,929

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:	\$ 3,044,510	
	Accumulated depreciation:	<u>(2,277,902)</u>	
	Net:		766,608

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>\$ 287,929</u>	
	Total		<u>(287,929)</u>

Total net position - governmental activities \$ 766,608

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, 2013

<u>Revenues</u>	<u>General Fund</u>
Contract Service Area #7 Payments	\$ 10,435,164
Other Reimbursements	16,174
Interest	<u>(3,357)</u>
Total Revenues	<u>10,447,981</u>
 <u>Expenditures</u>	
Salaries and Related Benefits	8,085,340
Services and Supplies	1,820,458
Provider Administrative Fees	165,000
Capital Outlay	<u>374,016</u>
Total Expenditures	<u>10,444,814</u>
Excess of Revenues Over Expenditures	3,167
Fund Balances - July 1, 2012	<u>284,762</u>
Fund Balances - June 30, 2013	<u><u>\$ 287,929</u></u>

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, 2013

Net change in fund balances - total governmental funds \$ 3,167

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:	\$	374,012	
Depreciation expense:		<u>(328,599)</u>	
Net:			45,413

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:

(3,167)

Total change in net position - governmental activities \$ 45,413

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, 2013

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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, 2013

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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, 2013

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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.

Deferred revenue:

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants received before eligibility requirements are met are recorded as deferred 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 deferred 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, 2013

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting

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

MAJOR GOVERNMENTAL FUND:

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

E. Budgets and Budgetary Accounting

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

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

F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

G. Assets, Liabilities and Equity

1. Deposits and Investments

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



EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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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 purchased.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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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. Deferred 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, 2013

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.

*Fund Balances*

The JPA's fund balance at June 30, 2013 consisted of the following:

	<u>Total</u>
Restricted for:	
Unfunded vacation and sick leave liabilities	<u>\$ 287,929</u>
Total Fund Balance	<u>\$ 287,929</u>

*Fund Balance Policy*

The JPA does not have a formal fund balance policy.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Impact of Recently Issued Accounting Principles

The Governmental Accounting Standards Board (GASB) issued GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions in an effort to improve the consistency in reporting fund balance components, enhance fund balance presentation, improve the usefulness of fund balance information and clarify the definitions of the governmental fund types. The classification requirements in GASB 54 should improve financial reporting by providing fund balance categories and classifications that are more easily understood, however adoption of the new standard is not expected to have a material effect on the JPA's financial position, results of operations or cash flows. The requirements of GASB 54 are effective for financial statements for periods beginning after June 15, 2010. Early application is permitted and this standard has been implemented in these financial statements.

The GASB issued Statement 60, Accounting and Financial Reporting for Service Concession Arrangements providing financial reporting guidance for service concession arrangements (SCAs). Although this statement is effective for fiscal year 2013-2013, the JPA does not have any SCAs and therefore the adoption of GASB 60 does not have any impact on the JPA's financial statements.

The GASB issued Statement 61, The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34 in November 2013. GASB 61 provides criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring the financial reporting entity includes only organizations which the elected officials are financially accountable or that are determined by the JPA to be misleading to exclude. This statement is effective beginning in fiscal year 2013-2014. Management is currently evaluating the impact of the adoption of this statement on the JPA's financial statements.

The GASB issued Statement 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements in December 2013. GASB 62 incorporates into authoritative literature guidance that is included in pronouncements issued on or before November 30, 1989 by the Financial Accounting Standards Board (FASB), Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedures, which does not conflict with or contradict GASB pronouncements. The provisions in this Statement are effective for financial statements for periods beginning after December 15, 2013. Early application is permitted and this Standard has been implemented in these financial statements, although adoption of Statement 62 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, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

H. Impact of Recently Issued Accounting Principles (Concluded)

The GASB issued Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position in June 2013. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components, assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions in this Statement are effective for financial statements for periods beginning after December 15, 2013. Early application is permitted and this Standard has been implemented in these financial statements.

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. This statement is effective beginning in fiscal year 2013-2014.

The GASB issued Statement 67, Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25 in June 2013 to improve financial reporting by state and local governmental pension plans with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement is effective beginning in fiscal year 2013-2014.

