



Idyllwild Fire Protection District

PO Box 656
Idyllwild, CA 92549
(951) 659-2153

RESPONSE TO 2010 – 2011 GRAND JURY REPORT

Background

A comment regarding the following paragraph found at the bottom of page 1 of the report.

The paragraph reads: “IFPD is funded through an annual assessment of properties within the district boundaries. Additionally, IFPD receives funding from Riverside County Emergency Medical Services (EMS), grants, state aid, charges for services, charges for ambulance service to Pine Cove, and other miscellaneous reserves. The IFPD budget for the fiscal year ending June 30, 2010, was approximately \$1,779,000.”

RESPONSE - In fact, over one-half of IFPD’s funding comes from property taxes (a small percentage of the total taxes the county receives). In 2009 – 2010 IFPD received approximately \$983,924 in secured, unsecured, and homeowner exemption reimbursement property taxes, while funds received from the annual assessment amounted to \$202,363. “Funding from Riverside County Emergency Medical Services” is the same thing as the “charges for ambulance service to Pine Cove,” which, incidentally, amounted to \$94,220.

Findings

1. Inadequate Financial Bookkeeping System

RESPONSE - Except for our inability to change mistakes which occurred in the past, all of the problems described in this section have been corrected, or are in the process of being corrected. The main reason for these problems is the inadequate work done by our former bookkeeping service, employed by IFPD for over ten years until the time they were terminated at the end of May, 2010. Another reason is the lack of oversight by the former fire chief and board of commissioners.

With reference to the statement by our current auditor, those comments, “they have experienced similar deficiencies,” were made with respect to the deficiencies they noted as they performed the audit for the 2009 – 2010 fiscal year. They have assured us that these comments were not directed toward the manner in which these tasks are being performed today – to the contrary, they have stated that they noted great improvement with respect to the procedures now being followed. For example,



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we now use a double entry bookkeeping system using Peachtree. However, due to the lack of reliable pre-2010 – 2011 fiscal year financial records and the poor procedures employed in the past by the former bookkeeping service, it is taking both time and money to correct all of the problems. To assist us in reaching our goals in this regard, we have employed a part-time CPA, and expect to reach them in the near future.

2. Annual Audits

RESPONSE – Once again, the reason for this very significant problem lies with the former bookkeeping service and the former board of commissioners. Indeed, our former auditor Smith Marion & Company, who performed the audits referred to in your report, has stated that he tried for three years during the period in question to contact the former bookkeeping service and received no response. We don't know, for a fact, why the former bookkeeping service refused to cooperate, but the likelihood is that they did not have the records readily available that the auditor would need to complete the audits.

As a point of clarification, Administrative Regulations # 107, which is currently being updated, includes all of the Board Policies (BOD 4010 – BOD 4090) referred to in your report.

3. Lack of compliance with requirements of AR IFPD # 107

- **Failure to monitor expenditures**

RESPONSE - The Board Treasurer prepares and discusses at each regular monthly board meeting a monthly Financial Report Review (example copies attached) based on his analysis of the monthly excel spreadsheet, formerly called the Idyllwild Fire Protection District Budget Report, now called the Idyllwild Fire Protection District Budget, which is prepared by an Administrative Captain based on the information he is given by the chief. Up until June 2010, that information was given to him by the former bookkeeper and chief, and now by the part-time Accountant (and present chief) who handles all of the activities that generate the numbers he uses.

Unfortunately, we did not realize that the numbers he was being given by the former bookkeeping service were highly suspect, and, on occasion, erroneous. The numbers we have generated and used since July 2010 are probably the first reliable numbers available to us in some time – possibly years.

The IFPD Administrative Captain who prepares the monthly expenditures is highly skilled in this area.



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- **Lack of Training on the Brown Act**

RESPONSE - There is no disputing the fact that training regarding the provisions of the Brown Act has been lacking. The Board has already taken steps by arranging/ participating in two training sessions over the past two years. The first in 2010 by Bradley Neufeld, who currently serves as our attorney, and the second in 2011 put on by the Special District Risk Management Authority (SDRMA). We plan to offer at least one additional training session every year, and possibly an additional in-house training program administered on an on-going basis.

