



El Dorado County Emergency Services Authority

Special Board of Directors Meeting

Thursday, February 23, 2012, 9:00 a.m.

Diamond Springs Fire Conference Room, 501 Main Street, Diamond Springs, CA 95619

MINUTES

1. **Call to Order/Roll Call/Introductions/Pledge/0850** Webb
Present: *Battalion Chief Webb/Cameron Park, Interim Chief Combs/Diamond Springs, Chief Lacher/EDC Fire, Alternate Chief O'Camb/EDH, Alternate Asst Chief Bement/Garden Valley, Chief Dave/Mosquito, Chief Keating/Rescue*
Guests: *Chris Timberlake/South Lake Tahoe, Dawn/Mountain Democrat*

2. **Approval of Agenda** Webb
Director Marty Hackett requested that additional Item 5 be added as a correspondence and Item 6 moved to Adjournment. Motion to approve additional agenda item by Chief Keating and seconded by Chief Davis which carried unanimously.

3. **Public Comments** Webb
No public comments.

4. **Old Business** Webb
 - 4.1 Review/Approve Request final audit reports from Mr. Eastman for FYs 05/06 – 08/09
Director Hackett stated Mr. Eastman's final audit reports have been completed for 05/06 through 08/09.

Motion to approve final audits by Chief Keating, Seconded by Chief O'Camb. Chief Keating amended his motion to approve with the understanding of outstanding issue regarding El Dorado County Fire is still in dispute of Eastman's findings. Motion carries unanimous.

 - 4.2 Review/Approve Action regarding County Fire's past due Invoice Hackett
Director Hackett stated JPA has 10 days from date of receipt to pay past due invoice according to Daniel Nielson for the amount of \$661,000.

Discussion Items:
 - An El Dorado County Fire special sub-committee was formed to resolve the audit differences and move forward to come to an agreement.
 - Executive Director Hackett recommends (2)BOD members to meet with El Dorado County Fire to come to a resolution.
 - Chief Lacher recommends responding to the Public Health Dept. as this is key to letting them know we have scheduled meetings to discuss and resolve the issue – we have made efforts.
 - Chief Keating mentioned making a good faith payment and dispute the difference later. Chief Lacher stated he isn't opposed to that but his board would have to make the decision and could delay a final decision.

- Mr. Neilson is fairly new and perhaps isn't aware of the attempts to resolve the issue between the JPA and El Dorado County Fire.
- County should have audited prior to now – 5 year audit. Diamond Springs offered to hire their own Auditor to prepare for the county instead of waiting for the county, who is delinquent in providing an audit for Diamond Springs.
- Negotiations for the next contract with the county should include and state a timely audit being prepared by the county in the future and within 120 days.
- Both Auditors should come to the next Board Meeting to explain their positions and methodologies for their findings and assumptions.

Chief Combs Motioned to create JPA Sub-Committee and to appoint Chiefs Schwab and Keating and Director Hackett to serve on the committee. JPA Sub-Committee is scheduled to meet with El Dorado County Fire board members to negotiate between auditors. Chief Keating seconded motion that carried with exception of Chief Lacher who abstained.

5. Correspondence Letter by Daniel Neilson, Public Health Director

Hackett

Director Hackett reported on the correspondence letter received by the JPA on 2.16.12 informing the board that within 10 working days county must receive satisfactory arrangements and correspondence regarding this open item from the JPA.

Director Marty Hackett will request that County issue timelines that are reasonable to report audit findings to JPA so that errors can be taken care of sooner. A letter will express that the JPA has been dutiful in negotiating settlement and that a committee has been established to resolve disputed amounts between the JPA and El Dorado County Fire Auditors. Director Hackett will provide audits to Mr. Harn and Mr. Neilson today, explaining Diamond Springs paid portion, and convey the JPA Board has appointed Chiefs Schwab and Keating and Director Hackett to a sub-committee meeting as early as Monday 2.27.12 along with Chief Lacher and two of his board members to discuss the audits and bring closure.

Board provided direction for Director Hackett to correspond with the above information.

Discussion items:

- Future changes the board would like to explore in payroll processes of straight time and overtime for cleaner tracking. Budgeted amounts and caps could be put in place instead of tracking per employee in order to reduce overtime costs.
- Tracking JPA funded employees are convoluted because Firefighter-Paramedics perform other assignments as well.

6. Adjournment

Webb

Motion to adjourn the meeting at 0927 by Chief Keating. Motion seconded by Chief Bement which carried unanimously.

Prepared by Jannell Clanton, JPA Admin

**EL DORADO COUNTY REGIONAL
PREHOSPITAL EMERGENCY SERVICE
OPERATIONS AUTHORITY
ANNUAL FINANCIAL REPORT
JUNE 30, 2007**

**EL DORADO COUNTY REGIONAL
PREHOSPITAL EMERGENCY SERVICE
OPERATIONS AUTHORITY**

June 30, 2007

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VAUGHN JOHNSON, CPA

INDEPENDENT AUDITOR'S REPORT

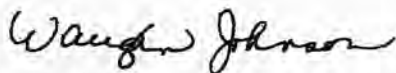
To: Board of Directors
El Dorado County
Regional Prehospital
Emergency Services
Operations Authority
El Dorado County, California

I have audited the accompanying financial statements of the governmental activities of El Dorado County Regional Prehospital Emergency Services Operations Authority as of and for the year ended June 30, 2007, which collectively comprise the Authority's financial statements as listed in the table of contents. These financial statements are the responsibility of El Dorado County Regional Prehospital Emergency Services Operations Authority's management. My responsibility is to express an opinion on these financial statements based upon my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the El Dorado County Regional Prehospital Emergency Services Operations Authority as of June 30, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the budgetary comparison information on page 14, is not a required part of the financial statements, but is supplemental information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.



Vaughn Johnson.
September 10, 2009

**EL DORADO COUNTY REGIONAL
PREHOSPITAL EMERGENCY SERVICES
OPERATIONS AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2007**

As management of the El Dorado County Regional Prehospital Emergency Services Operation Authority (JPA), we offer readers of the JPA's financial statements this narrative overview and analysis of the financial activities of the JPA for the fiscal year ended June 30, 2007.

Financial Highlights

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

The JPA's total net assets are \$981,015, which is an decrease of \$934,299 of which \$0 represents fixed assets purchased during the current year less 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.

At the end of the current fiscal year, a reserve was set aside for liability for compensated absences in an amount of \$212,319.

The JPA has not incurred debt during the current fiscal year or any previous years.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Ambulance JPA's basic financial statements. The JPA is a single program entity and the basic financial statements are comprised of two components: 1) government-wide financial statements, and 2) notes to the financial statements. This financial report also contain other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Ambulance JPA's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Ambulance JPA's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Ambulance Authority is improving or deteriorating.

The *statement of activities* present information showing how JPA's net asset changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected ambulance revenue).

**EL DORADO COUNTY REGIONAL
PREHOSPITAL EMERGENCY SERVICES
OPERATIONS AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2007**

The government-wide financial statements present activities of the JPA that are principally supported by contract payments and charges for services. The JPA provides services for emergency medical, ambulance transportation and dispatch. The government wide financial statements can be found on pages 5-8 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide fund financial statements. The notes to the financial statements can be found on pages 9-13 of this report.

Government-wide financial analysis

The JPA currently purchases capital assets (e.g. ambulances and equipment). The JPA uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Revenues:		
Program revenues:		
Contract payments	\$ 7,073,330	\$ 8,525,327
Miscellaneous revenue	1,210	
Investment earnings-interest	<u>53,267</u>	<u>73,682</u>
Total Revenues	7,127,807	8,599,009
Expenses:		
Personnel costs	6,134,039	6,030,770
Services and supplies	1,434,539	1,305,833
Depreciation	360,228	315,406
Provider Administration Fees	<u>133,300</u>	<u>160,000</u>
Total Expenses	<u>8,062,106</u>	<u>7,854,810</u>
Excess of Revenues Over Expenditures	(934,299)	744,199
Net assets-beginning	<u>1,915,314</u>	1,871,998
Residual Equity Transfer		<u>(700,883)</u>
Net assets-ending	<u>\$ 981,015</u>	<u>\$ 1,915,314</u>

**EL DORADO COUNTY REGIONAL
PREHOSPITAL EMERGENCY SERVICES
OPERATIONS AUTHORITY**

**Management's Discussion and Analysis
For the Year Ended June 30, 2007**

Financial Analysis of the Authority's Funds

Governmental funds. The focus of the JPA's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the JPA's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for funding future operational needs.

