

**CALIFORNIA TAHOE EMERGENCY SERVICES  
OPERATIONS AUTHORITY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2021**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
California Tahoe Emergency Services Operations Authority  
South Lake Tahoe, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund, of California Tahoe Emergency Services Operation Authority (the JPA), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund, of the JPA as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022 on our consideration of the JPA’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the JPA’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the JPA’s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Roseville, California  
December 2, 2022

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

This discussion and analysis of California Tahoe Emergency Services Operations Authority's (JPA) financial performance provides an overall review of the JPA's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the JPA's financial performance as a whole. To provide a complete understanding of the JPA's financial performance, please read it in conjunction with the Independent Auditors' Report on pages 1 and 2, the JPA's financial statements, and notes to the basic financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments*, issued June 1999. Certain comparative information is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

- The JPA is a contract provider to the County of El Dorado with its primary funding source through County Service Area (CSA) #3. All costs are budgeted expenditures through the County of El Dorado Health and Human Services Agency. All funds budgeted in excess of actual expenditures may be returned at the end of each fiscal year.
- The JPA's total net position was \$1,900,731 at June 30, 2021, an increase of \$426,219 from the June 30, 2020 balance of \$1,474,512. This increase in net position was due to revenues exceeding expenses, mainly due to the contract service fees received from the County of El Dorado (the County) exceeding the cost of services by \$248,800 and a federal COVID-19 grant of \$97,829 being received from the County. Also, long-distance transportation and standby fees of \$39,182 were earned during the year. Finally, over the past two years, the JPA has been constructing improvements to its ambulance facility and recognized \$185,627 in tenant improvement revenue during the year from the County.
- The JPA incurred capital outlay expenditures of \$277,694 from a new ambulance, and tenant improvements on the Lake Tahoe Boulevard ambulance facility under construction during the year.
- The JPA operates six ambulances. The JPA continues to hire and train employees to staff the ambulances.

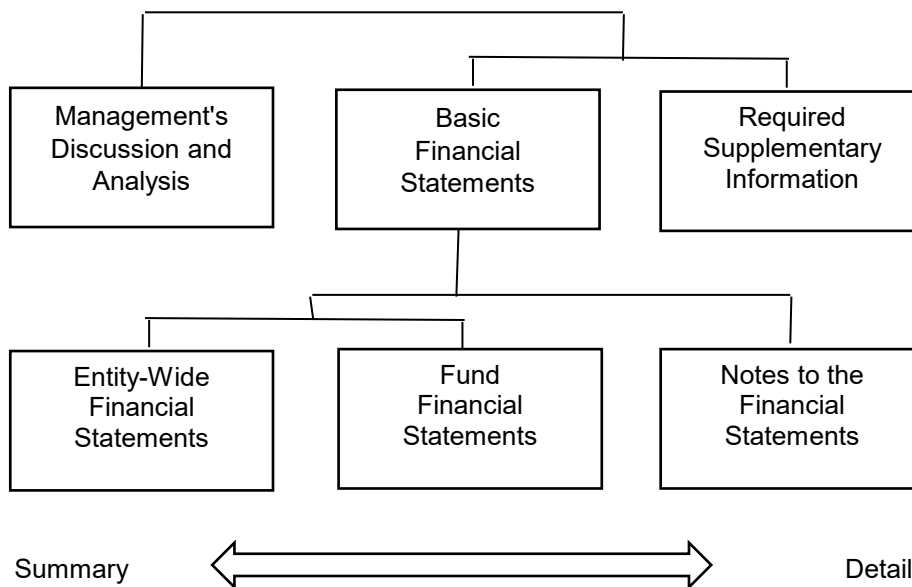
The JPA's revenues increased by \$165,608, mainly due to the JPA earning approximately \$200,000 more this year of additional CSA #3 payments from the County due to contract changes to cover increased cost of services and the affects of the Ambulance Inflation Factor that comes into consideration each January. Also, the JPA recognized \$31,254 more in reimbursements from the County for tenant improvements from the prior year and receiving \$5,275 more in long-distance transportation and other fees. No dispatch revenues were recognized during 2021. The JPA's expenses modestly increased by \$21,116 during the year. Salaries and benefits decreased by \$133,690 due to decreased employee earnings, related taxes and workers compensation insurance, while services and supplies expenses increased by \$177,127 due to an increase in professional fees from the Lake Valley Fire Protection District, an increase in dispatch expenses from the City of South Lake Tahoe, temporary housing rental expenses, and ambulance maintenance. Depreciation expense was comparable to fiscal 2021.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. These statements are organized so the reader can understand the California Tahoe Emergency Services Operations Authority as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**Components of the Financial Section**



The first two statements are entity-wide or government-wide financial statements, the Statement of Net Position and Statement of Activities. These statements provide information about the activities of the whole JPA, presenting both an aggregate view of the JPA’s finances and a longer-term view of those finances using the full accrual basis of accounting. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term using the modified accrual basis of accounting as well as what remains for future spending. A comparison of the JPA’s general fund budget is included in the required supplementary information section.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

**Reporting the JPA as a Whole**

*Statement of Net Position and the Statement of Activities*

These two statements provide information about the JPA as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the JPA's assets and liabilities using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the JPA as a whole and its activities in a way that helps answer the question, "How did we do financially during the year ended June 30, 2021?"

These two statements report the JPA's net position and changes in that position. This change in net position is important because it tells the reader that, for the JPA as a whole, the financial position of the JPA has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the JPA's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the JPA's operating results. However, the JPA's goal is to provide emergency services to our communities, not to generate profits as commercial entities. One must consider many other non-financial factors, such as the quality of care provided to assess the overall health of the JPA.

