

**SOUTHERN MARIN EMERGENCY  
MEDICAL PARAMEDIC SYSTEM**

**TIBURON, CALIFORNIA**

**BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors  
Southern Marin Emergency Medical Paramedic System  
Tiburon, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the major fund of Southern Marin Emergency Medical Paramedic System, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Southern Marin Emergency Medical Paramedic System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 and the State Controller's Minimum Audit Requirements for California Special Districts. 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 our 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, we consider internal control relevant to Southern Marin Emergency Medical Paramedic System'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 Southern Marin Emergency Medical Paramedic System'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund and, where applicable, cash flows of Southern Marin Emergency Medical Paramedic System, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America, and the State Controller's Minimum Audit Requirements for California Special Systems.

Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-6), as listed in the table of contents, 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.

*R. J. Ricciardi, Inc.*

R. J Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
January 26, 2022

Southern Marin Emergency Medical Paramedic System  
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

This section of Southern Marin Emergency Medical Paramedic System's (the System's) annual financial report presents our analysis of the System's financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The net position of the System's business-type activities increased \$1,846,281. This increase was the result of improved patient billings and collections and increasing subsidy revenues from the IGT State program.
- Total operating expenses for 2021 increased by 572,891, due to payments due to member agencies and the transfer of a reserve ambulance to a member agency for use at Angel Island State Park
- The System ended the 2021 year with about \$6.6 million in cash and investments available to the System to continue operations and to fund future capital asset replacements. This was about \$.9 million more than at the end of fiscal 2020 and was caused by improved collections on patient accounts and subsidy receipts from the State Department of Health Care Services (DHCS).

OVERVIEW OF THE FINANCIAL STATEMENTS

Figure A-1 summarizes the major features of the System's financial statements, including the portion of the System they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**FIGURE A-1 Major Financial Statement Features**

<b>Financial Statement Features</b>	<b>Basic Financial Statements</b>
<b>Scope</b>	Activities the System operates similar to private businesses; the patient care and transportation system.
<b>Required financial statements</b>	Statement of net position; Statement of revenues, expenses, and changes in net position; Statement of cash flows.
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic measurement focus.
<b>Type of asset/liability information</b>	All assets and liabilities, both financial and capital, and short-term and long-term focus.
<b>Type of inflow/outflow information</b>	All revenues and expenses during the year, regardless of when cash is received.

The basic financial statements report information about the System as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* the System's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position regardless of when cash is received or paid.

The basic financial statements report the System's *net position* and how it has changed. Net position - the difference between the System's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the System's financial health, or *position*.

Over time, increases or decreases in the System's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The basic financial statements of the System consist of one category:

Southern Marin Emergency Medical Paramedic System  
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

- *Business-type activities* — The System charges fees to patients to help it cover the costs of certain services it provides. All of the System's operations are accounted for in this category.

*The System uses proprietary enterprise fund type accounting principles to account for all operations. Proprietary accounting provides both long-and short-term financial information.*

**FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE**

**Net Position.** The System's *combined* net position increased by about \$1,846,281 between years 2020 and 2021. (See Table A-1.)

**TABLE A-1 NET POSITION OF THE SYSTEM  
(Rounded to the Nearest Hundred Dollars)**

	Year Ended June 30	
	2021	2020
Assets:		
Current and other assets	\$ 7,809,775	\$ 7,753,819
Capital assets being depreciated	1,124,307	1,147,098
Total assets	8,934,082	8,900,917
Liabilities:		
Current liabilities	1,642,798	1,929,534
Long-term liabilities	-	-
Total liabilities	1,642,798	1,929,534
Net position:		
Net investment in capital assets	1,124,307	1,147,098
Unrestricted	6,166,977	5,824,285
Total net position	\$ 7,291,284	\$ 6,971,383

Net position of the System in 2021 increased to a total of \$7,291,287. About 100% of the net position of the System is represented by cash, investments, patient and grant receivables. The System's investment in capital assets at year-end represents 16% of total net position.