NOTE 2 - CASH

A. Summary of Cash

The JPA had the following cash at June 30, 2013:

	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Credit Quality Rating</u>
Cash in County Treasury	\$ 861,305	\$ 861,423	Not Rated
Total Cash	<u>\$ 861,305</u>	<u>\$ 861,423</u>	

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - CASH (CONTINUED)

B. Cash in County Treasury

The JPA maintains all of its cash with the County Treasury as an involuntary participant of a common investment pool, which totaled \$411,998,957 on June 30, 2013. The fair market value of this pool as of that date, as provided by the pool sponsor, was \$411,942,612. Interest is deposited into participating funds. The balance available for withdrawal is based on the accounting records maintained by the county treasurer, which is recorded on the amortized cost basis.

C. Risk Disclosures

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

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

At June 30, 2013 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>\$861,305</u>	<u>\$527,894</u>	<u>\$315,324</u>	<u>\$18,087</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.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - CASH (CONCLUDED)

C. Risk Disclosures (Concluded)

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, 2013 consist of the following:

El Dorado County Fire Protection District	\$	49,094
Diamond Springs/El Dorado Fire District		23,000
El Dorado Hills Fire Department		8,957
Department of Forestry & Fire Protection		8,950
Fire District Association of California		<u>29,726</u>
Total Accounts Receivable	<u>\$</u>	<u>119,727</u>

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2013, is shown below:

	Balance July 01, 2012	Additions	Deductions	Balance June 30, 2013
Total capital assets, not being depreciated	\$ 0	\$ 0	\$ 0	\$ 0
Capital assets being depreciated:				
Equipment	<u>2,769,557</u>	<u>374,012</u>	<u>99,059</u>	<u>3,044,510</u>
Total capital assets, being depreciated	<u>2,769,557</u>	<u>374,012</u>	<u>99,059</u>	<u>3,044,510</u>
Less accumulated depreciation for:				
Equipment	<u>2,048,362</u>	<u>328,599</u>	<u>99,059</u>	<u>2,277,902</u>
Total accumulated depreciation	<u>2,048,362</u>	<u>328,599</u>	<u>99,059</u>	<u>2,277,902</u>
Total capital assets, being depreciated, net	<u>721,195</u>	<u>45,413</u>	<u>0</u>	<u>766,608</u>
Governmental activities capital assets, net	<u>\$ 721,195</u>	<u>\$ 45,413</u>	<u>\$ 0</u>	<u>\$ 766,608</u>

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

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 5 - COMPENSATED ABSENCES

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013	Due Within One Year
El Dorado County Fire Protection District	\$ 150,076		\$ 13,954	\$ 136,122	\$ 136,122
Diamond Springs Fire Protection District	27,981		2,173	25,808	25,808
Georgetown Fire Protection District	81,688	\$ 13,557		95,245	95,245
El Dorado Hills Fire Department	25,017	5,737		30,754	30,754
JPA - Administration	0			0	0
Compensated Absences	<u>\$ 284,762</u>	<u>\$ 19,294</u>	<u>\$ 16,127</u>	<u>\$ 287,929</u>	<u>\$ 287,929</u>

On November 16, 1998, the El Dorado County Public Health Department recommended to the CSA # 7 Board of Directors a modification to the JPA budget in the amount of \$146,789 for the purposes of establishing a reserve account to cover unfunded liabilities such as vacation and sick leave when paid out. It was recommended that this reserve be adjusted annually to the actual liability, \$287,929 at June 30, 2013.

NOTE 6 - OPERATING LEASES

The JPA has entered into two office equipment leases that extend beyond the current fiscal year. The JPA does not intend to 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, 2013.

Year Ended June 30	Future Minimum Rent Payments
2014	\$ 3,336
2015	2,956
2016	2,196
2017	2,196
2018	1,739
Total	<u>\$ 12,423</u>

The JPA paid \$3,098 for related rents in 2012-2013. The JPA will receive no sublease rentals nor pay any contingent rentals for this equipment.

In addition, beginning in October 2010, the JPA leases administrative office space at 480 Locust Road, Diamond Springs, CA on a month-to-month basis for \$1,100 a month. The JPA may terminate the lease at any time by notifying the property owner.



EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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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 contractor.

