

# **ROSS VALLEY PARAMEDIC AUTHORITY**

## **Staff Report**

TO: RVPA Board

FROM: Executive Officer Bob Sinnott

SUBJ: Presentation of Basic Financial Statements FY 2015-16

DATE: June 1, 2017

### **BACKGROUND**

At the finance committee meeting held in April the Board Sub-Committee was presented with draft copies of the audit for fiscal year 2016-17. At that time, it was noted that some minor tweaking was to be made and a final draft copy would be placed in the packets for the June 1, 2017 meeting.

### **CURRENT STATUS**

Enclosed in your packet are final draft copies of the RVPA audit for the 2016-17 fiscal year. Finance Director Cathy Orme and a representative from Maze and Associates will be at the meeting to make the presentation.

### **RECOMMENDATION**

Receive the audit report, accept if appropriate, and direct staff as necessary

**ROSS VALLEY PARAMEDIC AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**A Joint Powers Agency of the  
Town of Fairfax  
Kentfield Fire Protection District  
City of Larkspur  
County of Marin  
Town of Ross  
Town of San Anselmo  
Sleepy Hollow Fire Protection District**

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**ROSS VALLEY PARAMEDIC AUTHORITY  
 BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2016**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of the Ross Valley Paramedic Authority  
Larkspur, California

### *Report on Financial Statements*

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Ross Valley Paramedic Authority (Authority) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority'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 the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's 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. 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 auditor's 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 Authority'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 Authority'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 General Fund of the Authority as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Change in Accounting Principle***

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 72 – *Fair Value Measurement and Application*, which became effective during the year ended June 30, 2016.

The emphasis of this matter does not constitute a modification to our opinion.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis is 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 Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements as a whole. The Supplemental Information as listed in the Table of Contents is presented for purposes of additional analysis and is not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Maze & Associates*

Pleasant Hill, California  
May 4, 2017

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Authority is issuing its financial statements in the format prescribed by the provisions of Government Accounting Standards Board Statement 34 (GASB 34), which requires the Authority to provide this overview of its financial activities for the fiscal year.

Please read this overview in conjunction with your reading of the accompanying Basic Financial Statements.

### **THE PURPOSE OF THE AUTHORITY**

The Authority is a joint-powers authority of seven municipal entities in Marin County, California that provides paramedic services to its members' citizens. The Authority's operations are financed by a special tax on residential and commercial property and transport billings.

### **FISCAL 2015-2016 FINANCIAL HIGHLIGHTS**

Financial highlights of the year ended June 30, 2016 include the following:

#### *Authority-wide:*

- The Authority's total net position was \$685,440. The Authority had \$1,365,850 in cash and investments and \$24,568 in capital assets.
- Total Authority revenues, included \$920,020 in transport billings and \$1,303,309 in special taxes.
- The Authority Board of Directors voted to increase the special assessment for FY 15/16 to \$57.00 per unit to maintain pace with expenses and insure a proper reserve balance.

#### *Fund Basis:*

- General Fund assets totaled \$1,418,678 of which \$1,365,850 was cash and investments.
- General Fund revenues were \$2,227,907, close to budgeted revenues.
- General Fund expenses of \$2,046,034 included \$1,396,409 in Marin County contract services and engine company paramedic programs for Larkspur of \$76,250 and \$179,432 for the Ross Valley Fire Department.
- The increase in the fund balance of the General Fund was \$181,873.

### **The Basic Financial Statements**

With the implementation of GASB 34, the Authority now issues Authority-wide and individual Fund financial statements, called Basic Financial Statements. Since the Authority has only one fund, the difference between these two statements is limited to the recording of the Authority's capital assets in the Authority-wide statements only.

The Authority-wide Financial Statements provide a longer-term view of the Agency's activities as a whole and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the Agency as a whole, including all its capitals assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the Agency's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the Agency's programs.