As of the end of the current fiscal year, \$0 will be returned to the CSA #7 Reserve Fund.

Capital Asset and Debt Administration

Capital assets. The JPA's investment in capital assets for its government activities as of June 30, 2007, amounts to \$529,425 (net of accumulated depreciation). This investment in capital assets represents a major investment in ambulance equipment. The JPA has no debt. Additional information on the JPA's capital assets can be found in note 3 on page 11 of this report.

**Capital Assets
(Net of accumulated depreciation)**

	<u>Governmental Activities</u>	
	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Equipment		
Net Assets-ending	\$ 529,425	\$ 889,653

Requests for Information

This financial report is designed to provide a general overview of the JPA's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, El Dorado County Regional Prehospital Operations Authority, 480 Locust Road, Diamond Springs CA 95619.

El Dorado County Regional Prehospital Emergency Service Operations Authority
Balance Sheet and Statement of Net Assets
June 30, 2007

	<u>General</u> <u>Fund</u>	<u>Adjustments</u>	<u>Statement of</u> <u>Net Assets</u>
ASSETS			
Cash in county treasury	\$1,034,139	\$	\$1,034,139
Accounts Receivable	5,842		5,842
Prepaid Expenses	2,200		2,200
Capital assets net of accumulated depreciation		529,425	529,425
Total Assets	<u>\$1,042,181</u>	<u>\$529,425</u>	<u>\$1,571,606</u>
LIABILITIES			
Accounts payable	\$ 299,678	\$	299,678
Salaries and benefits payable	78,594		78,594
Compensated absences			-
Due after one year	146,789	65,530	212,319
Due to other governments			-
Total Liabilities	<u>525,061</u>	<u>65,530</u>	<u>590,591</u>
FUND BALANCE/NET ASSETS			
Fund Balances:			
Reserved for imprest cash			
Unreserved			
Designated			
Undesignated	<u>517,120</u>	<u>(517,120)</u>	
Total Fund Balance	<u>517,120</u>	<u>(517,120)</u>	
Total Liabilities and Fund Balances	<u>\$ 1,042,181</u>		
NET ASSETS			
Invested in capital assets net of related debt		529,425	529,425
Restricted			
Unrestricted		<u>451,590</u>	<u>451,590</u>
TOTAL NET ASSETS		<u>981,015</u>	<u>981,015</u>

See notes to financial statements.

El Dorado County Regional Prehospital Emergency Service Operations Authority
Adjustments-Total Government Fund Balance to
Net Assets of Governmental Activities
June 30, 2007

Total Governmental Fund Balance	\$517,120
Amounts reported in governmental activities in the statement of net assets are different because;	
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds, net of depreciation allocated	529,425
Long-term liabilities, compensated absences, are not due and payable in the current period and therefore are not reported in the funds	<u>(65,530)</u>
Net Assets of Governmental Activities	<u>\$ 981,015</u>

See notes to financial statements

El Dorado County Regional Prehospital Emergency Service Operations Authority
Statement of Activities and Governmental Funds Revenues
For the Year Ended June 30, 2007

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
PROGRAM EXPENSES			
Public safety-fire protection			
Salaries and related benefits	\$6,120,769	\$ 13,270	\$6,134,039
Materials and services	1,434,539		1,434,539
Provider administrative fees	133,300		133,300
Capital assets			-
Depreciation		360,228	360,228
	<u>7,688,608</u>	<u>373,498</u>	<u>8,062,106</u>
TOTAL PROGRAM EXPENSES			
PROGRAM REVENUES			
Contract payments	7,073,330		7,073,330
Other program revenues	1,210		1,210
	<u>7,074,540</u>		<u>7,074,540</u>
TOTAL PROGRAM REVENUES			
NET PROGRAM REVENUES (DEFICIT)	<u>(614,068)</u>	<u>(373,498)</u>	<u>(987,566)</u>
GENERAL REVENUES			
Investment earnings	53,267		53,267
	<u>53,267</u>		<u>53,267</u>
TOTAL GENERAL REVENUES			
EXCESS (DEFIENCIENCY) OF REVENUES AND TRANSFERS IN OVER EXPENDITURES AND TRANSFERS OUT	(560,801)		-
INCREASE IN NET ASSETS		(373,498)	(934,299)
FUND BALANCE/NET ASSETS			
Beginning of the year	1,077,921	837,393	1,915,314
Residual equity transfer to County Service Area #7			-
	<u>1,077,921</u>	<u>837,393</u>	<u>1,915,314</u>
End of the year	<u>\$ 517,120</u>	<u>\$ 463,895</u>	<u>\$ 981,015</u>

See notes to financial statements.

El Dorado County Regional Prehospital Emergency Service Operations Authority
Adjustments-Total Government Fund Revenues, Expenditures and
Changes in Fund Balance to Statement of Activities
For the Year Ended June 30, 2007

Net Change in Governmental Fund Balance \$(560,801)

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

Governmental funds reported capital outlays as expenditures,
However, in the statement of activities, the cost of those assets
are capitalized as capital assets

Expenditures for capital assets and related capital assets adjustments	\$ -	
Less minor capital purchases allocated to material and services		
Less current year depreciation	(360,228)	(360,228)

Some expenses reported in the statement of activities do
not require the use of current financial resources and, therefore
are not reported as expenditures in governmental funds

Current change in Compensated Absences	(13,270)
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Change in Net Assets of Governmental Activities	\$(934,299)
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See notes to financial statements.

**EL DORADO COUNTY REGIONAL
PREHOSPITAL EMERGENCY SERVICE
OPERATIONS AUTHORITY
Notes to Financial Statements
June 30, 2007**

1.) ORGANIZATION AND HISTORY

General: The El Dorado County Regional Prehospital Emergency Operations Authority was established to provide a regional Prehospital Emergency Services Operations Authority 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 Government Code Sections 6503.5 and 6503.7. Actual operations of the Authority commenced on January 1, 1997.

The El Dorado County Regional Prehospital Emergency Services Operations Authority is governed by a board composed of ten members. Each member is a representative of the public agencies that are party to the agreement.

2.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Government-wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the Authority). These statements include the financial activities of the overall government.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, are presented as general revenues.

When both restricted and unrestricted net assets are available, restricted resources are used only after the unrestricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the Authority's funds. The emphasis of fund financial statements is on major governmental funds.

The Authority reports the following governmental fund:

The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the Authority. For the Authority, the General Fund includes such activities as general government, and emergency ambulance services.

**EL DORADO COUNTY REGIONAL
PREHOSPITAL EMERGENCY SERVICE
OPERATIONS AUTHORITY
Notes to Financial Statements
June 30, 2007**

2.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Authority does not give (or receive) equal value in exchange, includes property and sales taxes, grants, entitlements, and donations, if any. On an accrual basis, revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Non-Current Governmental Assets/Liabilities

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net assets.

Cash and Investments

The Authority has instructed the county of El Dorado to invest excess funds on deposit in their overall pooling of investment. The Authority's interest is then allocated according to the average cash balance in the County Treasury based upon the overall investments of the County.

The County maintains written investment policies which address a wide variety of investment practices, including primary investment objectives, investment authority, allowable investment vehicles, investment maturity terms, eligible financial institutions, capital preservation, and cash flow management. The County has not adopted the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

All cash deposits at the County conform to the California Government Code Section 53646 and are fully collateralized by governmental securities pledged for the purpose of Public Deposit Collateral.

**EL DORADO COUNTY REGIONAL
PREHOSPITAL EMERGENCY SERVICES
OPERATIONS AUTHORITY
Notes to Financial Statements
June 30, 2007**

2.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Capital Assets and Depreciation

Capital assets are recorded at historical cost, or at estimated historic cost, if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. Capital equipment consists of purchased equipment with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year.

The estimated useful lives are as follows:

Equipment	3-20 Years
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Compensated Absences

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

Governmental Funds-Due to the fact that vacation balances do not require the use of financial resources, no liability is recorded within the governmental funds. However, this liability is reflected in the government-wide statement of net asset. The Authority has accrued a liability of compensated absences of \$146,759 based upon an advance of funds from County Service Area #7.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period. Actual results could differ from these estimates and the differences may be material.

