

# RVPA Staff Report

**TO:** RVPA Board

**FROM:** Jason Weber, Executive Officer

**SUBJECT:** Receive and Acknowledge the Annual FY2018-19 Audit of the Ross Valley Paramedic Authority Basic Financial Statements

**MEETING DATE:** March 5, 2020

## **BACKGROUND**

Annually, Ross Valley Paramedic Authority (RVPA) contracts for the services of an independent auditor to verify the state of the Authority's finances by examining our financial records and financial condition.

The Authority has a contracted with Badawi and Associates for the annual audit services. The audit contract is a three year term to cover fiscal years, June 30, 2019, 2020 and 2021 with an option to extend two additional one-year periods.

Staff would like to report that the financial statements are fairly presented in all material respects of the financial position of governmental activities and are in accordance the Generally Accepted Accounting Standards.

Ahmed Badawi president of Badawi & Associates will present the audit.

## **STAFF RECOMMENDATION**

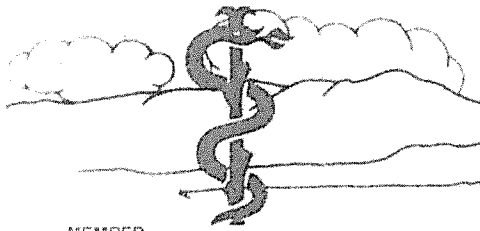
The Board receive and accept the annual audit.

Respectfully submitted,

Jason Weber  
Executive Officer

## **Attachments:**

1. Ross Valley Paramedic Authority Basic Financial Statements FY2017/18
2. Ross Valley Paramedic Authority SAS 114 2019
3. Ross Valley Paramedic Authority SAS 115 2019
4. Ross Valley Paramedic Authority representative letter 2019



**MEMBER  
AGENCIES**

County of Contra Costa  
Town of Fairfax  
City of Larkspur  
City of Sausalito  
City of Tiburon  
City of Ross  
City of San Anselmo  
County of Sonoma Fire Dist

400 MAGNOLIA AVENUE  
LARKSPUR, CA 94939

(415) 927-5014  
Fax (415) 927-5131

January 10, 2020

Badawi & Associates  
2855 Telegraph Avenue, Suite 312  
Berkeley, CA 94705

This representation letter is provided in connection with your audit(s) of the financial statements of Ross Valley Paramedic Authority (Authority), which comprise the respective financial position of the governmental activities, general fund as of June 30, 2019, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 10, 2020, the following representations made to you during your audit.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 14, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.

#### **Information Provided**

10) We have provided you with:

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
- b) Additional information that you have requested from us for the purpose of the audit.
- c) Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
- d) Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13) We have no knowledge of any fraud or suspected fraud that affects the Authority and involves—

- Management,
- Employees who have significant roles in internal control, or
- Others where the fraud could have a material effect on the financial statements.

14) We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, regulators, or others.

- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

**Government-specific**

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have a process to track the status of audit findings and recommendations.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 22) The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 26) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 27) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 28) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept

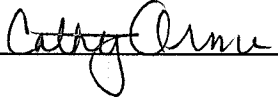
responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

- 29) The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 30) The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 31) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 32) The financial statements properly classify all funds and activities in accordance with GASBS No. 34, as amended, and GASBS No. 84.
- 33) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 34) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 35) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 36) Provisions for uncollectible receivables have been properly identified and recorded.
- 37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 38) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 39) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 40) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 41) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 42) We have appropriately disclosed the Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We


have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

45) With respect to the chart of revenues from member agencies:

- a) We acknowledge our responsibility for presenting the chart of revenues from member agencies in accordance with accounting principles generally accepted in the United States of America, and we believe the chart of revenues from member agencies, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the chart of revenues from member agencies have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- b) If the chart of revenues from member agencies is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signature:  \_\_\_\_\_

Title: Administrative Services Director

Signature:  \_\_\_\_\_

Title: Executive Director

# Ross Valley Paramedic Authority

Larkspur, California

*Auditors' Communication with  
Those Charged with Governance*

*For the year ended June 30, 2019*







January 10, 2020

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

We have audited the financial statements of the governmental activities and general fund of the Ross Valley Paramedic Authority, California (Authority) for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit.