The Fund Financial Statements report the Authority's operations in more detail than the government-wide statements and focus primarily on the short-term activities of the Authority's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Net positions are as follows:

	2016	2015	Increase / Decrease
Current and other assets	\$1,418,678	\$1,280,020	11%
Capital assets	24,568	45,505	-46%
Total assets	<u>1,443,246</u>	<u>1,325,525</u>	9%
Total liabilities	<u>757,806</u>	<u>801,021</u>	-5%
Net position:			
Net investment in capital assets	24,568	45,505	-46%
Unrestricted	<u>660,872</u>	<u>478,999</u>	38%
Total net position	<u>\$685,440</u>	<u>\$524,504</u>	31%

Changes in net positions are as follows:

	2016	2015	Increase / Decrease
Revenues			
Program revenues			
Charges for services	\$920,020	\$660,870	39%
Operating contributions	1,303,309	1,165,700	12%
General revenues			
Investment earnings	3,695	2,013	84%
Other	<u>883</u>	<u>4,734</u>	-81%
Total revenues	<u>2,227,907</u>	<u>1,833,317</u>	22%
Expenses			
General government	<u>2,066,971</u>	<u>2,041,541</u>	1%
Increase(decrease) in net position	160,936	(208,224)	-177%
Net position - beginning	<u>524,504</u>	<u>732,728</u>	-28%
Net position - ending	<u>\$685,440</u>	<u>\$524,504</u>	31%

Comparisons of Budget and Actual financial information are also presented for the General Fund.

## CAPITAL ASSETS

Under GASB 34, the Authority is required to record all its capital assets at their historical cost, and to depreciate these assets over their estimated useful lives. Capital assets of \$24,568 at June 30, 2016 represent machinery and equipment costing \$391,141, net of accumulated depreciation of \$366,573. Further detail on capital assets may be found in Note 3 to the financial statements.

## **CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances. Questions about this Report should be directed to the Finance Department, at 400 Magnolia Avenue, Larkspur, California 94939.

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ROSS VALLEY PARAMEDIC AUTHORITY

STATEMENT OF NET POSITION  
AND STATEMENT OF ACTIVITIES

The purpose of the Statement of Net Position and the Statement of Activities is to summarize the entire Authority's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the Authority's assets and deferred outflows of resources and all its liabilities and deferred inflows of resources, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the Authority's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between Authority funds have been eliminated.

The Statement of Net Position summarizes the financial position of all the Authority's financial position in a single column.

The Statement of Activities reports increases and decreases in the Authority's net position. It is also prepared on the full accrual basis, which means it includes all the Authority's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities deferred outflows/inflows of resources, available revenues and measurable expenditures.

The Statement of Activities presents the Authority's expenses first, listed by program. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental program. The Authority's general revenues are then listed in the Governmental Activities, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

These financial statements along with the fund financial statements and footnotes are called *Basic Financial Statements*.

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ROSS VALLEY PARAMEDIC AUTHORITY  
STATEMENT OF NET POSITION  
JUNE 30, 2016

ASSETS

Cash and investments (Note 2)	\$1,365,850
Accounts receivable	52,828
Capital assets, net of accumulated depreciation (Note 3)	<u>24,568</u>
Total Assets	<u>1,443,246</u>

LIABILITIES

Accounts payable	752,671
Deposits payable	<u>5,135</u>
Total Liabilities	<u>757,806</u>

NET POSITION (Note 4)

Net investment in capital assets	24,568
Unrestricted	<u>660,872</u>
Total Net Position	<u><u>\$685,440</u></u>

See accompanying notes to financial statements

ROSS VALLEY PARAMEDIC AUTHORITY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

Program Expenses:	
General government	\$2,066,971
Program Revenues:	
Charges for services	920,020
Operating contributions from member agencies	1,303,309
Total Program Revenues	2,223,329
Net Program Expense	(156,358)
General Revenues:	
Investment earnings	3,695
Miscellaneous revenue	883
Total General Revenues	4,578
Change in Net Position	160,936
Net Position-Beginning	524,504
Net Position-Ending	\$685,440

See accompanying notes to financial statements

## FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year.

The Authority's **General Fund** is its only fund and is therefore a major fund. It is used to account for all financial resources. General operating expenditures, fixed charges and capital costs are paid from this fund.



