SIERRA-SACRAMENTO VALLEY
EMERGENCY MEDICAL SERVICES AGENCY
FINANCIAL STATEMENTS
JUNE 30, 2019

SIERRA-SACRAMENTO VALLEY
EMERGENCY MEDICAL SERVICES AGENCY
JUNE 30, 2019
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Jensen Smith
CERTIFIED PUBLIC ACCOUNTANTS, INC.

Making a Lasting Contribution
To our Clients, To our Community, To our Profession

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sierra-Sacramento Valley Emergency Medical Services Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and major fund of the Sierra-Sacramento Valley Emergency Medical Services Agency (the Agency) as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and major funds, of the Agency as of and for the year ended June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America and with the California State Controller's Minimum Audit Requirements and Reporting Guidelines for Special Districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and CalPERS pension and OPEB schedules on pages 3-6 and 28-32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Agency's internal control over financial reporting and compliance.

Jensen Smith

Jensen Smith
Certified Public Accountants, Inc.
Lincoln, California
December 18, 2019

SIERRA-SACRAMENTO VALLEY
EMERGENCY MEDICAL SERVICES AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2018-19

The Sierra-Sacramento Valley Emergency Medical Services Agency (S-SV EMS) is a Joint Powers Agency established to regulate emergency medical care in the counties of Placer, Yuba, Sutter, Nevada, Colusa, Butte, Tehama, Shasta, Siskiyou and Glenn. S-SV EMS functions as the Local EMS Agency (LEMSA) in accordance with the California Health and Safety Code, Division 2.5. Any EMS Agency that has three or more member counties is designated as a regional LEMSA by the State EMS Authority and is eligible for general fund monies. General responsibilities of LEMSA's include, but are not limited to: EMT-I certification, investigation, EMT-P accreditation, generating policies and procedures for patient treatment and destination and designating base hospitals and trauma centers.

S-SV EMS (the Agency) is governed by one county supervisor from each member county. The JPA Governing Board of Directors meets every two months. The Agency has a number of advisory committees. The Governing Board has delegated the responsibility of the daily operations to the Regional Executive Director.

As Management of the Sierra-Sacramento Valley Emergency Medical Services Agency, we offer readers of the Agency's financial statements the following comments and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2019. This presentation is designed to provide an overview of the Agency's financial activity, (b) assist the reader in focusing on significant financial issues, (c) identify major changes in the Agency's financial position, and (d) identify material variations from the approved financial budgetary plan.

We encourage the readers to consider the information presented here in conjunction with the financial statements, which begin on page 7 of this report.

Financial Highlights

- The Agency's net position for our governmental activities increased this year. This increase in net position was a result of this year's general operations by $179,495.
- In the Statement of Activities, the net gain was $179,495. Operating revenues were $2,710,270.
- In the Statement of Revenues, Expenditures and Changes in Fund Balances the fund balance increase was $411,099.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise two components: 1) the government-wide and fund financial statements and 2) notes to the basic financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements (pages 7-10). The government-wide financial statements (Statement of Net Position and the Statement of Activities) provide information about the activities of the Agency as a whole and present a longer-term view of the Agency's finances. The fund financial statements report the Agency's operations in more detail than the government-wide financial statements.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The *statement of net position* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating. The total net position increased in FY 2018-2019.

The *statement of activities* presents information showing how the Agency's net position changed during the most recent fiscal year.

The financial statements report on the function of the Agency that is principally supported by intergovernmental revenues. The Agency's function is to regulate pre-hospital care pursuant to California Code of Regulations, Title 22, Division 9 and the Health & Safety Code, Division 2.5. These duties are funded primarily with member county contributions and State General Fund monies granted to regional LEMSAs. Other sources of revenues include certification fees, grants and trauma center fees.

The Agency applies for grants through the State EMS Authority and Department of Health Services for Hospital Preparedness Program (HPP) funding. HPP funding was applied for on behalf of the member counties. S-SV EMS agreed to act as fiscal agent for two of the nine member counties. Additionally, HPP funding is available to LEMSAs. These are federal grant monies and are reported as distinct revenues.

FINANCIAL ANALYSIS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by $3,898,454 at the close of the most recent fiscal year.

The Agency has $4,684 invested in fixed assets net of accumulated depreciation (investment in fixed assets). S-SVEMS's fixed assets are in equipment only. Any investment in fixed assets would restrict the use of assets for future spending.

The unrestricted net position of the Agency is available for future use to provide program services.

Agency's Net Position	Fiscal Year 2018-2019	Fiscal Year 2017-2018
Current and other assets	$ 4,488,598	$ 4,115,515
Net OPEB Asset	579,078	465,930
Fixed assets	4,684	8,936
Total assets	5,072,360	4,590,381
Deferred outflows of resources	490,983	845,105
Accrued expenses	86,219	112,489
Compensated absences	58,443	58,328
Net pension liability	1,123,118	1,158,025
Total liabilities	1,299,682	1,328,842
Deferred inflows of resources	365,207	406,975
Net position:		
Unrestricted	3,893,770	3,685,733
Invested in fixed assets	4,684	8,936
Total net position	$ 3,898,454	$ 3,694,669

The Agency’s primary source of revenue is the State General Fund for regional agencies and contributions from member counties. The State General Fund allocation and the county contributions are based upon population. County contributions are $10,000 base rate plus $.42 per capita.

Agency’s Change in Net Position		
Revenues:	2019	2018
Fees		
Charges for services	$ 1,035,625	$ 1,121,165
General revenue:		
State General Fund & Local	712,396	718,109
Member county contributions	614,929	610,720
Interest	62,949	45,738
Special projects	347,320	285,938
Other revenue	62,592	10,349
Total revenues	2,835,811	2,812,807
Expenditures:		
Administration	1,183,226	641,299
Operations	1,433,718	1,442,600
Trauma	39,372	22,644
Total expenditures	2,656,316	2,106,543
Change in net position	179,495	678,255
Net position, beginning of year	3,694,669	2,743,894
Prior Period Adj. (GASB 75& 31)	24,290	272,520
Net position, end of year	$ 3,898,454	$ 3,694,669

- There was an increase in net position as a result of this year's general operations by $179,495. The increase in net position is primarily due to additional grant funding and carry-over of unexpended HPP funds and a reduction in the expenses of S-SV EMS. The federal grant year is not the same as the S-SV EMS fiscal year.
- The other increase in net position is related to an adjustment in the prior year implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (*OPEB*)* and the adjustment for the GASB 31 unrealized losses recorded by the county in the prior year. The change in accounting standards resulted in a net increase to the net position of $24,290. Additional information on OPEB activities is included in Note 8 notes to financial statements and on the GASB 31 information in Note 3 notes to financial statements.