There was no new long-term debt issued in fiscal 2021.

**FINANCIAL ANALYSIS OF THE SYSTEM AS A WHOLE**

**Changes in net position.** The System's operating revenues in fiscal 2021, on a net basis, were about 3 percent higher and total revenues about 10% higher than in fiscal 2020. (See Table A-2.) About 66% of the System's revenue was from charges for services in the form of patient service fees. The remaining 34% comes primarily from investment earnings and grant subsidy programs.

The total cost of all programs and services increased in 2021 to about \$572,891 or about a 21% increase from fiscal 2020 expenses.

Southern Marin Emergency Medical Paramedic System  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
 June 30, 2021

**TABLE A-2 System Revenues, Expenses and Changes in Net Position  
 (Rounded to the Nearest Hundred Dollars)**

	Year Ended June 30	
	2021	2020
Operating revenues	\$ 2,696,917	\$ 2,627,671
Operating expenses	3,273,767	2,700,876
Net operating income (loss)	<u>\$ (576,850)</u>	<u>\$ (73,205)</u>
Investment and other income	\$ 1,402,316	\$ 1,113,167
Interest and other expenses	-	-
Non-operating net income	<u>\$ 1,402,316</u>	<u>\$ 1,113,167</u>

The System's 2021 net patient revenues increased by about \$69,246.

**FINANCIAL ANALYSIS OF THE SYSTEM AS A WHOLE**

Table A-2 presents the cost of each of the System's largest functions from an expense perspective - operating expenses and depreciation on capital assets.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Asset**

At the end of 2021 the System had invested \$1,124,307 (net of accumulated depreciation) in capital assets including vehicles and small equipment. (See Table A-3.)

**TABLE A-3 System Investment in Capital Assets, Net of Accumulated Depreciation  
 (Rounded to the Nearest Hundred Dollars)**

	Business-Type Activities	
	2021	2020
Vehicle	\$ 1,904,003	\$ 1,783,633
Equipment	881,172	839,974
Less accumulated depreciation	<u>(1,660,868)</u>	<u>(1,476,509)</u>
Net capital assets	<u>\$ 1,124,307</u>	<u>\$ 1,147,098</u>

**This year's major capital assets additions included:**

Depreciation expense additions of \$184,360.

Additional information about the System's capital assets can be found on page 14 of the notes to the financial statements.

**LONG-TERM DEBT**

No new debt was issued in fiscal 2021. The System financed the new vehicles and equipment with its own financial resources instead of using external financing instruments.

Southern Marin Emergency Medical Paramedic System  
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

**ECONOMIC FACTORS AND NEXT YEAR'S OPERATING PLAN AND RATES**

For the 2022 year, revenue projections show that 2022 revenues are expected to increase slightly compared to fiscal 2021 due to the first rate increase in several years. The System expects to be allocated some amounts of DHCS revenues in fiscal 2022 but the exact amounts are unknown at present time.

The System's focus in fiscal 2022 will be to continue to get patient billings invoiced on a regular monthly basis, and continue to improve the realization of revenues from patient services.

**CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, patients, and creditors with a general overview of the System's finances and to demonstrate the System's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Liaison Chief, Tiburon Fire Protection District, 1679 Tiburon Blvd., Tiburon, California, 94920.



Southern Marin Emergency Medical Paramedic System

STATEMENT OF NET POSITION

June 30, 2021

ASSETS

Current assets:

Cash and investments	\$ 6,564,093
Patient accounts receivable, net of allowance for doubtful accounts of \$167,864	1,208,310
Interest receivable	4,068
Prepayments	<u>33,304</u>
Total current assets	<u>7,809,775</u>

Capital assets:

Emergency vehicles	1,904,002
Paramedical equipment	881,173
Accumulated depreciation	<u>(1,660,868)</u>
Net capital assets	<u>1,124,307</u>
Total assets	<u>8,934,082</u>

LIABILITIES

Current liabilities:

Accounts payable	116,418
Payable to member agencies	<u>1,526,380</u>
Total current liabilities	<u>1,642,798</u>

Net position:

Net investment in capital assets	1,124,307
Unrestricted	<u>6,166,977</u>
Total net position	<u>\$ 7,291,284</u>

The accompanying notes are an integral part of these financial statements.