ROSS VALLEY PARAMEDIC AUTHORITY  
GOVERNMENTAL FUND  
BALANCE SHEET  
JUNE 30, 2016

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and investments (Note 2)	\$1,365,850
Accounts receivable	<u>52,828</u>
Total Assets	<u><u>\$1,418,678</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$752,671
Deposits payable	<u>5,135</u>
Total Liabilities	<u>757,806</u>
<b>FUND EQUITY</b>	
Fund balances (Note 4):	
Assigned:	
Vehicle/equipment replacement	130,350
Unassigned:	
General Fund reserve	100,000
Unassigned	<u>430,522</u>
Total Fund Equity	<u>660,872</u>
Total Liabilities & Fund Equity	<u><u>\$1,418,678</u></u>

See accompanying notes to financial statements

ROSS VALLEY PARAMEDIC AUTHORITY  
Reconciliation of the  
GOVERNMENTAL FUND -- BALANCE SHEET  
with the  
STATEMENT OF NET POSITION  
JUNE 30, 2016

Total fund balance reported on the governmental funds balance sheet \$660,872

Amount reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Fund.

24,568

NET POSITION

\$685,440

See accompanying notes to financial statements

ROSS VALLEY PARAMEDIC AUTHORITY  
GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016

REVENUES

Parcel tax revenue from member agencies:	
Town of Fairfax	\$214,312
Kentfield Fire Protection District	161,673
City of Larkspur	434,064
County of Marin Service Area #27	42,616
Town of Ross	54,912
Town of San Anselmo	343,284
Sleepy Hollow Fire Protection District	52,448
Transport billing	920,020
Investment earnings	3,695
Miscellaneous revenue	883
	883
Total Revenues	2,227,907

EXPENDITURES

Meeting stipends	4,940
Accounting and auditing	42,710
Transport billing	54,338
Legal and consulting services	2,345
Physio-control - defibrillation units	28,761
Marin County contractual services	1,396,409
Tax collection service	7,924
Disposable medical supplies	77,716
EMS training/supply reimbursement	31,077
Engine company paramedic programs	255,682
ALS back up	102,688
Insurance	3,972
Rent	27,446
Automotive fuel and repairs	9,179
Miscellaneous	19
Capital outlay	828
	828
Total Expenditures	2,046,034

NET CHANGE IN FUND BALANCE	181,873
FUND BALANCE, BEGINNING OF YEAR	478,999
FUND BALANCE, END OF YEAR	\$660,872

See accompanying notes to financial statements.

ROSS VALLEY PARAMEDIC AUTHORITY  
 Reconciliation of the  
 NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUND  
 with the  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2016

The schedule below reconciles the Net Changes in Fund Balance reported on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUND	\$181,873
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense is deducted from the fund balance	<u>(20,937)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$160,936</u></u>
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See accompanying notes to financial statements