FIXED ASSETS

As of June 30, 2019, the Agency had $4,684 invested in fixed assets for office equipment, net of accumulated depreciation.

BUDGETARY HIGHLIGHTS

Differences between the final budget and the actual expenditures resulted in a total of $471,433 less in expenses than budgeted. Differences between the budgeted and actual revenues resulted in a total of $113,475 less than the amount budgeted. A detailed comparison of the budget to actual can be found at page 32.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in preparing the Agency's budget for the 2019-2020 fiscal year:

- Proposed increase in fees to offset additional staff time and registry fees
- Increased expenditure for trauma, stroke and STEMI activities
- Increased staff expenses due to approved 3% increase

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to S-SVEMS Agency, 5995 Pacific St., Rocklin, CA 95677.

SIERRA-SACRAMENTO VALLEY
EMERGENCY MEDICAL SERVICES AGENCY
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS	
Current Assets	
Cash and Cash Equivalents-held by Placer County	$ 3,161,945
Cash and Cash Equivalents - other bank accounts	352,452
Unrealized Gain on County Investment (GASB 31)	14,493
Grants and Accounts Receivable	892,735
Prepaid Expenses	66,973
Total Current Assets	4,488,598
Non-Current Assets	
Capital Assets- net of depreciation	4,684
Net OPEB Asset	579,078
Total Non-Current Assets	583,762
TOTAL ASSETS	5,072,360
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pension	311,932
Deferred Outflows Related to OPEB	179,051
TOTAL DEFERRED OUTFLOWS OF RESOURCES	490,983
LIABILITIES	
Current Liabilities	
Accounts Payable	86,219
Personnel Costs Payable	31,902
Total Current Liabilities	118,121
Non-Current Liabilities	
Compensated Absences	58,443
Net Pension Liability	1,123,118
Total Non-Current Liabilities	1,181,561
TOTAL LIABILITIES	1,299,682
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pension	142,174
Deferred Inflows Related to OPEB	223,033
TOTAL DEFERRED INFLOWS OF RESOURCES	365,207
NET POSITION	
Invested in capital assets	4,684
Unrestricted	3,893,770
TOTAL NET POSITION	$ 3,898,454

OPEB = Other Post Employment Benefits

See accompanying notes to financial statements

SIERRA-SACRAMENTO VALLEY
EMERGENCY MEDICAL SERVICES AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

PROGRAM EXPENDITURES	
Personnel Costs	1,183,266
Communications	98,458
Insurance	45,799
Janitorial	4,322
Maintenance	2,456
Membership	5,307
Miscellaneous	482
Other Supplies	11,564
Postage	4,748
Professional Services Purchased	676,708
Rent-Building and Equipment	116,376
Services and Supplies	397,647
Special Department Expense	39,372
Travel and Transportation	48,968
Utilities	16,591
Depreciation Expense	4,252
TOTAL PROGRAM EXPENDITURES	2,656,316
PROGRAM REVENUES	
Intergovernmental	
Federal	347,320
State	712,396
Member Contributions	614,929
Charges for Services	1,035,625
TOTAL PROGRAM REVENUES	2,710,270
NET PROGRAM REVENUES(EXPENSES)	53,954
GENERAL REVENUES	
Interest	62,949
Unrealized Gain(Loss) - GASB 31	59,470
Other	3,122
TOTAL GENERAL REVENUES	125,541
CHANGE IN NET POSITION	179,495
NET POSITION, JUNE 30, 2018	3,694,669
Prior Period Adjustment for OPEB and GASB 31	24,290
NET POSITION, JUNE 30, 2019	$ 3,898,454

See accompanying notes to financial statements

SIERRA-SACRAMENTO VALLEY
EMERGENCY MEDICAL SERVICES AGENCY
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2019

ASSETS		
Current Assets		
Cash and Cash Equivalents-held by Placer County	$	3,161,945
Cash and Cash Equivalents - Other bank accounts		352,452
Grants and Accounts Receivable		555,383
Prepaid Expenses		66,973
Total Current Assets		4,136,753
TOTAL ASSETS	$	4,136,753
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts Payable	$	86,219
Personnel Costs Payable		31,902
TOTAL LIABILITIES		118,121
FUND BALANCES		
Nonspendable		66,973
Unassigned		3,951,659
TOTAL FUND BALANCES		4,018,632
TOTAL LIABILITIES AND FUND BALANCES	$	4,136,753

Reconciliation of the Governmental Fund Balance Sheet
to the Government - Wide Statement of Net Position - Governmental Activities

Fund Balance - Total Governmental Fund (from above)	$	4,018,632
Amounts reported for governmental activities in the statement of net position are different because:		
Accounts receivable which are not collected within sixty days after fiscal year end are not included in fund assets.		337,352
Unrealized gains and losses on investments are not considered an available financial resource and therefore are not included in the fund assets.		14,493
Deferred Outflow of resources which are not collected within sixty days after fiscal year end are not included in fund assets.		490,983
Net OPEB Assets are not collected within sixty days after fiscal year end are not included in fund assets.		579,078
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the governmental fund activities.		4,684
Long-term liabilities, including notes payable, are not due and payable in the current period, and therefore are not reported in the governmental fund.		
Compensated Absences		(58,443)
Net Pension Liability		(1,123,118)
Deferred Inflow of Resources		(365,207)
Net Position of Governmental Activities	$	3,898,454