3.) SUMMARY OF CHANGES IN CAPITAL ASSETS

Capital fixed assets are recorded as expenditures in the budgetary funds at the time of purchase. Such assets have been capitalized at cost in the general fixed assets group of accounts rather than in the governmental fund.

	Balance Beginning	Acquisitions	Deletions and Adjustments	Balance Ending
Equipment	\$ 1,801,140	\$0	\$	\$1,801,140
Accumulated depreciation	(911,487)	(360,228)		(1,271,715)
Net Capital Assets	\$ 889,653	\$ (360,228)	\$	\$ 529,425

**EL DORADO COUNTY REGIONAL
PREHOSPITAL EMERGENCY SERVICES
OPERATIONS AUTHORITY
Notes to Financial Statements
June 30, 2007**

4.) CONTRACTS, COMMITMENTS, AND OTHER CONTINGENCIES

County Service Area #7 has initiated an agreement with the El Dorado County Regional Prehospital Emergency Services Operations Authority. The agreement was effective January 1, 1997 and allows the Authority to provide prehospital ambulance and dispatch services. The Authority contracts these services out to five Provider Fire Districts within the County of El Dorado. Source of funding received by the Authority is based upon estimated budgeted need for the fiscal year and is allocated to the Authority from the funds of County Service Area #7.

Operation of the Authority is contingent on annual funding agreements with the County Service Area.

Risk Management

The Authority is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; and errors and omissions.

For property, liability, directors and officers, and errors and omissions insurance, the Authority purchases commercial insurance.

Litigation

The Authority may at times be involved in legal and administrative proceedings and claims of various types. While any litigation contains an element of uncertainty, based upon the opinion of the Authority's general counsel, management presently believes that the outcome of each such proceeding or claim, if any, which may be pending or known to be threatened or all of them combined, will not have a material adverse effect on the Authority's financial position.

5.) LIABILITY FOR COMPENSATED ABSENCES

	<u>Balance at June 30, 2007</u>
El Dorado County Fire Protection District	\$ 98,849
Diamond Springs/El Dorado Fire Protection District	23,247
Georgetown Fire Protection District	31,012
Joint Powers Authority-Administration	11,167
El Dorado Hills Fire Department	<u>48,044</u>
TOTAL COMPENSATED ABSENCES	<u>\$ 212,319</u>
 Reserve established per agreement from County Service Area #7 contingency for purpose of covering Unfunded Liabilities as of December 31, 1996	 <u>\$ 146,789</u>

6.) DEFERRED COMPENSATION PLAN

The Authority has made available to its management employee a tax sheltered annuity. This deferred compensation plan qualifies under Internal Revenue Code Section 457(b) as exempt from current income tax..

**EL DORADO COUNTY REGIONAL
PREHOSPITAL EMERGENCY SERVICES
OPERATIONS AUTHORITY
Notes to Financial Statements
June 30, 2007**

7.) LEASE

The Authority entered into a 5 year lease commencing July 1, 2006 at \$1,100 per month.

8.) RETIREMENT PLAN

The policy of each of the Provider Districts is to fund retirement benefits with the State of California Public Employees' Retirement System (CALPERS). The amount of pension contributions by the Districts to CALPERS is actuarially determined under a program wherein contributions plus earnings of the retirement system are to provide the necessary funds to pay retirement benefits when due. The Districts rely on the competency of the State in determining the funding method, the adequacy of funding and the spreading of actuarial gains and losses which is currently on a four-year basis. The confirmation of balances in the Districts accounts were not yet available from CALPERS.

A. Plan Description

The Provider Districts contribute to the California Public Employees' Retirement System (CALPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. CALPERS issues a publicly available financial report that includes financial statements and required supplementary information for the Provider Districts. The financial report may be obtained by writing to, CALPERS Actuarial Office, P.O. Box 942709 Sacramento, CA 94229-2709.

B. Summary of Significant Accounting Policies

Basis of Accounting: The financial statements of the plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The Districts contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments: Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

C. Post Employment Benefits Other than Pension

In addition to the pension benefits provided by the California Public Employees' Retirement System (CALPERS), the Districts also provide post retirement health care benefits to all employees who retire from the District on or after attaining a certain age and length of service requirements. The post retirement health care benefits are funded by each District's General Fund on a pay-as-you-go basis.

For administration employees, the Authority participates in the Old Age Survivors Disability Insurance (Social Security) program. Employer contributions are made by the Authority at a fixed percentage rate applied to gross wages as determined by public law.

REQUIRED SUPPLEMENTARY INFORMATION

El Dorado County Regional Prehospital Emergency Service Operations Authority

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances and reserves July 1				-
Resources (inflows)				
Contract payments	7,886,250	7,886,250	7,073,330	(812,920)
Interest income			53,267	53,267
Other program revenue-reimbursements			1,210	1,210
	<u>7,886,250</u>	<u>7,886,250</u>	<u>7,127,807</u>	<u>(758,443)</u>
Amounts Available for Appropriation				
Charges to appropriations (outflows)				
Salaries	4,192,874	4,192,874	4,185,650	7,224
Other compensation	26,590	26,590	53,451	(26,861)
Retirement benefits	879,112	879,112	874,105	5,007
Health, disability and other benefits	708,336	708,336	676,655	31,681
Workers compensation	325,970	325,970	330,909	(4,939)
Total Salaries and Related Benefits	<u>6,132,882</u>	<u>6,132,882</u>	<u>6,120,770</u>	<u>12,112</u>
Clothing and personal supplies	17,430	17,430	14,190	3,240
Communications	627,550	627,550	594,107	33,443
Food & household expense	6,293	6,293	6,506	(213)
Insurance	30,000	30,000	23,275	6,725
Maintenance-equipment	37,735	37,735	37,592	143
Maintenance-telephone	15,500	15,500	7,272	8,228
Maintenance-vehicles/supplies	56,500	56,500	142,469	(85,969)
Maintenance-buildings and grounds	1,000	1,000	75	925
Medical, dental and laboratory supplies	346,280	346,280	363,073	(16,793)
Memberships	1,400	1,400	3,325	(1,925)
Minor equipment	15,875	15,875	(602)	16,477
Office expense	9,500	9,500	10,342	(842)
Professional and specialized service	50,500	50,500	44,704	5,796
Rent and leases-equipment	30,800	30,800	108	30,692
Rent and leases-building	15,000	15,000	12,906	2,094
Special department expense	59,615	59,615	11,073	48,542
Staff development	38,000	38,000	16,787	21,213
Transportation and travel	3,500	3,500	121	3,379
Fuel purchases	94,290	94,290	106,508	(12,218)
Utilities	36,600	36,600	40,712	(4,112)
Total Services and Supplies	<u>1,493,368</u>	<u>1,493,368</u>	<u>1,434,543</u>	<u>58,825</u>
Fixed Assets	110,000	110,000		110,000
Service between funds	150,000	150,000	133,300	16,700
Total charges to appropriations	<u>7,886,250</u>	<u>7,886,250</u>	<u>7,688,613</u>	<u>197,637</u>
Budgetary Balances June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (560,806)</u>	<u>\$ (560,806)</u>

