

**CALIFORNIA TAHOE EMERGENCY SERVICES
OPERATIONS AUTHORITY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



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**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the California Tahoe Emergency Services Operations Authority (the JPA), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the California Tahoe Emergency Services Operations Authority's basic financial statements as listed in the table of contents.

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 general fund of the California Tahoe Emergency Services Operations Authority, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the California Tahoe Emergency Services Operations Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the California Tahoe Emergency Services Operations Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 California Tahoe Emergency Services Operations Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about California Tahoe Emergency Services Operations Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 is the responsibility of management and, 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 GAAS, 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 July 6, 2023 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
July 6, 2023

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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, 2022. 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 through 3, 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 \$2,326,728 at June 30, 2022, an increase of \$425,997 from the June 30, 2021 balance of \$1,900,731. 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 \$287,342, an American Rescue Plan grant of \$144,351 being received from the County, and other Federal and State grants of \$58,520. Also, the JPA received approximately \$51,000 from the United States Department of Agriculture for emergency equipment use during the Caldor fire in the summer of 2021, and earned \$10,000 in long-distance transportation fees.
- The JPA incurred capital outlay expenditures of \$683,734 from tenant improvements on the Lake Tahoe Boulevard ambulance facility under construction during the year, the purchase of a used command vehicle from the Lake Valley Fire District and other emergency use equipment.
- The JPA operates six ambulances. The JPA continues to hire and train employees to staff the ambulances.
- There were no new leases entered into during the year, and no long term debt was issued.

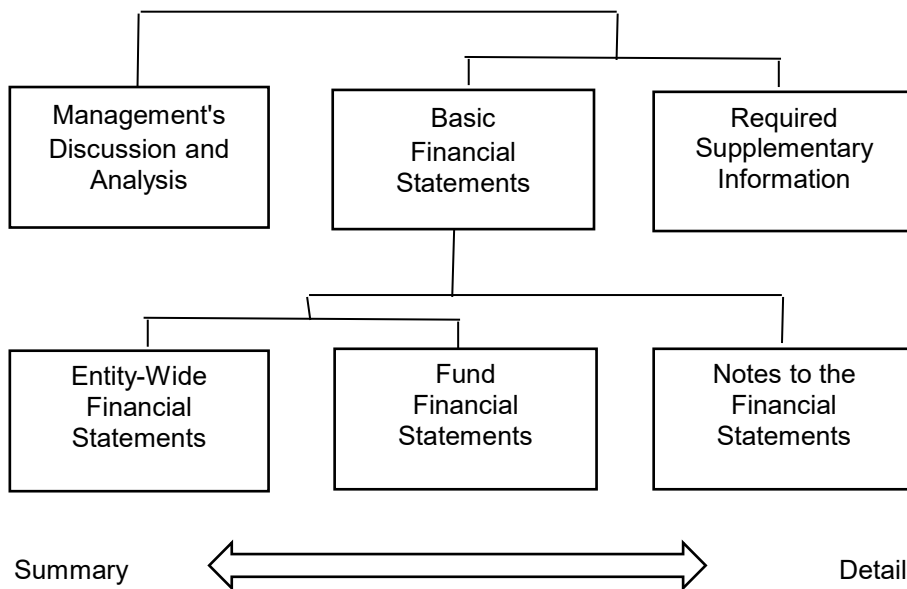
The JPA's revenues increased by \$378,000 during 2022 mainly due to the JPA earning approximately \$444,000 more this year of additional CSA #3 payments from the County due to contract changes to cover increased cost of services and the effects of the Ambulance Inflation Factor that comes into consideration each January. Operating grants from Federal, State and local governments were about \$105,000 more than the prior year, and the JPA did not receive any funding from the County for tenant improvements during 2022, while during 2021 it received \$186,000. The JPA's expenses increased by \$378,000 during the year. Salaries and benefits increased by \$148,000 due to increased employee earnings, related taxes and workers compensation insurance, while services and supplies expenses increased by \$258,000 due to an increase in professional fees from the Lake Valley Fire Protection District, an increase in medical supplies expenses, employee recruitment, and insurance. Depreciation expense was \$125,000 in fiscal year 2022 compared to \$156,000 in fiscal year 2021.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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, 2022**

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, 2022?"