ROSS VALLEY PARAMEDIC AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>REVENUES</b>				
Parcel tax revenues from member agencies:				
Town of Fairfax	\$216,464	\$216,464	\$214,312	(\$2,152)
Kentfield Fire Protection District	162,857	162,857	161,673	(1,184)
City of Larkspur	437,000	437,000	434,064	(2,936)
County of Marin Service Area #27	42,750	42,750	42,616	(134)
Town of Ross	54,964	54,964	54,912	(52)
Town of San Anselmo	342,000	342,000	343,284	1,284
Sleepy Hollow Fire Protection District	52,250	52,250	52,448	198
Transport billing	700,000	700,000	920,020	220,020
Investment earnings	2,200	2,200	3,695	1,495
Miscellaneous revenue			883	883
	<u>2,010,485</u>	<u>2,010,485</u>	<u>2,227,907</u>	<u>216,539</u>
<b>EXPENDITURES</b>				
Meeting stipends	7,000	7,000	4,940	2,060
Accounting and auditing	46,000	46,000	42,710	3,290
Transport billing	45,000	45,000	54,338	(9,338)
Legal and consulting services	7,000	7,000	2,345	4,655
Physio-control - defibrillation units	20,000	20,000	28,761	(8,761)
Marin County contractual services	1,397,103	1,397,103	1,396,409	694
Tax collection service	8,900	8,900	7,924	976
Disposable medical supplies	75,000	75,000	77,716	(2,716)
EMS training/supply reimbursement	90,000	90,000	31,077	58,923
Engine company paramedic programs	278,000	278,000	255,682	22,318
ALS back up	100,000	100,000	102,688	(2,688)
Insurance	4,000	4,000	3,972	28
Office supplies	200	200		200
Postage	800	800		800
Rent	26,777	26,777	27,446	(669)
Automotive fuels and repairs	10,500	10,500	9,179	1,321
Miscellaneous	7,932	7,932	19	7,913
Capital outlay	6,400	6,400	828	5,572
	<u>2,130,612</u>	<u>2,130,612</u>	<u>2,046,034</u>	<u>84,578</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(\$120,127)</u>	<u>(\$120,127)</u>	181,873	<u>\$302,000</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>478,999</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$660,872</u>	

See accompanying notes to financial statements

**ROSS VALLEY PARAMEDIC AUTHORITY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Ross Valley Paramedic Authority is a joint powers authority created in 1982 by the Town of Fairfax, Kentfield Fire Protection District, City of Larkspur, County of Marin, Town of Ross, Town of San Anselmo and Sleepy Hollow Fire Protection District. The purpose of the Authority is to provide paramedic services to the citizens of these entities. The Authority is controlled by a seven member board consisting of one member from each of the participating entities. None of the entities exercise specific control over the budgeting and financing of the Authority's activities. The County of Marin Fire Department by contract provides full-time County employees including supervision by County fire department officers to render the paramedic services. Administrative and accounting services are provided by the City of Larkspur.

The Authority's operations are financed by a parcel tax on each residential unit and an equivalent amounts for commercial property and transport billings. During the fiscal year ended June 30, 2016, the tax rate was \$57 per unit, including a collection fee of \$0.50 levied by the County of Marin.

The accounting policies of the Ross Valley Paramedic Authority conform with generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies:

**B. Basis of Presentation**

The Authority's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Statements require that the financial statements described below be presented.

**Government-wide Statements:** The Statement of Net Position and the Statement of Activities include the financial activities of the overall Authority. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Authority and for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and *contributions* that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the Authority's fund. The emphasis of fund financial statements is on major individual governmental fund displayed in a column.

ROSS VALLEY PARAMEDIC AUTHORITY  
Notes to Basic Financial Statements  
For the Year Ended June 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Major Fund**

The Authority's **General Fund** is its only fund. It is used to account for all financial resources. General operating expenditures, fixed charges and capital costs are paid from this fund.

**D. Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place. Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Thus, fund revenues are recognized when they become measurable *and* available as net current assets. Measurable means the amount of the transaction can be determined and available means the amount is collectible within the current period or soon enough thereafter (generally sixty days) to be used to pay liabilities of the current period. Amounts which could not be measured or were not available were not accrued as revenue in the current fiscal year.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The Authority considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are interest revenue and charges for services. Fines and forfeitures are not susceptible to accrual because they are not measurable until received in cash.

*Non-exchange transactions*, in which the Authority gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**E. Budgets and Budgetary Accounting**

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to the end of the fiscal year, a proposed operating budget is submitted to the Board of Directors for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted through passage of a resolution.

**ROSS VALLEY PARAMEDIC AUTHORITY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- b. Formal budgetary integration is employed as a management control device during the year. Budgets are adopted on a basis consistent with generally accepted accounting principles.
- c. The budget is legally enacted through passage of a resolution before July 1.

