



Craig R. Fechter, CPA  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
El Dorado County Fire Protection District  
Camino, California

We have audited the accompanying financial statements of the El Dorado County Fire Protection District, as of and for the year ending June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of El Dorado County Fire Protection District as of June 30, 2012, and the results of its activities and cash flow for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Directors  
El Dorado County Fire Protection District  
Camino, California

The management's discussion and analysis and budgetary comparison schedule, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report on our consideration of the El Dorado County Fire Protection District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Fechter & Company, Certified Public Accountants

A large, stylized handwritten signature in black ink that reads "Fechter & Company, CPAs". The signature is written in a cursive, flowing style.

Sacramento California  
December 15, 2012

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**

Members of the Board of Directors and  
Citizens of the El Dorado County Fire  
Protection District

As management of the El Dorado County Fire Protection District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2012. Please read it in conjunction with the District's financial statements following this section.

**Financial Highlights**

- At the end of fiscal year 2012, net assets of the District totaled \$(.201) million, a decrease of approximately \$2.372 million from the prior year.
- At June 30, 2012, total fund balance in the General Fund was \$1.27 million, equating to approximately 11.4% of total General Fund expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements which are combined as a single presentation and 3) Notes to the financial statements.

**Government-wide Financial Statements**

The Government-wide Financial Statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Fire District'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 Fire District is improving or deteriorating.

The Statement of Activities present information showing how the District'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 taxes and earned but unused vacation leave).

The Government-wide Financial Statements present activities of the Fire District that are principally supported by taxes and charges for services. The District provides services for fire protection, emergency medical, fire prevention, safety, rescue and hazardous materials response services.

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**

**Fund financial statements**

The District, like other state and local government, uses fund accounting for recording its financial activities. In general, fund accounting provides a mechanism to separately account for a variety of different funding sources and enables the District to demonstrate compliance with finance-related legal requirements.

**Governmental funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financial decisions. Both the government fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains the individual governmental funds. Information is combined in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Development Fee, Medical Benefit Trust Fund and JPA Retiree Health Insurance Benefits.

The District adopts an annual appropriate budget for its governmental funds. Budgetary comparison statements have been provided for the governmental funds to demonstrate compliance with this budget.

**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.

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**

**Government-Wide Financial Statements**

The District has presented its financial statements under the reporting model required by Governmental Accounting Standards Board Statement No. 34 (GASB 34). The following Government-Wide statements include a comparison between current and prior year results by operations and year-end balances.

**STATEMENT OF NET ASSETS**  
**Governmental Activities**  
**As of June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Assets:		
Current and other assets	\$ 2,742,070	\$ 4,780,937
Capital assets (net of depreciation)	5,690,549	5,368,688
Total Assets	<u>8,432,619</u>	<u>10,149,625</u>
Liabilities:		
Current and other liabilities	1,924,876	1,904,045
Long-term liabilities	6,709,440	5,325,463
Total Liabilities	<u>8,634,316</u>	<u>7,229,508</u>
Net Assets:		
Invested in capital assets, net of debt	3,215,619	2,774,941
Restricted	149,083	633,520
Unrestricted	<u>(3,566,399)</u>	<u>(488,344)</u>
Total Net Assets	<u>\$ (201,697)</u>	<u>\$ 2,920,117</u>

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**

**Government-Wide Financial Statements, continued**

The Statement of Activities provides details of how net assets changed from the beginning of the year to the end of the year.

**STATEMENT OF ACTIVITIES**  
**Governmental Activities**  
**Fiscal Years Ended June 30, 2012 and 2011**

	2012	2011
Revenues:		
Program Revenues:		
Service charges	\$ 526,912	\$ 496,125
Other Government	630,186	-
General revenues:		
Property taxes	7,296,383	7,427,492
Direct benefit assessments	777,347	785,232
Investment income	11,058	9,708
Development fees	138,658	85,608
Other	335,001	163,233
<b>Total Revenues</b>	<b>9,715,545</b>	<b>8,967,398</b>
Expenses		
Public protection	11,661,524	11,935,324
Depreciation	426,884	319,132
<b>Total Expenses</b>	<b>12,088,408</b>	<b>12,254,456</b>
Increase (decrease) in net assets	<u>(2,372,863)</u>	<u>(3,241,863)</u>
Net assets – beginning	2,920,117	6,161,980
Prior period adjustment	(748,951)	-
Net assets - ending	<b>\$ (201,697)</b>	<b>\$ 2,920,117</b>