- ◆ Increases or decreases in the net position of the JPA over time are indications of whether its financial position is improving or deteriorating, respectively. The net position of the JPA increased by \$426,219 during the year, mainly due to the changes in revenues and expenses described previously.
- ◆ Additional non-financial factors such as condition of vehicles and changes to the property tax base of the JPA need to be considered in assessing the overall health of the JPA. The JPA serves semi-rural and wilderness areas, putting a lot of miles on the vehicles. The JPA has a replacement plan for ambulances based on mileage. The current replacement plan calls for one ambulance to be replaced or remounted approximately every two years. The JPA has needed to replace vehicles at a faster pace than this plan in previous fiscal years. However, a provision in the new contract is expected to reduce the number of miles driven each year significantly.

*Fund Financial Statements*

The fund financial statements provide more detailed information about the inflow and outflow of the JPA's resources in the current year - not the JPA as a whole.

**Major Governmental Funds**

- ◆ Governmental Funds

All of the JPA's activities are reported in one governmental fund, the General Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting basis called the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the JPA's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the JPA's programs.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS**

The JPA's net position was \$1,900,731 at June 30, 2021, consisting of \$485,476 invested in capital assets and \$1,415,255 of unrestricted net position. The government-wide balances are presented in the table below.

**COMPARATIVE STATEMENT OF NET POSITION**

	Governmental Activities			
	2021	2020	\$ Change	% Change
<b>ASSETS</b>				
Cash and Investments	\$ 1,842,514	\$ 1,197,321	\$ 645,193	54%
Due from Other Governments	74,412	177,473	(103,061)	-58%
Prepaid Items	9,642	12,330	(2,688)	-22%
Rent Security Deposits	5,000	8,406	(3,406)	-41%
Medical Supplies Inventory	205,284	168,585	36,699	22%
Performance Deposit	50,000	50,000	-	0%
Capital Assets, Net of Depreciation	676,894	554,715	122,179	22%
<b>Total Assets</b>	<b>2,863,746</b>	<b>2,168,830</b>	<b>694,916</b>	<b>32%</b>
<b>LIABILITIES</b>				
Accounts Payable and Other Liabilities	258,457	105,154	153,303	146%
Salaries and Benefits Payable	18,005	18,787	(782)	-4%
Accrued Interest	2,055	-	2,055	n/a
Unearned Revenue	562,292	554,713	7,579	1%
Liabilities - Current	37,154	11,776	25,378	216%
Liabilities - Noncurrent	85,052	3,888	81,164	2088%
<b>Total Liabilities</b>	<b>963,015</b>	<b>694,318</b>	<b>268,697</b>	<b>39%</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	485,476	554,715	(69,239)	-12%
Unrestricted	1,415,255	919,797	495,458	54%
<b>Total Net Position</b>	<b>\$ 1,900,731</b>	<b>\$ 1,474,512</b>	<b>\$ 426,219</b>	<b>29%</b>

Total assets increased by \$694,916, including an increase in cash and investments of \$645,193 that was largely due to receiving two months or \$562,292 of unearned revenue from the County at year-end for July and August 2021, a decrease in receivables of \$103,061, an increase in the medical supplies inventory of \$36,699 due to the COVID-19 pandemic, an increase in capital assets of \$122,179 from a new ambulance and tenant improvements, and smaller changes in other asset categories.

Liabilities increased by \$268,697, which was largely due to the balances in accounts payable and other liabilities at June 30, 2021. Included in accounts payable was approximately \$83,000 due to the construction company for the ambulance facility as a progress payment, \$90,000 due to Lake Valley Fire Protection District for professional services, and \$43,000 due to the City of South Lake Tahoe for dispatch services. The increase in current and noncurrent liabilities is primarily because of the lease



**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

obligation entered into with the acquisition of an ambulance during the year. One principal payment was made on the lease for \$28,913.

Net position increased \$426,219 during the fiscal year from \$1,474,512 to \$1,900,731. The JPA's expenses for providing ambulance and dispatch services, including salaries and benefits, and depreciation, as well as interest expense on a new lease represented nearly 100% of total expenses as described in the table below.