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 \$425,997 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, 2022**

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The JPA's net position was \$2,326,728 at June 30, 2022, consisting of \$1,137,227 invested in capital assets and \$1,189,501 of unrestricted net position. The government-wide balances are presented in the table below.

COMPARATIVE STATEMENT OF NET POSITION

	Governmental Activities			
	2022	2021	\$ Change	% Change
ASSETS				
Cash and Investments	\$ 976,276	\$ 1,842,514	\$ (866,238)	-47%
Accounts Receivable	23,973	-	23,973	N/A
Due from Other Governments	149,007	74,412	74,595	100%
Prepaid Items	18,900	9,642	9,258	96%
Rent Security Deposits	5,000	5,000	-	0%
Medical Supplies Inventory	165,094	205,284	(40,190)	-20%
Performance Deposit	50,000	50,000	-	0%
Capital Assets, Net of Depreciation	1,235,215	676,894	558,321	82%
Total Assets	2,623,465	2,863,746	(240,281)	-8%
LIABILITIES				
Accounts Payable and Other Liabilities	159,598	258,457	(98,859)	-38%
Salaries and Benefits Payable	28,701	18,005	10,696	59%
Accrued Interest	2,224	2,055	169	8%
Unearned Revenue	-	562,292	(562,292)	-100%
Liabilities - Current	46,363	37,154	9,209	25%
Liabilities - Noncurrent	59,851	85,052	(25,201)	-30%
Total Liabilities	296,737	963,015	(666,278)	-69%
NET POSITION				
Net Investment in Capital Assets	1,137,227	485,476	651,751	134%
Unrestricted	1,189,501	1,415,255	(225,754)	-16%
Total Net Position	\$ 2,326,728	\$ 1,900,731	\$ 425,997	22%

Total assets decreased by \$240,281, primarily because of a decrease in cash and investments and partially offset by an increase in capital assets. In the prior year, the JPA received two months of unearned revenue from the County for July and August 2021 contract services; no amounts were received in advance during the current year. An additional \$648,853 was invested in tenant improvements representing the continued construction activity of the new ambulance facility.

Liabilities decreased by \$666,278, which was largely due to the decrease in unearned revenue as discussed above. Accounts payable and other liabilities decreased by about \$100,000. This decrease is due to decreases in amounts due to the City for dispatch services, and amounts due to contractors for construction activity of the ambulance facility. One principal payment of \$26,000 was made on the financed purchase during the year, bringing the balance down to \$83,000 at June 30, 2022 from \$109,000 at June 30, 2021.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Net position increased \$425,997 during the fiscal year from \$1,900,731 to \$2,326,728. The JPA's expenses for providing ambulance and dispatch services, including salaries and benefits, and depreciation, as well as interest expense on a financed purchase represented nearly 100% of total expenses as described in the table below.