Southern Marin Emergency Medical Paramedic System  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
For the Year Ended June 30, 2021

Operating revenues:	
Net patient service revenue	\$ 2,696,917
Total operating revenues	<u>2,696,917</u>
Operating expenses:	
Service delivery	1,947,572
Maintenance and repairs	267,934
Customer accounting	96,338
General and administrative	110,911
DHCS administrative fee	666,652
Depreciation	<u>184,360</u>
Total operating expenses	<u>3,273,767</u>
Operating income (loss)	<u>(576,850)</u>
Non-operating revenues (expenses):	
Investment income	31,113
Ground emergency medical transportation (GEMT) supplemental reimbursements	4,651
Partnership for health care subsidy	1,357,552
Sale of equipment	9,000
	-
Total non-operating revenues (expenses)	<u>1,402,316</u>
Changes in net position	<u>825,466</u>
Net position, beginning of period	6,971,384
Prior period adjustment	<u>(505,566)</u>
Net position, beginning of period restated	<u>6,465,818</u>
Net position, end of period	<u>\$ 7,291,284</u>

The accompanying notes are an integral part of these financial statements.

Southern Marin Emergency Medical Paramedic System  
STATEMENTS OF CASH FLOWS  
For the Year Ended June 30, 2021

Cash flows from operating activities:	
Cash received from patients and third-party payers	\$ 2,440,769
Cash paid to suppliers and service providers	<u>(3,397,061)</u>
Net cash provided (used) by operating activities	<u>(956,292)</u>
Cash flows from capital and related financing activities:	
Purchase of equipment	<u>(161,568)</u>
Net cash provided (used) by capital and related financing activities	<u>(161,568)</u>
Cash flows from noncapital and related financing activities:	
DHCS transfer payments	
Intergovernmental	656,678
Partnership for health care subsidy	1,357,552
Supplemental receipts from GEMT program	<u>4,651</u>
Net cash provided by noncapital financing activities	<u>2,018,881</u>
Cash flows from investing activities:	
Investment income	<u>45,276</u>
Net cash provided by investing activities	
Net increase (decrease) in cash and cash equivalents	946,297
Cash and cash equivalents - beginning of period	<u>5,617,796</u>
Cash and cash equivalents - end of period	<u>\$ 6,564,093</u>
Reconciliation of operating income (loss) to net cash provided (used in) operating activities:	
Operating income (loss)	<u>\$ (576,850)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	184,360
Changes in certain assets and liabilities:	
Decrease (increase) in customer accounts receivable	(256,148)
Decrease (increase) in prepayments	(20,918)
Increase (decrease) in accounts payable for services	(571,279)
Increase (decrease) in payable to member agencies	<u>284,543</u>
Net cash provided (used) by operating activities	<u>\$ (956,292)</u>

The accompanying notes are an integral part of these financial statements.

Southern Marin Emergency Medical Paramedic System  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Southern Marin Emergency Medical Paramedic System (the System) was organized under a Joint Powers Agreement in December 1979 between the City of Belvedere, City of Mill Valley, City of Sausalito, Alto-Richardson Bay Fire Protection District, Tamalpais Fire Protection District, Tiburon Fire Protection District and the County of Marin for the purpose of establishing, operating, and maintaining an emergency medical care-paramedic program in Southern Marin County. Current members include the City of Mill Valley, City of Belvedere, County of Marin, Southern Marin Fire Protection District, and Tiburon Fire Protection District. The System's service delivery is provided by personnel of member agencies using System emergency vehicles, paramedical equipment, and supplies. Accordingly, the System reports no expenses for salaries, benefits, compensated absences or retirement costs other than for one part-time administrative employee.

The System is governed by a Board of Directors consisting of one appointed member from each of the member governmental entities. The System is therefore considered to be a stand-alone financial reporting entity.

B. Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of revenues, expenses and changes in net position) report information on all of the nonfiduciary activities of the System.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Patient service revenues are recognized as the service is provided to patients of the System and is reported net of all allowances for uncollectible accounts and disallowances.

The System is engaged in only business-type activities and the System's basic financial statements consist of only the financial statements required for enterprise funds. These include management's discussion and analysis, a statement of net position, a statement of revenues, expenses, and changes in net position, a statement of cash flows, and these notes to the basic financial statements.

Proprietary enterprise funds distinguish *operating* revenues and expenses with *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operation revenues of the System are charges to individuals and organizations for the delivery of emergency medical care and related transportation services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. Such operating expenses also include payments to member agencies for personnel and other services provided during each fiscal year. The amount of compensation payable to member agencies is annually determined by the System's Board of Directors. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Southern Marin Emergency Medical Paramedic System  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position

Deposits and Investments

The System's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the System to invest in public deposits, time certificates of deposit, the State Treasurer's Local Agency Investment Fund (LAIF), and other permitted investments.

The System's investment practice is to invest all idle cash in either time certificates of Deposit or the State Treasurer's Local Agency Investment Fund (LAIF). All investments are considered Level 1 under the GAAP fair value framework. Under Level 1, inputs are quoted market prices for identical assets and liabilities in markets at the measurement date.

Cash and Cash Equivalents

Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.

Receivables and Patient Revenues

All trade receivables are not shown net of an allowance for uncollectibles and disallowances. The System bills patients without insurance, private insurance companies where patients are privately insured, and Medicare/MediCal for patients with that type of insurance. The insurance companies typically do not pay the full amounts billed by the System. After processing of the billings, insurance companies pay the System amounts deemed as allowable under current insurance practices. Therefore, patient service revenue is reported by the System at the net estimated realizable amounts due from patients, third party payers, and others for services rendered by the System.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Capital Assets

Capital assets, which include equipment and vehicles, are reported in the financial statements. Capital assets are defined by the System as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the System are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles	4-10
Equipment	5-10

Depreciation expense additions were \$184,360 for the year ended June 30, 2021.

Southern Marin Emergency Medical Paramedic System  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

D. Assets, Liabilities, and Net Position (concluded)

Long-term Obligations

In enterprise fund-type financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles, and as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those amounts.

Net Position

In the financial statements, fund net position is reported in two categories as follows:

- Net investment in capital assets - This category of net position reports the net book value of capital assets (cost of vehicles and equipment less accumulated depreciation) less any outstanding long-term debt principal issued for the specific purpose of providing funding for the purchase of capital assets.
- Unrestricted - Unrestricted net position represents all other assets net of related liabilities available for use by the System and not restricted for a specific purpose use by parties external to the System.

When both restricted and unrestricted resources are available for use, it is the System's policy to use restricted resources first, followed by the unrestricted resources as they are needed.

NOTE 2 - DETAILED NOTES

A. Cash Equivalents and Investments

Deposits and investments at June 30, 2021 consisted of \$6,564,093.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the System's deposits may not be returned to it. The System's policy for deposits of its or the System's funds is that deposits will be made only in institutions in California, they will be insured or collateralized with United States backed securities, and time certificates of deposit shall have a maturity of less than three years. At June 30, 2021, all of the monies invested in time deposits in the System's pool were fully insured by FDIC insurance.

Investments

At June 30, 2021, the System's funds were invested as follows:

<u>Investment Type</u>	<u>Average Life</u>	<u>Fair Value</u>
Local Agency Investment Fund	291 Days	\$ 6,498,065

Southern Marin Emergency Medical Paramedic System

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2 - DETAILED NOTES (continued)

A. Cash Equivalents and Investments (concluded)

*Local Agency Investment Fund* - LAIF is regulated by California Government Code (Code) Section 16429 and is under the management of the State of California Treasurer's Office with oversight provided by the Local Agency Investment Advisory Board.