SUPPLEMENTARY INFORMATION

El Dorado County Regional Prehospital Emergency Service Operations Authority

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2007

PROGRAM PROVIDERS

ADMINISTRATION

	El Dorado County Fire	Diamond Springs/El Dorado Fire	Georgetown Fire	Cameron Park Fire	El Dorado Hills	Total Program	Joint Powers Authority Administration	Total Joint Powers Authority
Permanent employees	1,293,540	401,461	405,536	764,442	484,264	3,349,243	88,173	3,437,416
Temporary employees	18,000	12,631	18,113			48,744		48,744
Overtime	443,798	66,866	112,506		76,320	699,490		699,490
Uniform allowance-other compensation	37,177	5,110	8,164		3,000	53,451		53,451
Employer share retirement	466,553	120,953	132,291		154,308	874,105		874,105
Social security	1,155	30,557	1,687		8,128	41,527	5,467	46,994
Medicare	25,919	7,147	7,647			40,713	1,279	41,992
Health insurance	236,055	83,343	46,419		63,645	429,462	95,000	524,462
Long-term disability	3,432	864	864		1,152	6,312		6,312
Vision insurance/life insurance/flexible benefits	3,121	648	1,027		12,187	16,983		16,983
Deferred compensation		11,655	28,256			39,911		39,911
Workers' compensation	161,890	102,810	40,118		24,852	329,670	1,238	330,908
Total Salaries and Related Benefits	2,690,640	844,045	802,628	764,442	827,856	5,929,611	191,157	6,120,768
Administration fees provider	70,000	20,000	20,000	3,300	20,000	133,300		133,300
Clothing	7,689	323	3,886	2,014	277	14,189		14,189
Communication	1,624	3,224	1,914	511	1,530	8,803	585,304	594,107
Food & household expense	2,275	1,610	1,225	108	495	5,713	792	6,505
Fuel purchase	53,686	18,595	11,280	2,669	8,507	94,737	11,771	106,508
Insurance						-	23,275	23,275
Maintenance vehicles and equipment	56,991	26,561	15,686	31,986	16,158	147,382	69,085	216,467
Medical supplies	139,849	54,352	33,707	57,070	48,873	333,851	164	334,015
Memberships	3,300					3,300	25	3,325
Office expense	1,069	105	468	100	450	2,192	8,150	10,342
Professional services	4,000	1,527	1,890			7,417	37,287	44,704
Rent and leases						-	13,014	13,014
Small tools and equipment		25	(46)			(21)	(581)	(602)
Special department expense	732		491			1,223	9,811	11,034
Staff development	5,404	1,922	3,889	1,280	2,800	15,295	1,530	16,825
Transportation/travel	120					120		120
Utilities	9,450	6,533	5,491	900	5,400	27,774	12,938	40,712
Total Services and Supplies	356,189	134,777	99,881	99,938	104,490	795,275	772,565	1,567,840
Total Charges to Appropriations	\$ 3,046,829	\$ 978,822	\$ 902,509	\$ 864,380	\$ 932,346	\$ 6,724,886	\$ 963,722	\$ 7,688,608

VAUGHN JOHNSON, CPA

**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
El Dorado County Regional Prehospital Emergency Services Operations Authority

I have audited the financial statements of El Dorado County Regional Prehospital Emergency Services Operations Authority, as of and for the year ended June 30, 2007, and have issued my report thereon dated September 10, 2009. I conducted my 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*, issues by the Comptroller General of the United States.

Internal control Over Financial Reporting

In planning and performing my audit, I considered El Dorado County Regional Prehospital Emergency Services Operations Authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of El Dorado County Regional Prehospital Emergency Services Operations Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects El Dorado County Regional Prehospital Emergency Services Operations Authority'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 El Dorado County Regional Prehospital Emergency Services Operations Authority's financial statements that is more than inconsequential will not be prevented or detected by El Dorado County Regional Prehospital Emergency Services Operations Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the El Dorado County Regional Prehospital Emergency Services Operations Authority's internal control.

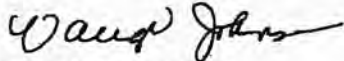
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

VAUGHN JOHNSON, CPA

Compliance

As a part of obtaining reasonable assurance about whether El Dorado County Regional Prehospital Emergency Services Operations Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the management, County of El Dorado Office of the Auditor and the Office of the State Controller Division of Local Government Fiscal Affairs and is not intended to be and should not be used by anyone other than these specified parties.



Vaughn Johnson, CPA

September 10, 2009

EI DORADO COUNTY
EMERGENCY SERVICES AUTHORITY

REPORT ON ACCOUNTING CONTROLS
AND PROCEDURES

June 30, 2008 and June 30, 2009

Glen S. Eastman

Certified Public Accountant

5410 Quail Valley Road, Placerville, CA 95667

September 23, 2010

To the Board of Directors
El Dorado County Emergency Services Authority
Diamond Springs, California

I have audited the financial statements of El Dorado County Emergency Services Authority (JPA) for the years ended June 30, 2008 and June 30, 2009, and have issued my report thereon dated September 23, 2010. As part of my audit, I made a study and evaluation of the JPA's system of internal accounting control to the extent that I considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of my study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the JPA's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of El Dorado County Emergency Services Authority is responsible for establishing and maintaining a system of internal accounting control. In fulfilling my responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures. The objective of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of El Dorado County Emergency Services Authority taken as a whole. However, I have enclosed recommendations for your consideration.

This report was prepared based on information found during the audited period. It does not address whether or not items have been corrected since the audit. This report is intended solely for use of management and should not be used for any other purpose.

Sincerely,

Glen S. Eastman, CPA

1. EMS Training Documentation

Observation - JPA is responsible for maintaining records of all EMS training, continuing education and skills maintenance. Records are not currently maintained at JPA.

Recommendation - JPA should review EMS training files and document that review.

2. Payroll Review

Observation - There is no evidence of supervisor's review of payroll at Diamond Springs, County Fire or JPA. This is a material weakness in internal control and must be addressed immediately. It appears that County Fire overcharged JPA approximately \$120,000 in fiscal 2008 and \$160,000 in fiscal 2009 for employees working overtime. (See also #10 below).

Recommendation - The fire department supervisors and the JPA should review payroll and evidence that review.

3. Light Duty Personnel

Observation - JPA personnel assigned light duty worked at the fire departments, but were charged to JPA.

Recommendation - Where practical, personnel assigned light duty should work on JPA related duties.

4. Employee Timecard Documentation

Observation - Employee timecards at the El Dorado Hills Fire Station did not have adequate documentation of the topics of the training being charged.

Recommendation - Timecards should have more documentation in regards to the classes taken so that it can be properly charged to the fire department or JPA.

5. Shift Employees vs. 80 Hour Employees

Observation - El Dorado County shift employees are "penalized" for taking sick and vacation time in relation to OT pay, while 80-hour employees are not.

Recommendation - OT pay should be calculated using similar methodologies.

6. Overtime

Observation - Regular full time employees are used to cover shifts, resulting in excessive overtime.

Recommendation - future MOU's should consider allowing part time personnel to cover shifts.

7. El Dorado County Loaned Labor Report

Observation - No overtime premium was included any time the "ATM" code was used and employees changing pay rates within a 24 day FLSA pay period are overpaid for the first 2 weeks due to overtime rate differences.

Recommendation - Use of the "ATM" code has been eliminated. If used in the future, this should be corrected. The first two weeks of overtime after a pay raise should be checked for proper calculation and adjusted accordingly.

8. Employee Signatures on Timecards

Observation - Employee signatures were not found on timecards at several stations.

Recommendation - Employee signatures on timecards should be maintained with payroll records.

9. JPA Payroll Reimbursement

Observation - The current method of payroll reimbursement by JPA to the departments does not encourage cost savings and is cumbersome.

Recommendation - The JPA should consider a fixed monthly payment to each fire station for staffing the ambulances.

10. Strike Teams

Observation - Fire personnel working on strike teams were charged to JPA, resulting in double billing. JPA was billed once for the person working the strike team and once for the person covering their shift. Overcharges by Diamond Springs totaled \$9,379 for fiscal 2008 and \$918 for fiscal 2009. Overcharges by County Fire totaled \$9,640 for fiscal 2008 and \$3,029 for fiscal 2009. These amounts are included in item #2 above.

Recommendation - Strike teams are reimbursed and should not be charged to JPA.

11. Medical Supply Contract

Observation - The medical supplies contract has not been put out to bid for an extended period of time.

Recommendation - The medical supplies contract should be put out to bid.

12. Actuarial Report

Observation - The actuarial report used to determine contribution rates for retiree's health benefits was last done in 2005.

Recommendation - The actuarial report should be re-evaluated for adequate contribution rates.

13. Duplicate Payments

Observation - Duplicate payments from accounts payable were noted in '07 and '08.

Recommendation - This issue has been resolved with the new method of preparing accounts payable.

14. Red Dyed Diesel

Observation - Red dyed diesel was not always being used by County Fire, resulting in higher than expected fuel costs.

Recommendation - The use of red dyed diesel should be used whenever possible.

15. Management Fees for Fire Departments

Observation - The billing of management fees by the departments was not consistent.

Recommendation - Ensure that management fees are properly billed by the departments.

16. Training Reimbursements

Observation - The allocation of personnel training costs by the fire districts was not consistent between the districts. Some districts allocated all payroll costs of any training of JPA personnel to the JPA, while some districts (EDH) allocated all training that fit within the JPA guidelines to the JPA, whether it was a JPA funded employee or not. The JPA manual does not appear to address the payroll costs of training, but only addresses the cost of the class itself.

Recommendation - This policy should be reviewed and consistently applied to all departments.

17. Coding of El Dorado Hills Training

Observation - Telestaff reports are not consistent regarding training i.e. sometimes coded as special projects, OT, JPA department sponsored school, OT training, etc.