*Plan Description.* The JPA contributes 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 contribute 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 also 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.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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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, 2013.

B. State Allowances, Awards and Grants

The JPA has received state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

C. 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, 2013, 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 2013, the JPA purchases workers' compensation insurance for its sole employee from the State Compensation Insurance Fund.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 26, 2013, 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, 2013

	<u>Budget</u>	<u>Final (GAAP Basis)</u>	<u>Variance Positive (Negative)</u>
<u>Revenues</u>			
CSA # 7 Contract Payments	\$ 11,420,253	\$ 10,435,164	\$ (985,089)
Interest Income		(3,357)	(3,357)
Other Program Revenue-Reimbursements		16,174	16,174
Total Revenues	<u>11,420,253</u>	<u>10,447,981</u>	<u>(972,272)</u>
<u>Expenditures</u>			
Salaries	5,756,221	5,463,383	292,838
Deferred Compensation	43,273	29,569	13,704
Payroll Tax	124,890	118,893	5,997
Health Insurance	824,437	758,332	66,105
Health Insurance-OPEB	134,248	119,764	14,484
Other Employee Benefits	1,704,195	1,595,399	108,796
Total Salaries and Benefits	<u>8,587,264</u>	<u>8,085,340</u>	<u>501,924</u>
Provider Administration Fee	<u>170,000</u>	<u>165,000</u>	<u>5,000</u>
Clothing and Personal Supplies	45,905	20,315	25,590
Telephone/Radio	1,090,025	928,426	161,599
Professional Fees/Contracts	15,650	15,187	463
Household/Food	11,650	7,044	4,606
Utilities	59,878	38,981	20,897
Insurance	35,000	26,350	8,650
Maintenance	187,558	180,094	7,464
Supplies	418,350	367,596	50,754
Dues/Memberships	8,400	142	8,258
Miscellaneous		43	(43)
Postage	2,300	858	1,442
Printing	150		150
Rent	20,000	19,862	138
Equipment	13,227	4,325	8,902
Special Project/Other	6,050	169	5,881
Education	49,025	19,587	29,438
Travel/Transportation	159,821	191,479	(31,658)
Total Services and Supplies	<u>2,122,989</u>	<u>1,820,458</u>	<u>302,531</u>
Fixed Asset - Equipment	<u>540,000</u>	<u>374,016</u>	<u>165,984</u>
Total Expenditures	<u>11,420,253</u>	<u>10,444,814</u>	<u>975,439</u>
Excess of Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ 3,167</u>	<u>\$ 3,167</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, 2013

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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  
 JUNE 30, 2013

<u>Expenditures</u>	El Dorado County Fire District	Diamond Springs/El Dorado Fire District	Georgetown Fire District	Cameron Park Community Service District
Permanent Employees/Elected Officials	\$ 2,109,469	\$ 547,877	\$ 398,345	\$ 885,592
Temporary Employees	8,100	38,066	51,058	
Overtime	402,627	44,841	173,376	
Other Compensation	15,623	3,888		
Retirement-Employer	769,529	198,391	151,304	
Payroll Taxes	37,753	46,309	12,671	
Health Insurance-Employer	500,860	104,686	61,776	
Health Insurance-OPEB		59,648	9,600	
Long Term Disability-Employer	6,844	1,440	1,200	
Deferred Compensation-Employer		22,642	6,927	
Vision Insurance-Employer	5,400		1,146	
Worker Compensation	152,952	41,369	24,550	
Flexible Benefits		648		
Total Salaries and Benefits	<u>4,009,157</u>	<u>1,109,805</u>	<u>891,953</u>	<u>885,592</u>
Provider Administration Fee	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Clothing and Personal Supplies	17,897		2,221	
Telephone/Radio	727	1,349	1,872	350
Professional Fees/Contracts	1,250	440	390	
Household/Food	3,453	24	1,117	1,200
Utilities	13,125	6,890	1,194	8,000
Insurance	540			
Maintenance	58,423	14,025	29,297	37,415
Supplies	138,377	51,842	30,376	50,031
Dues/Memberships				
Miscellaneous			43	
Postage	8			
Rent	2,665			159
Equipment	1,665	484	193	198
Special Project/Other	20			
Education	4,055	1,521	2,069	3,025
Travel/Transportation	96,304	23,829	20,163	28,784
Total Services and Supplies	<u>338,509</u>	<u>100,404</u>	<u>88,935</u>	<u>129,162</u>
Fixed Asset - Equipment				
Total Expenditures	<u>\$ 4,347,666</u>	<u>\$ 1,210,209</u>	<u>\$ 980,888</u>	<u>\$ 1,014,754</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