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**

**Requests for Information**

This financial report is designed to provide a general overview of El Dorado County Fire Protection District's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to El Dorado County Fire Protection District, P. O. Box 807, Camino, CA 95709.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2012**

**ASSETS**

Cash and investments	\$	2,694,344
Accounts receivable		13,135
Due from other governments		34,591
Capital assets, net		5,690,549
		5,690,549
<b>TOTAL ASSETS</b>		<b>8,432,619</b>

**LIABILITIES**

Accounts payable	\$	531,384
Accrued salaries and benefits		295,858
Deferred revenue		581,569
Compensated absences		423,575
Accrued interest		32,967
Current portion of long-term debt		59,523
Long-term liabilities:		
Long-term debt		2,382,440
OPEB liability		4,327,000
		4,327,000
<b>TOTAL LIABILITIES</b>		<b>8,634,316</b>

Invested in capital assets, net of related debt		3,215,619
Restricted for:		
Development fee reserves		149,083
Unrestricted		(3,566,399)
		(3,566,399)
<b>NET ASSETS</b>	<b>\$</b>	<b>(201,697)</b>

The accompanying notes are an integral part of these financial statements

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Governmental Activities:					
Public Safety	\$ 12,049,510	\$ 526,912	\$ -	\$ 630,186	\$ (10,892,412)
Interest on long-term debt	38,898	-	-	-	(38,898)
<b>Total Governmental Activities</b>	<b><u>\$ 12,088,408</u></b>	<b><u>\$ 526,912</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 630,186</u></b>	<b><u>(10,931,310)</u></b>
General Revenues					
					7,296,383
					777,347
					138,658
					28,581
					11,058
					90,000
					78,580
					<u>137,840</u>
					8,558,447
					<u>(2,372,863)</u>
					<u>2,920,117</u>
					<u>(748,951)</u>
					<u>\$ (201,697)</u>

The accompanying notes are an integral part of these financial statements

**FUND FINANCIAL STATEMENTS**

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2012**

**ASSETS**

Cash and investments	\$	2,694,344
Accounts receivable		13,135
Due from other governments		34,591

<b>TOTAL ASSETS</b>	<b>\$</b>	<b>2,742,070</b>
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**LIABILITIES**

Accounts payable	\$	531,384
Accrued payroll		359,631
Deferred revenue		581,569

Total liabilities		1,472,584
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**FUND BALANCES**

Fund balance:		
Reserved for capital purchases		149,083
Unassigned		1,120,403

Total fund balance		1,269,486
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<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$</b>	<b>2,742,070</b>
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The accompanying notes are an integral part of these financial statements

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
June 30, 2012**

Total fund balances - governmental funds		\$ 1,269,486
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In governmental funds, only current assets are reported.  
In the statement of net assets, all assets are reported,  
including capital assets and accumulated depreciation.

Capital assets at historical cost, net of accumulated depreciation		5,690,549
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Long-term liabilities are not due and payable in the current period and, therefore  
are not reported in the funds. Those liabilities consist of:

Accrued compensated absences	(359,802)	
Accrued interest	(32,967)	
Long-term debt	(2,441,963)	
OPEB liability	(4,327,000)	
	(7,161,732)	(7,161,732)

Net assets of governmental activities		\$ <u>(201,697)</u>
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The accompanying notes are an integral part of these financial statements

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

**REVENUES**

Property taxes	\$ 7,296,383
Special assessments	777,347
Development fees	138,658
Plan check fees	28,581
Use of money and property	11,058
JPA administrative fee	90,000
Charges for services	526,912
Intergovernmental revenues	630,186
Reimbursements	78,580
Miscellaneous	<u>137,840</u>
Total revenues	9,715,545

**EXPENDITURES**

Current:	
Salaries and benefits	9,222,562
Services and supplies	1,008,730
Capital outlay	748,745
Debt service:	
Principal	118,034
Interest	<u>38,898</u>
Total expenditures	<u>11,136,969</u>

<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(1,421,424)</u>
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<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>3,439,861</u>
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<b>PRIOR PERIOD ADJUSTMENT</b>	<u>(748,951)</u>
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<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 1,269,486</u></u>
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The accompanying notes are an integral part of these financial statements