**COMPARATIVE STATEMENT OF ACTIVITIES**

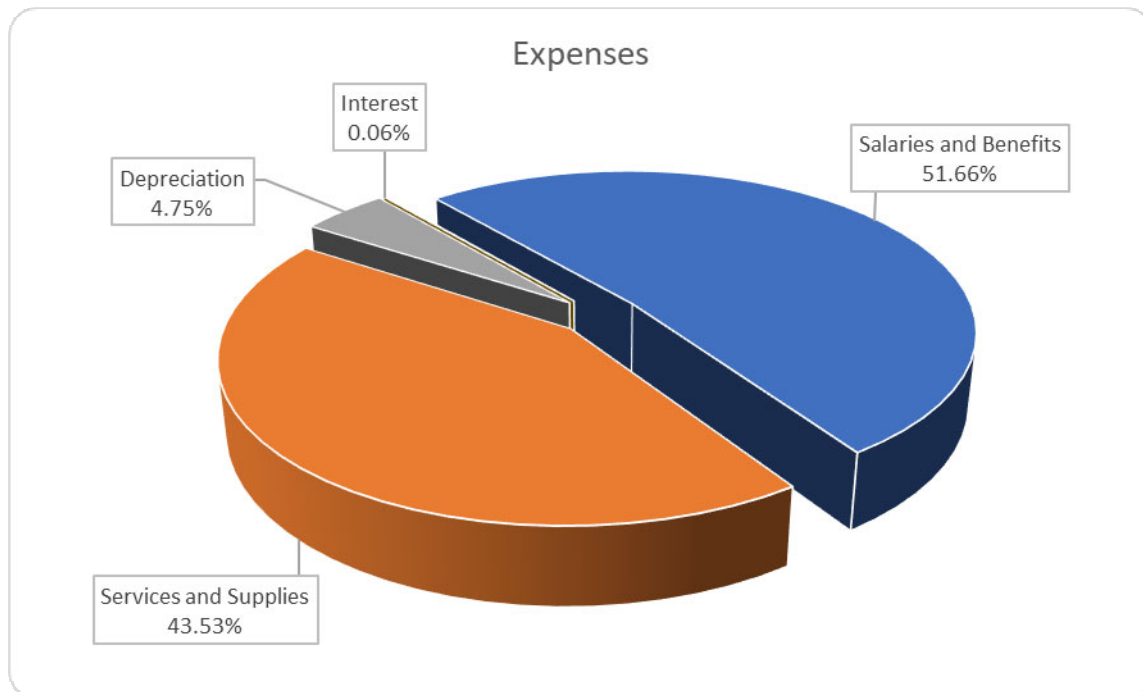
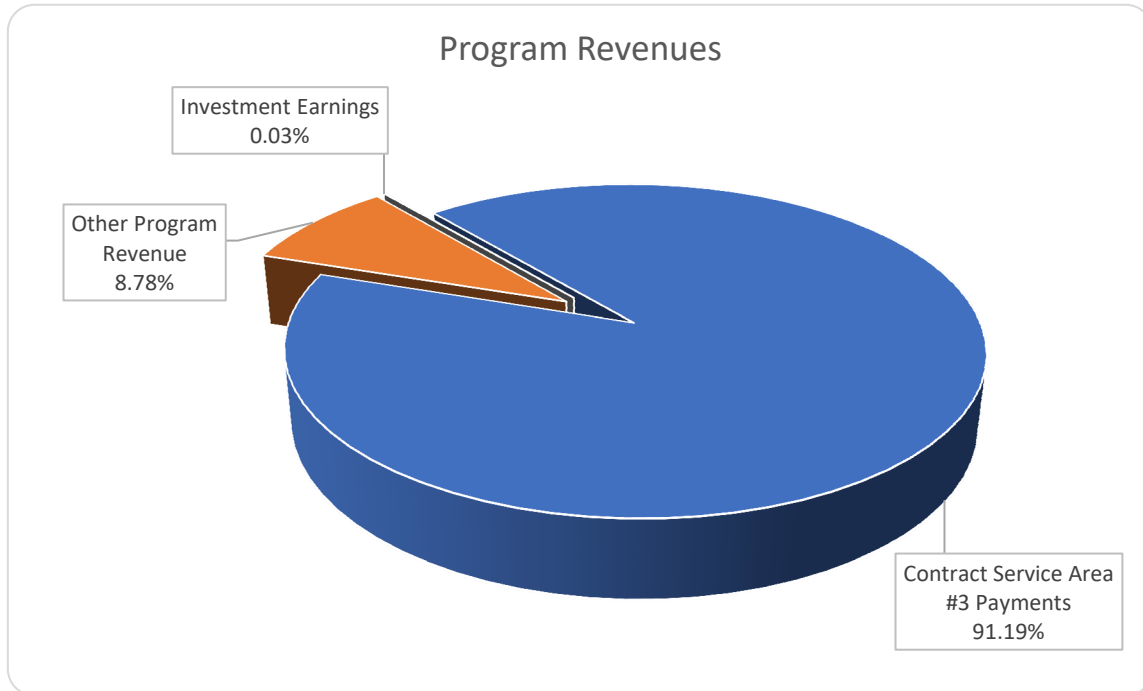
	Governmental Activities			
	2021	2020	\$ Change	% Change
<b>REVENUES</b>				
Program Revenues:				
Operating Grants and Subsidies	\$ 3,461,760	\$ 3,343,673	\$ 118,087	4%
Capital Grants and Subsidies	185,627	154,373	31,254	20%
Charges for Services and Other	40,435	35,160	5,275	15%
Sale of Capital Assets	10,000	-	10,000	n/a
General Revenues:				
Investment Earnings	1,098	106	992	936%
Total Revenues	<u>3,698,920</u>	<u>3,533,312</u>	<u>165,608</u>	<u>5%</u>
<b>EXPENSES</b>				
Regional Ambulance and Dispatch	<u>3,272,701</u>	<u>3,251,585</u>	<u>21,116</u>	<u>1%</u>
Total Expenses	<u>3,272,701</u>	<u>3,251,585</u>	<u>21,116</u>	<u>0%</u>
<b>CHANGE IN NET POSITION</b>	426,219	281,727	144,492	51%
Net Position - Beginning of Year	<u>1,474,512</u>	<u>1,192,785</u>	<u>281,727</u>	<u>24%</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 1,900,731</u></u>	<u><u>\$ 1,474,512</u></u>	<u><u>\$ 426,219</u></u>	<u><u>29%</u></u>

Operating grants and subsidies increased by \$118,087, mainly from the contract service fee increase of approximately \$200,000 from changes in the reimbursement rate and the Ambulance Inflation Factor used by the County. Operating grants also include a \$97,829 COVID-19 federal grant; no dispatch reimbursement revenue was recognized during 2021. Capital grants and subsidies increased \$31,254 due to tenant improvements on the ambulance facility under construction that was reimbursed by the County. There were no reimbursements from the County for equipment purchases during the year. The JPA did sell one fully depreciated ambulance during the year, and realized a gain on sale of \$10,000.

Expenses increased modestly by \$21,116 for the year ended June 30, 2021. As previously mentioned, salaries and benefits decreased by \$133,690 due to decreased employee earnings, related taxes and workers compensation insurance, while services and supplies expenses increased by \$177,127 due to an increase in professional fees from the Lake Valley Fire Protection District, an increase in dispatch expenses from the City of South Lake Tahoe, temporary housing rental expenses, and ambulance maintenance.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

As reported in the Statement of Activities, the cost of all of the JPA's governmental activities this year was \$3.27 million. Program revenues were \$3.69 million. The charts below show the composition of program revenues and expenses for the year.