<u>El Dorado Hills Fire And Water District</u>	<u>Total Program</u>	<u>Joint Powers Authority Administration</u>	<u>Total Joint Powers Authority</u>
\$ 533,141	\$ 4,474,424	\$ 123,800	\$ 4,598,224
	97,224		97,224
97,004	717,848	26,016	743,864
3,000	22,511	1,560	24,071
187,175	1,306,399		1,306,399
11,667	108,400	10,493	118,893
89,272	756,594	1,738	758,332
50,516	119,764		119,764
1,346	10,830		10,830
	29,569		29,569
12,440	18,986		18,986
37,834	256,705	1,307	258,012
524	1,172		1,172
<u>1,023,919</u>	<u>7,920,426</u>	<u>164,914</u>	<u>8,085,340</u>
<u>0</u>	<u>0</u>	<u>165,000</u>	<u>165,000</u>
197	20,315		20,315
3,750	8,048	920,378	928,426
1,660	3,740	11,447	15,187
1,250	7,044		7,044
7,500	36,709	2,272	38,981
	540	25,810	26,350
23,404	162,564	17,530	180,094
54,404	325,030	42,566	367,596
		142	142
	43		43
	8	850	858
	2,824	17,038	19,862
	2,540	1,785	4,325
	20	149	169
3,083	13,753	5,834	19,587
20,897	189,977	1,502	191,479
<u>116,145</u>	<u>773,155</u>	<u>1,047,303</u>	<u>1,820,458</u>
		<u>374,016</u>	<u>374,016</u>
<u>\$ 1,140,064</u>	<u>\$ 8,693,581</u>	<u>\$ 1,751,233</u>	<u>\$ 10,444,814</u>



EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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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

GOODELL,  
PORTER,  
SANCHEZ &  
BRIGHT, LLP

CERTIFIED  
PUBLIC  
ACCOUNTANTS

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

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 and the major fund of El Dorado County Emergency Services Authority, as of and for the year ended June 30, 2013, 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 December 26, 2013.

**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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or 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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2013-1 through 2013-7 to be material weaknesses.

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. We consider the deficiencies described in the accompany schedule of findings and responses as items 2013-8 and 2013-9 to be significant deficiencies.

#### **Compliance and Other Matters**

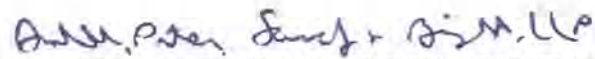
As part of obtaining reasonable assurance about whether El Dorado County Emergency Services Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which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

#### **El Dorado County Emergency Services Authority's Response to Findings**

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

#### **Purpose of this Report**

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

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

December 26, 2013

FINDINGS AND RESPONSES SECTION

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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2013 - 1 - DISTRICT ALLOCATIONS OF JPA EXPENSES

Criteria: Each District is required to implement procedures for allocating expenses between their District and the JPA. Allocation methods should be consistent, reliable and monitored.

Statement of Condition: Each District follows different procedures for reporting and obtaining JPA reimbursement for qualified expenses. The result is inconsistencies in the reporting of reimbursable expenses. We noted Districts received refunds during fiscal year 2012-2013 from their workers compensation insurance carriers based on a fiscal year 2011-2012 payroll audit. The portion of the refunds that pertained to JPA employees was not accounted for in a consistent manner by each District. Some Districts submitted the refunds to the JPA while others applied as an abatement of current year District workers compensation premiums. The rationale for not submitting the portion of the refunds which apply to the JPA employees to the JPA is that not all JPA costs are allocated to the JPA, and the refunds offset a portion of those unreimbursed expenses.

Cause: JPA management has not established expectations and developed procedures for the consistent accounting of reimbursable expenses for all member Districts.

Effect or Potential Effect: The risk of misstatements and/or inequities occurring with reimbursements is increased.