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2012**

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES	\$ (1,421,424)
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are therefore added back to fund balances	748,745
Depreciation expense not reported in governmental funds	(426,884)

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but deferred and amortized throughout the period during which the related debt is outstanding in the Statement of Net Assets. Repayment of principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance	118,034
Accrued interest	783
Increase in OPEB liability	(1,451,000)

The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Change in compensated absences	58,883
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (2,372,863)</u>
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The accompanying notes are an integral part of these financial statements

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial Reporting Entity

In 1991, several fire districts in El Dorado County consolidated into the El Dorado County Fire Protection District (the "District") which proudly provides fire protection, rescue and emergency medical service to the communities of: Apple Hill, Camino, Coloma, Cool, Gold Hill, Kyburz, Lotus, Oak Hill, Pacific House, Pilot Hill, Placerville, Pleasant Valley, Pollock Pines, Salmon Falls, Shingle Springs, Sierra Springs, Silver Fork, Strawberry, Texas Hill and Twin Bridges with a population of approximately 74,000 residents within 281 square miles.

The District is located in the Mother Lode along US Highway 50 between Sacramento and South Lake Tahoe, California, on the Western slope of the Sierra Nevada mountain range. The District begins in the lower foothills near Salmon Falls at an altitude of 500 feet and ends well into the Sierras at Twin Bridges, an elevation of nearly 6,000 feet. The incorporated city of Placerville, protected by the District, is the county seat, situated in the center of the District. It comprises approximately 20 square miles of urban area, while maintaining a small town flair.

The District's mission is dedicated to provide an all risk service to our citizens that results in improved quality of life and peace of mind. As a team, we will strive to minimize loss and suffering through our emergency service delivery, public education and community service activities. We will provide this service with pride, trust and integrity.

To protect this wide diversity, the Fire District is governed by a five-member board of directors. Charged with a \$13 million dollar budget, the 78 career personnel and 45 active volunteer firefighters operate from eight staffed and seven volunteer firehouses, protecting over \$3.5 billion in assessed valuation.

New Pronouncements

In February 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which establishes accounting and financial reporting standards for all governments that report governmental funds.

Under GASB 54, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are now broken out in five categories:

- Nonspendable Fund Balance – this fund balance classification includes amounts that cannot be spent because they are either not in spendable form (i.e. – prepaid expenses) or legally or contractually required to be maintained intact.



**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES – (continued)**

- Restricted Fund Balance – this fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.) or imposed by law or enabling legislation.
- Committed Fund Balance – this fund balance classification can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority (i.e. – fund balance designations passed by board resolution).
- Assigned Fund Balance – this fund balance classification are amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – this fund balance classification is the residual classification for the general fund.

Basis of Presentation – Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and user charges for support. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are allocated from the general government activity to the public safety function based on relative percentages or prior year actual operating expenditures. Program revenues include 1) charges to customers who purchase, use or directly benefit from the goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general expenses.

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when reimbursable costs are incurred under the accrual basis of accounting. When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

Basis of Presentation – Fund Financial Statements

The accounts of the District are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Separate financial statements are provided for each governmental fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means that the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues susceptible to accrual include property taxes, grants, donations and charges for current services. The District uses an availability period of 60 days after year-end. Expenditures under the modified accrual basis of accounting are generally recognized when the related fund liability is incurred.

The District reports the following major governmental fund types:

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

Budgets and Budgetary Process

The District operates under the laws of the State of California. The Board of Directors adopts a General Fund budget only, which can be amended by the Board during the fiscal year. All appropriations lapse at year end.

The budgeted financial statements represented in these reports reflect the final budget authorizations including all amendments.

Board of Directors

There are five members of the board. Each member of the board is a resident and registered voter of the District and is an elected representative of the general public.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Fund Balance

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent current management plans.

Revenue

Revenue to finance the District's operation is derived from the County property tax bills. Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on April 10 and December 10. Unsecured property taxes are payable in one installment on or before August 31.