COMPARATIVE STATEMENT OF ACTIVITIES

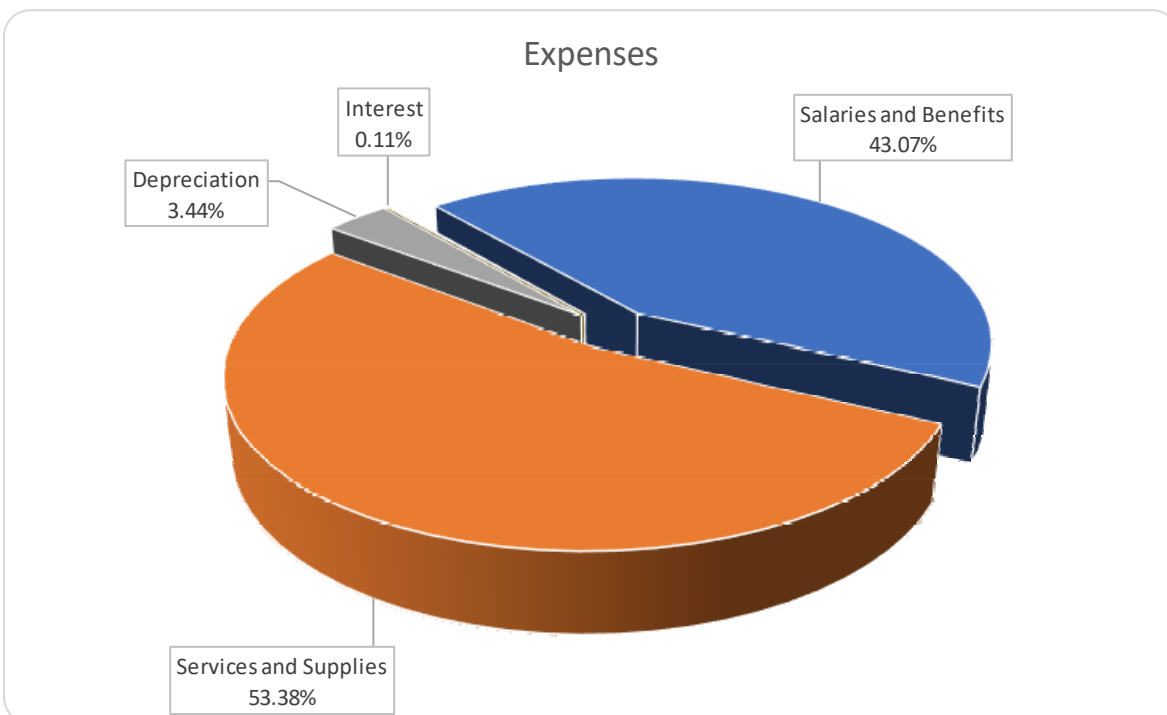
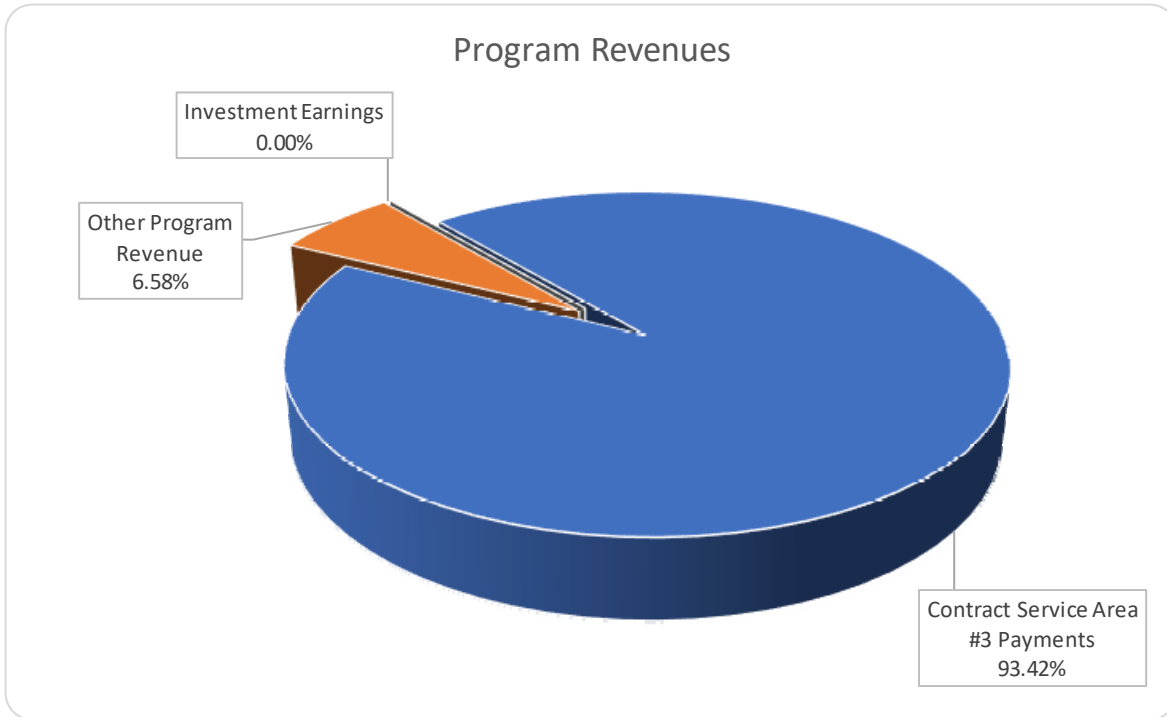
	Governmental Activities			
	2022	2021	\$ Change	% Change
REVENUES				
Program Revenues:				
Operating Grants and Subsidies	\$ 4,011,060	\$ 3,461,760	\$ 549,300	16%
Capital Grants and Subsidies	-	185,627	(185,627)	-100%
Charges for Services and Other	65,459	40,435	25,024	62%
Sale of Capital Assets	-	10,000	(10,000)	-100%
General Revenues:				
Investment Earnings	17	1,098	(1,081)	-98%
Total Revenues	<u>4,076,536</u>	<u>3,698,920</u>	<u>377,616</u>	<u>10%</u>
EXPENSES				
Regional Ambulance and Dispatch	<u>3,650,539</u>	<u>3,272,701</u>	<u>377,838</u>	<u>12%</u>
Total Expenses	<u>3,650,539</u>	<u>3,272,701</u>	<u>377,838</u>	<u>12%</u>
CHANGE IN NET POSITION	425,997	426,219	(222)	0%
Net Position - Beginning of Year	<u>1,900,731</u>	<u>1,474,512</u>	<u>426,219</u>	<u>29%</u>
NET POSITION - END OF YEAR	<u><u>\$ 2,326,728</u></u>	<u><u>\$ 1,900,731</u></u>	<u><u>\$ 425,997</u></u>	<u><u>22%</u></u>