#### Our Responsibilities under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 14, 2019, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the Authority and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

We performed the audit according to the timing previously communicated to you on the engagement letter.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Authority changed accounting policies related to financial reporting by adopting the following Statements of Governmental Accounting Standards (GASB Statement) in 2019:

- GASB No. 83, *Certain Asset Retirement Obligations*
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*

To The Honorable Directors  
of the Board of Directors of the Ross Valley Paramedic Authority  
Larkspur, California  
Page 2

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's financial statements were:

- Depreciable lives and estimated residual value of property and equipment
- Investments valuations
- Accumulated depreciation

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

- Summary of Significant Accounting Policies
- Cash and Investments
- Capital Assets

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letters dated January 10, 2020.

To The Honorable Directors  
of the Board of Directors of the Ross Valley Paramedic Authority  
Larkspur, California  
Page 3

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

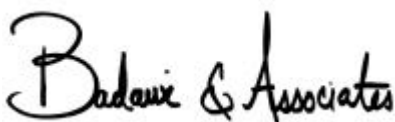
We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on statistical information, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Badawi and Associates  
Certified Public Accountants  
Berkeley, California  
January 10, 2020

# Ross Valley Paramedic Authority

Larkspur, California

*Auditors' Communication of Significant  
Deficiencies and Material Weaknesses*

*For the year ended June 30, 2019*





January 10, 2020

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

In planning and performing our audit of the financial statements of the governmental activities, general fund, and the aggregate remaining fund information of Central Marin Police Authority(Authority) as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies in internal control included on the Schedule of Material Weakness to be material weaknesses.

This communication is intended solely for the information and use of management, Board of Directors, and others within Authority, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads 'Badawi &amp; Associates' in a cursive script.

Badawi & Associates, CPAs

Berkeley, California

January 10, 2020

**Schedule of Material Weakness**

**2019-001 Super-User Rights and Access to Accounting Records and Assets**

*Criteria:* A super-user is an individual who has full access over the Authority's financial system including all modules and all functions. This type of access should be limited to as few employees as possible. If possible, super-user rights should be removed from the Finance Department. During our review of the Authority's internal controls for proper segregation of duties and procedures, we noted areas in which controls need to be improved and employee's access and/or duties revised. Good internal controls require that employees with access to the Authority's assets not have access to make changes to the Authority's accounting records for the same assets.

*Condition:* The City of Larkspur is the custodian for the Authority's financial records and maintains the Authority's general ledger. Finance Director of the City of Larkspur is a super-user of the Authority's financial system.

*Effect:* Internal controls are weakened when a super-user is also involved with the daily functions in the Finance Department such as the review process. Inappropriate access to records and access could potentially result in undetected errors or unauthorized transactions.

*Cause:* The above condition was caused by a limited number of employees in the Finance Department.

*Recommendation:* We recommend the Authority to implement more review process to mitigate the potential control weakness resulted from super-user.

**Management's response:**

Due to the small size of the Finance Department, it is not practical to have a designated super user that is not involved in processing financial transactions.

## Status of Prior Year Schedule of Material Weaknesses

### 2018-01: Review, Approval and Segregation of Duties in Major Control Areas

We noted the following control areas in which review and approval by a second employee could mitigate potential control weaknesses. In some instances, we understand the review is taking place, but it is not documented in a formal manner. In other instances, a review and approval process needs to be established.

#### a. Super-User Rights and Access to Accounting Records and Assets

**Criteria:** A super-user is an individual who has full access over the Authority's financial system including all modules and all functions. This type of access should be limited to as few employees as possible. If possible, super-user rights should be removed from the Finance Department. During our review of the Authority's internal controls for proper segregation of duties and procedures, we noted areas in which controls need to be improved and employee's access and/or duties revised. Good internal controls require that employees with access to the Authority's assets not have access to make changes to the Authority's accounting records for the same assets.

**Condition:** The Finance Director is a super-user of the Authority's financial system. In addition, the Finance Director can perform the following functions:

- Cash Receipts - The Finance Director can collect cash receipts, prepare the accounts receivable reconciliations, perform write-offs, adjust the general ledger and prepare the bank reconciliations.
- Accounts Payable - The Finance Director can process accounts payable, has access to blank check stock, is a check signer, has access to the vendor database, reviews the check registers, can adjust the general ledger and performs the bank reconciliation.
- Payroll - The Finance Director can process payroll, is a check signer, has access to blank check stock, reviews the check runs, can adjust the general ledger and performs the bank reconciliations.
- Budget - The Finance Director can adjust the budget, adjust the general ledger and has full access to both the accounts payable and payroll modules.