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

Management Response: The JPA will review procedures and consider changes that will provide consistency and reliability. In addition, the JPA will update an existing policy to include that worker's compensation insurance refunds that apply to the JPA will be refunded to the JPA and not used to offset other JPA expenses.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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2013 - 2 - JPA PAYROLL AND THE LOANED LABOR REPORT

Criteria: The County Auditor requested a review of all time cards, loaned labor and Telestaff reports as noted in the July 18, 2012 Board and Finance Committee meeting minutes. Upon approval by the County Auditor, ongoing sampling would be appropriate thereafter.

Statement of Condition: The JPA Executive Director performed the review, resulting in adjustments to JPA employee costs. Intermittent reviews, on a sample were not conducted.

Cause: The JPA Executive Director did not understand the request by the County Auditor included ongoing monitoring beyond the initial review.

Effect or Potential Effect: The risk of Districts charging the JPA for inappropriate expenses increases if procedures are not in place to monitor the amounts charged.

Recommendation: We recommend the JPA management develop procedures for the intermittent and timely review of District charges to the JPA for personnel costs.

Management Response: The JPA did meet with each Provider District to examine their timecards, Loaned Labor and Telestaff reports. The JPA also examined the procedures each Provider District follows to process their payroll and determine the costs for JPA funded employees. A report on the payroll examination was generated for each Provider District and submitted to the County. Because of the time commitment needed to work with the auditing firm we have not returned for another sampling. We also believed the audit itself would result in a payroll sampling and examination for problems, errors and abnormalities. Now that the audit is almost finished, The JPA will begin conducting intermittent sample examinations of the payroll records for each Provider District and continue to do so from now on.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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2013 - 3 - LIABILITY FOR OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Criteria: The JPA adopted a policy to advance fund the estimated future costs of retiree benefits. Districts that pay post-employment health care premiums are required to request annual JPA payments for ambulance employees based on their actuarial study. Each District is required to hold the payments received for JPA employees in a reserve, available to pay the OPEBs.

Statement of Condition: Beginning in fiscal year 2011-2012, Districts were to submit bills to the JPA for the actuarially determined Annual Required Contribution (ARC) that pertains to JPA employees. The Districts were to reserve the amounts received to currently fund the OPEB obligation for JPA employees. Payments to the Districts were not consistently made and it does not appear all Districts have maintained their OPEB reserves.

Cause: JPA management does not monitor District compliance with the OPEB funding policy.

Effect or Potential Effect: Providing post-employment benefits may become a financial hardship to the Districts if annual reimbursements are not reserved each year. Additionally, in 2012-2013, El Dorado County Fire did not submit a claim for reimbursement and appears to have been underpaid \$51,000.

Recommendation: We recommend the JPA issue a payment to El Dorado County Fire to reimburse for 2012-2013. We also recommend JPA management implement procedures for regular monitoring of each District's compliance with maintaining OPEB reserves.

Management Response: At the time, not all Provider Districts had a current OPEB actuarial to use for budgetary purposes. They do now and the actuarials were used to calculate the OPEB reimbursements for JPA funded employees for fiscal year 2013-2014. Every three (3) years provider Districts will be required to obtain a current OPEB Actuarial and use that for budget calculations. Some agencies have used their OPEB reserves to cover operating costs. Subsequent to our reimbursing a District for their OPEB costs associated with its JPA funded employees, the JPA has no further obligation and the District's assume full responsibility to cover their employee's OPEB benefit.



EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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2013 - 4 - PURCHASES AND CASH DISBURSEMENTS

Criteria: Proper internal controls include documentation for each JPA payment to support charging the payment to the JPA.

Statement of Condition: To test the JPA internal controls over purchases and cash disbursements we selected payments for each District and noted:

- a. Several payments selected for testing were not supported by any documentation (receipt or invoice, packing list, approvals for payment)
- b. Payments to Chevron USA were not supported by all receipts for charges. Payments of the monthly gasoline statement were not supported by receipts for all charges.

Cause: Payments or reimbursements were made without complete documentation in support of each payment.

Effect or Potential Effect: Unless complete documentation is obtained for each payment, the risk is increased the JPA could be charged for inappropriate expenditures.