**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

**COMPARATIVE SCHEDULE OF CAPITAL ASSETS, NET OF DEPRECIATION**

	2021	2020	Difference Increase (Decrease)
Construction in Progress	\$ 174,442	\$ 34,373	\$ 140,069
Vehicles	486,567	453,485	33,082
Equipment	15,885	66,857	(50,972)
Total	<u>\$ 676,894</u>	<u>\$ 554,715</u>	<u>\$ 122,179</u>

The changes above were the result of continued construction of \$140,000 on the JPA's ambulance facility, the purchase of an additional ambulance under a lease for \$138,000, and the sale of one ambulance that resulted in a gain on sale of \$10,000; no equipment was purchased during the year. Depreciation expense was \$155,515. Additional information about capital assets may be found in Note 3 to the financial statements.

**Long-term Debt**

Long-term debt for the JPA consists of a capital lease entered into by the JPA during the year ending June 30, 2021, for the purchase of an ambulance. The lease agreement requires payments of \$29,794 to be made each December 12 from December 12, 2020 to December 12, 2024. At June 30, 2021 the present value of the future minimum lease payments is \$108,712.

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUND STATEMENTS**

The General Fund financial statements focus on individual parts of the JPA's operations in more detail than the government-wide statements. The JPA's fund statements provide information on current inflows and outflows of spendable resources.

The total assets of the General Fund increased by \$572,737 primarily due to the \$645,193 increase in cash and investments from receiving a quarterly payment from the County in June 2021 that included July and August revenues which resulted in \$562,292 of unearned revenue being recognized, collecting a \$119,622 CARES Act grant, and the positive change in fund balance of \$470,260. The medical supplies inventory also increased by \$36,699 in preparation for the COVID-19 pandemic. Total General Fund liabilities increased by \$160,100 from June 30, 2020, which was primarily due to an increase in accounts payable. At year end the JPA had liabilities of \$82,706 to the construction company for a progress payment, \$42,917 to the City of South Lake Tahoe for dispatch services, and \$89,803 to Lake Valley Fire Protection District for professional fees. The General Fund recognized unavailable revenue in the amount of \$73,210. These amounts were from the COVID-19 federal grant, tenant improvement reimbursements, and long-distance transportation and stand by revenues. These amounts were recognized as revenues in the statement of activities, but were not received during the 60 day availability period after year end. Fund balance of the General Fund increased by \$470,260 from the June 30, 2020 fund balance of \$804,628 due to the changes in assets and liabilities described above.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

Revenues increased by \$343,072, primarily due to contract service fees increasing, CARES Act grants increasing, and long distance transportation and stand by fees increasing as described previously. Expenditures increased by \$195,916, which was due to increases in services and supplies, capital outlay and debt service payments.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund revenues were lower than the final budget by \$20,520 primarily due to the budget for the tenant improvements not being fully used. Expenditures were lower than the final budget by \$423,155 primarily due to favorable variances from the budget in salaries and benefits of \$218,270 and capital outlay of \$225,611. For more detailed information on the JPA's budget and the comparison of actual activity, see the Required Supplementary Information section of this report.

**CONTACTING THE JPA'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the JPA's finances and to show the JPA's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Executive Director, Ryan Wagoner, California Tahoe Emergency Services Operations Authority, 2951 Lake Tahoe Boulevard, South Lake Tahoe, CA 96150.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**JUNE 30, 2021**

	General Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash and Investments	\$ 1,842,514	\$ -	\$ 1,842,514
Due from Other Governments	74,412	-	74,412
Prepaid Items	9,642	-	9,642
Medical Supplies Inventory	205,284	-	205,284
Rent Security Deposits	5,000	-	5,000
County Contract Performance Deposit	50,000	-	50,000
Capital Assets:			
Nondepreciable	-	174,442	174,442
Depreciable, Net	-	502,452	502,452
Total Capital Assets, Net	-	676,894	676,894
 Total Assets	 \$ 2,186,852	 \$ 676,894	 \$ 2,863,746
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	\$ 258,457	\$ -	\$ 258,457
Salaries and Benefits Payable	18,005	-	18,005
Accrued Interest	-	2,055	2,055
Unearned Revenue	562,292	-	562,292
Liabilities - Current	-	37,154	37,154
Liabilities - Noncurrent	-	85,052	85,052
Total Liabilities	838,754	124,261	963,015
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue	73,210	(73,210)	-
<b>FUND BALANCE</b>			
Nonspendable	214,926	(214,926)	-
Committed	160,056	(160,056)	-
Unassigned	899,906	(899,906)	-
Total Fund Balance	1,274,888	(1,274,888)	-
 Total Liabilities, Deferred Inflows and Fund Balance	 \$ 2,186,852		
<b>NET POSITION</b>			
Net Investment in Capital Assets		485,476	485,476
Unrestricted		1,415,255	1,415,255
 Total Net Position		 \$ 1,900,731	 \$ 1,900,731

See accompanying Notes to Financial Statements.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2021**