See accompanying notes to financial statements

SIERRA-SACRAMENTO VALLEY
EMERGENCY MEDICAL SERVICES AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

REVENUES	
Intergovernmental	
Federal	$ 316,712
State	895,860
Member Contributions	614,929
Charges for Services	935,910
Interest	62,949
Other	3,122
Total Revenues	2,829,482
EXPENDITURES	
Personnel Costs	949,585
Communications	98,458
Insurance	45,799
Janitorial	4,322
Maintenance	2,456
Membership	5,307
Miscellaneous	482
Other Supplies	11,564
Postage	4,748
Professional Services Purchased	676,708
Rent-Building and Equipment	116,376
Services and Supplies	397,647
Special Department Expense	39,372
Travel and Transportation	48,968
Utilities	16,591
	2,418,383
Change in Fund Balances	411,099
Fund Balances, June 30, 2018	3,607,533
Fund Balances, June 30, 2019	$ 4,018,632

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Government-Wide Statement of Activities - Governmental Activities

Net Change to Fund Balance - Total Governmental Fund	$ 411,099
Receivables received more than 60 days after the year end are not considered financial resources and therefore are not reported in the fund financial statements	(53,141)
Unrealized gains and losses are not considered financial resources and therefore are not reported in the fund financial statements	59,470
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 the governmental fund	
Change in Compensated Absences	(115)
Deferral/Expense of Pension and OPEB Related Expenses	(233,566)
Depreciation	(4,252)
Change in Net Position of Governmental Activities	$ 179,495

See accompanying notes to financial statements

NOTE 1 – NATURE OF THE ORGANIZATION

Sierra-Sacramento Valley Emergency Medical Services Agency (Agency) was organized through a Joint Powers Agreement (JPA) in 1975. At June 30, 2019, the JPA bound ten member counties –Placer, Yuba, Sutter, Nevada, Colusa, Butte, Shasta, Tehama, Siskiyou, and Glenn Counties.

The Board of Directors of the Agency is composed of nine voting members and one non-voting member. The voting members are comprised of one representative from each of the ten member counties. The Regional Executive Director of the Agency serves as the non-voting member.

The Agency was developed to coordinate the provision of emergency medical services and to conduct various other specifically designated functions for the member counties. Some specific functions performed by the Agency are as follows:

- Development of procedures for the collection and analysis of data, collection and extrapolation of information from system dispatch, pre-hospital patient care, emergency department and special care patient records.
- Assessment of hospitals and specialty care centers (Trauma and Pediatric), STEMI and stroke centers.
- Development of procedures for training, testing and continuing education programs for Emergency Medical Services (EMS) personnel.
- Development of procedures to implement the technical aspects of accessing emergency medical services, dispatch and coordination of EMS resources, provision of medical controls, systems networking, and recommendations to management.
- Development of procedures for emergency response and emergency transportation needs.
- Development of procedures which promote public understanding of the Emergency Medical Services System.
- Certification review

Reporting Entity

In determining the reporting entity, the Agency considered all governmental units that were members of the Agency. The reporting entity criteria do not require the inclusion of these entities in the Agency's financial statements principally because the Agency does not exercise oversight responsibility over any member.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

The Management's Discussion and Analysis is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 issued in June 1999.

Government-wide and Fund Financial Statement
The Agency has a single program.

The government-wide financial statement information (i.e., the statement of net position and the statement of activities) reports information on the primary government (Agency) as a whole.

The statement of activities presents a comparison between direct expenses and program revenues for the Agency's governmental activity. Direct expenses are those that are clearly identifiable as specifically associated with the Agency. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of the Agency. Revenues that are not classified as program revenues, including investment income, are presented instead as general revenues.

Basis of Presentation

Government-wide and Fund Financial Statements:

The Agency has two sets of financial statements, the Government-Wide and Fund reporting. These reports are the Statement of Net Position and Statement of Activities and the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. These financial statements display information about the reporting government as a whole. They include all funds of the reporting entity. The Agency only has governmental activities.

Government-wide and Fund Financial Statements-Continued:

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

In the case of the Agency, there is only one governmental fund for reporting purposes. Operating revenues include member contributions, Federal and State grant awards and charges for services. Operating expenses include professional services, and general and administrative expenses. All other revenues and expenditures are considered non-operating.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
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 when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements by the provider have been met.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within sixty days after the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred as under accrual accounting.

<u>Fund Accounting</u>
The Agency uses funds to maintain its financial records during the year. At June 30, 2019, the Agency had one governmental fund. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

The Governmental Fund was:
<u>General Fund</u> – The general operating fund of the Agency accounts for all financial resources except those required to be accounted for in another fund.

<u>Accounts and Records/Cash and Cash Equivalents</u>
Financial transactions initiated by the Agency are processed and accounted for by the County of Placer Auditor-Controller.

All of the Agency's cash, except for cash of $352,106 deposited in a financial institution and cash of $346 held in the PayPal account, is included in the Placer County Treasurer's cash and investment pools which are described in the County's Comprehensive Annual Financial Report. Interest earnings from these pools are transferred to the Agency at month end.

<u>Fixed Assets</u>
Fixed assets purchased or acquired with an original cost of $1,000 or more are capitalized at historical cost or, if donated, at fair market value. Fixed assets are depreciated over their estimated useful lives (five to seven years). Depreciation is computed using the straight-line method. Upon sale or other disposition of assets, the asset and related accumulated depreciation are removed from the accounts and the resulting gain or loss, if any, is reflected in the Statement of Activities. Maintenance and repairs are charged to expense as incurred.

<u>Deferred Outflows/Inflows of Resources</u>
In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period which will only be recognized as an outflow of resources (expense) in the future. The Agency has two items that qualify for reporting in this category, which is the deferred outflows of resources related to the pension and other postemployment benefits (OPEB) which represents a reclassification of current year's pension and OPEB contributions, all of which will be amortized during fiscal year 2019-20, per accounting pronouncement GASB Statement No. 71 and 75. Additional information related to the pension and OPEB activities is included in Note 7 and Note 8 below.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deferred Outflows/Inflows of Resources -continued

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and would only be recognized as an inflow of resources (revenue) at that time. The Agency has two items that qualify for reporting in this category, which is the deferred inflows of resources related to the pension and other postemployment benefits (OPEB). Additional information related to the pension and OPEB activities is included in Note 7 and Note 8 below.

Compensated Absences

Employees accumulate vacation time based on years of service. The amount of vacation time vested and accrued depends on the years of service and date of hire. In addition, certain employees are allowed compensated time-off in lieu of overtime compensation.