Property Taxes and Special Assessments

Secured property taxes are considered measurable and available when apportioned to the District. The County is responsible for assessing and collecting secured property taxes for the District in accordance with enabling state legislation (including appropriation limits). The County apportions secured taxes to the District under the "Teeter Plan" – California Revenue and Taxation Code Sections 4701-4717. A complex allocation formula is used to distribute levied secured taxes to the County and its districts. The levy date is July 1. The District is credited with 100 percent of its apportionments, regardless of the actual collections and delinquencies and

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

according, penalties and interest collected by the County are not allocated to the District. Apportionments are distributed according to the following schedule:

<u>Action</u>	<u>Date</u>	<u>Percent</u>
1st Apportionment	By December 25	55 Percent
2 <sup>nd</sup> Apportionment	By April 25	40 Percent
3 <sup>rd</sup> Apportionment	By June 25	5 Percent

Supplemental unsecured property taxes and special assessments are considered measurable and available when collected. The District assesses supplemental unsecured property taxes and special assessments on real property. These assessments are not based on property values but on usage and are levied by parcel, square footage, dwelling unit, and/or space in accordance with Proposition 218. The assessments are remitted to the County for collection with the secured property tax billings. The County deposits collections in the District's County Treasury account. The County does not maintain separate accounts receivable by year but remits any past due amounts upon allocation.

**Property, Plant and Equipment**

Fixed assets are recorded at actual cost or estimated historical cost if actual cost is not available. Assets costing \$1,000 or more and with an expected life of 5 years or more are capitalized. Donated fixed assets are valued at donation date at the estimated fair market value. When actual cost is not available, estimated costs are made by knowledgeable personnel. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Fixed assets of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building	10-45
Equipment	1-40
Vehicles	5-20

**Compensated Absences**

An employee accumulates vacation time in accordance with the employee's respective "Memorandum of Understanding". The amount of vacation and sick time vested and accrued depends on years of service, employee classification, and date of hire. Vacation vested may be accumulated up to various maximum hours and is paid

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

in full upon termination or retirement. Employees may convert unused sick time towards PERS years of service upon retirement.

Allowance for Doubtful Accounts

Management believes its accounts receivable to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary.

**NOTE 2: CASH AND INVESTMENTS**

Cash at June 30, 2012, consisted of the following:

	Cost	Fair Value
Pooled Funds:		
Cash in County Treasury	\$ 2,694,344	\$ 2,694,344
Total Funds	\$ 2,694,344	\$ 2,694,344

Authorized Investments

California statutes authorize the District to invest idle or surplus funds in a variety of credit instruments as provided for in California Government Code Section 53600, Chapter 4 – Financial Affairs. The Government Code allows investments in the following instruments:

- Securities of the United States Government, or its agencies
- Small Business Administration loans
- Certificates of Deposit (or Time Deposits) placed with commercial banks
- Negotiable Certificates of Deposit
- Banker’s Acceptances
- Commercial paper and medium-term corporate notes
- Local Agency Investment Fund (State Pool and County Pool) Deposits
- County Cash Pool

Investments

The District has adopted provisions of Governmental Accounting Standards Board (GASB) 31, “*Accounting and Financial Reporting for Certain Investments and for External Investment Pools.*” GASB 31 establishes accounting and financial standards for investments in interest-earning investment contracts, external investment pools, and mutual funds. The statement requires all applicable investments to be reported at fair value on the balance sheet. Fair value is the amount

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 2: CASH AND INVESTMENTS – (continued)**

at which an investment could be exchanged in a current transaction between willing parties, other than in a forced sale. All investment income, including changes in fair market value of investments, is recognized as revenue in the operating statement.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The bank certificates of deposits held by the District are all under eighteen months in maturity and are non-negotiable and, thus, have a guaranteed face value.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Generally, this is measured by the assignment of a rating by a nationally recognized statistical rating organization.

**NOTE 3: CAPITAL ASSETS**

The following changes in the capital assets occurred during the year:

	Balance 6/30/11	Additions	Disposals	Balance 6/30/12
Capital assets, not being depreciated				
Land	\$ 95,588	\$ -	\$ -	\$ 95,588
Total capital assets, not being depreciated:	95,588	-	-	95,588
Capital assets, being depreciated:				
Buildings & improvements	4,406,234	126,481	-	4,532,715
Equipment	6,692,624	622,264	-	7,314,888
Total capital assets, being depreciated	11,098,858	748,745	-	11,847,603
Total accumulated depreciation	(5,825,758)	(426,884)	-	(6,252,642)
Total capital assets being depreciated, net	5,273,100	321,861	-	5,594,961
Governmental activities capital assets, net	\$5,368,688	\$ 321,861	\$ -	\$5,690,549

Total depreciation expense for the year was \$426,884, all charged to the public safety function.