**Effect:** Internal controls are weakened when a super-user is also involved with the daily functions in the Finance Department such as the review process. Inappropriate access to records and access could potentially result in undetected errors or unauthorized transactions.

**Cause:** The above condition was caused by a limited number of employees in the Finance Department.

**Recommendation:** The Authority should review the necessity of granting any employee the super-user rights to the financial system. For any module within the financial system that the Finance Director does not need, their access should be limited to read-only. While we have discussed the conditions we noted during the audit, the Authority will need to review the current duties assigned to each Finance employee and determine whether duties need to be revised or whether additional review procedures need to be implemented in order to separate the accounting records from the associated assets.

**Status:** see comment 2019-001



ROSS VALLEY PARAMEDIC AUTHORITY  
BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

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



**ROSS VALLEY PARAMEDIC AUTHORITY BASIC  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the 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, 2019, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements as listed in the table of contents.

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

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

### **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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund information of Authority, as of June 30, 2019, and the respective changes in financial position and, the budgetary comparison listed in the Table of Contents as part of the basic financial statements for the year ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

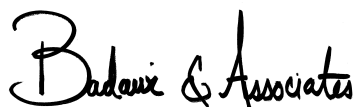
### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Authority's basic financial statements. The statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Badawi and Associates  
Certified Public Accountants  
Berkeley, California

January 10, 2020

## 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 2018-2019 FINANCIAL HIGHLIGHTS**

Financial highlights of the year ended June 30, 2019 include the following:

#### *Authority-wide:*

- The Authority's total net position was \$1,569,514. The Authority had \$1,445,662 in cash and investments and \$462,070 in capital assets.
- Total Authority revenues include \$1,241,696 in charges for services and \$1,690,369 in special taxes.
- The Authority Board of Directors voted to increase the special assessment for FY 18/19 to \$75.00 per unit to maintain pace with expenses and insure a proper reserve balance.

#### *Fund Basis:*

- General Fund assets totaled \$1,453,774 of which \$1,445,662 was cash and investments.
- General Fund revenues were \$2,976,376. Transportation revenues were very strong and exceeded budget by \$445,696.
- General Fund expenditures of \$2,612,177 included \$1,513,154 in Marin County contract services, and engine company paramedic programs for Larkspur of \$137,500 and \$299,919 for Ross Valley Fire Department for a total of \$357,419.
- The increase in the fund balance of the General Fund was \$364,199.

### **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 Authority 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 Authority'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:

	2019	2018	Increase / Decrease
Current and other assets	\$1,445,662	\$718,063	101%
Account receivable	8,112	62,885	-87%
Capital assets	462,070	238,274	94%
Total assets	<u>1,915,844</u>	<u>1,019,222</u>	<u>88%</u>
Total liabilities	<u>346,330</u>	<u>37,703</u>	<u>819%</u>
Net position:			
Net investment in capital assets	462,070	238,274	94%
Unrestricted	1,107,444	743,254	49%
Total net position	<u>\$1,569,514</u>	<u>\$981,528</u>	<u>60%</u>

The increase in current and other assets is mainly attributed to Medicare payments. The Agency purchased a new ambulance which is reflected in the increase of capital assets and total liabilities.

Changes in net positions are as follows:

	2019	2018	Increase/ Decrease
Revenues			
Program revenues			
Charges for services	\$ 1,241,696	\$ 747,314	66%
Operating contributions	1,690,369	1,569,398	8%
General revenues			
Investment earnings	17,113	8,034	113%
Other	27,199	37,280	-27%
Total revenues	<u>2,976,376</u>	<u>2,362,026</u>	<u>26%</u>
Expenses			
General government	<u>2,388,382</u>	<u>2,178,331</u>	<u>10%</u>
Increase (decrease) in net position	587,995	183,695	220%
Net position - beginning	<u>981,519</u>	<u>797,824</u>	<u>23%</u>
Net position -ending	<u>\$ 1,569,514</u>	<u>\$ 981,519</u>	<u>60%</u>

Charges for services includes Transportation billing and Medicare payments. Both revenue streams came in strong for fiscal year 2019. Revenues exceeded expenses \$587,995 to end the fiscal year with a net position of \$1,569,514.