- **Late Financial Annual Audits**

See item 2, Annual Audits under Findings, above

4. **Violation of the Brown Act**

RESPONSE - Again, there is no question that a district such as ours must obey the Brown Act (Government Code sections 54950 - 54963), but, there will be inadvertent mistakes made. Indeed, the Brown Act consists of a series of laws which, taken as a whole, is extremely complex. To illustrate, following is an excerpt from the introduction in a pamphlet published in 2003 by the California Attorney General, Bill Lockyer, called, "THE BROWN ACT, Open Meetings for Local Legislative Bodies."

"In preparing this pamphlet, we relied on a variety of legal resources. Appellate court cases were consulted and are cited throughout the pamphlet. While most of the more significant cases are discussed, this pamphlet is not intended to be a compendium of all court cases in this area. In addition, we drew upon published opinions and unpublished letter opinions issued by this office. Attorney General opinions, unlike appellate court decisions, are advisory only and do not constitute the law of the state. However, with respect to the Brown Act, the courts have frequently adopted the analysis of Attorney General opinions, and have commented favorably on the service afforded by those opinions and this pamphlet."

The purpose of including this statement by the attorney general is to again call attention to the complexity of the Brown Act. It is safe to assume that in each of the eighty (80) cases (as of 2005) that went before a court, most often a California Court of Appeals, sometimes the California Supreme Court, and other times before a Federal Court, two or more attorneys disagreed as to the meaning of one or more sections of the Brown Act. And, as of 2005, there are thirty-seven (37) California Attorney General opinions, also made necessary because two or more attorneys disagreed.



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5. Conflict of Interest by a Board Member

The member disagrees with this finding. The Fire Board of Commissioners is awaiting a legal opinion at this time.

6. Use of Volunteers and/or Cal Fire

RESPONSE RE: VOLUNTEERS-

As stewards of the tax payers money it would be irresponsible of IFPD to pay an analytical firm to tell us whether a volunteer fire department would cost less than a paid fire department, therefore we reject the suggestion.

The district has recently acquired a new volunteer fire company with 6 members (three responders, three support personnel and one trainee). However, the purpose of this volunteer fire company is to augment the career staff, not replace them.

An all-volunteer fire department would change the ISO rating (Insurance Services Office "Public Protection Class") for IFPD causing commercial and residential insurance rates to go up. Businesses, Realtors and home owners would all suffer financially from this change.

RESPONSE RE: CAL FIRE (RIVERSIDE COUNTY FIRE) -

This same recommendation was made in a Grand Jury report covering 2007 – 2008 which recommended that IFPD meet with RCFD to discuss the issue. As a result, in 2008 the IFPD met with the Cal Fire Chief John Hawkins, Deputy Chief Dale Hutchinson and Deputy Chief Duane Chamlee. During this meeting IFPD Board President Glenn McWilliams asked for the cost to contract with Cal Fire. In response, RCFD/Cal Fire Chief John Hawkins gave a verbal price of \$1.5 million to staff one three person fire engine at station 621. The IFPD President then asked how much an Ambulance would cost and Cal Fire Chief John Hawkins answered "approximately" \$900,000 for one ambulance staffed with one EMT and one Paramedic. These figures from RCFD would bring the total operating cost for one Engine and one ambulance to \$2.4 million.

By comparison, IFPD spends under \$1.8 million while providing one fire engine, one fire truck, one brush truck, two ALS ambulances (with a third in reserve), one rescue squad, three pickups, and one snow plow/utility vehicle. We do this by utilizing a combination of Career Staff Firefighter/Paramedics, Reserve firefighter/EMTs, Paid-Call firefighter EMTs and a volunteer fire company.

The obvious question is – what more does the public need to know in order to decide whether or not it would be in our community's best interest to disband IFPD and hire RCFD (Cal Fire) to take over our fire district? The answer is simple; IFPD offers more service for less money.



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This subject continues to be raised at every opportunity by persons, some of whom do not live in our district and are not serviced by our fire department other than for ambulance service.

Spending taxpayer dollars on a redundant study to the 2008 Grand Jury follow-up meeting would be a waste of valuable funds. The public has access to IFPD's budget as well as RCFD's budget on line and can make these comparisons independently.