	General Fund	Adjustments	Statement of Activities
<b>EXPENDITURES/EXPENSES</b>			
Ambulance Services:			
Salaries and Benefits	\$ 1,426,730	\$ (2,170)	\$ 1,424,560
Services and Supplies	1,690,571	-	1,690,571
Debt Service: Principal	28,913	(28,913)	-
Debt Service: Interest	-	2,055	2,055
Capital Outlay	277,694	(277,694)	-
Depreciation	-	155,515	155,515
Total Expenditures/Expenses	3,423,908	(151,207)	3,272,701
<b>PROGRAM REVENUES</b>			
Operating Grants and Subsidies:			
Contract Service Area #3 Payments	3,363,931	-	3,363,931
CARES Act Operating Grants	200,000	(102,171)	97,829
Capital Grants and Subsidies:			
Reimbursement for Tenant Improvements	147,011	38,616	185,627
Charges for Services:			
Long-Distance Transportation Fees	29,188	5,932	35,120
Standby Fees	4,062	-	4,062
Other Revenue	1,253	10,000	11,253
Total Program Revenues	3,745,445	(47,623)	3,697,822
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	321,537		
Net Program Revenues		103,584	425,121
<b>GENERAL REVENUES</b>			
Investment Earnings	1,098	-	1,098
<b>OTHER FINANCING SOURCES</b>			
Capital Lease Issuance	137,625	(137,625)	-
Proceeds from Sale of Capital Assets	10,000	(10,000)	-
Total Other Financing Sources	147,625	(147,625)	-
<b>NET CHANGE IN FUND BALANCE / NET POSITION</b>	470,260	(44,041)	426,219
Fund Balance/Net Position - Beginning of Year	804,628	669,884	1,474,512
<b>FUND BALANCE/NET POSITION - END OF YEAR</b>	\$ 1,274,888	\$ 669,884	\$ 1,900,731

See accompanying Notes to Financial Statements.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the California Tahoe Emergency Services Operations Authority (the JPA) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the JPA are described below.

**Reporting Entity**

The JPA was organized under the laws of the state of California on January 24, 2001 and began operations on September 1, 2001. The JPA is a joint exercise of powers entity originally between the City of South Lake Tahoe Fire Department (the City) and the Lake Valley Fire Protection District (Lake Valley). During the year ended June 30, 2018, the JPA admitted Fallen Leaf Lake Community Services District Fire Department (Fallen Leaf Lake) as a member. The JPA is governed by a board of directors made up of two Lake Valley elected officials, two members of the City Council, and one Fallen Leaf Lake elected official that are appointed by their governing bodies.

The purpose of the JPA is to provide ambulance and other emergency medical services within the Lake Tahoe basin and other portions of El Dorado County (the County), as specified by a service agreement with the County ending August 31, 2021, which was extended as described in Note 13. The JPA owns six ambulances for this purpose. Dispatch services are provided by the City under a dispatch agreement ending August 31, 2024, as described in Note 12. Operational funding for the JPA is handled through the County as part of the services agreement. The County accounts for the ambulance and other emergency services activities in the County Service Area (CSA) #3 Fund and its revenues are made up of:

- Property taxes
- Benefit assessment
- Ambulance billing
- Approximately \$10 million annually (combined total for both CSA #3 and #7)
- 20% from tax/assessments
- 80% from ambulance billing

The JPA's primary funding is received through a monthly service fee from the County's CSA #3 Fund as part of the service agreement. Each year the service fee is evaluated and adjusted based on call volume, patient billing, and the consumer price index (CPI) for the upcoming year. Interfacility transfers (IFT) and standby fees are not counted as part of the overall response volume, but rather are billed separately by the County. Billings for IFT's are handled through a contractor, with collected revenues being placed into a separate County account. The County receives 7% of collections for operational costs and fees charged by the contractor. The service fees include a flat amount for long-distance transportation costs. Standby fees remitted to the JPA by the County are passed through to the related member agency.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reporting Entity (Continued)**

A reporting entity is comprised of the primary government and its component units, which are entities for which the government is financially accountable. The JPA is not a component unit of any other entity, and no other entities are considered to be component units of the JPA.

**Basis of Presentation - Government-wide Financial Statements**

The government-wide statement of net position and statement of activities display information about the nonfiduciary activities of the primary government (the JPA). These statements include the financial activities of the JPA.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions in which the JPA gives (or receives) value without directly receiving (or giving) equal value in exchange, such as grants, are recognized when all eligibility requirements are met.

The statement of activities presents a comparison between direct expenses and program revenues for the JPA's governmental activities. Direct expenses are those that are specifically associated with the JPA. Program revenues include CSA #3 payments and contributions that are restricted to meeting the operational requirements of the JPA. Revenues that are not classified as program revenues, including interest income, are presented as general revenues.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accounts of the JPA are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. The JPA accounts for its activities in the General Fund, which is accounted for as a governmental fund. Governmental funds are established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Major individual funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, deferred inflows of resources, and fund balance are included on the balance sheet. Operating statements present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the JPA considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant funds and exchange revenue earned but not received are recorded as a receivable. Grant funds and exchange revenue not received before the revenue recognition criteria have been met, are reported as deferred inflows or unavailable revenues, respectively.



**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, long-term liabilities, compensated absences, and expenditures related to claims and judgments are recorded only when payment is due. General capital assets are reported as capital outlay expenditures in governmental funds when purchased and proceeds from sales of capital assets are reported as other financing sources in the operating statement.

When both restricted and unrestricted resources are available, it is the JPA's policy to use restricted resources first, then unrestricted resources as they are needed. Expenditures against unrestricted resources first reduce committed, then assigned, and finally unassigned fund balance.

The JPA's only major governmental fund is the General Fund. The General Fund is the general operating fund of the JPA and accounts for revenues collected to provide services and finance the fundamental operations of the JPA. The fund is charged with all costs of operations.

