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**EMERGENCY MEDICAL  
SERVICES AGENCY**

**CALIFORNIA TAHOE**  
**EMERGENCY SERVICES OPERATIONS AUTHORITY**

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**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**for the year ended June 30, 2007**

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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of California Tahoe Emergency Services Operations Authority as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Tahoe Emergency Services Operations Authority as of June 30, 2007 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the financial statements but is supplemental information required by the Government Auditing Standards Board. Management has elected to omit the Management's Discussion and Analysis.

The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of California Tahoe Emergency Services Operations Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Robert W. John, An Accountant Corporation*

Citrus Heights, California  
July 27, 2010

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**BALANCE SHEET**  
 June 30, 2007

**ASSETS**

<b>Current assets:</b>		<b>\$ 546,682</b>
Cash and cash equivalents (Note 3)		
Receivables:		
Contract	\$ 110,461	
IFT, net of allowance for bad debts of \$73,704	<u>394,647</u>	505,108
Prepaid expenses		3,631
Performance deposit		<u>50,000</u>
Total current assets		1,105,421
Capital assets, at cost (Notes 4 and 5):	\$ 701,552	
Less, accumulated depreciation	<u>447,053</u>	
		<u>254,499</u>
		<b><u>\$1,359,920</u></b>

**LIABILITIES**

<b>Current liabilities:</b>		<b>\$ 24,650</b>
Capital lease obligations – current (Note 5)		387,887
Accounts payable		<u>770</u>
Accrued interest payable		
Total current liabilities		413,307
Capital lease obligation – long-term (Note 5)		25,778

**NET ASSETS**

Invested in capital assets, net of related debt (deficit)	204,071	
Unrestricted (Note 8)	<u>716,764</u>	<u>920,835</u>
		<b><u>\$1,359,920</u></b>

See notes to financial statements

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
for the year ended June 30, 2007

<b>Operating revenues:</b>		
Contract payments		\$1,307,680
IFT revenues (net of contractual allowances)		236,695
Other		<u>21,916</u>
<b>Total operating revenues</b>		<b>1,566,291</b>
 <b>Operating expenses:</b>		
Personnel costs	\$ 901,254	
Services and supplies	464,655	
Debt service interest	3,849	
Depreciation	<u>82,266</u>	
<b>Total operating expenses</b>		<b><u>1,452,024</u></b>
<b>Operating income</b>		<b>114,267</b>
<b>Interest income</b>		<u>669</u>
<b>Increase in net assets</b>		<b>114,936</b>
 <b>Total net assets:</b>		
Beginning		<u>805,899</u>
Ending		<b><u>\$ 920,835</u></b>

See notes to financial statements

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
for the year ended June 30, 2007

Cash flows from operating activities:		
Cash received from clients and others		\$1,466,089
Cash paid to suppliers for goods and services		<u>(1,463,531)</u>
Net cash provided by operating activities		2,558
Cash flows provided by investing activities:		
Interest income		669
Cash flows from capital and related financing activities:		
Principal payments on capital lease	\$( 106,761)	
Purchase of capital assets	<u>( 234,210)</u>	<u>( 340,971)</u>
Net decrease in cash and cash equivalents		<u>( 337,744)</u>
Cash and cash equivalents:		
Beginning of year		<u>884,426</u>
End of year		<u>\$ 546,682</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income		\$ 114,267
Adjustments to reconcile operating income (loss) to cash provided by operating activities:		
Depreciation	\$ 82,266	
Disposal of equipment	3,018	
Changes in operating assets and liabilities:		
Receivables	( 100,202)	
Prepays	( 1,132)	
Payables	<u>( 95,659)</u>	<u>( 111,709)</u>
Net cash provided by operating activities		<u>\$ 2,558</u>

See notes to financial statements

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS**

**1. Organization:**

California Tahoe Emergency Services Operations Authority (the "Authority") was organized under the laws of the State of California on January 24, 2001 and began operations on September 1, 2001. The Authority is a joint exercise of powers entity (JPA) between the City of South Lake Tahoe Fire Department (the "City"), and the Lake Valley Fire Protection District ("Lake Valley").

The purpose of the Authority is to provide ambulance and other emergency medical services within the Lake Tahoe basin and other portions of El Dorado County, as specified by a service agreement with El Dorado County. Powers of the Authority are exercised through a two member Board of Directors made up of each participating entity.

