

**SAN JOAQUIN COUNTY
HEALTH CARE SERVICES AGENCY**

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

SEPTEMBER 2005

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

To the Management
San Joaquin County Health Care Services Agency

We have performed the procedures enumerated below, which were agreed to by the Management of San Joaquin County Health Care Services Agency (Agency), solely to assist the Agency in its evaluation of the submitted Credentials/Proposals to provide emergency ambulance services to constituents of the County of San Joaquin, California. Management of San Joaquin County Health Care Services Agency is responsible for the Credentials/Proposals and the evaluations of the Credentials/Proposals. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of that party specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed were as follows:

1. We reviewed the submitted Credentials/Proposals to determine whether they comply, in form and content, with the requirements in Section 3.2 (A), (F), (G), (H), (I), (J), (K) and (L) of the Agency's Request for Credentials/Proposals for Emergency Ambulance Services dated July 12, 2005 (RFP). The results of our procedures are summarized in Appendix A of this report.
2. We reviewed the Proposed Operating Budgets (Budgets), for each of the first three years of the proposed contract for each zone in the Credentials/Proposal, for each Credentials/Proposal submitted. We performed the following procedures related to each Budget reviewed:
 - i) We determined whether the Budget complies in form and content with "Attachment J: Proposed Operating Budget" of the RFP.
 - ii) We determined whether all subtotals and totals within each Budget are arithmetically accurate.
 - iii) We determined whether all percentages and computations within each Budget recompute.

The results of our procedures are summarized in Appendix B of this report.

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San Joaquin County Health Care Services Agency
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3. We reviewed the Proposed Ambulance Rates table (Rate Tables), for each zone and rate option in the Credentials/Proposal, for each Credentials/Proposal submitted. We performed the following procedures related to each Rate Table reviewed:
 - i) We determined whether the Rate Table complies in form and content with “Attachment K: Proposed Ambulance Rates” of the RFP.
 - ii) We determined whether all subtotals and totals within each Rate Table are arithmetically accurate.
 - iii) We determined whether all percentages and computations within each Rate Table recompute.
 - iv) We determined whether the Medicare Assignment and Affirmation Statement has been appropriately executed, in form and content, as prescribed by Appendix K of the RFP.

The results of our procedures are summarized in Appendix C of this report.

4. We reviewed the Charge Scenarios tables (Charge Tables), for each zone and rate option in the Credentials/Proposal, for each Credentials/Proposal submitted. We performed the following procedures related to each Credentials/Proposal reviewed:
 - i) We determined that a separate Charge Table for Scenario #1 and Scenario #2 is provided.
 - ii) We determined whether each Charge Table complies in form and content with “Attachment L: Charge Scenarios” of the RFP.
 - iii) We determined whether all subtotals and totals within each Charge Table are arithmetically accurate.
 - iv) We determined whether all percentages and computations within each Charge Table recompute.

The results of our procedures are summarized in Appendix C of this report.

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5. Based on information presented by the respondents as required in Section 3.2 and other sections of the RFP, we prepared a comparative schedule detailing the following information (which is defined, as applicable, in the schedule accompanying our report) as of the most recent fiscal year for each option presented for each Credentials/Proposal received:
- i) Days Cash on Hand ratio
 - ii) Current ratio
 - iii) Debt-to-Equity (Leverage) ratio
 - iv) Operating Income to Revenue percentage
 - v) Percentage of total proposed annual Revenue (according to the Proposed Operating Budget as requested in Attachment J to the RFP) to total Revenue (according to the most recent audited annual financial statement as requested in Section 3.2 (f))
 - vi) Operating Income
 - vii) Earnings before Interest, Income Taxes, Depreciation, and Amortization (EBITDA)
 - viii) Net Income
 - ix) Cash Provided by Operating Activities
 - x) Unfunded Accumulated Benefit Obligation of a defined benefit pension plan, as applicable
 - xi) Available Borrowing Capacity as of the most recent fiscal year end

The comparative schedule is presented in Appendix D of this report.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on the accounting records of the San Joaquin County Health Care Services Agency or information contained in the Credentials/Proposals. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the San Joaquin County Health Care Services Agency and is not intended to be and should not be used by anyone other than that specified party.