**F. Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**G. Estimates and Assumptions**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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 could differ from those estimates.



**ROSS VALLEY PARAMEDIC AUTHORITY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2016**

**NOTE 2 - CASH AND INVESTMENTS**

The Authority's cash is pooled and invested by the City of Larkspur. Investments are carried at fair value. See the City of Larkspur's Basic Financial Statements for the year ended June 30, 2016 for additional information.

The City of Larkspur is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2016, these investments matured in an average of 167 days.

The City is a participant in the Short-Term Fund of the Investment Trust of California (CalTrust), a joint powers authority and public agency established by its members under the provisions of Section 6509.7 of the California Government Code. Members and participants are limited to California public agencies. CalTrust is governed by a Board of Trustees of seven Trustees, at least seventy-five percent of whom are from the participating agencies. The City reports its investment in CalTrust at the fair value amount provided by CalTrust, which is the same as the value of the pool shares. The balance is available for withdrawal on demand, and is based on the accounting records maintained by CalTrust. Included in CalTrust's investment portfolio are: United States Treasury Notes, Bills, Bonds or Certificates of Indebtedness; registered state warrants or treasury notes or bonds; California local agency bonds, notes, warrants or other indebtedness; federal agency or United States government-sponsored enterprise obligations; bankers acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term notes; money market mutual funds; notes, bonds or other obligation secured by a first priority security interest in securities authorized under Government Code Section 53651; and mortgage passthrough securities, collateralized mortgage obligations, and other asset – backed securities. CalTrust's Medium-Term Fund has target portfolio duration of 0 to 4 years. At June 30, 2016 the Short-Term Fund investments matured in an average of 387 days and the Medium-Term Fund investments matured in an average of 730 days. As of June 30, 2016, the Short-Term Fund was rated AAF by Standard and Poor's investment Rating System and the Medium-Term Fund was not rated.

***Fair Value Hierarchy***

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Authority only invests in Local Agency Investment Fund which is classified in Level 2 and is valued based on the fair value factor provided by the Treasurer of the State of California, which is calculated as the fair value divided by the amortized cost of the investment pool.

**ROSS VALLEY PARAMEDIC AUTHORITY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2016**

**NOTE 3 - CAPITAL ASSETS**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Authority has assigned the useful life of 10 years with a capitalization threshold of \$5,000.

Changes in the Capital Assets are as follows:

	Balance June 30, 2015	Additions	Balance June 30, 2016
Capital assets being depreciated:			
Machinery & Equipment	\$391,141		\$391,141
Less accumulated depreciation for:			
Machinery & Equipment	(345,636)	(\$20,937)	(366,573)
	\$45,505	(\$20,937)	\$24,568

**ROSS VALLEY PARAMEDIC AUTHORITY**  
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**For the Year Ended June 30, 2016**

<b>NOTE 4 – NET POSITION AND FUND BALANCES</b>
------------------------------------------------

**A. *Net Position***

Net Position is the excess of all the Authority's assets over all its liabilities, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

*Net Investment in Capital Assets* describes the portion of Net Position which is represented by the current net book value of the Authority's capital assets.

*Unrestricted* describes the portion of Net Position which is not restricted to use.

**B. *Fund Balance***

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The Authority's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which requires the Authority to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the Authority prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

*Nonspendable* represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact and assets not expected to be converted to cash, such as prepaids, are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category. As of June 30, 2016 the Authority does not have any nonspendable fund balance.

**ROSS VALLEY PARAMEDIC AUTHORITY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2016**

**NOTE 4 – NET POSITION AND FUND BALANCES (Continued)**

*Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. As of June 30, 2016 the Authority does not have any restricted fund balance.

*Committed* fund balances have constraints imposed by formal action of the Board which may be altered only by formal action of the Board. Nonspendable amounts subject to Board commitments are included along with spendable resources. As of June 30, 2016, the Authority does not have any committed fund balance.