Recommendation - Coding for training should be standardized.

18. Georgetown Mechanic

Observation - The Georgetown Fire Department charged the JPA for maintenance fees at a rate of \$85 per hour for maintenance. They paid their employees \$26.78 per hour for the work performed. There was no documentation of hours worked, and no contract for the maintenance. JPA was charged 8 hours per time period, totaling \$17,680 for fiscal 2008 and was charged \$19,127 for fiscal 2009. These charges were reflected as wages, rather than maintenance and therefore the information regarding the true cost of maintenance was not clearly reported in the financial reports.

Recommendation - A contract should be prepared for the maintenance. Work performed should be documented. Charges should be recorded as maintenance.

19. Dispatch Contract

Observation - The actual charges for covering shifts of absent JPA employees does not match the dispatch contract with the State of California. Based on the current contract, the JPA should be charged an allocated amount of wages for the on duty captain, but the State is charging all wages for the Captain during non-fire season and none during the fire season.

Recommendation - The contract should be amended to reflect the methodology that the State of California is using to charge the JPA for shift coverage.

20. Administration Fees

Observation - Administration fees were not charged to the JPA by Diamond Springs in 2008 totaling \$20,000.

Recommendation - Ensure that all administration fees are charged by the Districts.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY
 STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
 June 30, 2008

ASSETS	General Fund	Adjustments	Statement of Net Assets
Cash in County Treasury	\$ 1,253,182	\$ -	\$ 1,253,182
Accounts Receivable	15,012	-	15,012
Due from Other Governments	283,083	-	283,083
Capital Assets (Note 4)	-	2,057,273	2,057,273
Less, Accumulated Depreciation	-	(1,469,575)	(1,469,575)
TOTAL ASSETS	\$ 1,551,277	\$ 587,698	\$ 2,138,975
LIABILITIES			
Accounts Payable	\$ 478,862	\$ -	\$ 478,862
Salaries And Benefits Payable	117,727	-	117,727
Compensated Absences Due After 1 Year	146,789	92,904	239,693
TOTAL LIABILITIES	743,378	92,904	836,282
FUND BALANCES:			
Reserved		-	-
Unreserved	807,899	(807,899)	-
TOTAL FUND BALANCES	807,899	(807,899)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,551,277		
NET ASSETS			
Invested in Capital Assets		587,698	587,698
Restricted		-	-
Unrestricted		714,995	714,995
TOTAL NET ASSETS		\$ 1,302,693	\$ 1,302,693

See notes to financial statements

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY
 STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 for the year ended June 30, 2008

	General Fund	Adjustments	Statement of Activities
PROGRAM EXPENDITURES/EXPENSES			
Salaries and Related Benefits	\$ 6,488,726	\$ 27,374	\$ 6,516,100
Materials and Services	1,627,348		1,627,348
Provider Administrative Fees	138,250		138,250
Capital Assets	453,557	(453,557)	-
Depreciation		395,284	395,284
TOTAL PROGRAM EXPENDITURES/ EXPENSES	<u>8,707,881</u>	<u>(30,899)</u>	<u>8,676,982</u>
PROGRAM REVENUES			
CSA #7 Contract Payments	8,979,899	-	8,979,899
Other Program Revenue-Reimbursements	8,209	-	8,209
TOTAL PROGRAM REVENUES	<u>8,988,108</u>	<u>-</u>	<u>8,988,108</u>
NET PROGRAM REVENUES (DEFICIT)	280,227	30,899	311,126
GENERAL REVENUES			
Investments Earnings	10,552	-	10,552
EXCESS OF REVENUES (EXPENDITURES)/ CHANGE IN NET ASSETS	290,779	30,899	321,678
FUND BALANCES/NET ASSETS			
Beginning	517,120	463,895	981,015
Ending	<u>\$ 807,899</u>	<u>\$ 494,794</u>	<u>\$ 1,302,693</u>

See notes to financial statements

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY
STATEMENT OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET
for the year ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable)</u>
RECOURCES (INFLOWS)			
CSA #7 Contract Payments	\$ 9,071,904	8,979,899	\$ (92,005)
Interest Income		10,552	10,552
Other Program Revenue-Reimbursements		8,209	8,209
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>9,071,904</u>	<u>8,998,660</u>	<u>(73,244)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Salaries	4,504,126	4,443,842	60,284
Other compensation	26,550	96,681	(70,131)
Retirement Benefits	1,007,046	991,772	15,274
Health, Disability and Other Benefits	823,355	737,049	86,306
Worker's Compensation	460,748	219,382	241,366
Total Salaries and Related Benefits	<u>6,821,825</u>	<u>6,488,726</u>	<u>333,099</u>
Clothing and Personal Supplies	31,500	29,073	2,427
Telephone and Communications	714,900	581,203	133,697
Food and Food Products	1,000	-	1,000
Household Expense	6,850	9,976	(3,126)
Insurance	30,000	23,216	6,784
Maintenance - Equipment	40,200	954	39,246
Maintenance - Radio	11,600	1,414	10,186
Maintenance - Vehicles	108,500	151,368	(42,868)
Maintenance - Property	1,000	843	157
Medical Supplies	349,000	497,679	(148,679)
Memberships	2,700	1,675	1,025
Office Expense	10,250	11,843	(1,593)
Subscription/Newspaper/Journals	700	85	615
Professional Services	21,000	87,344	(66,344)
Equipment Rental	31,300	-	31,300
Building Rent	15,000	14,758	242
Minor Equipment	13,502	1,011	12,491
Special Department Expense	51,300	372	50,928
Staff Development	39,320	10,556	28,764
Transportation and Travel	6,700	1,505	5,195
Fuel Purchases	108,940	154,047	(45,107)
Utilities	44,817	48,426	(3,609)
Total Services and Supplies	<u>1,640,079</u>	<u>1,627,348</u>	<u>12,731</u>
Fixed Assets	460,000	453,557	6,443
Provider Administrative Fees	150,000	138,250	11,750
Total Other	<u>610,000</u>	<u>591,807</u>	<u>18,193</u>
Total Charges to Appropriations	<u>9,071,904</u>	<u>8,707,881</u>	<u>364,023</u>
Budgetary Balances June 30	\$ -	\$ 290,779	\$ 290,779

See notes to financial statements



**EL DORADO COUNTY
EMERGENCY SERVICES AUTHORITY
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2009**

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Glen S. Eastman

Certified Public Accountant

5410 Quail Valley Road, Placerville, CA 95667

To the Board of Directors
El Dorado County
Emergency Services Authority
El Dorado County, CA

September 23, 2010

I have audited the accompanying financial statements of the governmental activities of El Dorado County Emergency Services Authority as of June 30, 2009, and for the year then ended. These financial statements are the responsibility of El Dorado County Emergency Services Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of El Dorado County Emergency Services Authority as of June 30, 2009 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the budgetary comparison information on page 12 is not a required part of the financial statements, but is supplemental information required by the accounting principles generally accepted in the United States of America. I have applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

Glen S. Eastman, CPA
Placerville, CA

El Dorado County
Emergency Services Authority
June 30, 2009

As management of the El Dorado County Emergency Services Authority (JPA), we offer readers of the JPA's financial statements this narrative overview and analysis of the financial activities of the JPA for the fiscal year ended June 30, 2009.

Financial Highlights

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.

The JPA's total net assets are \$1,647,303 which is an increase of \$625,385 of which \$481,503 represents fixed assets purchased during the current year, less 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.

At the end of the current fiscal year, a reserve was set aside for compensated absences in an amount of \$204,650.

The JPA has not incurred debt during the current fiscal year or any previous years.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to JPA's basic financial statements. The JPA is a single program entity and the basic financial statements are comprised of two components: 1) government-wide financial statements, and 2) notes to the financial statements. This financial report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of JPA's finances, in a manner similar to a private-sector business. They present activities of the JPA that are principally supported by contract payments and charges for services. The JPA provides services for emergency medical, ambulance transportation and dispatch. The government-wide financial statements can be found on pages 5-6 of this report.

The Statement of Net Assets and Changes in Governmental Fund Balance Sheet presents information on all of JPA's assets and liabilities, with the difference between the two

reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of JPA is improving or deteriorating.

The *Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance* presents information showing how JPA's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements. The notes to the financial statements can be found on pages 8-13 of this report.