**2. Summary of Significant Accounting Policies:**

The accounting policies of California Tahoe Emergency Services Operations Authority conform to generally accepted accounting principles applicable to enterprise funds. The Authority applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply financial reporting principles established by the Financial Accounting Standards Board (FASB) and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

**Reporting Entity**

In determining the reporting entity, the Authority considered all governmental units that were members of the Authority. The reporting entity criteria do not require the inclusion of these entities in the Authority's financial statements principally because the Authority does not exercise oversight responsibility over any member.



**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS, continued**

**2. Summary of Significant Accounting Policies, continued:**

**Fund Accounting**

The Authority is an enterprise fund. All operations are accounted for as an enterprise fund.

**Enterprise Fund** – The enterprise fund is used to account for ambulance operations that are financed and operated in a manner similar to private business enterprises. The intent of the Authority is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Basis of Accounting**

The accompanying financial statements are presented as a proprietary fund on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues and the related assets are recognized when earned, and expenses and related liabilities are recognized when the obligation is incurred.

**Cash and Investments**

The Authority maintains its cash with a bank interest bearing checking account. This cash is collateralized by both the Federal Deposit Insurance Corporation and securities held by the pledging financial institution.

**Depreciation**

Capital assets are recorded on the basis of purchase cost. Assets acquired by contribution are recorded at estimated cost or fair market value at the date of acquisition.

Depreciation is calculated by the straight-line method over the estimated useful lives of the related assets. Upon sale or other disposition of assets, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss, if any, is reflected in income. Maintenance and repairs are charged to expense as incurred.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies, continued:

Allowance for Doubtful Accounts

The Authority maintains an allowance for doubtful accounts for estimated losses resulting from the inability of patients to make required payments. Management estimates bad debt expense by calculating 9% of IFT revenues. Receivables are written off after two years of non-payment which results in a decrease of allowance for doubtful accounts.

Statement of Cash Flows

All highly liquid investments with a maturity of three months or less when purchased, are considered to be cash equivalents.

Budget and Budgetary Accounting

The Board of Directors annually adopts an operating budget. The operating budgets are prepared on the accrual basis to match the operating statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 may differ from those estimates.

3. Cash:

At year-end the carrying amount of the Authority's deposits was \$546,682 and the checking account balance was \$551,658.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, continued**

**4. Capital Assets:**

Changes in capital assets for the year ended June 30, 2007 are as follows:

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2007</u>
Ambulances	\$ 420,219	\$ 234,210	\$ 36,222	\$ 618,207
Other equipment	<u>83,345</u>	<u>-</u>	<u>-</u>	<u>83,345</u>
	<u>\$ 503,564</u>	<u>\$ 234,210</u>	<u>\$ 36,222</u>	<u>\$ 701,552</u>

**5. Long-term Liabilities:**

The Authority has entered into two capital leases for the purchase of four ambulances. The following is a summary of long-term liabilities for year ended June 30, 2007:

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2007</u>	<u>Current Portion</u>
Lease #1	\$ 83,190	\$ -	\$ 83,190	\$ -	\$ -
Lease #2	<u>73,999</u>	<u>-</u>	<u>23,571</u>	<u>50,428</u>	<u>24,650</u>
	<u>\$ 157,189</u>	<u>\$ -</u>	<u>\$ 106,761</u>	<u>\$ 50,428</u>	<u>\$ 24,650</u>

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, continued**

**5. Long-term Liabilities, continued:**

**Lease #1**

The Authority has entered into capital leases which covers the purchase of three ambulances. Lease #1 was paid off as of June 30, 2007.

The underlying cost of the ambulances is \$308,621.

**Lease #2**

In order to purchase a fourth ambulance, on July 14, 2004, the Authority entered into an additional lease. The schedule of required payments due in subsequent years for the lease is as follows:

<u>Payment Date</u>	<u>Payment Amount</u>	<u>Principal Portion</u>	<u>Interest Portion</u>
03/01/08	\$ 26,959	\$ 24,650	\$ 2,309
09/01/09	<u>26,959</u>	<u>25,778</u>	<u>1,181</u>
	<u>\$ 53,918</u>	<u>\$ 50,428</u>	<u>\$ 3,490</u>

The underlying cost of the ambulance is \$111,598.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, continued**

**6. El Dorado County Contract:**

El Dorado County contracted with the Authority to provide full service emergency and non-emergency pre hospital advanced life support services and dispatch services for the area known in El Dorado County as CSA No. 3 South Shore Area, except for the Tahoe West Shore Zone of Benefit. Under the terms of this agreement, the Authority receives a set amount per month, which is adjusted annually for volume changes and the consumer price index. The Authority also receives quarterly payments for non-emergency transports that have been billed and collected by the County. The term of the contract is for five years, beginning September 1, 2001 and continuing through August 31, 2006. On September 1, 2006, the Authority earned a total of five (one year) contract extensions.