Operating grants and subsidies increased by \$549,300 mainly from the contract service fee increase of approximately \$444,000 from changes in the reimbursement rate and the Ambulance Inflation Factor used by the County. Federal, State and local operating grants also increased approximately \$105,000 from 2021. During 2021 the JPA received \$185,627 from the County for tenant improvements on the ambulance facility under construction. Although construction activity continued during 2022, no reimbursements were received from the County during the current year.

Expenses increased by \$377,838 for the year ended June 30, 2022. As previously mentioned, salaries and benefits increased by \$148,000 due to increased employee earnings, related taxes and workers compensation insurance, while services and supplies expenses increased by \$258,000 due to an increase in professional fees from the Lake Valley Fire Protection District, an increase in medical supplies expenses, employee recruitment, and insurance.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

As reported in the Statement of Activities, the cost of all of the JPA's governmental activities this year was \$3.7 million. Program revenues were \$4.08 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, 2022**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

COMPARATIVE SCHEDULE OF CAPITAL ASSETS, NET OF DEPRECIATION

	2022	2021	Difference Increase (Decrease)
Construction in Progress	\$ -	\$ 174,442	\$ (174,442)
Vehicles	391,942	486,567	(94,625)
Equipment	19,978	15,885	4,093
Building Improvements	781,221	-	781,221
Building Furnishings	42,074	-	42,074
Total	<u>\$ 1,235,215</u>	<u>\$ 676,894</u>	<u>\$ 558,321</u>

The changes above were the result of the completion of phase one of the JPA's ambulance facility. At June 30, 2022, \$781,221 in building improvements, and \$42,074 in building furnishings were transferred from construction in process. Also during 2022, a used command vehicle and medical use equipment was purchased for \$15,000 and \$19,881, respectively. Depreciation expense for the year was \$125,413. Additional information about capital assets may be found in Note 3 of the financial statements.

Long-term Debt

Long-term debt for the JPA consists of a financed purchase agreement entered into by the JPA during the year ending June 30, 2021, for the purchase of an ambulance. The agreement requires payments of \$29,794 to be made each December 12 from December 12, 2020 to December 12, 2024. At June 30, 2022 the balance is \$83,028.