**Due from Other Governments**

Due from other governments includes \$38,616 of tenant improvement reimbursements due from El Dorado County and \$3,446 of stand by revenue. Due from other governments also includes a CARES Act grant receivable from FEMA of \$28,662, purchase receivable from Fallen Leaf of \$1,202, and transportation fees of \$2,486 due from the County.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In governmental funds, prepaid items are reported as nonspendable fund balance to indicate they do not constitute current resources available for appropriation. Prepaid items consisted of prepaid maintenance agreements, diesel engine warranties, insurance, and bid management system.

**Medical Supplies Inventory**

Inventory consists of medical supplies and drugs inventory. Inventory is valued at cost, which approximates market, using the specific identification method. The cost of the inventory is recorded as expenditures/expenses when consumed rather than when purchased.

**Performance Deposit**

The JPA made a \$50,000 performance deposit to the County of El Dorado in 2013 under the terms of the JPA's service agreement. The City funded the deposit. The deposit may be returned at the end of the service agreement if the JPA meets the terms of the agreement. The amount would be returned to the City.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital assets are stated at cost or estimated cost where no historical records exist. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Maintenance and repair costs are expensed as incurred unless they extend the useful life of the asset. Capital assets with a value of \$5,000 or more with a life of more than three years are capitalized and depreciated on a straight-line basis. Ambulances and other vehicles are depreciated over eight years. Equipment is depreciated over five to ten years depending on the type of asset.

**Unearned Revenue**

Unearned revenues arise when resources are received by the JPA before it has legal claim to them. Unearned revenues consisted of CSA #3 payments for July and August 2021 received prior to June 30, 2021.

**Compensated Absences**

Unused earned time off is accumulated at 3.46 to 5.0 hours per pay period up to a maximum of 135 hours and is paid at the time of termination from the JPA's employment. The JPA accrues accumulated unpaid compensated absences when earned by the employee and the General Fund is used to liquidate the liability.

**Lease Obligations**

The JPA leases an asset under a capital lease agreement. In the government-wide financial statements capital leases and the related lease obligations are reported as liabilities in the governmental activities Statement of Net Position.

**Long-Term Debt**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Lease issuance costs are reported as expense in the period incurred.

**Fund Balance**

Governmental funds report nonspendable, restricted, committed, assigned, and unassigned balances.

*Nonspendable Fund Balance* – Fund balance should be reported as nonspendable when the amounts cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Nonspendable balances are not expected to be converted to cash within the next operating cycle, which include prepaid expenses and medical supplies inventory.

*Restricted Fund Balance* – Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The JPA had no restricted fund balance.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance (Continued)**

*Committed Fund Balance* – Fund balance should be reported as committed when the amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, which is a Resolution of the board of directors. These amounts are committed for equipment replacement and cannot be used for any other purpose unless the governing body modifies or removes the commitment with another Resolution. The committed fund balance is maintained in a separate bank account and the interest is added to the reserve each year. The board of directors also has a 10% operating contingency reserve approved by Commissioner Resolution that is not reported as committed fund balance because the terms for use of the contingency is not sufficiently detailed to meet the definition of committed under GASB Statement No. 54.

*Assigned Fund Balance* – Fund balance should be reported as assigned when the amounts are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The JPA had no assigned fund balance.

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification of the JPA’s funds and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes.

**Net Position**

The government-wide financial statements present net position. Net position is categorized as the investment in capital assets, restricted and unrestricted.

*Net Investment in Capital Assets* – This category groups all capital assets into one component of net position. Accumulated depreciation and any related debt reduces the balance in this category.

*Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation. The JPA had no restricted net position at year-end.

*Unrestricted Net Position* – This category represents net position of the JPA that is not restricted for any project or other purpose.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budget**

An annual budget is adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) for all governmental funds, with the exception of the amount approved in the budget to be appropriated from the reserves of fund balance. The JPA's governing board adopts a preliminary budget by July 1 and a final budget no later than October 1. A public hearing must be conducted to receive comments prior to adoption. The JPA's governing board satisfied these requirements.

This budget is reviewed by the JPA governing board during the year to give consideration to unanticipated income and expenditures. Budget appropriations lapse at each year-end. The original and final budget are presented for the General Fund as required under GAAP, with the exception of the amount approved in the budget to be appropriated from the reserves of fund balance. The appropriation of reserves of fund balance is eliminated and the entry to true-up the medical supplies inventory is added to report the actual expenses on the GAAP basis on the schedule of revenues, expenditures, and changes in fund balance - budget and actual - general fund, which is reported as required supplementary information.

**Use of Estimates**

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

**NOTE 2 CASH AND INVESTMENTS**

At June 30, 2021, the JPA's cash and investments consisted of deposits in financial institutions of \$1,842,267 and an investment in the County of El Dorado investment pool of \$247.

**Investment Policy**

The JPA has adopted an investment policy that allows the JPA to invest in any investments authorized under California Government Code Section 53601. The JPA does not have any policies that address the risks to which the JPA is exposed beyond those addressed under the California Government Code. The JPA currently invests only in bank deposits and the County of El Dorado investment pool. The County allocates interest to the various funds based upon the average daily cash balances. Investments held in the County Pool are available on demand to the JPA and are stated at amortized cost, which approximates fair value.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**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 JPA currently has no investments subject to interest rate risk.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The JPA currently has no investments that are rated by a rating agency.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of a failure of the counter party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of governmental investment pools (such as the County's cash and investments pool).

At June 30, 2021, the carrying amount and the balance in the financial institution of the JPA's deposits was \$1,842,267 and \$1,842,472, respectively. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and the remaining amount was covered by a pledge of the financial institution's securities, but not in the name of the JPA.