Recommendation: We recommend no payment or reimbursement be approved without complete supporting documentation. The supporting documentation should be retained to provide a complete audit trail for each payment.

Management Response: Beginning in fiscal year 2013-2014, the JPA implemented a new procedure for the JPA member agencies to follow in processing bills and also consolidated a large majority of the Class 40 Goods and Service under the JPA Admin budget for a central point for processing and bill paying. These actions have resulted in greater verification that goods and services were received and are authorized for payment.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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2013 - 5 - APPROVAL FOR VENDOR PAYMENTS

Criteria: Internal controls for JPA payments require approval for each payment by the Fire Board and confirming review by the JPA Finance Committee.

Statement of Condition: We were not able to verify the required approvals were performed since JPA policies do not require documentation of the approvals.

Cause: The JPA processed payments to vendors without documented approval by Fire Board or the JPA Finance Committee.

Effect or Potential Effect: Without obtaining all required approvals, the JPA could reimburse expenses which are not proper JPA expenses.

Recommendation: We recommend the JPA comply with the internal control policy of not reimbursing an expense or make a payment to a vendor unless all approvals have been received. The approvals should be documented and retained as part of the audit trail in support of the expenditure.

Management Response: The JPA has implemented review and approval processes that when followed ensure payment of only necessary expenditures. Meetings will be conducted with member agency account/payroll techs to refine the process and assemble a formal policy that addresses this issue.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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2013 - 6 - PURCHASES AND CASH DISBURSEMENTS

Criteria: Proper internal controls include documentation that goods or services being paid for were received, counted and approved as appropriate for JPA use.

Statement of Condition: To test internal controls over purchases and cash disbursements, we selected specific payments from each District and Administration and were unable to verify the goods or services being paid for were received. JPA policies do not require documentation that an authorized employee counted and inspected the order being paid.

Cause: JPA internal control procedures do not require retention of records confirming receipt of orders charged to the JPA.

Effect or Potential Effect: Unless receipt of each order is documented, the JPA could be charged for items not received.

Recommendation: We recommend the JPA develop procedures that include obtaining and retaining as part of the audit trail, documentation that each order being paid for has been received, inspected and counted and conforms to the JPA's intended use.

Management Response: Beginning in fiscal year 2013-2014, the JPA implemented a new procedure for the JPA member agencies to follow in processing bills and also consolidated a large majority of the Class 40 Goods and Service under the JPA Admin budget for a central point for processing and bill paying. These actions have resulted in greater verification that goods and services were received and are authorized for payment.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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2013 - 7 - ANNUAL INDEPENDENT AUDIT

Criteria: The contract for Pre-hospital Advanced Life Support and Dispatch Services between El Dorado County and the JPA requires annual independent audits.

Statement of Condition: During the existence of the JPA, annual independent audits have not been arranged and conducted in a timely manner.

Cause: The County Auditor is responsible for arranging the JPA's annual audits. The audits have not been arranged timely each year.

Effect or Potential Effect: JPA audits were not performed timely for fiscal years 2009-2010, 2010-2011 and 2011-2012.

Recommendation: We recommend procedures be developed to ensure an auditor is engaged to perform a timely audit for each fiscal year.

Management Response: Stated in the JPA's master contract with the County of El Dorado, the County is responsible for arranging and conducting an annual independent audit. When the County was not meeting this requirement the JPA Board of Directors offered to assist the County by arranging for the independent audits to be conducted and the County agreed. The JPA arranged for the audits of fiscal years 2005-06 through 2008-09. After those audits were completed the County informed the JPA they would once again assume that responsibility. JPA Administration is confident that the County will henceforth be hiring an independent auditor and conducting these audits in a timely manner.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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2013 - 8 - REPORTING ON THE ACCRUAL BASIS OF ACCOUNTING

Criteria: Generally accepted accounting principles include an annual, reliable cut-off of activity to ensure all revenues and expenses are recorded in the proper period.

Statement of Condition: The JPA Administration is not receiving bills from the Districts in a timely manner to allow an accurate accrual of year-end accounts receivable and payable. Expenses which should be accrued and charged to the previous year were charged to the following fiscal year. Since this procedure was followed each year, there is not a significant misstatement in any individual year however, generally accepted accounting procedures require revenues and expenditures be reported in the period in which they occurred.