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 request for reimbursement to the County.

**7. Risk of Loss:**

The Authority is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During 2007, the Authority purchased certain commercial insurance coverages to provide for these risks.

**8. Net Assets:**

**Unrestricted:**

Board designated – equipment replacement reserve	\$ 371,812
Undesignated	<u>344,952</u>
	<u>\$ 716,764</u>

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, continued**

**9. Subsequent Events:**

Management has evaluated subsequent events through July 27, 2010, the date these June 30, 2007 financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
STATEMENT OF REVENUES AND EXPENSES  
COMPARED TO BUDGET  
for the year ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>Revenues:</b>			
Contract payments	\$1,254,108	\$1,307,680	\$ 53,572
IFT revenues	650,000	552,946	( 97,054)
Mental health transfers	25,000	-	( 25,000)
Extra work	4,000	16,137	12,137
Less – contractual allowance	( 136,500)	( 316,251)	( 179,751)
Interest income	500	669	169
Other	<u>200</u>	<u>5,779</u>	<u>5,579</u>
<b>Total revenues</b>	<b><u>1,797,308</u></b>	<b><u>1,566,960</u></b>	<b><u>( 230,348)</u></b>
<b>Expenses:</b>			
<b>Personnel:</b>			
SLT personnel	607,055	552,381	54,674
SLT overtime	50,000	19,710	30,290
Lake Valley personnel	315,000	275,266	39,734
Lake Valley overtime	50,000	37,504	12,496
Workers comp.	<u>-</u>	<u>16,393</u>	<u>( 16,393)</u>
<b>Total personnel</b>	<b><u>1,022,055</u></b>	<b><u>901,254</u></b>	<b><u>120,801</u></b>
<b>Other operating:</b>			
Bad debt (9% of IFT)	58,500	49,238	9,262
Bill charge fee	33,600	20,498	13,102
PPE	7,000	-	7,000
Radios	-	536	( 536)
Pagers	400	57	343
Cell phones	400	2,262	( 1,862)
Computer software	-	-	-
Ambulance equipment	3,000	2,829	171
Household expenses	-	-	-
Liability insurance	18,000	9,228	8,772
Outreach	1,500	-	1,500
FTO incentive	2,500	-	2,500
Penalties	3,000	-	3,000
Office	-	25	( 25)



**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**STATEMENT OF REVENUES AND EXPENSES, continued**  
**COMPARED TO BUDGET**  
for the year ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Other operating, continued:			
Attorney	\$ 5,000	\$ -	\$ 5,000
Audit	2,500	3,756	( 1,256)
Directors expense	-	420	( 420)
Consultant	5,000	-	5,000
Physicals	6,800	-	6,800
Dispatch contract	66,929	71,913	( 4,984)
Administration contract	60,000	25,000	35,000
Medical supplies	50,000	65,481	( 15,481)
Equipment maintenance	3,500	4,225	( 725)
Training and certifications	8,000	7,706	294
Travel	3,100	1,988	1,112
Contingency	5,000	1,500	3,500
Clinical upgrades	1,000	-	1,000
Ambulance #2023	2,500	3,049	( 549)
Ambulance #8116	2,500	1,085	1,415
Ambulance #2024	6,000	5,249	751
Ambulance #8489	6,000	7,119	( 1,119)
Ambulance rental	6,000	1,817	4,183
Fuel	30,000	28,655	1,345
SLT IFT reimb.	135,000	75,000	60,000
LVFD IFT reimb.	135,000	75,000	60,000
NTFD IFT reimb.	15,000	-	15,000
Depreciation	110,000	82,266	27,734
Debt service	8,566	3,849	4,717
Loss on disposal	<u>-</u>	<u>1,019</u>	<u>( 1,019)</u>
Total other operation	<u>801,295</u>	<u>550,770</u>	<u>250,525</u>
Total expenses	<u>1,823,350</u>	<u>1,452,024</u>	<u>371,326</u>
Excess revenues (expenses)	<u>\$( 26,042)</u>	<u>\$ 114,936</u>	<u>\$ 140,978</u>