**Concentration of Credit Risk**

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year-end, the JPA was not exposed to concentration of credit risk.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 3 CAPITAL ASSETS**

Capital asset activity was as follows for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Disposals	Balance June 30, 2021
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 34,373	\$ 140,069	\$ -	\$ 174,442
Capital Assets Being Depreciated:				
Vehicles	837,590	137,625	(104,463)	870,752
Equipment	412,170	-	-	412,170
Total Assets Being Depreciated	1,249,760	137,625	(104,463)	1,282,922
Less Accumulated Depreciation for:				
Vehicles	(384,105)	(104,543)	104,463	(384,185)
Equipment	(345,313)	(50,972)	-	(396,285)
Total Accumulated Depreciation	(729,418)	(155,515)	104,463	(780,470)
Total Capital Assets Being Depreciated, Net	520,342	(17,890)	-	502,452
Total Capital Assets, Net	\$ 554,715	\$ 122,179	\$ -	\$ 676,894

**NOTE 4 COMPENSATED ABSENCES**

Changes in compensated absences consisted of the following during the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Compensated Absences	\$ 15,664	\$ 6,517	\$ (8,687)	\$ 13,494	\$ 11,470

**NOTE 5 LONG-TERM LIABILITIES**

Long-term debt at June 30, 2021 consisted of the following:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Capital Leases	\$ -	\$ 137,625	\$ (28,913)	\$ 108,712	\$ 25,684

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 6 LEASES**

In October 2020, the JPA entered into a capital lease agreement for an ambulance requiring payments of \$29,794 to be made each December 12 from December 12, 2020 to December 12, 2024. The lease carries an interest rate of 3.8%. The JPA will obtain the title to the ambulance if all payments are made according to the terms of the agreement.

The following is a schedule of future minimum lease payments, as of June 30, 2021:

Year Ended June 30:	Governmental Activities
2022	\$ 29,794
2023	29,794
2024	29,794
2025	29,794
Total	<u>119,176</u>
Less: Amount Representing Interest	<u>(10,464)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 108,712</u>

The following is a schedule of capital assets acquired through a capital lease as of June 30, 2021:

	Governmental Activities
Vehicles	\$ 137,625
Less: Accumulated Depreciation	<u>(12,902)</u>
Total	<u>\$ 124,723</u>

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 7 COMMITMENTS AND CONTINGENCIES**

**Legal Contingencies**

The JPA is subject to claims arising from the normal course of business. The outcome of the claims is unknown, but in the opinion of management would not have a significant effect on the JPA's financial position.

**El Dorado County Contract**

El Dorado County has contracted with the JPA to provide full-service emergency and non-emergency pre-hospital advanced life support services, dispatch services, and non-emergency transports for the area known in El Dorado County as CSA #3 South Shore area, except for the Tahoe West Shore Zone of Benefit. Under the terms of this agreement, the JPA receives a set amount per month, which is adjusted annually on January 1 for volume changes and the consumer price index. This is a significant revenue source for the JPA and losing this revenue source would have a significant impact on the JPA's services and would require another revenue source to be identified for the JPA to continue as a going concern.

The contract in place during the year ended June 30, 2021 expired on August 31, 2021. However, as described in Note 13, the contract was extended during 2021. The new service contract with the County requires the County to provide two payments of \$120,000 each to the JPA for capital asset acquisition, lease, or maintenances costs. The first payment was received in August 2020. The contract also requires the County to reimburse the JPA up to \$100,000 for the lease of office space and/or staff housing quarters and improvements to replace Fire Station #2 because the agreement with the City ended on October 31, 2019. A partial payment of \$34,373 was received in June 2020 for tenant improvements. County management indicated the remaining portion of the second \$120,000 payment could be used to reimburse the JPA for costs incurred on the ambulance facility discussed below.

Under the terms of the contract, audits may be required and certain items may be questioned as not being appropriate under the terms of the contract. Such audits could lead to requests for reimbursement to the County. No such reimbursement requests have been made by the County. The contract also allows the County to activate performance rights/takeover rights allowing the County to use another service provider under certain conditions specified in the contract. If such an event occurred, the County may lease the JPA's assets on a monthly basis for the monthly rental value of the assets or it may exercise a purchase option and purchase the assets from the JPA at an appraised fair value agreed upon by the County and JPA.



**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 8 RISK MANAGEMENT**

The JPA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The JPA contracts with American Alternative Insurance Corporation for property, liability, and auto and theft insurance coverage. There have been no reductions in coverage and settled claims have not exceeded this commercial coverage in the last three years.

**NOTE 9 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET WITH THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

Total fund balance of the JPA's governmental fund differs from net position of governmental activities primarily because of the long-term focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. The differences are described below:

Fund balance of governmental funds	\$ 1,274,888
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	
Capital assets, net	676,894
Long-term receivables are not available to pay current period expenditures and are reported as deferred inflows in governmental funds.	
	73,210
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Long term debt	(108,712)
Accrued interest	(2,055)
Compensated absences	<u>(13,494)</u>
Net position in the government-wide statement of net position	<u><u>\$ 1,900,731</u></u>

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 10 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET WITH THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

The net change in fund balance of the governmental fund differs from the change in net position of governmental activities primarily because of the long-term focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet. The differences are described below:

Net change in fund balance of governmental funds	\$	470,260
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Some receivables are deferred in the governmental fund because the amounts do not represent current financial resources that are recognized under the accrual basis in the statement of activities. This amount represents the change in deferred inflows of resources for unavailable revenue.		(47,623)
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Governmental funds report capital outlays as expenditures, which are allocated over their useful lives as depreciation expense. Also, governmental funds report proceeds from the sale of capital assets while gains or losses on disposal of capital assets are reported in the statement of activities. The change in capital assets consists of:

Capital outlay		277,694
Depreciation		(155,515)

Resources from debt issuance are recognized as inflows in governmental funds, but are reported as increases to liabilities in the statement of net position.		(137,625)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in compensated absences		2,170
Change in accrued interest payable		(2,055)
Change in leases payable		28,913
		28,913

Change in net position of the statement of activities	\$	426,219
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**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 11 RELATED PARTY TRANSACTIONS**

The JPA has the City, Lake Valley, and Fallen Leaf Lake as members. Transactions with the City, Lake Valley, and Fallen Leaf Lake, as applicable, include the following expenditures:

	City	Lake Valley
Reimbursement of Payroll and Related Costs	\$ -	\$ 958,410
Dispatch Contract	256,875	-
Vehicle Maintenance	-	40,322
Station Supplies	-	(1,416)
Miscellaneous	12	32,195
	\$ 256,887	\$ 1,029,511
Total		

Accounts payable to the City and Lake Valley at June 30, 2021 for dispatch and payroll and related expenditures was \$42,917 and \$89,803, respectively.