Government-wide financial analysis

The JPA currently purchases capital assets (e.g. ambulances and equipment). The JPA uses these capital assets to provide ambulance services to citizens; consequently, these assets are not available for future spending.

Financial analysis of the JPA's Funds

The focus of the JPA's *governmental fund* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the JPA's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for funding future operational needs.

Capital Assets and Debt Administration

The JPA's investment in capital assets for its government activities as of June 30, 2009 amounts to \$1,069,201 (net of accumulated depreciation). This investment in capital assets represents a major investment in ambulance equipment. The JPA has no debt. Additional information on the JPA's capital assets can be found in note 3 on page 11 of this report.

Requests for Information

This financial report is designed to provide a general overview of the JPA's finances for all those with an interest in the JPA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to 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 ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
 June 30, 2009

ASSETS	General Fund	Adjustments	Statement of Net Assets
Cash in County Treasury	\$ 1,414,423	\$ -	\$ 1,414,423
Accounts Receivable	416,587	-	416,587
Due from Other Governments	-	-	-
Capital Assets (Note 4)	-	2,823,055	2,823,055
Less, Accumulated Depreciation	-	(1,753,854)	(1,753,854)
TOTAL ASSETS	\$ 1,831,010	\$ 1,069,201	\$ 2,900,211
LIABILITIES			
Accounts Payable	\$ 613,793	\$ -	\$ 613,793
Salaries And Benefits Payable	130,573	-	130,573
Compensated Absences Due After 1 Year	146,789	57,861	204,650
TOTAL LIABILITIES	891,155	57,861	949,016
FUND BALANCES:			
Reserved		-	-
Unreserved	939,855	(939,855)	-
TOTAL FUND BALANCES	939,855	(939,855)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,831,010		
NET ASSETS			
Invested in Capital Assets		1,069,201	1,069,201
Restricted		-	-
Unrestricted		881,994	881,994
TOTAL NET ASSETS		\$ 1,951,195	\$ 1,951,195

See notes to financial statements

El Dorado County Emergency Services Authority
Adjustments-Total Government Fund Balance to
Net Assets of Governmental Activities
June 30, 2009

Total Government Fund Balance	\$ 939,855
 Amounts in governmental activities in the statement of net assets are different because:	
Capital assets used in the governmental activities are not financial resources and are therefore not reported in the funds, net of depreciation.	1,069,201
Long-term liabilities, compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	<u>(57,861)</u>
 Net Assets of the Governmental Activities	 <u>\$ 1,951,195</u>

See notes to financial statements

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

7.) Retirement Plan (Continued):

B. Summary of Significant Accounting Policies

Basis of Accounting: The financial statements of the plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The Districts contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments: Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchanges are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

C. Post Employment Benefits Other than Pension

In addition to the pension benefits provided by CALPERS, the JPA also provides post retirement health care benefits to all JPA funded District employees who retire on or after attaining certain age and length of service requirements. The post retirement health care benefits are funded based on an actuarial analysis as of July 1, 2005. The analysis recommends contributions from the JPA on the 20-year term funding method to finance the retiree program. Annual contributions of \$95,000 through 2024-25 will finance the expected benefits in that period.

For administrative employees, the JPA participates in the Old Age Survivors Disability Insurance (Social Security) program. Employer contributions are made by the JPA at a fixed percentage rate applied to gross wages as determined by public law.

REQUIRED SUPPLEMENTARY INFORMATION

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY
STATEMENT OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET
for the year ended June 30, 2009

	Budget	Actual	Favorable/ (Unfavorable)
REOURCES (INFLOWS)			
CSA #7 Contract Payments	\$ 10,670,869	10,014,181	\$ (656,688)
Interest Income		2,779	2,779
Other Program Revenue-Reimbursements		11,053	11,053
AMOUNTS AVAILABLE FOR APPROPRIATION	10,670,869	10,028,013	(642,856)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Salaries	5,300,691	4,980,171	320,520
Other compensation	27,758	39,657	(11,899)
Retirement Benefits	1,155,811	1,141,848	13,963
Health, Disability and Other Benefits	993,976	835,652	158,324
Worker's Compensation	530,323	212,816	317,507
Total Salaries and Related Benefits	8,008,559	7,210,144	798,415
Clothing and Personal Supplies	43,719	10,312	33,407
Telephone and Communications	766,426	714,805	51,621
Food and Food Products	800	365	435
Household Expense	12,599	13,310	(711)
Insurance	27,500	23,149	4,351
Maintenance - Equipment	41,542	31,685	9,857
Maintenance - Radio	11,962	3,979	7,983
Maintenance - Vehicles	133,625	155,255	(21,630)
Maintenance - Property	-	10	(10)
Medical Supplies	428,750	489,910	(61,160)
Memberships	2,400	375	2,025
Office Expense	11,700	11,908	(208)
Subscription/Newspaper/Journals	200	-	200
Professional Services	16,000	85,230	(69,230)
Publications and Legal Notices	-	2,994	(2,994)
Equipment Rental	3,000	1,497	1,503
Building Rent	15,000	12,114	2,886
Minor Equipment	10,964	1,795	9,169
Special Department Expense	16,300	453	15,847
Staff Development	30,667	21,219	9,448
Transportation and Travel	6,700	284	6,416
Fuel Purchases	151,678	127,495	24,183
Utilities	49,998	47,139	2,859
Total Services and Supplies	1,781,530	1,755,283	26,247
Fixed Assets	710,781	765,781	(55,000)
Provider Administrative Fees	169,999	164,849	5,150
Total Other	880,780	930,630	(49,850)
Total Charges to Appropriations	10,670,869	9,896,057	774,812
Budgetary Balances June 30	\$ -	\$ 131,956	\$ 131,956

See notes to financial statements

El Dorado County Emergency Services Authority
Statement of Budgetary Expenditures
For the Year Ended June 30, 2009

	PROGRAM PROVIDERS					Total Program	Joint Powers Authority Administration	Total Joint Powers Authority
	El Dorado County Fire	Diamond Springs/El Dorado Fire	Georgetown Fire	Cameron Park Fire	El Dorado Hills			
Permanent Employees	\$ 1,781,489	\$ 509,279	\$ 409,371	\$ 767,283	\$ 580,284	\$ 4,047,706	\$ 58,944	\$ 4,106,650
Temporary Employees	12,479	12,747	18,146	-	-	43,372	7,362	50,734
Overtime	401,697	71,947	183,712	-	155,239	812,595	10,192	822,787
Other Compensation	19,740	3,150	7,621	-	3,000	33,511	6,146	39,657
Employer Share Retirement	665,816	157,836	125,923	-	192,273	1,141,848	-	1,141,848
Social Security	816	38,604	3,745	-	-	43,165	4,491	47,656
Medicare	34,084	9,028	8,825	-	10,581	62,518	1,050	63,568
Health Insurance	338,437	104,093	43,186	-	76,957	562,673	95,000	657,673
Unemployment Insurance	-	-	-	-	-	-	(14)	(14)
Long-Term Disability	4,000	936	528	-	1,404	6,868	-	6,868
Deferred Compensation	-	21,881	19,060	-	-	40,941	-	40,941
Vision Insurance	4,685	-	786	-	12,240	17,711	-	17,711
Worker's Compensation	87,225	59,703	34,760	-	30,638	212,326	490	212,816
Flexible Benefits	-	702	-	-	547	1,249	-	1,249
SALARIES AND BENEFITS	3,350,468	989,906	855,663	767,283	1,063,163	7,026,483	183,661	7,210,144
Provider Administrative Fee	86,666	20,000	20,000	14,850	23,333	164,849	-	164,849
Clothing and Personal Supplies	-	-	1,481	4,005	949	6,435	-	6,435
Fire Turnouts	-	513	-	-	-	513	-	513
Uniforms	-	-	3,364	-	-	3,364	-	3,364
Telephone and Communications	1,323	1,829	2,052	2,899	3,759	11,862	702,943	714,805
Food and Food Products	-	-	306	-	-	306	59	365
Household Expense	3,047	4,338	1,911	1,014	900	11,210	115	11,325
Refuse Disposal	-	815	530	-	-	1,345	-	1,345
Extermination/Fumigation	-	275	-	-	-	275	365	640
Insurance	-	-	-	-	-	-	23,149	23,149
Maintenance - Equipment	858	30	23	579	-	1,490	29,879	31,369