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 4: PENSION PLANS**

Plan Description

Qualified employees are covered under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. 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 the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

The contribution requirements of the plan members are established by state statute. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the contribution rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year 2011-2012 was 32.263% of annual payroll for safety employees and 20.040% of annual payroll for miscellaneous employees.

Annual Pension Cost

For fiscal year 2011-2012, the District's annual pension cost of \$1,756,520 was equal to the District's required and actual contributions. The required contribution for the fiscal year 2011-2012 was determined as part of the June 30, 2009 actuarial valuation using entry age normal actuarial cost method with contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% depending on age, service and type of employment; (c) 3.25% overall payroll growth; and (d) an inflation rate of 3.0%. The actuarial value of the plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to fifteen year period depending on the size of the differences being amortized as a level percentage of projected payroll on a closed basis.

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 4: PENSION PLANS – (continued)**

The funding history of the safety plan is as follows:

Valuation Date	Accrued Liabilities (AL)	Actuarial Value of Assets (AVA)	Unfunded Liabilities (UL)	Funded Ratio (AVA/AL)	Annual Covered Payroll	UL As a % of Payroll
06/30/2007	\$7,986,055,176	\$6,826,599,459	\$1,159,455,717	85.5%	\$831,607,658	139.4%
06/30/2008	\$8,700,467,733	\$7,464,927,716	\$1,235,540,017	85.8%	\$914,840,596	135.1%
06/30/2009	\$9,721,675,347	\$8,027,158,724	\$1,694,516,623	82.6%	\$973,814,168	174.0%

The funding history of the miscellaneous plan is as follows:

Valuation Date	Accrued Liabilities (AL)	Actuarial Value of Assets (AVA)	Unfunded Liabilities (UL)	Funded Ratio (AVA/AL)	Annual Covered Payroll	UL As a % of Payroll
06/30/2007	\$1,627,025,950	\$1,362,059,317	\$264,966,633	83.7%	\$376,292,121	70.4%
06/30/2008	\$1,823,366,479	\$1,529,548,799	\$293,817,680	83.9%	\$414,589,514	70.9%
06/30/2009	\$2,140,438,884	\$1,674,260,302	\$466,178,582	78.2%	\$440,071,499	105.9%

**NOTE 5: LONG-TERM DEBT**

Changes in Long-Term Debt are summarized below:

	Balance 6/30/2011	Additions	Reductions	Balance 6/30/2012
Compensated absences	\$ 482,006	\$ -	\$ 58,883	\$ 423,123
OPEB liability	2,876,000	1,451,000	-	4,327,000
Accrued interest	33,750	-	783	32,967
Long-term debt	2,500,000	-	58,037	2,441,963
Capital leases	59,997	-	59,997	-
<b>Total</b>	<b>\$ 5,951,753</b>	<b>\$ 1,451,000</b>	<b>\$ 177,700</b>	<b>\$ 7,225,053</b>

Long-Term Debt interest paid for the year was \$38,898.

The District entered into a Capital Lease agreement dated September 1, 2011 with the California Infrastructure and Economic Development Bank (CIEDB) to provide funds for the acquisition and construction of major capital facilities in an amount totaling \$2,500,000. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has also been recorded at the present value of the future minimum lease payments in the statement of net assets.

Collateral for the lease are the lease payments made by the district to the Finance Corporation for the use of the existing facilities. The future minimum lease



**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 5: LONG-TERM DEBT – (continued)**

obligations and the net present value of those minimum lease payments as of June 30, 2012 are as follows:

<u>Fiscal year ending June 30,</u>		
2013	\$	130,691
2014		130,664
2015		130,636
2016		130,608
2017-2021		652,563
2022-2026		651,596
2022-2031		650,637
2032-2036		649,418
2037-2040		647,990
Total future payments		3,774,803
Less: Interest portion		(1,332,840)
Total Due	\$	2,441,963

**NOTE 6: OPERATING LEASES**

The County is committed under various non-cancelable operating leases, primarily for equipment. Future minimum operating lease commitments are as follows:

<u>Year ending June 30,</u>		
2013	\$	12,360
2014		12,360
2015		12,360
		12,360
Total	\$	37,080

Rent expenses totaled \$23,223 for the year ended June 30, 2012.