On October 19, 2020, the JPA sold an ambulance to the City's Police Department for \$10,000.

**NOTE 12 DISPATCH CONTRACT**

The dispatch contract with the City increased to \$20,833 per month, or \$250,000 per contract year, starting September 2019 and includes a yearly increase of 3% that will apply in future years. The agreement ends on August 31, 2024 and has an option to extend the contract through August 31, 2029 upon agreement by both parties to the contract.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 13 SUBSEQUENT EVENTS**

On August 24, 2021, the County's Board of Supervisors approved a new agreement for prehospital advanced life support, ambulance and dispatch services (Agreement) with the JPA that extends the agreement through August 31, 2031 with an additional County option to extend the agreement for one additional five year period. The JPA will be paid \$3,779,425 for the initial year of the agreement and the agreement includes an escalation factor using the Medicare Ambulance Inflation Factor released by the Centers for Medicare and Medicaid Services each calendar year. The Agreement also includes a built-in escalator of 2.5% for certain line items that are noncontrollable by the JPA. The Agreement allows the contract compensation to be renegotiated if changes in the JPA's expenses beyond the reasonable control of the JPA occur that jeopardize the JPA's ability to perform under the terms of the Agreement. The agreement also has provisions to pass-through to the JPA 100% of payments received from State and Federal agencies specifically designated to reimburse the JPA for the direct, unusual expense of providing disaster services and 93% for special event and standby event services provided by the JPA. The agreement provides for penalties up to \$5,000 for noncompliance with response time requirements defined in the agreement.

In August of 2021, The Board of Directors approved the establishment of a 401k plan (Plan) through Paychex pension services called Pensionmark. The effective date of the plan is January 1, 2021, and regular and Roth elective deferrals began June 15, 2021. Under the provisions of the Plan, all employees over 18 years of age and completing 1 year of service, except those covered by a collecting bargaining unit, are eligible for the Plan. The Plan is subject to a discretionary employer match of employee contributions and discretionary employer profit-sharing contributions. Employees may contribute up to the maximum allowed under the Internal Revenue Code. Employees are fully vested in employee contributions, 100% vested in employer matching contributions after two years of service and are subject to a graded vesting schedule for employer profit sharing contributions for two through six years of service.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL – GENERAL FUND  
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)	Adjustment to GAAP Basis	Actual Amounts GAAP Basis
	Original	Final				
<b>EXPENDITURES</b>						
Ambulance Services:						
Salaries and Benefits	\$ 1,645,000	\$ 1,645,000	\$ 1,426,730	\$ 218,270	\$ -	\$ 1,426,730
Services and Supplies	1,698,758	1,698,758	1,690,571	8,187	-	1,690,571
Debt Service: Principal	-	-	28,913	(28,913)	-	28,913
Capital Outlay	503,305	503,305	277,694	225,611	-	277,694
Total Expenditures	3,847,063	3,847,063	3,423,908	423,155	-	3,423,908
<b>REVENUES</b>						
Contract Service Area #3 Payments	3,360,263	3,360,263	3,363,931	3,668	-	3,363,931
CARES Act Operating Grants	200,000	200,000	200,000	-	-	200,000
Reimbursement for Tenant Improvements	185,000	185,000	147,011	(37,989)	-	147,011
Long-Distance Transportation Fees	18,000	18,000	29,188	11,188	-	29,188
Standby Fees	3,000	3,000	4,062	1,062	-	4,062
Other Revenue	-	-	1,253	1,253	-	1,253
Investment Earnings	800	800	1,098	298	-	1,098
Fund Balance Appropriated	80,000	80,000	80,000	-	(80,000)	-
Total Program Revenues	3,847,063	3,847,063	3,826,543	(20,520)	(80,000)	3,746,543
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	402,635	402,635	(80,000)	322,635
<b>OTHER FINANCING SOURCES (USES)</b>						
Capital Lease Issuance	-	-	137,625	137,625	-	137,625
Proceeds from Sale of Capital Assets	-	-	10,000	10,000	-	10,000
Total Other Financing Sources (Uses)	-	-	147,625	147,625	-	147,625
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 550,260</u>	<u>\$ 550,260</u>	<u>\$ (80,000)</u>	470,260
Fund Balance - Beginning of Year						804,628
<b>FUND BALANCE - END OF YEAR</b>						<u>\$ 1,274,888</u>



**INDEPENDENT AUDITORS' 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**

Board of Directors  
California Tahoe Emergency Services Operations Authority  
South Lake Tahoe, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund information of California Tahoe Emergency Services Operations Authority (the JPA), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the JPA's basic financial statements, and have issued our report thereon dated December 2, 2022.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

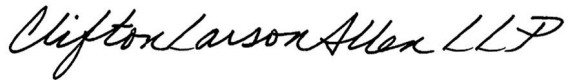
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the JPA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

**Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Sacramento, California  
December 2, 2022



**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2021**

No findings noted for the year ended June 30, 2021.



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