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.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The total assets of the General Fund decreased by \$798,602 primarily due to the decrease in cash and investments from June 30, 2021 compared to June 30, 2022. In the prior year the JPA received from the County \$562,000 in advance which represented its contract service payment for July and August 2021. These amounts were recorded as unearned revenues at June 30 2021. No contract payments were received in advance for a similar time period in fiscal 2022. The medical supplies inventory also decreased by \$40,000. This asset balance was unusually high at the close of fiscal 2021 as the JPA was carrying higher amounts of this inventory in preparation for the COVID-19 pandemic. The balance at the close of fiscal 2022 is more in line with pre-pandemic levels and normal operations. Total General Fund liabilities decreased by \$650,455 from June 30, 2021, which was primarily due to the unearned revenues recognized at the close of 2021. As discussed above, there were no unearned revenues received as of June 30, 2022. Fund balance of the General Fund decreased by \$74,937 from the June 30, 2021 fund balance of \$1,274,888 due to the changes in assets and liabilities described above. Revenues increased by \$404,284, primarily due to the contract service fees increasing. Expenditures increased by \$800,775, which was due to increases in salaries and benefits, services and supplies, and capital outlay.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund revenues were greater than the final budget by \$432,800 primarily due to the receipt of operating grants of \$232,000 not originally budgeted for, and receiving approximately \$100,000 more than budget in contract service payments from the County. Expenditures were lower than the final budget by \$122,837 primarily due to favorable variances from the budget in salaries and benefits of \$242,389. 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, 2022

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and Investments	\$ 976,276	\$ -	\$ 976,276
Due from Other Governments	149,007	-	149,007
Other Receivables	23,973	-	23,973
Prepaid Items	18,900	-	18,900
Medical Supplies Inventory	165,094	-	165,094
Rent Security Deposits	5,000	-	5,000
County Contract Performance Deposit	50,000	-	50,000
Capital Assets:			
Depreciable, Net	-	1,235,215	1,235,215
Total Capital Assets, Net	-	1,235,215	1,235,215
 Total Assets	 \$ 1,388,250	 \$ 1,235,215	 \$ 2,623,465
LIABILITIES			
Accounts Payable and Other Current Liabilities	\$ 159,598	\$ -	\$ 159,598
Salaries and Benefits Payable	28,701	-	28,701
Accrued Interest	-	2,224	2,224
Liabilities - Current	-	46,363	46,363
Liabilities - Noncurrent	-	59,851	59,851
Total Liabilities	188,299	108,438	296,737
FUND BALANCE			
Nonspendable	183,994	(183,994)	-
Committed	160,072	(160,072)	-
Unassigned	855,885	(855,885)	-
Total Fund Balance	1,199,951	(1,199,951)	-
 Total Liabilities, Deferred Inflows and Fund Balance	 \$ 1,388,250		
NET POSITION			
Net Investment in Capital Assets		1,137,227	1,137,227
Unrestricted		1,189,501	1,189,501
 Total Net Position		 \$ 2,326,728	 \$ 2,326,728

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, 2022**

	General Fund	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES			
Ambulance Services:			
Salaries and Benefits	\$ 1,562,566	\$ 9,692	\$ 1,572,258
Services and Supplies	1,948,589	-	1,948,589
Debt Service: Principal	25,684	(25,684)	-
Debt Service: Interest	4,110	169	4,279
Capital Outlay	683,734	(683,734)	-
Depreciation	-	125,413	125,413
Total Expenditures/Expenses	4,224,683	(574,144)	3,650,539
PROGRAM REVENUES			
Operating Grants and Subsidies:			
Contract Service Area #3 Payments	3,808,189	-	3,808,189
Operating Grants	231,533	(28,662)	202,871
Capital Grants and Subsidies:			
Reimbursement for Tenant Improvements	38,616	(38,616)	-
Charges for Services:			
Long-Distance Transportation Fees	16,316	(5,932)	10,384
Other Revenue	55,075	-	55,075
Total Program Revenues	4,149,729	(73,210)	4,076,519
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(74,954)		
Net Program Revenues		500,934	425,980
GENERAL REVENUES			
Investment Earnings	17	-	17
NET CHANGE IN FUND BALANCE / NET POSITION	(74,937)	500,934	425,997
Fund Balance/Net Position - Beginning of Year	1,274,888	625,843	1,900,731
FUND BALANCE/NET POSITION - END OF YEAR	\$ 1,199,951	\$ 1,126,777	\$ 2,326,728