Cause: Districts are not submitting year-end expenditures for reimbursement to JPA administration timely.

Effect or Potential Effect: Comparing activity between years could lead to flawed decisions if expenditures are not accounted for in the proper period.

Recommendation: We recommend JPA management develop cut-off procedures for accruing each District's year-end expenditures.

Management Response: JPA Administration will create a policy that deals specifically with the Provider Districts submitting bills in a timely manner to the JPA for payment and year-end close-out.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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2013 - 9 - REQUESTS FOR REIMBURSEMENTS FROM CSA #7

Criteria: The JPA receives interest income, calculated and apportioned monthly based on the daily balance of the JPA's cash in the El Dorado County Treasury.

Statement of Condition: The JPA's cash in County Treasury balance was overdrawn for significant periods of time and resulted in the JPA being charged interest on the overdrawn amount each year: \$648 in 2010; \$1,106 in 2011; \$3,163 in 2012; and \$3,357 in 2013. The County recorded fiscal year 2012-2013 cash activity through August, 2013. The JPA cash balance was overdrawn \$2M at June 30, 2013.

Cause: JPA management is not estimating and monitoring cash flow activity to avoid overdrafts in the County Treasury account.

Effect or Potential Effect: The JPA has incurred unnecessary interest expense during each of the past four (4) years.

Recommendation: The County should reimburse the JPA in a timely manner to ensure a positive cash balance is maintained throughout the year.

Management Response: The County of El Dorado manages the revenues and expenditures for CSA #7. With CSA #7 having a 5.7 million dollar fund balance, the County should adequately fund the account used to reimburse the JPA to avoid being overdrawn and charged interest during dry revenue periods.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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1. District Allocations of JPA Expenses

JPA management should develop procedures to be followed for all Districts' accounting and reporting of reimbursable expenses.

Current Status:

Accepted/Not Implemented

Explanation if Not Fully Implemented:

Comment Repeated. See current year finding 2013-1.

2. Liability for Other Post-Employment Benefits (OPEB)

The JPA should collect the 2011-2012 overpayment from Diamond Springs Fire District. We also recommend JPA management implement procedures for regular monitoring of each Districts compliance with maintaining OPEB reserves.

Current Status:

Accepted/Not Implemented

Explanation if Not Fully Implemented:

Comment Repeated. See current year finding 2013-3.

3. Purchases and Cash Disbursements

The JPA should develop procedures that include obtaining and retaining as part of the audit trail, documentation that each order being paid for has been received, inspected and counted and conforms to the JPA's intended use.

Current Status:

Accepted/Not Implemented

Explanation if Not Fully Implemented:

Comment Repeated. See current year finding 2013-6.

4. Approval for Vendor Payments

The JPA should comply with the internal control policy of not reimbursing an expense or make a payment to a vendor unless all approvals have been received. The approvals should be documented and retained as part of the audit trail in support of the expenditure.

Current Status:

Accepted/Not Implemented

Explanation if Not Fully Implemented:

Comment Repeated. See current year finding 2013-5.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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5. Purchases and Cash Disbursements

No payment or reimbursement should be approved without complete supporting documentation. The supporting documentation should be retained to provide a complete audit trail for each payment.

Current Status:  
Accepted/Not Implemented

Explanation if Not Fully Implemented:  
Comment Repeated. See current year finding 2013-4.

6. Annual Independent Audit

Procedures should be developed to ensure an auditor is engaged to perform a timely audit for each fiscal year.

Current Status:  
Accepted/Not Implemented

Explanation if Not Fully Implemented:  
Comment Repeated. See current year finding 2013-7.

7. Reporting on the Accrual Basis of Accounting

JPA management should develop cut-off procedures for accruing each District's year-end expenditures.

Current Status:  
Accepted/Not Implemented

Explanation if Not Fully Implemented:  
Comment Repeated. See current year finding 2013-8.

8. Requests for Reimbursements from CSA #7

County Treasury cash flow should be monitored in the future to ensure a positive cash balance is maintained throughout the year.

Current Status:  
Accepted/Not Implemented

Explanation if Not Fully Implemented:  
Comment Repeated. See current year finding 2013-9.