## **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. During fiscal year 2019, the Agency purchased an ambulance costing \$280,416 accounting for the increase in capital assets. Total capital assets, net of accumulated depreciation as of June 30, 2019 is \$462,070. 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, 2019

ASSETS

Cash and investments:	\$ 1,445,662
Accounts receivable	8,112
Capital assets, net of accumulated depreciation	<u>462,070</u>
Total assets	<u>1,915,844</u>

LIABILITIES

Accounts payable	334,105
Deposits payable	<u>12,225</u>
Total liabilities	<u>346,330</u>

NET POSITION

Net investment in capital assets	462,070
Unrestricted (deficit)	<u>1,107,444</u>
Total net position	<u><u>\$ 1,569,514</u></u>

ROSS VALLEY PARAMEDIC AUTHORITY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Program Expenses:	
Paramedic services	<u>\$ 2,388,382</u>
Program Revenues:	
Charges for services	1,241,696
Operating Contributions from member agencies	<u>1,690,369</u>
Total Program Revenues	<u>2,932,065</u>
Net Program Expense	<u>(543,683)</u>
General Revenues:	
Investment earnings	17,113
Miscellaneous revenue	<u>27,199</u>
Total General Revenues	<u>44,312</u>
Change in Net Position	587,995
Net Position-Beginning	<u>981,519</u>
Net Position-Ending	<u><u>\$ 1,569,514</u></u>

See accompanying Notes to Basic 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.

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ROSS VALLEY PARAMEDIC AUTHORITY  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2019

	General Fund
<b>ASSETS</b>	
Cash and investments	\$ 1,445,662
Accounts receivable	8,112
	<b>Total assets</b>
	\$ 1,453,774
<b>Liabilities:</b>	
Accounts payable	334,105
Deposits payable	12,225
	<b>Total liabilities</b>
	346,330
<b>Fund Balances: (Note 12)</b>	
Unassigned:	
General Fund Reserve	100,000
Remaining Unassigned	1,007,444
	<b>Total fund balances</b>
	1,107,444
	<b>Total liabilities and fund balances</b>
	\$ 1,453,774

See accompanying Notes to Basic Financial Statements.

ROSS VALLEY PARAMEDIC AUTHORITY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
WITH THE STATEMENT OF NET POSITION  
JUNE 30, 2019

<b>Total fund balances reported on the governmental fund balance sheet</b>	<u>\$ 1,107,444</u>
Amounts 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.	<u>462,070</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 1,569,514</u></u>

See accompanying Notes to Basic Financial Statements.

ROSS VALLEY PARAMEDIC AUTHORITY  
GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund
<b>REVENUES:</b>	
Parcel tax revenue from member agencies:	
Town of Fairfax	\$ 279,027
Kentfield Fire Protection District	210,477
City of Larkspur	563,308
County of Marin Service Area #27	55,823
Town of Ross	71,754
Town of San Anselmo	441,097
Sleepy Hollow Fire Protection District	68,882
Transport billing	1,241,696
Investment earnings	17,113
Miscellaneous revenue	27,199
<b>Total revenues</b>	<b>2,976,376</b>
<b>EXPENDITURES:</b>	
Meeting stipends	4,580
Accounting and auditing	51,403
Transport billing	50,989
Legal and consulting services	-
Marin County contractual services	1,513,154
Tax collection service	7,914
Disposable medical supplies	59,234
EMS training/supply reimbursement	90,300
Engine company paramedic programs	357,419
ALS backup	104,207
Insurance	5,185
Rent	29,556
Automotive fuel and repairs	14,025
Miscellaneous	1,199
Defibrillators	11,727
Payment to other agencies	19,604
Capital outlay	291,681
<b>Total expenditures</b>	<b>2,612,177</b>
<b>Net change in fund balances</b>	<b>364,199</b>
FUND BALANCES, Beginning of year	743,245
FUND BALANCES, End of year	<b>\$ 1,107,444</b>

See accompanying Notes to Basic 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, 2019

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	364,199
--	---------

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.