Recommendations

1. IFPD implement a double-entry bookkeeping system for recording financial transactions and internal controls to maintain adequate records in accordance with Government Accounting and Financial Standards.
RESPONSE - As discussed under **Findings**, this problem is currently being aggressively addressed and we expect full compliance in the not too distant future..
2. IFPD Board president plan and schedule mandatory annual; training on Board Policy Series 4000, specifically BOD 4040 and AR IFPD #107.
RESPONSE - As pointed out under **Lack of compliance with requirements of AR IFPD # 107, Lack of Training on the Brown Act**, The Board has scheduled Brown Act training in each of the past two fiscal years. However, it should be pointed out that commissioners are volunteers who often have other commitments which make it difficult to schedule training that everyone is able to attend. If they cannot, or choose not to attend, there is little the Board president can do since the trainers do not live locally, and the training is arranged according to the trainer's availability. Nevertheless, the Board agrees that it is incumbent upon every board member to understand and comply with the Brown Act, and we intend to do whatever it takes to make that become a reality.
3. This recommendation is a duplication of the one above (2), but the answer is the same.
4. The IFPD is a "legislative body" under the laws and statutes of the State of California. As such the Board must comply with the provisions of the Brown Act at all times and receive annual training on the Brown Act to minimize any violations.



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RESPONSE - This is discussed under **Findings, Violation of the Brown Act**. The Brown Act is no different than any other state law. It must be complied with and we are making every effort to do so.

5. The elected official on the IFPD Board must resolve the current conflict of interest.

RESPONSE - The Fire Board of Commissioners is awaiting a legal opinion from the Chief Deputy District Attorney for Special Prosecutions.

6. The IFPD Board should hire a consulting firm to conduct a cost analysis for:

- IFPD and Cal Fire
- Ambulance Service
- Career firefighters and volunteers

7. RESPONSE - This recommendation is discussed under **Findings, Use of Volunteers and/or Cal Fire**. The Board does not agree with or accept the recommendations for all of the reasons noted.

Pete Capparelli, President, Board of Commissioners
Idyllwild Fire Protection District

9/7/2011
Date

IDYLLWILD FIRE PROTECTION DISTRICT
FINANCIAL REPORT
MAY 31, 2009

June 16, 2009

RECEIPTS AND REVENUES

We just received our final property tax (Current Secured) payment for this fiscal year in the amount of \$345,581.18. Next year (2009-2010) we will come under the Teeter Plan and consequently will receive our share of the property taxes levied within our district in one lump sum early in the fiscal year. We will continue to receive our share of any supplemental property taxes levied within our district.

We expect to receive additional income from a variety of sources, including mutual aid, Medicare, and EMS, in the approximate amount of \$50,000. These funds may or may not arrive before July 31, 2009.

SALARIES AND BENEFITS

It appears we will exceed the amounts budgeted in several line item categories that come under this heading, including; career salaries, uniforms, administration, overtime pay, paramedic reserve, reserve EMT, and PCF standby. On an overall basis, Salaries and Benefits will exceed the budgeted amount by about \$60,000. The 2009-2010 preliminary budget includes about \$40,700 more than was budgeted for 2008-2009.

INSURANCE

The amount spent through May 09 will exceed the amount budgeted by at least \$20,000. The amount included in the 2009-2010 preliminary budget for insurance is at least \$30,000 less than will have been spent in 2008-2009.

UTILITIES

The total amount that will have been spent during 2008-2009 will be very close to the amount budgeted.

ADMINISTRATIVE

Overall, the amount spent in this category should be well within the amount budgeted. Consequently, the amount included in the preliminary 2009-2010 budget is about \$18,000 less than was budgeted for 2008-2009.

OPERATING EXPENSES

This is a bright spot in terms of holding expenses down, which is an indication that our program managers are doing a much better job of avoiding unnecessary spending.

OTHER EXPENSES

The most important line item category under this heading is the amount spent for Dispatch Services, currently being supplied by CalFire/Riverside County Fire. In 2008-2009 we will spend \$5,033 which is roughly the same amount we have been spending for many years. But for the 2009-2010 fiscal year we are facing a bill of up to \$50,000, although we have only included \$40,000 for that purpose. Chief Kunkle is working on some possibilities to keep the figure as low as possible, but we can rest assured it will never again be in the \$5,000 range.