Net Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net OPEB Asset

For purposes of measuring the net OPEB asset and deferred outflows/inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position/Fund Balances

Net Position - The government-wide financial statements utilize a net position presentation. The net position is categorized as invested in capital assets (net of related debt), restricted and unrestricted. The Agency's net position is unrestricted.

Fund Balances - The Governmental Accounting Standards Board (GASB) has issued Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories as noted below.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

<u>Net Position/Fund Balances-Continued:</u>

- **Nonspendable –**
  This category includes elements of the fund balance that cannot be spent because of their form, or because they must be maintained intact. For example:
  - Assets that will never convert to cash, such as prepaid items and inventories of supplies;
  - Assets that will not convert to cash soon enough to affect the current period, such as non-financial assets held for resale; or
  - Resources that must be held intact pursuant to legal or contractual requirements, such as revolving loan fund capital or the principal of an endowment.
- **Restricted –**
  This category includes resources that are subject to constraints that are externally enforceable legal restrictions. Examples include:
  - Funding from the state or federal entities or foundations that are legally restricted to specific uses. For example, funds advanced by a federal entity under specific agreements for services, or matching funds for specific initiatives.
  - Funds legally restricted by County, state, or federal legislature, or a government's charter or constitution.
  - Amounts collected from non-spendable items, such as the long term portion of loan outstanding, if those amounts are also subject to legal constraints.
  - Funding that has been designated for legally enforceable contracts but not yet spent. This includes multi-year contracts.
- **Committed –**
  Two criteria are used to determine the Agency's committed fund balance:

  1. Use of funds is constrained by limits imposed by the government's highest level of decision making. The highest level of decision making for the Agency would be the Board of Directors.
  2. Removal or modification of use of funds can be accomplished only by formal action of the authority (i.e., Board of Directors) that established the constraints.

  Both commitments and modifications or removal must occur prior to the end of reporting period; that is, the fiscal year being reported upon.
- **Assigned –**
  The assigned portion of the fund balance reflects the Agency's intended use of resources, which is established either by the Board of Directors, a body created by the Board, such as a finance committee, or an official designated by the Board (e.g., an Executive Director). The "assigned" component is similar to the "committed" component, with two essential differences, shown in the following table:

Key Differences Between Committed and Assigned Fund Balance		
	Committed	Assigned
A decision to use funds for a specific purpose requires action of the Board of Directors	Yes	No
Formal action of the Board of Directors is necessary to impose, remove or modify this constraint and formal action has taken place before end of reporting period	Yes	No

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Net Position/Fund Balances-Continued:

Another key difference is that the purpose of the assignment must be narrower than the fund itself. Resources that fit into this category include:

- Appropriation of a portion of existing fund balance sufficient to eliminate a projected deficit in the subsequent year's budget, where the Executive Director may decide whether to use the entire amount.
- Resources assigned to a specific program or project or organization for which the Board has approved a plan or budget.
- Resources approved by the Board for a long range financial plan where formal approval is not required to modify the amount.

- **Unassigned –**

  This category includes the fund balance that cannot be classified into any of the other categories.

  If situations arise where there is a possibility of assignment into more than one category, the committed amount will be reduced first, followed by assigned amounts and then unassigned amounts.

Budgets and Budgetary Accounting

The Agency operates under the general laws of the State of California and annually adopts a budget for its Governmental Fund effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted and controlled at the Agency level, the amounts stated therein as proposed expenditures become appropriations to the Governmental Fund. The Agency may amend the budget by approval from the Agency Board of Directors during the fiscal year. The annual budget is not adopted on a basis consistent with generally accepted accounting principles but rather on the inflows and outflows of funds.

Certain categories of operating expenditures are not recognized by the State in general fund invoicing. The Agency budgets for these expenditures in other categories on the Statement of Revenues, Expenses and Changes in Fund Balances – Budget and Actual.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Income Taxes

The Agency is exempt from federal income and California franchise taxes. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents were comprised of the following at June 30, 2019:

	June 30, 2019
Cash in Placer County investment pool	$ 3,161,945
Cash in PayPal account	346
Cash in bank	352,106
Total Cash	$ 3,514,397

Custodial Credit Risk
Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC). As of June 30, 2019, $102,106 the Agency's cash balances held in banks were not covered by this insured.

Interest Rate Risk
The Agency does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2019, the Agency had no significant interest rate risk related to cash and investments held.

Credit Risk – Carrying Value and Market Value of Investments
The Agency does not have a formal investment policy that limits its investment choices other than the limitations of state law.

The Placer County Treasury is responsible for the investment of these funds in accordance with the investment policies of the County. The County's Investment Policy limits investments in commercial paper to the rating of A1 and P1 Moody's Investor Services, Standard & Poor's, or Fitch Financial Services. The County's Investment Policy also limits investments in corporate notes to the rating of A by two of the top three rating agencies: Moody's Investor Services, Standard & Poor's, and Fitch Investors Services. The investments of the County can be viewed in the Placer County financial reports.

The County established a treasury oversight committee in 1995 to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer is accountable to the County Treasury Oversight Committee.

The Agency maintains substantially all of its cash in the Placer County Treasury. Cash in Placer County Treasury consists of cash deposited in the interest bearing Placer County Treasurer's Pooled Surplus Investment Fund. Investments are recorded at cost which approximates fair value. Because the Agency's deposits are maintained in a recognized pooled investment fund under the care of a third party and the Agency's share of the pool does not consist of specific, identifiable investment securities owned by the Agency, no disclosure of the individual deposits and investments or related custodial credit risk classification is required.

NOTE 3 – CASH AND CASH EQUIVALENTS – Continued

Credit Risk – Carrying Value and Market Value of Investments-Continued:
The Agency's deposits in the Fund are considered to be highly liquid. Interest earned is deposited quarterly into participation funds. Any investment losses are proportionately shared by all funds in the pool.

The Agency adopted GASB 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" during 1998. This statement requires investments to be carried at fair value if the difference between carrying value and fair value is material. Fair value is based on quoted market prices. The difference between the carrying amount and the fair value of cash and investments was $14,493 and was adjustment to fair value as required for GASB 31 compliance.