Capitalized expenditures are added back to fund balance	280,416
Depreciation expense is deducted from the fund balance	(56,620)
	223,796

<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 587,995</u></b>
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ROSS VALLEY PARAMEDIC AUTHORITY  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Original	Final Budgeted	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Parcel tax revenue from member agencies:				
Town of Fairfax	\$ 280,839	\$ 280,839	\$ 279,027	\$ (1,812)
Kentfield Fire Protection District	211,834	211,834	210,477	(1,357)
City of Larkspur	568,080	568,080	563,308	(4,772)
County of Marin Service Area #27	54,810	54,810	55,823	1,013
Town of Ross	71,858	71,858	71,754	(104)
Town of San Anselmo	447,120	447,120	441,097	(6,023)
Sleepy Hollow Fire Protection District	68,310	68,310	68,882	572
Transport billing	796,000	796,000	1,241,696	445,696
Investment earnings	2,200	2,200	17,113	14,913
Miscellaneous revenue	-	-	27,199	27,199
<b>Total revenues</b>	<u>2,501,051</u>	<u>2,501,051</u>	<u>2,976,376</u>	<u>475,325</u>
<b>EXPENDITURES:</b>				
Meeting stipends	7,000	7,000	4,580	2,420
Accounting and auditing	47,326	47,326	51,403	(4,077)
Transport billing	50,000	50,000	50,989	(989)
Legal and consulting services	17,000	17,000	-	17,000
Marin County contractual services	1,513,154	1,513,154	1,513,154	-
Tax collection service	8,000	8,000	7,914	86
Disposable medical supplies	75,000	75,000	59,234	15,766
EMS training/supply reimbursement	90,000	90,000	90,300	(300)
Engine company paramedic programs	373,000	373,000	357,419	15,581
ALS backup	62,500	62,500	104,207	(41,707)
Insurance	4,500	4,500	5,185	(685)
Rent	30,000	30,000	29,556	444
Automotive fuel and repairs	14,500	14,500	14,025	475
Miscellaneous	12,700	12,700	1,199	11,501
Defibrillators	9,000	9,000	11,727	(2,727)
Payment to other agencies	-	-	19,604	(19,604)
Capital outlay	75,000	75,000	291,681	(216,681)
<b>Total expenditures</b>	<u>2,388,680</u>	<u>2,388,680</u>	<u>2,612,177</u>	<u>(223,497)</u>
<b>Net change in fund balance</b>	<u>\$ 112,371</u>	<u>\$ 112,371</u>	364,199	<u>\$ 251,828</u>
FUND BALANCES, Beginning of year			<u>743,245</u>	
FUND BALANCES, End of year			<u>1,107,444</u>	

See accompanying Notes to Basic Financial Statements.

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**ROSS VALLEY PARAMEDIC AUTHORITY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

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

*A. Reporting Entity*

The Ross Valley Paramedic Authority (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, 2019, the tax rate was \$75 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 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, 2019**

**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 contributions from member agencies, 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, 2019**

**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. Expenditures in Excess of Appropriations*

The departments below incurred expenditures in excess of appropriations in the amounts below. These General Fund had sufficient fund balance or revenues to finance these expenditures.

	Excess of Expenditures Over Appropriations
<hr/>	
General Fund:	
Accounting and Auditing	\$ 4,077
Transport billing	989
EMS training/supply reimbursement	300
ALS backup	36,707
Insurance	685
Defibrillators	2,727
Payment to other agencies	19,604
Capital Outlay	216,681

*G. 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.

**ROSS VALLEY PARAMEDIC AUTHORITY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

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

*H. 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.

**NOTE 2 - CASH AND INVESTMENTS**

As of June 30, 2019, the Authority held cash and investments in the City of Larkspur investment pool so that it can be invested at maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. The City's investment policy and the California Government Code permit investments in United States Treasury Obligations, United States Agency Securities, Bankers' Acceptances, Medium-Term Notes, Commercial Paper, Repurchase Agreements, Certificates of Deposit, the California Local Agency Investment Fund (LAIF), Money Market Mutual Funds and the Investment Trust of California (CALTrust). Please see the City of Larkspur's basic financial statements for the year ended June 30, 2019, for more information.