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 7: DEVELOPMENT FEES**

On November 18, 1998, the Board of Directors adopted Resolution 98-11 establishing the development fees for the District. The use of these funds is restricted solely for financing public facilities and equipment necessary to serve new developments.

Activities of the development fees reserved for 2011-2012 is as follows:

Balance, July 1, 2011	\$ 663,520
Add, development fees collected	108,909
Less – transfers for capital acquisitions	<u>(623,346)</u>
Balance, June 30, 2012	<u>\$ 149,083</u>

**NOTE 8: JPA – Retiree Health Benefits:**

The District received \$51,000 for the Joint Powers Authority employees to help fund health care benefits.

Activities of the Retiree Health Benefits fund for 2011-2012 are as follows:

Balance, July 1, 2011	\$ 171,604
Add, JPA reimbursements	101,000
Interest income	473
Deduct, Retiree health premiums paid	<u>(43,637)</u>
Balance, June 30, 2012	<u>\$ 229,440</u>

**NOTE 9: JPA**

The District is a member agency of a Joint Powers Authority, the El Dorado County Regional Pre-hospital Emergency Services Operations Authority that was formed in 1997 for the purpose of providing pre-hospital emergency medical service and emergency dispatch service for the west-slope of El Dorado County.

Other member agencies are, Cameron Park Community Services District/Fire Department, Diamond Springs/El Dorado Fire Protection District, El Dorado Hills County Water District/Fire Department, Garden Valley Fire Protection District,

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 9:     JPA – (continued)**

Georgetown Fire Protection District, Latrobe Fire Protection District, Mosquito Fire Protection District, Pioneer Fire Protection District and Rescue Fire Protection District.

The fire district is fully reimbursed for all authorized costs incurred in the furtherance of the contract. In addition, the District realizes revenue as the result of administering the twenty-eight employees who operate the ambulances in the JPA.

**NOTE 10:    RISK OF LOSS**

El Dorado County Fire Protection District is exposed to various risks of loss related to theft of, damage to, and destruction of assets: and injuries to employees. During the 2012 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

**NOTE 11:    POST-RETIREMENT BENEFITS**

*Plan Description*

The District provides post-employment health care benefits to certain employees who are eligible to retire with PERS and have completed a minimum of 5 years of employment with the District.

*Funding Policy*

The required contribution is based on projected pay-as-you-go financing requirements, with an amount of funding the actuarial accrued liability as determined annually by the Board. For the fiscal year ended June 30, 2012, the District contributed only for pay-as-you-go in the amount of \$736,674.

*Annual OPEB Cost and Net OPEB Obligation*

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 11: POST-RETIREMENT BENEFITS – (continued)**

Annual required contribution	\$ 2,187,674
Contributions made	<u>(736,674)</u>
Increase in net OPEB obligation	1,451,000
Net OPEB obligation – beginning of year	<u>2,876,000</u>
Net OPEB obligation – end of year	<u>\$ 4,327,000</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2012 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 2,187,674	26.38%	\$4,327,000

*Funded Status and Funding Process*

As of July 1, 2009, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$19,107,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$5,857,500 and the ratio of the UAAL to the covered payroll was 326.19 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 11: POST-RETIREMENT BENEFITS – (continued)**

reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the January 1, 2009 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0 discount (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate at 5-9 percent. An inflation rate of 3% was used. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012, was twenty-eight years.

**NOTE 12: PRIOR PERIOD ADJUSTMENT**

As a result of overcharges of payroll through the District's participation with the joint powers authority it is involved with, the District recorded a prior period adjustment of \$748,951 for balances due to the JPA.

**NOTE 13: SUBSEQUENT EVENTS**

Subsequent events have been reviewed through December 15, 2012, the date the financial statements were available for issuance.

**SUPPLEMENTARY DATA**

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
PRINCIPAL OFFICIALS**

Board of Directors:

Chris Swarbrick	Director
Ed Courtial	Director
Mark Brunton	Director
Dennis Thomas	Director
Mark Johnson	Director

Operations:

Michael Hardy	Fire Chief
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**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 POST-EMPLOYMENT BENEFITS  
 FOR THE YEAR ENDED JUNE 30, 2012**

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Valued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
1/1/2009	\$ -	\$19,107,000	\$19,107,000	0.0%	\$5,857,500	326.19%

1. This information is intended to help users assess the OPEB funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits and make comparisons with other public employers.
2. Because this is the first valuation under GASB 45, there is no historical information provided. In the future, information from the three most recent valuations will be presented.