See accompanying Notes to Financial Statements.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2031. 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, 2022

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, 2022

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 \$144,351 for the American Rescue Plan grant from El Dorado County and \$364 in transport fees. Due from other governments also includes an administrative cost reimbursement from the Caldor Fire from the Office of Emergency Services and FEMA for \$3,434, a purchase receivable from Fallen Leaf for \$720, and training services due from the City of South Lake Tahoe of \$138.

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. Inventory reported as nonspendable fund balance to indicate it does not constitute current resources available for appropriation.

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, 2022

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. Building improvements are capitalized and depreciated over the life of the JPA's agreement with the County of El Dorado, which runs through 2031 with an option to extend the agreement for an additional five years.

Unearned Revenue

Unearned revenues arise when resources are received by the JPA before it has legal claim to them. There were no unearned revenues at June 30, 2022.

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.

Financed Purchases

The JPA has an agreement to finance the purchase of an asset. In the government-wide financial statements, financed purchases and the related obligations are reported as assets and 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. 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.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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.

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, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

An annual budget is adopted 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, 2022, the JPA's cash and investments consisted of deposits in financial institutions of \$976,028 and an investment in the County of El Dorado investment pool of \$248.

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
JUNE 30, 2022

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, 2022, the carrying amount and the balance in the financial institution of the JPA's deposits was \$976,028 and \$1,239,166, 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, 2022

NOTE 3 CAPITAL ASSETS

Capital asset activity was as follows for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Transfers	Balance June 30, 2022
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 174,442	\$ 648,853	\$ (823,295)	\$ -
Capital Assets Being Depreciated:				
Vehicles	870,752	15,000	-	885,752
Equipment	412,170	19,881	-	432,051
Building Improvements	-	-	781,221	781,221
Building Furnishings	-	-	42,074	42,074
Total Assets Being Depreciated	<u>1,282,922</u>	<u>34,881</u>	<u>823,295</u>	<u>2,141,098</u>
Less Accumulated Depreciation for:				
Vehicles	(384,185)	(109,625)	-	(493,810)
Equipment	(396,285)	(15,788)	-	(412,073)
Total Accumulated Depreciation	<u>(780,470)</u>	<u>(125,413)</u>	<u>-</u>	<u>(905,883)</u>
Total Capital Assets Being Depreciated, Net	<u>502,452</u>	<u>(90,532)</u>	<u>823,295</u>	<u>1,235,215</u>
Total Capital Assets, Net	<u>\$ 676,894</u>	<u>\$ 558,321</u>	<u>\$ -</u>	<u>\$ 1,235,215</u>

NOTE 4 COMPENSATED ABSENCES

Changes in compensated absences consisted of the following during the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Compensated Absences	<u>\$ 13,494</u>	<u>\$ 9,692</u>	<u>\$ -</u>	<u>\$ 23,186</u>	<u>\$ 19,708</u>

NOTE 5 LONG-TERM LIABILITIES

Long-term debt at June 30, 2022 consisted of the following:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Financed Purchases	<u>\$ 108,712</u>	<u>\$ -</u>	<u>\$ (25,684)</u>	<u>\$ 83,028</u>	<u>\$ 26,655</u>

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 FINANCED PURCHASES

In October 2020, the JPA entered into a financed purchase agreement for an ambulance requiring payments of \$29,794 to be made each December 12 from December 12, 2020 to December 12, 2024. The agreement 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 payments, as of June 30, 2022:

Year Ending June 30:	Governmental Activities		
	Principal	Interest	Total
2023	\$ 26,655	\$ 3,139	\$ 29,794
2024	27,663	2,131	29,794
2025	28,710	1,085	29,795
Total	<u>83,028</u>	<u>6,355</u>	<u>89,383</u>

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. The contract was extended during 2021 through August 31, 2031, with an option to extend the agreement for an additional five year term. 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. 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.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 COMMITMENTS AND CONTINGENCIES (CONTINUED)

El Dorado County Contract (Continued)

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.