Moss Adams LLP

Stockton, California
October 10, 2005

**SAN JOAQUIN COUNTY HEALTH CARE SERVICES AGENCY
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UP PROCEDURES
APPENDIX A**

Procedure 1

RFP Section	Description	Respondent			
		Priority One	AMR	The City of Stockton	Proposed Partnership Rural/Metro
3.2					
A.	<ul style="list-style-type: none"> • Your business name • Legal business status • Number of years in business • Other or prior business names • Controlling interest information • Financial interest in related business • Business partners in the last five years 	In Compliance	In Compliance	In Compliance	In Compliance
F.	Document your organization's current net worth and capacity to convert non-liquid assets into cash if needed. Provide an audited financial statement of current assets and liabilities for the past two years.	In Compliance	In Compliance	In Compliance	In Compliance
G.	Document your organization's access to working capital, including the finance of equipment needed to serve a system such as the one in San Joaquin County.	In Compliance	In Compliance	In Compliance	In Compliance
H.	Provide evidence of current amount of reserve borrowing power for your organization.	In Compliance	In Compliance	In Compliance	In Compliance
I.	List commitments or potential commitments that may impact assets, lines of credit, guarantor letters, or otherwise affect your ability to perform this contract.	In Compliance	In Compliance	In Compliance	{a}
J.	Describe the circumstances of any bankruptcy filing or termination of emergency ambulance service involving your organization within the past five years.	In Compliance	In Compliance	{a}	{a}
K.	List all litigation in the past five years involving your organization or any principal officers in connection with any contract for similar services. Include the title of the case, case number, court, and monetary amount.	In Compliance	In Compliance	In Compliance	{a}
L.	List on any instances of major regulatory actions or sanctions against your organization, including suspension or revocation of any operating license or permit, any sanctions under Medicare or Medicaid programs, revocation of a business permit, or any sanctions by other third-party payers, whether public private, or non-profit.	In Compliance	In Compliance	In Compliance	In Compliance

LEGEND

In Compliance: Credentials/Proposal complied in form and content with the requirements of the referenced section of the RFP
 N/A: The requested information was not applicable for a municipality
 {a}: The requested information was not provided

**SAN JOAQUIN COUNTY HEALTH CARE SERVICES AGENCY
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UP PROCEDURES
APPENDIX B**

Procedure 2

Procedure	Respondent			
	Priority One	AMR	The City of Stockton	Proposed Partnership Rural/Metro
2 i) Determine whether the Budget complies in form and content with " Attachment J: Proposed Operating Budget" of the RFP.	In Compliance	In Compliance	In Compliance	In Compliance
2 ii) Determine whether all subtotals and totals within each Budget are arithmetically accurate.	In Compliance	{a}	In Compliance	In Compliance
2 iii) Determine whether all percentages and computations within each Budget recompute.	In Compliance	{a}	In Compliance	In Compliance

LEGEND

In Compliance: Credentials/Proposal complied in form and content with the requirements of the referenced section of the RFP
{a}: The following exceptions were noted in our procedures:

Annual Revenue in the Basic Revenue Projection Table for all Years, Zones and Options did not recompute by the following amounts:

- Year 1, Option A – \$45
- Year 2, Option A – \$314
- Year 3, Option A – \$401
- Year 1, Option B – \$110
- Year 2, Option B – \$251
- Year 3, Option B – \$428

**SAN JOAQUIN COUNTY HEALTH CARE SERVICES AGENCY
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UP PROCEDURES
APPENDIX C**