***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 investments in CalTrust, classified in Level 2 of the fair value hierarchy, are valued based on the fair value factor provided by CalTrust, which is calculated as the average cost to net asset value per share of the Fund. At June 30, 2019, the fair value approximated the Authority's cost. Fair value is defined as the quoted market value on the last trading day of the period.

Investments in LAIF are not subject to the fair value hierarchy.

**NOTE 3 - CAPITAL ASSETS**

All capital assets are valued at historical cost or estimate historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated acquisition 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.

**ROSS VALLEY PARAMEDIC AUTHORITY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 3 - CAPITAL ASSETS (CONTINUED)**

Changes in the capital assets are as follows:

	Balance 6/30/2018	Additions	Balance 6/30/2019
Capital assets being depreciated:			
Machinery & Equipment	\$ 653,260	\$ 280,416	\$ 933,676
Less accumulated depreciation for:			
Machinery & Equipment	(414,986)	(56,620)	(471,606)
	\$ 238,274	\$ 223,796	\$ 462,070

**NOTE 4 - NET POSITION AND FUND BALANCES**

*A. Net Position*

Net Position is the excess of all the Authority's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, 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 classifies 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, 2019 the Authority does not have any nonspendable fund balance.

*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, 2019 the Authority does not have any restricted fund balance.

**ROSS VALLEY PARAMEDIC AUTHORITY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 4 - NET POSITION AND FUND BALANCES (CONTINUED)**

*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, 2019, 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, 2019 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, 2019 was \$0.

**NOTE 5 - NOTE 5 - INSURANCE COVERAGE**

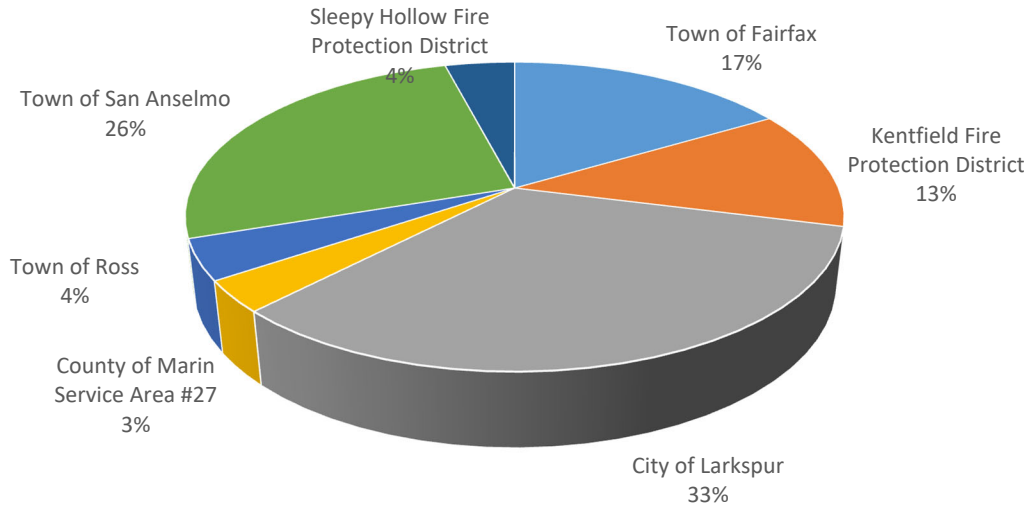
The Authority's insurance coverage is as follows:

Type	Limits
Commercial Excess Liability (Aggregate)	\$ 3,000,000
Business Automobile	1,000,000
Business Property	43,822
Employee Theft	100,000
General Liability	1,000,000

## Statistical Information

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ROSS VALLEY PARAMEDIC AUTHORITY  
 CHART OF REVENUES FROM MEMBER AGENCIES  
 FOR THE YEAR ENDED JUNE 30, 2019



PARCEL TAX REVENUES

General Fund

Town of Fairfax	\$ 279,027
Kentfield Fire Protection District	210,477
City of Larkspur	563,308
County of Marin Service Area #27	55,823
Town of Ross	71,754
Town of San Anselmo	441,097
Sleepy Hollow Fire Protection District	<u>68,882</u>
 Total Member Contributions	 <u><u>\$ 1,690,368</u></u>