Maintenance - Office Equipment	-	39	-	-	-	39	-	39
Maintenance - Radio	705	27	587	-	54	1,373	2,606	3,979
Maintenance - Equipment Parts	277	-	-	-	-	277	-	277
Maintenance - Vehicles	85,892	7,927	5,431	20,593	13,655	133,498	1,009	134,507
Maintenance - Supplies	1,205	7,056	8,790	213	-	17,264	19	17,283
Maintenance - Tires & Tubes	-	-	3,251	-	-	3,251	-	3,251
Maintenance - Oil & Grease	-	-	-	214	-	214	-	214
Maintenance - Building Supplies	10	-	-	-	-	10	-	10
Medical Supplies	229,081	40,782	45,614	54,451	70,713	440,641	49,269	489,910
Memberships	-	-	375	-	-	375	-	375
Office Expense	2,500	-	830	541	900	4,771	7,075	11,846
Postage	-	54	-	-	-	54	8	62
Subscriptions/Journals	-	-	-	-	-	-	-	-
Professional Services	-	-	-	5,150	-	5,150	78,822	83,972
Medical, Dental	-	1,258	-	-	-	1,258	-	1,258
Equipment Rental	-	-	-	-	-	-	1,497	1,497
Publications and Legal Notices	-	-	-	-	-	-	2,994	2,994
Building Rent	-	-	-	-	-	-	12,114	12,114
Small Tools	-	36	-	-	-	36	-	36
Minor Equipment	1,132	-	424	203	-	1,759	-	1,759
Special Department Expense	-	-	-	-	-	-	453	453
Educational Materials	-	-	487	-	-	487	-	487
Staff Development	-	795	-	-	-	795	(643)	152
Staff Development	3,291	2,247	4,877	2,125	3,790	16,330	4,250	20,580
Transportation and Travel	-	-	165	-	-	165	119	284
Mileage - Employee	-	-	-	-	-	-	-	-
Fuel Purchases	63,728	21,191	13,509	15,122	12,574	126,124	1,371	127,495
Utilities	21,000	5,017	6,548	6,450	6,450	45,465	1,674	47,139
SERVICES AND SUPPLIES	500,715	114,229	120,555	128,409	137,077	1,000,985	919,147	1,920,132
Fixed Assets - Equipment	-	-	-	-	-	-	765,781	765,781
Fixed Assets - Vehicles	-	-	-	-	-	-	-	-
FIXED ASSETS	-	-	-	-	-	-	765,781	765,781
Total Expenditures	\$ 3,851,183	\$ 1,104,135	\$ 976,218	\$ 895,692	\$ 1,200,240	\$ 8,027,468	\$ 1,868,589	\$ 9,896,057

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES.
EXPENDITURES AND CHANGES IN FUND BALANCE
for the year ended June 30, 2009

	General Fund	Adjustments	Statement of Activities
PROGRAM EXPENDITURES/EXPENSES			
Salaries and Related Benefits	\$ 7,210,144	\$ (35,044)	\$ 7,175,100
Materials and Services	1,755,283		1,755,283
Provider Administrative Fees	164,849		164,849
Capital Assets	765,781	(765,781)	-
Depreciation		284,279	284,279
TOTAL PROGRAM EXPENDITURES/ EXPENSES	<u>9,896,057</u>	<u>(516,546)</u>	<u>9,379,511</u>
 PROGRAM REVENUES			
CSA #7 Contract Payments	10,014,181	-	10,014,181
Other Program Revenue-Reimbursements	11,053	-	11,053
TOTAL PROGRAM REVENUES	<u>10,025,234</u>	<u>-</u>	<u>10,025,234</u>
NET PROGRAM REVENUES (DEFICIT)	129,177	516,546	645,723
 GENERAL REVENUES			
Investments Earnings	2,779	-	2,779
EXCESS OF REVENUES (EXPENDITURES)/ CHANGE IN NET ASSETS	131,956	516,546	648,502
 FUND BALANCES/NET ASSETS			
Beginning	<u>807,899</u>	<u>494,794</u>	<u>1,302,693</u>
Ending	<u>\$ 939,855</u>	<u>\$ 1,011,340</u>	<u>\$ 1,951,195</u>

See notes to financial statements

El Dorado County Emergency Services Authority
Adjustments-Total Government Fund Revenues, Expenditures
and Changes in Fund Balances to Statement of Activities
June 30, 2009

Net Change Governmental Fund Balance \$ 131,956

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

Governmental funds reported capital outlays as expenditures, however, in the statement of activities the cost of those assets are capitalized as capital assets.

Expenditures for capital assets and related capital assets adjustments	\$ 765,781	
Less current year depreciation	<u>(284,279)</u>	481,502

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Current change in Compensated Absences	<u>35,044</u>
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Change in Net Assets of Governmental Activities	<u>\$ 648,502</u>
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See notes to financial statements

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

1. Organization:

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 10 members governs the JPA. Each member is a representative of the public agencies that are a party to the agreement.

2. Summary of Significant Accounting Policies:

Basis of Presentation

Government-wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the JPA). These statements include the financial activities of the overall government.

The statement of activities presents a comparison between direct expenditures and program revenues for each function of the JPA's governmental activities. Direct expenditures are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the program and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the JPA's funds. The emphasis of fund financial statements is on major government funds.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies: (Continued)

The JPA reports the following governmental fund:

The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the JPA. For the JPA, the General Fund includes such activities as general government, and emergency ambulance services.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made, regardless of the measurement focus applied. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenditures are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the JPA does not give (or receive) equal value in exchange, includes property taxes, grants, entitlements, and donations, if any. On an accrual basis, revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are generally recognized when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Non-Current Governmental Assets/Liabilities

GASB Statement No. 34 eliminates the presentation of accounting groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net assets.

Cash and Investments

The JPA has instructed the county of El Dorado to invest excess funds on deposit in their overall pooling of investments. The JPA's interest income is then allocated according to the average cash balance in the County Treasury based upon the overall investments of the County.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies: (Continued)

The County maintains written investment policies which address a wide variety of investment practices, including primary investment objectives, investment authority, allowable investment vehicles, investment maturity terms, eligible financial institutions, capital preservation, and cash flow management. The County has not adopted the provisions of GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

All cash deposits at the County conform to the California Government Code Section 53646 and are fully collateralized by governmental securities pledged for the purpose of Public Deposit Collateral.

Capital Assets and Depreciation

Capital assets are recorded at historical cost, or at estimated historic cost, if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital equipment consists of purchased equipment with an initial, individual cost of more than \$1500 and an estimated useful life in excess of one year.

The estimated useful lives are from 3 to 20 years.

Compensated Absences

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 that District may not pay out amounts for unused sick leave at termination, it may allow certain amounts as a credit to PERS upon retirement.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenditures during the reporting period. Actual results could differ from these estimates and the differences may be material.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY
 NOTES TO FINANCIAL STATEMENTS

3.) Summary of changes in Capital Assets:

Capital assets are recorded as expenditures in the general fund at the time of purchase. Such assets have been capitalized at cost in the general fixed assets group of accounts rather than in the governmental fund.

	<u>Beginning Balance</u>	<u>Acquisitions</u>	<u>Deletions and Adjustments</u>	<u>Ending Balance</u>
Equipment	\$2,057,273	\$ 765,782	\$ 0	\$ 2,823,055
Accumulated Depreciation	<u>(1,469,575)</u>	<u>(284,279)</u>	<u>0</u>	<u>(1,753,854)</u>
Net Capital Assets	<u>\$ 587,698</u>	<u>\$ 481,503</u>	<u>\$ 0</u>	<u>\$ 1,069,201</u>

4.) Contracts, Commitments and Other Contingencies:

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 out to five Provider Fire Districts within the county of El Dorado. 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.

Risk Management

The JPA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions.

For property, liability, directors and officers, and errors and omissions insurance, the JPA purchases commercial insurance.

Litigation

The JPA may at times be involved in legal and administrative proceedings and claims of various types. While any litigation contains an element of uncertainty, based upon the opinion of the JPA's general counsel, management presently believes that the outcome of each such proceeding claim, if any, which may be pending or known to be threatened or all of them combined, will not have a material adverse effect on the JPA's financial position.