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		\$ 1,199,951
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		
Capital assets, net		1,235,215
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Long term debt		(83,028)
Accrued interest		(2,224)
Compensated absences		<u>(23,186)</u>
Net position in the government-wide statement of net position		<u><u>\$ 2,326,728</u></u>

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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

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	\$	(74,937)
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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.		(73,210)
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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		683,734
Depreciation		(125,413)

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		(9,692)
Change in accrued interest payable		(169)
Change in financed purchases		25,684

Change in net position of the statement of activities	\$	<u>425,997</u>
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CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 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:

	<u>City</u>	<u>Lake Valley</u>
Reimbursement of Payroll and Related Costs	\$ -	\$ 1,118,938
Dispatch Contract	264,581	-
Vehicle Maintenance	-	48,944
Station Supplies	-	3,285
Reimbursement for Capital Outlay	-	15,000
Miscellaneous	<u>1,161</u>	<u>8,337</u>
Total	<u>\$ 265,742</u>	<u>\$ 1,194,504</u>

Accounts payable to Lake Valley at June 30, 2022 for payroll and related expenditures was \$102,827.

NOTE 11 DISPATCH CONTRACT

The dispatch contract with the City increased to \$22,102 per month, or \$265,224 per contract year, starting August 2021 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.

NOTE 12 DEFINED CONTRIBUTION PENSION PLAN

In August of 2021, The Board of Directors approved the establishment of a 401k defined contribution pension 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 18 years of age and completing 1 year of service, except those covered by a collective 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. For the year ended June 30, 2022, the JPA recognized pension expense of \$8,114 for the plan.

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, 2022**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)	Adjustment to GAAP Basis	Actual Amounts GAAP Basis
	Original	Final				
EXPENDITURES						
Ambulance Services:						
Salaries and Benefits	\$ 1,804,955	\$ 1,804,955	\$ 1,562,566	\$ 242,389	\$ -	\$ 1,562,566
Services and Supplies	1,931,178	1,931,178	1,948,589	(17,411)	-	1,948,589
Debt Service: Principal	30,000	30,000	25,684	4,316	-	25,684
Debt Service: Interest	-	-	4,110	(4,110)	-	4,110
Capital Outlay	581,387	581,387	683,734	(102,347)	-	683,734
Total Expenditures	4,347,520	4,347,520	4,224,683	122,837	-	4,224,683
REVENUES						
Contract Service Area #3 Payments	3,711,813	3,711,813	3,808,189	96,376	-	3,808,189
Operating Grants	-	-	231,533	231,533	-	231,533
Reimbursement for Tenant Improvements	-	-	38,616	38,616	-	38,616
Long-Distance Transportation Fees	1,333	1,333	16,316	14,983	-	16,316
Standby Fees	3,000	3,000	-	(3,000)	-	-
Other Revenue	-	-	55,075	55,075	-	55,075
Investment Earnings	800	800	17	(783)	-	17
Fund Balance Appropriated	630,574	630,574	630,574	-	(630,574)	-
Total Program Revenues	4,347,520	4,347,520	4,780,320	432,800	(630,574)	4,149,746
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 555,637	\$ 555,637	\$ (630,574)	(74,937)
Fund Balance - Beginning of Year						1,274,888
FUND BALANCE - END OF YEAR						\$ 1,199,951



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 general fund of California Tahoe Emergency Services Operations Authority, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the California Tahoe Emergency Services Operations Authority's basic financial statements, and have issued our report thereon dated July 6, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered California Tahoe Emergency Services Operations Authority'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 California Tahoe Emergency Services Operations Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of California Tahoe Emergency Services Operations Authority'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.

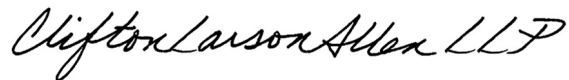
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether California Tahoe Emergency Services Operations Authority'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
July 6, 2023

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2022**

No findings noted for the year ended June 30, 2022.



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