TOTAL EXPENDITURES VS. TOTAL INCOME

By taking into account the \$50,000 in extra income described above under RECEIPTS AND REVENUES, we have a good chance of squeaking by. At this point we can't be certain of the amount of income we will receive during 2009-2010, but needless to say, that will be the final word on what we can spend.

Ben Killingsworth, Commissioner
Secretary/Treasurer

IDYLLWILD FIRE PROTECTION DISTRICT FINANCIAL REPORT REVIEW – MAY 31, 2010
June 8, 2010

***Amended June 9, 2010 based on new information re ambulance income

As the 2009 – 2010 fiscal year comes to a close, the question is – will our year end total expenditures balance with our year end total income?

Through the month of May we have spent a total of \$1,670,618 and our total income has been \$1,625,600 leaving us with a YTD deficit of \$45,018.

It is estimated that we will spend about \$100,000 in June for a year end total expenditures of about \$1,770,618. This means that we must “find” \$145,018 in June in order to balance our budget for the year.

So far in June we have received about \$20,300 in supplemental and unsecured property taxes. Also, we are still owed about \$47,000 from REMS (Pine Cove Amb Contract). REMS has promised to pay us the full amount in a couple of weeks, even though we did not submit our quarterly invoices on time and have only received payments for two quarters so far as a result.

We are still owed money for two mutual aid responses that took place a few months ago that were not billed for until very recently.

The correct amount on line item 4676 –Prior Year Ambulance, should be \$57,310.32. That is \$4,115 we can add to our income. Add to that about \$7,000 that we are still owed and hope to receive in June, 2010.

We also have Ambulance income that we should receive in June in the amount of about \$27,528, along with about \$13,000 for Cost Recovery (line item 5001).

Putting all this together we have:

	YTD income of	\$1,625,600
	Supplemental & Unsecured prop Taxes:	20,300
	REMS Final two quarters payment:	47,000
	Corrected Prior Year Amb Income:	4,115
	Addnl Prior Year Amb Inc we expect to receive in June 2010:	7,000
	Addnl Ambulance Income we expect to receive in June 2010:	27,528***
	Addnl Cost Recovery Inc we expect to receive in June 2010 :	<u>13,000</u>
	Anticipated Total Income 2009 - 2010 :	\$1,744,543

Based on the above figures we stand to end the fiscal year about \$26,075*** short of balancing our budget.

Ben Killingsworth, Treasurer

IDYLLWILD FIRE PROTECTION DISTRICT
FINANCIAL REPORT REVIEW
May, 2011

June 14, 2011

Following is a snapshot comparison between 5-31-10 to date and 5-31-11. Only a few of the more significant line items are included

Line Item Description	5-31-10 to-date	5-31-11 to-date	Difference
RECEIPTS AND REVENUE			
Tax Revenue	1,267,805	1,115,614	* -152,201
total receipts and revenue	1,612,041	1,548,229	** -53,812
SALARIES AND BENEFITS			
Career	568,898	580,294	+ 11,396
Administrative	2,593	34,997	+ 32,404
OT /Vacation Coverage	111,719	104,439	-7,280
Reserve EMT	47,053	34,946	-12,107
Paramedic Reserve	15,135	3,032	-12,503
PCF Standby	10,963	8,503	-2,460
PCF Ambulance Wage	5,639	3,721	-1,918
Total Salaries and Benefits	867,031	861,636	-5,395
RETIREMENT	215,343	287,599	*** +72,256
ADMINISTRATIVE	178,146	156,556	-21,590
OPERATING EXPENSES			
Radio Repair	606	18,612	+18,006
Dispatch	26,322	49,727	****+23,405
Total Operating Expenses	173,011	122,834	--50,177
Total Expenses	1,670,618	1,700,074	+29,456

*By this time last year we had received all of our special assessment money – this year we are still owed about \$88,000

**By this time last year we had received all of our EMS (Pine Cove Ambulance) income- this year we are still owed about \$24,000

*** This figure is inflated due to having to make up for missed prior year payments for retirement and deferred comp.

****The increase is due to an increase in CDF fees for dispatch (\$5,000/yr to about \$40,000/yr)

Ben Killingsworth, Secretary Treasurer