*Assigned* fund balances are amounts constrained by the Authority’s intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Board or its designee and may be changed at the discretion of the Board or its designee. This category includes Nonspendables, when it is the Board’s intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

**C. Minimum Fund Balance and Reserve Policies**

The Authority adopted a Fund Balance Reserve Policy with Resolution 01/16, which established a minimum fund balance policy as well as a vehicle/equipment replacement reserve as follows:

*Minimum Unassigned Fund Balance Reserve Level:* It is the goal of the Authority to maintain a General Fund Reserve of, at a minimum, 20% of the projected operating expenditures for each fiscal year. The reserve is intended to be used in the event of a financial shortfall and for the purpose of providing sufficient working capital. Should the General Fund Reserve fall below 20%, the Authority will implement measures to restore the reserve percentage to 20%. The amount of the General Fund Reserve was \$100,000 as of June 30, 2016 and is included with the unassigned fund balance of the Authority.

*Vehicle/Equipment Replacement Reserve:* The purpose of the reserve is to provide for the orderly and timely replacement of ambulances and emergency equipment. The assigned fund balance of the reserve at June 30, 2016 was \$130,350.

**NOTE 5 - INSURANCE COVERAGE**

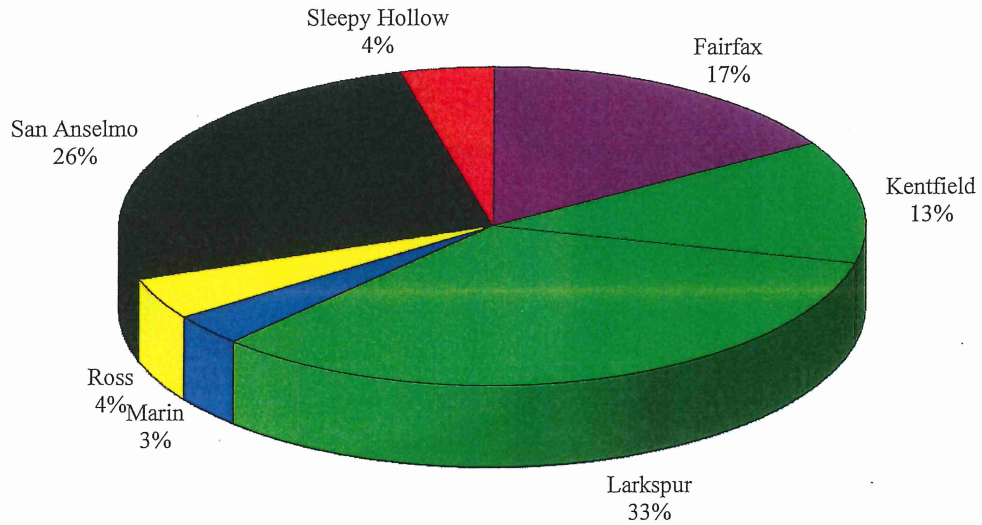
The Authority’s insurance coverage is as follows:

Type	Limits
Commercial Excess Liability (Aggregate)	\$2,000,000
Business Automobile	1,000,000
Business Property	40,516
Employee Theft	100,000
General Liability	1,000,000

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**SUPPLEMENTAL INFORMATION**

ROSS VALLEY PARAMEDIC AUTHORITY  
 CHART OF REVENUES FROM MEMBER AGENCIES  
 FOR THE YEAR ENDED JUNE 30, 2016



<u>PARCEL TAX REVENUE</u>	<u>General Fund</u>
Town of Fairfax	\$214,312
Kentfield Fire Protection District	161,673
City of Larkspur	434,064
County of Marin Service Area #27	42,616
Town of Ross	54,912
Town of San Anselmo	343,284
Sleepy Hollow Fire Protection District	52,448
 Total Member Contributions	 <u><u>\$1,303,309</u></u>