The Agency's carrying amount and fair value of investments as of June 30, 2019 were as follows:

Pooled Investments:	Carrying Amount	Fair Value	Difference
Placer County	$3,161,945	$3,161,945	$14,493

The Placer County Treasury is an external investment pool for the Agency and the Agency is considered an involuntary participant. The County Treasury is accountable to the County Treasury Oversight Committee. The Agency's fair value portion in the pool is the same as the Agency's pool share. The change in the fair value from the prior year to the current year was an increase of $59,470.

NOTE 4 - FIXED ASSETS

A schedule of changes in fixed assets for the year ended June 30, 2019 is shown below:

	July 1, 2018	Additions	Disposals	Balance June 30, 2019
Furniture and equipment	$ 107,648	$ -	$ -	$ 107,648
Less accumulated depreciation	(98,712)	(4,252)	-	(102,964)
Fixed assets, net	$ 8,936	$ (4,252)	$ -	$ 4,684

Depreciation expense for the year ended June 30, 2019 was $4,252.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Leases
The Agency leases office space under non-cancellable operating leases. The office space lease was renewed through September 30, 2019. The agency also leases office space in Redding. This lease was extended on September 25, 2015 for an additional 5 years ending September 30, 2020. Future minimum lease payments are as follows:

NOTE 5 - COMMITMENTS AND CONTINGENCIES - continued

Year Ending June 30,	Office Space
2020	$40,888
2021	$ 5,955

Rental expense for the year ended June 30, 2019 totaled $109,175.

On June 11, 2019, the Agency entered into a new lease agreement for office space. The lease term is five years and one month commencing October 1, 2019 and ending October 31, 2024. Monthly minimum lease payments are as follows – 1st month $0; Months 2-13, $8,293; Months 14-25 $8,542; Months 26-37, $8,798; Months 38-49, $9,062; and Months 50-61 $9,334.

Contingencies

The Agency is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the Agency.

The Agency has received Federal and State funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect on the Agency's financial position.

NOTE 6 - DEFERRED COMPENSATION

The Agency has a deferred compensation plan (Plan) available to all full-time Agency employees. The Plan qualifies under Internal Revenue Code Section 457, and employees are permitted to defer a portion of their compensation until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The assets under the Agency's 457 plan are held in trust and in accordance with the Small Business Act of 1996 these assets are considered protected from the general creditors of the Agency.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (GASB STATEMENT NO. 68)

Qualified employees are covered under a cost-sharing, multiple-employer defined benefit pension plan maintained by the Public Employees' Retirement System (CalPERS).

Plan Description and Provisions

All full-time employees participate in CalPERS, a cost-sharing, multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the state of California. The Agency is part of a "cost-sharing" pool within CalPERS. Employees are eligible for retirement as early as age 50 with five years of service. The Agency has 3 Tiers for retirement at different ages and depending on hire dates. If an employee retires at age 55 they are entitled to a monthly benefit of 2.7% of their single highest year of compensation. Employees retiring at age 60 or 62 (depending on hire date), are entitled to a monthly retirement benefit of 2.0% of the average of the three highest years of compensation.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (GASB STATEMENT NO. 68) - Continued

The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from CalPERS, members' accumulated contributions are refundable with interest credited through the date of separation. The Public Employees' Retirement Law (Part 3 of the *California Government Code*, Section 20000 et seq.) establishes benefit provisions for CalPERS. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from CalPERS, 400 Q Street, Sacramento, California 95811.

Funding Policy

Plan members are required to contribute a portion of their annual covered salary. In February 2011 the plan for the employees changed. Employees hired prior to February 2011 are in the First Tier Plan. Employees hired after February 2011 are in the Second Tier Plan. The required contribution rates were as follows:

For the year ended – Employer and Employee

	PEPRA	First Tier	Second Tier
June 30, 2019	6.842% & 6.25%	12.212% & 8%	7.634% & 7%
June 30, 2018	6.533% & 6.25%	11.675% & 8%	7.200% & 7%
June 30, 2017	6.555% & 6.25%	11.634% & 8%	7.159% & 7%
June 30, 2016	6.250% & 6.25%	10.958% & 8%	6.709% & 7%
June 30, 2015	NA	19.365% & 8%	8.049% & 7%
June 30, 2014	NA	19.365% & 8%	8.049% & 7%
June 30, 2013	NA	19.336% & 8%	8.049% & 7%

The Agency is required to contribute at an actuarially determined rate. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For the years ended June 30, 2019, 2018, 2017, 2016, and 2015, the Agency contributed $163,142, $134,405, $119,435, $118,298, and $216,620, respectively for the employer and employee contributions equaled 100% of the required contribution for each year.

Employees Covered

The following members' data was used for the June 30, 2018 valuation date:

June 30, 2018	
Inactive employees or beneficiaries currently receiving benefits	6
Active employees	8
Total	14

NOTE 7 – DEFINED BENEFIT PENSION PLAN (GASB STATEMENT NO. 68) - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Agency reported a net pension liability of $1,123,118 for the First, Second and PEPRA Tiers combined for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating Districts and the State, actuarially determined. At June 30, 2018, the Agency's proportionate share for the pension plans were 0.02980%.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the years ended June 30, 2019 and 2018, the Agency recognized pension expense of $344,500 and $91,435, respectively. At June 30, 2019, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

First, Second and PEPRA Tier Plans June 30, 2019	**Deferred Outflows Resources**	**Deferred Inflows Resources**
Differences between expected and actual experience	$ 43,092	$ 14,664
Changes in assumptions	128,039	31,380
Net difference between actual and projected contributions	-	90,197
Net difference due to differences in proportions	29,331	5,932
Net difference between projected and actual earnings on pension plan investments	5,552	-
Agency contributions subsequent to the measurement date	105,917	-
Total	$ 311,932	$ 142,174

An amount of $105,917 reported as deferred outflows of resources related to contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Year Ended June 30,	
2020	$ 74,203
2021	45,032
2022	(45,292)
2023	(10,102)
Total	$ 63,841

NOTE 7 – DEFINED BENEFIT PENSION PLAN (GASB STATEMENT NO. 68) - Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown below was adopted by the Board effective July1, 2016.