Procedures 3 and 4

Procedure	Respondent		
	Priority One	AMR	Proposed Partnership The City of Stockton Rural/Metro
3 i) Determine whether the Rate Table complies in form and content with "Attachment K: Proposed Ambulance Rates" of the RFP.	In Compliance	In Compliance	In Compliance
3 ii) Determine whether all subtotals and totals within each Rate Table are arithmetically accurate.	N/A	N/A	N/A
3 iii) Determine whether all percentages and computations within each Rate Table recompute.	N/A	N/A	N/A
3 iv) Determine whether the Medicare assignment and Affirmation Statement has been appropriately executed, in form and content, as prescribed by Appendix K of the RFP.	In Compliance	In Compliance	In Compliance
4 i) Determine whether a separate Charge Table for Scenario #1 and Scenario #2 is provided	In Compliance	In Compliance	In Compliance
4 ii) Determine whether each Charge Table complies in form and content with "Attachment L: Charge Scenarios" of the RFP.	In Compliance	In Compliance	In Compliance
4 iii) Determine whether all subtotals and totals within each Charge Table are arithmetically accurate.	N/A	N/A	N/A
4 iv) Determine whether all percentages and computations within each Charge Table recompute.	N/A	N/A	N/A

LEGEND

In Compliance: Procedures as described was performed without exception
 N/A: There were no subtotals, percentages or computations within these Tables

**SAN JOAQUIN COUNTY HEALTH CARE SERVICES AGENCY
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UP PROCEDURES
APPENDIX D**

Procedure 5

Procedure	Measure	Respondent			
		Priority One	AMR	The City of Stockton	Proposed Partnership
		December 31, 2004	August 31, 2004	June 30, 2004	Rural/Metro June 30, 2004
5 i)	Days Cash on Hand	23	0	{a}	12
5 ii)	Current Ratio	1.14	2.84	{a}	1.12
5 iii)	Debt-to-Equity (Deficit) Ratio	1.74	1.22	{a}	(2.06)
5 iv)	Operating (Loss) Income to Revenue percentage	(3%)	6%	{a}	7%
5 v)	Percentage of total proposed annual Revenue (according to the Proposed Operating Budget as requested in Attachment J to the RFP) to total Revenue (according to the most recent audited annual financial statement as requested in Section 3.2(f))	220%	4%	{a}	2%
5 vi)	Operating (Loss) Income	\$ (282,382)	\$ 21,113,781	{a}	\$ 35,527,000
5 vii)	Earnings before Interest, Depreciation, Amortization and Income Taxes (EBITDA)	\$ 117,095	\$ 29,373,481	{a}	\$ 46,931,000
5 viii)	Net (Loss) Income	\$ (183,828)	\$ 17,628,399	{a}	\$ 6,211,000
5 ix)	Cash Provided By Operating Activities	\$ 253,640	\$ 23,384,948	{a}	\$ 14,501,000
5 x)	Unfunded Accumulated Benefit Obligation of a defined benefit pension plan, as applicable	N/A	N/A	\$ 131,410,000	N/A
5 xi)	Available Borrowing Capacity as of the most recent fiscal year	\$ 500,000	\$ -	N/A	\$ -

LEGEND

{a}: The requested information was not applicable for a municipality
N/A: The entity does not have a defined benefit pension plan according to the submitted information

SAN JOAQUIN COUNTY HEALTH CARE SERVICES AGENCY
APPENDIX D (CONTINUED)

Definitions for computed financial measures above are as follows:

Days Cash on Hand- $\text{Cash}/([\text{operating expense} - \text{depreciation expense}]/365)$

Current Ratio – Total current assets divided by total current liabilities

Debt-to-Equity (Leverage) Ratio – Total liabilities/total equity

Percentage of Total Proposed Annual Revenue to Total Revenue – Average total revenue between options for year 1 for all zones proposed/total revenue in the respondent's most recent annual financial statement.

Unfunded Accumulated Benefit Obligation – The excess of the accumulated benefit obligation over plan assets.

Available Borrowing Capacity – The unused, available portion of credit line(s)