EL DORADO COUNTY EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

5.) Liability for Compensated Absences:

El Dorado County Fire Protection District	\$116,124
Diamond Springs/El Dorado Fire Protection District	36,128
Georgetown Fire Protection District	26,514
JPA – Administration	0
El Dorado Hills Fire Department	<u>25,884</u>

TOTAL LIABILITY FOR COMPENSATED ABSENCES \$204,650

Reserve established per agreement from CSA7 contingency for the purpose of covering Unfunded Liabilities as of December 31, 1996 \$146,789

6.) Deferred Compensation Plan:

The JPA has made available to its management employee a tax sheltered annuity. This deferred compensation plan qualifies under Internal Revenue Code Section 457(b) as exempt from current income tax.

7.) Retirement Plan:

The policy of each of the Provider Districts is to fund retirement benefits with the State of California Public Employees' Retirement System (CALPERS). The amount of pension contributions by the Districts to CALPERS is actuarially determined under a program wherein contributions plus earnings of the retirement system are to provide the necessary funds to pay retirement benefits when due. The Districts rely on the competency of CALPERS in determining the funding method, the adequacy of funding and the spreading of actuarial gains and losses which is currently on a four-year basis. The confirmation of balances in the Districts' accounts was not yet available from CALPERS.

A. Plan Description

The Provider Districts contribute to CALPERS (an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California). CALPERS issues a publicly available financial report that includes financial statements and required supplementary information for the Provider Districts. The financial report may be obtained by writing to: CALPERS Actuarial Office, P.O. Box 942709, Sacramento, CA 94229-2709.

Glen S. Eastman

Certified Public Accountant

5410 Quail Valley Road, Placerville, CA 95667

Revised
Mgmt
Letter

September 23, 2010

To the Board of Directors
El Dorado County Emergency Services Authority
Diamond Springs, California

I have audited the financial statements of El Dorado County Emergency Services Authority (JPA) for the years ended June 30, 2008 and June 30, 2009, and have issued my report thereon dated September 23, 2010. As part of my audit, I made a study and evaluation of the JPA's system of internal accounting control to the extent that I considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of my study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the JPA's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of El Dorado County Emergency Services Authority is responsible for establishing and maintaining a system of internal accounting control. In fulfilling my responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures. The objective of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of El Dorado County Emergency Services Authority taken as a whole. However, I have enclosed recommendations for your consideration.

This report was prepared based on information found during the audited period. It does not address whether or not items have been corrected since the audit. This report is intended solely for use of management and should not be used for any other purpose.

Sincerely,

Glen S. Eastman, CPA

1. EMS Training Documentation

Observation - JPA is responsible for maintaining records of all EMS training, continuing education and skills maintenance. Records are not currently maintained at JPA.

Recommendation - JPA should review EMS training files and document that review.

2. Payroll Review

Observation - There is no evidence of supervisor's review of payroll timesheets at Diamond Springs, County Fire or JPA. This is a material weakness in internal control and must be addressed immediately. It appears that County Fire overcharged JPA approximately \$146,000 in fiscal 2008 and \$185,000 in fiscal 2009 for employees working overtime. It also appears that the Diamond Springs Fire Department overcharged JPA approximately \$19,000 in fiscal 2008 and \$4,000 in fiscal 2009 due to coding errors and strike team charges. (See also #7 and #11 below).

Recommendation - The fire department supervisors and the JPA should review payroll timesheets and evidence that review.

3. Light Duty Personnel

Observation - JPA personnel assigned light duty worked at the fire departments, but were charged to JPA.

Recommendation - Where practical, consideration should be given to assigning light duty personnel to work on JPA related duties.

4. Employee Timecard Documentation

Observation - Employee timecards at the El Dorado Hills Fire Station did not have adequate documentation of the topics of the training being charged.

Recommendation - Timecards should have more documentation in regards to the classes taken so that it can be properly charged to the fire department or JPA.

5. Shift Employees vs. 80 Hour Employees

Observation - El Dorado County shift employees are "penalized" for taking sick and vacation time in relation to OT pay, while 80-hour employees are not.

Recommendation - OT pay should be calculated using similar methodologies.

6. Overtime

Observation - Regular full time employees are used to cover shifts, resulting in excessive overtime.

Recommendation - future MOU's should consider allowing part time personnel to cover shifts.

7. El Dorado County Loaned Labor Report Part I

Observation – The El Dorado County Loaned Labor report is a detail of the costs of labor loaned from County Fire to the JPA and visa versa. The net results of the report should be entered as a journal entry to the general ledgers of the County and JPA on a regular basis. This has not been done for several years, resulting in a material error, the results of which are included in the figures for item #2 above.

Recommendation – The net results of the Loaned Labor report should be recorded in the general ledgers no less than once a year.

8. El Dorado County Loaned Labor Report Part II

Observation - No overtime premium was included anytime the “ATM” code was used and employees changing pay rates within a 24 day FLSA pay period are overpaid for the first 2 weeks due to overtime rate differences.

Recommendation - Use of the “ATM” code has been eliminated. If used in the future, this should be corrected. The first two weeks of overtime after a pay raise should be checked for proper calculation and adjusted accordingly.

9. Employee Signatures on Timecards

Observation - Employee signatures were not found on timecards at several stations.

Recommendation - Employee signatures on timecards or electronic signatures, which are verifiable by a third party, should be maintained with payroll records.

10. JPA Payroll Reimbursement

Observation - The current method of payroll reimbursement by JPA to the departments does not encourage cost savings and is cumbersome.

Recommendation - The JPA should consider a fixed monthly payment to each fire station for staffing the ambulances.

11. Strike Teams

Observation - Fire personnel working on strike teams were charged to JPA, resulting in double billing. JPA was billed once for the person working the strike team and once for the person covering their shift. Overcharges by Diamond Springs totaled \$9,379 for fiscal 2008 and \$918 for fiscal 2009. Overcharges by County Fire totaled \$26,173 for fiscal 2008 and \$7,016 for fiscal 2009. These amounts are included in item #2, above.

Recommendation - Strike teams are reimbursed and should not be charged to JPA.

12. Medical Supply Contract

Observation - The medical supplies contract has not been put out to bid for an extended period of time.

Recommendation - The medical supplies contract should be put out to bid.

13. Actuarial Report

Observation - The actuarial report used to determine contribution rates for retiree's health benefits was last done in 2005.

Recommendation - The actuarial report should be re-evaluated for adequate contribution rates.

14. Duplicate Payments

Observation - Duplicate payments from accounts payable were noted in '07 and '08.

Recommendation - This issue has been resolved with the new method of preparing accounts payable.

15. New JPA Employee Notification

Observation - There was insufficient notification to the JPA in regards to transferring employees into and out of JPA's funding by the fire districts.

Recommendation - The JPA should always be informed when an employee is transferred into or out of JPA's funding.

16. Management Fees for Fire Departments

Observation - The billing of management fees by the departments was not consistent. Management fees were not charged to the JPA by Diamond Springs in 2008 totaling \$20,000.

Recommendation - Ensure that management fees are properly billed by the departments.

17. Training Reimbursements

Observation - The allocation of personnel training costs by the fire districts was not consistent between the districts. Some districts allocated all payroll costs of any training of JPA personnel to the JPA, while some districts (EDH) allocated all training that fit within the JPA guidelines to the JPA, whether it was a JPA funded employee or not. The JPA manual does not appear to address the payroll costs of training, but only addresses the cost of the class itself.

Recommendation - This policy should be reviewed and consistently applied to all departments.

18. Coding of El Dorado Hills Training

Observation - Telestaff reports are not consistent regarding training i.e. sometimes coded as special projects, OT, JPA department sponsored school, OT training, etc.

Recommendation - Coding for training should be standardized.

19. Georgetown Mechanic

Observation - The Georgetown Fire Department charged the JPA for maintenance fees at a rate of \$85 per hour for maintenance. They paid their employees \$26.78 per hour for the work performed. There was no documentation of hours worked, and no contract for the maintenance. JPA was charged 8 hours per time period, totaling \$17,680 for fiscal 2008 and was charged \$19,127 for fiscal 2009. These charges were reflected as wages, rather than maintenance and therefore the information regarding the true cost of maintenance was not clearly reported in the financial reports.

Recommendation - A contract should be prepared for the maintenance. Work performed should be documented. Charges should be recorded as maintenance.

20. Dispatch Contract

Observation – The actual charges for covering shifts of absent JPA employees does not match the dispatch contract with the State of California. Based on the current contract, the JPA should be charged an allocated amount of wages for the on duty captain, but the State is charging all wages for the Captain during non-fire season and none during the fire season.

Recommendation – The contract should be amended to reflect the methodology that the State of California is using to charge the JPA for shift coverage.