Long-Term Expected Real Rate of Return:

Asset Class	Target Allocation	Real Return, Years 1 -10 (A)	Real Return 11+ (B)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Linked Securities	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%

(A) An expected inflation of 2.5% used for this period

(B) An expected inflation of 3.0% used for this period

NOTE 7 – DEFINED BENEFIT PENSION PLAN (GASB STATEMENT NO. 68) - Continued

Sensitivity of the Net Pension Liability to the Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.15%, as well as the net pension liability if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan net pension liability – Misc.	$ 1,775,795	$ 1,123,118	$ 584,343

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial report.

Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation for CalPERS was determined using the following actuarial assumptions and applied to all periods included in the measurement:

June 30, 2018	
Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies by entry age and service
Mortality rate table	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	Contract COLA up to 2.75% until purchasing power protection alliance floor on purchasing power applies, 2.75% thereafter
Investment rate of return	7.15%, net of pension plan investment

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details, please refer to the 2014 experience study report by CalPERS. The other actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 1997, through June 30, 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be found on CalPERS' website under Forms and Publications.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (GASB STATEMENT NO. 75)

The Agency has been under contract with CalPERS for medical plan (the Plan) coverage since 1994. Effective July 1, 2016, the Agency resolved to change from the unequal contribution method for retirees to an equal method for retirees(annuitants).

The Agency determined that the employer contribution shall be an equal amount for both employees and annuitants. That amount of the employer contribution is the amount necessary to pay the full cost of the employee's or annuitant's enrollment including the enrollment of family members up to a maximum of the Kaiser Sacramento Region Basic/Combination/Medicare premium on the employee or annuitant, plus 50% of the Kaiser Sacramento Region Basic/Combination/Medicare premium for dependents of the employee or annuitant per month, plus administrative fees and Contingency Reserve Fund assessments.

Employers participating in the Plan are required to report OPEB information in their financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

The accompanying schedules were prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations.

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

The components of the Plan net OPEB liability as of June 30, 2017, 2018, and 2019 (measurement dates June 30, 2017, 2018 and 2019) are as follows:

Reporting fiscal year ended June 30,	2017	2018	2019
Total OPEB Liability	$ 1,302,583	$ 1,202,502	$ 1,297,709
Less: Plan fiduciary net position	(1,091,242)	(1,668,432)	(1,876,787)
Net OPEB liability (asset)	$ 211,341	$ (465,930)	$ (579,078)

The Agency's proportionate share of the net OPEB liability of the Plan was measured as of June 30, 2018, using an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (GASB STATEMENT NO. 75) - Continued

The June 30, 2018 total OPEB liabilities for the Plan were based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal, level percent of pay
Actuarial Assumptions	
Inflation:	2.75%
Salary Increases:	3.25%
Assumed Wage inflation:	3.00%
Investment Rate of Return:	7.00%

Demographic actuarial assumptions used in the valuation were based on the 2014 experience study of CalPERS derived from data collected during 1997 to 2011, except for a different basis used to project future mortality improvements. Rates for selected age and service are shown below and on the following pages. Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008, then projected as described below.

Mortality Improvement: Bickmore Scale 2017 applied generationally

Healthcare Cost Trend Rate: Medical plan premiums and claims costs by age are assumed to increase once each year. Increases over the prior year's levels are assumed to be effective on the dates as follows:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2018	8.00%	2022	6.00%
2019	7.50%	2023	5.50%
2020	7.00%	2024	5.00%
2021	6.50%	2025&later	5.00%

<u>Discount Rate</u>

The discount rate used to measure the total OPEB liability/(asset) was 7.0 percent for June 30, 2018 and 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (GASB STATEMENT NO. 75) - Continued

Sensitivity of the Net OPEB Liability/(Asset) to Changes in Discount Rate

The following presents the net OPEB liability/(asset) as of the measurement date, calculated using the discount rate of 7.0 percent, as well as what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.0 percent) or 1 percentage-point higher (8.0 percent) than the current rate

	1% Decrease (6.0%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB liability (asset)	$ (421,522)	$ (579,078)	$ (709,375)

Sensitivity of the Net OPEB Liability/(Asset) to Changes in Healthcare Cost Trend Rate

Medical Cost Inflation was assumed to start at 8.0% and grade down to 5.0% for years 2025 and thereafter. The following presents the net OPEB liability/(asset) as of the measurement date, calculated using the healthcare cost trend rate of 1 percent higher as well as using trend rate 1 percent lower than the current trend rates:

	1% Decrease (Trend -1%)	Current Discount Rate (8.00%)	1% Increase (Trend +1%)
Net OPEB liability (asset)	$ (738,083)	$ (579,078)	$ (370,741)

Amortization of Deferred Outflows and Deferred Inflows of Resources

The net difference between projected and actual earnings on OPEB plan investments is amortized over a 5-year period on a straight-line basis. One-fifth was recognized in OPEB expense during the measurement period, and the remaining net difference between projected and actual earnings on OPEB plan investments at June 30, 2018 is to be amortized over the remaining 4-year period.

For the year ended June 30, 2019, the Agency recognized an OPEB income of $5,017. At June 30, 2019, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

June 30, 2019	**Deferred Outflows Resources**	**Deferred Inflows Resources**
Differences between expected and actual experience	$ -	$ 179,976
Changes in assumptions	82,635	-
Net difference between projected and actual earnings on pension plan investments	-	43,057
Agency contributions subsequent to the measurement date	96,416	-
Total	$ 179,051	$ 223,033

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (GASB STATEMENT NO. 75) - Continued

The $96,416 reported as deferred outflows of resources related to OPEBs resulting from the Agency's contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Agency's OPEB plan will be recognized in pension expense(income) as follows:

Year Ended June 30,	
2020	$ (40,127)
2021	(40,127)
2022	(40,128)
2023	(20,016)
2024	--
Thereafter	--

NOTE 9 – PRIOR PERIOD ADJUSTMENT

As noted above in Note 8, employers participating in the Plan are required to report OPEB information in their financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* GASB 75 was retroactively applied to prior fiscal years and therefore due to this change in accounting principles the net position was required to be adjusted for the net OPEB liability and related deferred inflow and outflow of resources. The difference between actual and expected deferred out flows were adjusted for the prior year requiring an adjustment to the beginning net position The change to the beginning net position was an increase of $69,267.