**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
For the Year Ended June 30, 2012**

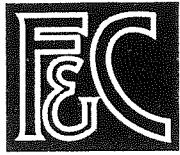
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Property taxes	\$ 7,673,468	\$ 7,673,468	\$ 7,296,383	\$ (377,085)
Special assessments	775,571	775,571	777,347	1,776
Development fees	295,000	295,000	138,658	(156,342)
Plan check fees	50,000	50,000	28,581	(21,419)
Reimbursements	100,000	100,000	78,580	(21,420)
Use of money and property	60,000	60,000	11,058	(48,942)
JPA administrative fee	90,000	90,000	90,000	-
Charges for services	520,931	520,931	526,912	5,981
Intergovernmental revenues	870,737	870,737	630,186	(240,551)
Miscellaneous	10,000	10,000	137,840	127,840
Proceeds of long-term debt	300,000	300,000	-	(300,000)
Total revenues	<u>10,745,707</u>	<u>10,745,707</u>	<u>9,715,545</u>	<u>(1,030,162)</u>
<b>EXPENDITURES</b>				
Current:				
Salaries and benefits	9,384,348	9,384,348	9,222,562	161,786
Services and supplies	1,551,728	1,551,728	1,008,730	542,998
Capital outlay	978,212	978,212	748,745	229,467
Debt service:				
Principal	299,536	299,536	118,034	181,502
Interest	-	-	38,898	(38,898)
Total expenditures	<u>12,213,824</u>	<u>12,213,824</u>	<u>11,136,969</u>	<u>1,076,855</u>
Net changes in fund balances			<u>\$ (1,421,424)</u>	

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Grantor/Pass-through Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Period</u>	<u>Contract Amount</u>	<u>Federal Expenditures</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>					
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>					
Assistance to Firefighters	97.044	EMW-2010-FO-07782	2/18/2011 - 5/1/2012	\$ 870,737	<u>\$ 630,186</u>
Totals					<u>\$ 630,186</u>

\* - Denotes a major program

Note 1 - This schedule includes the federal grant activity of the El Dorado County Fire Protection District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



**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***

Governing Board  
El Dorado County Fire Protection District  
Camino, California

We have audited the financial statements of the El Dorado County Fire Protection District for the year ended June 30, 2012, and have issued our report thereon dated December 15, 2012. 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.

Internal Control Over Financial Reporting

Management of the El Dorado County Fire Protection District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the El Dorado County Fire Protection District's internal control over financial reporting as a basis for designing our auditing procedures 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 El Dorado County Fire Protection District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the El Dorado County Fire Protection District's internal control over financial reporting.

*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 in a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Governing Board  
El Dorado County Fire Protection District  
Camino, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the El Dorado County Fire Protection District's financial statements are free of material misstatements, 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*.

This report is intended solely for the information and use of the Board of Supervisors, El Dorado County Fire Protection District, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Fechter and Company, Certified Public Accountants

  
Sacramento, California  
December 15, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Members of the Board of Directors  
El Dorado County Fire Protection District  
Camino, California

Compliance

We have audited the El Dorado County Fire Protection District's compliance with the type of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the El Dorado County Fire Protection District's major federal programs for the year ended June 30, 2012. The El Dorado County Fire Protection District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the El Dorado County Fire Protection District's management. Our responsibility is to express an opinion on the El Dorado County Fire Protection District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the El Dorado County Fire Protection District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the El Dorado County Fire Protection District's compliance with those requirements.

In our opinion, the El Dorado County Fire Protection District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Board of Directors  
El Dorado County Fire Protection District

Internal Control Over Compliance

Management of the El Dorado County Fire Protection District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the El Dorado County Fire Protection District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the El Dorado County Fire Protection District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Fechter & Company, Certified Public Accountants



Sacramento, CA  
December 15, 2012

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012**

**Section I – Summary of Auditor’s Results**

Financial Statements:

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified that are not  
Considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified that are not  
Considered to be material weaknesses? No

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

Identification of major programs:

<u>Program Title</u>	<u>CFDA Number</u>
Assistance to Firefighters Grant	97.044

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee No