As noted in Note 3, the Agency funds are held in the Placer County Investment Pool. During the fiscal year ended June 30, 2019, the County of Placer recorded a prior period adjustment for the GASB 31 unrealized loss to the Agency's balance. This required a negative adjustment to the Agency's beginning net position. The change to the beginning net position was a decrease of $44,977.

NOTE 10 - CONCENTRATIONS

The majority of the funding for the Agency comes from government funded contracts and programs. If these contracts or programs are cancelled or not renewed, the Agency would be unable to continue the services funded by these contracts and programs.

NOTE 11 – SUBSEQUENT EVENTS

Events subsequent to June 30, 2019 have been evaluated through December 18, 2019, the date at which the Agency's audited financial statements were available to be issued. No events requiring disclosure occurred through this date.

REQUIRED SUPPLEMENTARY INFORMATION

SIERRA-SACRAMENTO VALLEY
EMERGENCY MEDICAL SERVICES AGENCY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budgeted to Actual-General Fund-Non-GAAP
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Intergovernmental				
Federal	$ 377,199	$ 419,319	$ 347,320	$ (71,999)
State	712,678	713,102	712,396	(706)
Member Contributions	614,956	614,956	614,929	(27)
Charges for Services	1,116,239	1,116,239	1,035,625	(80,614)
Interest	25,000	25,000	62,949	37,949
Other	1,200	1,200	3,122	1,922
Total Revenues	2,847,272	2,889,816	2,776,341	(113,475)
EXPENDITURES				
Personnel Costs	1,121,923	1,121,923	949,585	(172,338)
Advertising	1,000	1,000	-	(1,000)
Communications	80,888	80,888	98,458	17,570
Insurance	34,850	34,850	45,799	10,949
Maintenance	3,200	3,200	2,456	(744)
Membership	15,600	15,600	5,307	(10,293)
Printing	2,000	2,000	-	(2,000)
Materials and Supplies	137,178	151,187	16,312	(134,875)
Professional Services Purchased	1,084,640	1,084,640	1,074,355	(10,285)
Occupancy	133,027	133,027	137,289	4,262
Administration/Accounting	5,100	5,100	-	(5,100)
Special Department Expense	52,600	52,600	39,372	(13,228)
Training	102,482	131,017	-	(131,017)
Travel and Transportation	69,784	69,784	48,968	(20,816)
Miscellaneous	3,000	3,000	482	(2,518)
	2,847,272	2,889,816	2,418,383	(471,433)
Total Expenditures				
Excess of Revenues Over (Under) Budget	$ -	$ -	$ 357,958	$ 357,958

Budget Basis	$ 357,958
Change in accruals for revenues	53,141
GAAP Basis	$ 411,099

See Independent Auditor's report and accompanying notes to financial statements

SIERRA-SACRAMENTO VALLEY
EMERGENCY MEDICAL SERVICES AGENCY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

BUDGET AND BUDGETARY ACCOUNTING

The Agency prepares and legally adopts a budget on or before June 30th of each fiscal year. The Agency operation, commencing July 1st, is governed by the proposed budget, adopted by the board of Directors by June of the prior fiscal year.

After the budget is approved, changes in the total budget amount must be approved by the Board of Directors. All such changes must be within the revenues and reserves estimated as available in the original budget or within revised revenue estimates as approved by the Board of Directors.

An operating budget is adopted each fiscal year in the accrual basis of accounting. Additionally, encumbrance accounting is utilized to assure effective budgetary control. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if the unpaid contracts in process at yearend are fully performed by year-end or purchase commitments satisfied. Unencumbered appropriations lapse a year-end and encumbrance balances that will not be honored are liquidated.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the fund level.

SIERRA-SACRAMENTO VALLEY
EMERGENCY MEDICAL SERVICES AGENCY
SCHEDULES OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
JUNE 30, 2019

NET PENSION LIABILITY

	2019	2018	2017	2016	2015
Agency's proportion of the net pension liability	0.02938%	0.02938%	0.02970%	0.02904%	0.01076%
Agency's proportionate share of the net pension liability	$1,123,118	$ 1,158,025	$ 1,011,991	$ 806,085	$ 669,761
Agency's proportionate share of covered payroll	$ 762,323	$ 669,740	$ 568,237	$ 695,536	$ 648,215
Agency's proportionate share of the net pension liability as a percentage of covered employee payroll	147.33%	172.91%	178.09%	115.89%	123.16%
Plan fiduciary net position as a percentage of the total pension liability	76.72%	75.03%	75.84%	79.89%	78.69%
Measurement date:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

CONTRIBUTIONS

	2019	2018	2017	2016	2015
Actuarially determined contributions	$ 105,917	$ 75,786	$ 68,179	$ 63,700	$ 78,690
Contributions in relation to the actuarially determined contribution	(105,917)	(75,786)	(68,179)	(63,700)	(78,690)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Agency's covered-employee payroll	$ 762,323	$ 669,740	$ 568,237	$695,536	$ 648,215
Contributions as a percentage of covered-employee payroll	13.89%	11.32%	12%	9.16%	14.52%

SIERRA-SACRAMENTO VALLEY
EMERGENCY MEDICAL SERVICES AGENCY
SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS AND CONTRIBUTIONS

CHANGES IN THE NET OPEB LIABILITY(ASSET) AND RELATED RATIOS

Total OPEB Liability - Agency's proportionate share	Fiscal Year 2018-2019	Fiscal year 2017-2018
Service cost	$ 64,730	$ 54,785
Interest	86,737	96,770
Actual vs. expected experience	--	(278,875)
Assumption changes	--	127,791
Benefit payments, including refunds of employee contributions	(56,260)	(56,230)
Change in benefit terms	--	(44,875)
Net change in total OPEB liability	95,207	(100,081)
Total OPEB liability - beginning	1,202,502	1,302,583
Total OPEB liability - ending (a)	$ 1,297,709	$ 1,202,502
Plan Fiduciary Net Position		
Contributions - employer	$ 135,954	$ 483,861
Net investment income	131,775	150,336
Benefit payments	(56,260)	(56,230)
Administrative expense	(906)	(777)
Other expenses	(2,208)	--
Net change in plan fiduciary net position	208,355	577,190
Plan fiduciary net position - beginning	1,668,432	1,091,242
Plan fiduciary net position - ending (b)	$ 1,876,787	$ 1,668,432
Net OPEB liability (asset) - ending (a)-(b)	$ (579,078)	$ (465,930)
Covered payroll	$ 762,323	$ 669,740
Net OPEB liability as percentage of covered payroll	-75.96%	-69.57%
Measurement Date:	June 30, 2018	June 30, 2017

CONTRIBUTIONS

	Fiscal year ended 6/30/19	Fiscal year ended 6/30/18
Actuarially determined contributions	$ 37,164	$ 82,232
Contributions in relation to the actuarially determined contribution	(96,416)	(82,232)
Contribution deficiency (excess)	$ (59,252)	$ -
Agency's covered employee payroll	$ 762,323	$ 669,740
Contributions as a percentage of covered-employee payroll	12.65%	12.28%
Measurement Date	June 30, 2018	June 30, 2017

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

SIERRA-SACRAMENTO VALLEY
EMERGENCY MEDICAL SERVICES AGENCY
SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS AND CONTRIBUTIONS

In accordance with Actuarial Standards of Practice, the following methods and assumptions were used to for the 2018-2019 actuarially determined contribution rates:

a) Actuarial valuation date: June 30, 2016

b) Actuarial cost method: Entry Age Normal

c) Amortization method: Level Percent of Payroll

d) Amortization period: 30 Years Closed

e) Asset valuation method: Market Value

f) Discount rate: 7.00%

g) Inflation: 2.75%

h) Salary increases: 3.25%

i) Investment rate of return: 7.0%

j) Retirement age: 50 to 75

k) Mortality: CalPERS 2014 Experience Study

l) Mortality Improvement: MW Scale 2017 generationally

m) Healthcare Trend – Medical plan premiums and claims costs by age are assumed to increase once each year. Increases over the prior year's levels are assumed to be effective on the dates shown below:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2018	8.00%	2022	6.00%
2019	7.50%	2023	5.50%
2020	7.00%	2024	5.00%
2021	6.50%	2025 & later	5.00%

The full GASB 75 Actuarial Report is available from the Agency.

Jensen Smith
CERTIFIED PUBLIC ACCOUNTANTS, INC.

Making a Lasting Contribution
To our Clients, To our Community, To our Profession

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Sierra-Sacramento Valley Emergency Medical Services Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of Sierra-Sacramento Valley Emergency Medical Services Agency (the Agency), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated December 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described below as 2019-001 to be a material weakness.

2019-001 Reliance upon Auditor for Drafting Financial Statements and Footnote Disclosures (uncorrected)

Condition: Currently, the Agency relies on the external auditors to ensure its financial statements are in accordance with generally accepted accounting principles (GAAP). The Agency relies on the auditors to draft for approval, the financial statements in accordance with GAAP. This is a repeat finding from prior years.

Criteria: Auditing Standards state that the auditor may not be a part of an organization's internal control system; specifically someone from the organization must be knowledgeable of generally accepted accounting principles to know if a misstatement has occurred in the financial statements including the notes to the financial statements.

Cause: The Agency does not have either an employee or contract with outside resources that would provide the Agency with the competencies needed to prepare GAAP compliant financial statements.

Effect: The risk of misstatement in the financial statements increases when management is not able to apply GAAP in recording the entity's financial transactions or preparing its financial statements, including the related notes. Also, by relying on the external auditors to ensure its financial statements are in accordance with GAAP, the Agency is considering the external auditors a part of its internal controls over the preparation of financial statements.

Recommendation: The Agency may consider the following possible actions:

- Provide training opportunities for its accounting staff that would enable them to become more familiar with the general disclosure requirements. This training should include, but is not limited to, the usage of a disclosure checklist, which provides guidance to the financial statement's content and whether a necessary disclosure has been overlooked.

- Hire an external Certified Public Accountant to confirm that the financial statements and related disclosures are in accordance with GAAP.

- Take no action. The Commission may find that the costs outweigh the benefits to adhere to this standard. No action will result in a significant deficiency in the Commission's internal controls over the preparation of financial statements.

Response: Management has determined there is no cost-benefit to hiring an accountant familiar with generally accepted accounting principles and feels that the executive director provides reliable financial statements for management and board decision-making and reliance upon the auditor for generally accepted accounting principles and disclosures is cost effective. However, should the need arise for issuing financial statements to third-party users prior to the annual audit, management will consider the cost benefit of hiring an accountant familiar with generally accepted accounting principles or hiring an independent CPA firm to compile full disclosure financial statements.

The above response is consistent with the GFOA's (Government Finance Officers Association) Recommended Practice - Mitigating the Negative Effects of Statement on Auditing Standards No. 112 (2007)(CAAFR): "The GFOA does *not* recommend that governments engage the services of a second accounting firm to assist in preparing its financial statements solely to avoid having a significant deficiency or material weakness reported."

Compliance and Other Matters

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

Agency's Response to Findings

The Agency's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Jensen Smith

Jensen Smith
Certified Public Accountants, Inc.
Lincoln, California
December 18, 2019

Jensen Smith
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December 18, 2019

Board of Directors
Sierra-Sacramento Valley
Emergency Medical Services Agency

Dear Ladies and Gentlemen,

Thank you for your confidence in choosing our firm to meet your auditing needs.

In planning and performing our audit of the financial statements of Sierra-Sacramento Valley Emergency Services Agency (SSVEMS) for the year ended June 30, 2019, we considered SSVEMS's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. We previously reported on SSVEMS's internal control in our report dated December 18, 2019. This letter does not affect our report dated December 18, 2019 on the financial statements or internal control of SSVEMS.

This year we had some minor complications reading the new reports from the County of Placer. Once we understood their system we were able to complete our audit testing and draft for the financial statements. We have a list of entries that we have worked with your staff to complete to bring the County financial records in line with the audited financial statements. This should make future audits easier to get started.

As always, we want to thank staff for their assistance in completing the audit and responding quickly to our inquiries. Their quick responses and organization was a great help with our audit. We were happy to see your new offices and wish you the best for this fiscal year.

Sincerely,

Jensen Smith

Jensen Smith
Certified Public Accountants, Inc.