LAIF is carried at fair value based on the value of each participating dollar as provided by LAIF. The fair value of the System's position in the LAIF is the same as the value of its pooled share. Investment in securities of the U.S. government or its agencies are carried at fair value based on quoted market prices. Bank balances are secured by the pledging of a pool of eligible securities to collateralize the System's deposits with the bank in accordance with the Code.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from interest rates, the System has limited its investment of System funds to investment in the State of California Local Agency Investment Fund.

Credit Risk

State law limits investments in various securities to certain levels of risk issued by nationally recognized statistical rating organizations. It is the System's policy to comply with state law as regards to security ratings. The LAIF also complies with those limitations prescribed by State Law. The LAIF is unrated by such statistical rating organizations.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the System would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the System's funds were invested in specific securities. All monies were invested in the System's pool of investments (primarily the LAIF) with such investment not being evidenced by specific securities; and therefore, not subject to custodial credit risk.

Fair Value Reporting - Investments

The System categorizes the fair value measurements of its investments within the fair value hierarchy established by GAAP. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. These levels are determined by the System's investment manager based on a review of the investment class, structure and what kind of securities are held in the portfolio. The System's holdings are classified in Level 1 of the fair value hierarchy.

B. Receivables

Receivables as of year-end in the aggregate, net of the applicable allowances for disallowed amounts and uncollectible accounts, are as follows:

	<u>Amounts</u>
Receivables:	
Patient accounts	\$ 1,376,174
Less allowance for bad debts	<u>(167,864)</u>
Net patient receivables	<u>\$ 1,208,310</u>

Southern Marin Emergency Medical Paramedic System  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

NOTE 2 - DETAILED NOTES (concluded)

C. Capital Assets

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

<u>Business-type Activities</u>	<u>Balance June 30, 2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2021</u>
Capital assets, being depreciated:				
Vehicles	\$ 1,783,633	\$ 120,370	\$ -	\$ 1,904,003
Paramedical equipment	<u>839,974</u>	<u>41,198</u>	<u>-</u>	<u>881,172</u>
Total capital assets, being depreciated	<u>2,623,607</u>	<u>161,568</u>	<u>-</u>	<u>2,785,175</u>
Less accumulated depreciation for:				
Vehicles	(962,961)	(102,685)	-	(1,065,646)
Paramedical equipment	<u>(513,548)</u>	<u>(81,674)</u>	<u>-</u>	<u>(595,222)</u>
Total accumulated depreciation	<u>(1,476,509)</u>	<u>\$ (184,359)</u>	<u>\$ -</u>	<u>(1,660,868)</u>
Capital assets – net	<u>\$ 1,147,098</u>			<u>\$ 1,124,307</u>

NOTE 3 - OTHER INFORMATION

A. Risk Management

The System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters, for which the System carries insurance. The System purchases commercial insurance coverage which provides for business property coverage including equipment and supplies with a deductible of \$250, general liability coverage including medical malpractice with a \$3 million general aggregate limit, automobile coverage for bodily injury and property damage for \$1 million, and excess umbrella liability coverage for \$2 million each occurrence with a \$4 million general aggregate. There have been no significant reductions in insurance coverages as compared to the 2020 fiscal year, and the amounts of settlements have not exceeded insurance coverages for each of the past three fiscal years. There are no claim liabilities in the accompanying financial statements as the risk of loss has been transferred to the commercial insurance companies.

Liabilities of the System are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and number of pay-outs), and other economic and social factors. There were no material uninsured claim liabilities at June 30, 2021.

B. Related Party Transactions

Service delivery expenses include \$1,526,380 payable to member agencies for reimbursement and or payment for services provided in connection with the System's operations.



Southern Marin Emergency Medical Paramedic System

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3 - OTHER INFORMATION (concluded)

C. Contingencies

Litigation – The System is not involved in any litigation that might have a financial impact upon the System. The funding provided under the GEMT and DHCS Partnership Programs are subject to audit by the provider and may involve federal financial assistance. The System expects that disallowed reimbursements, if any, will not be material to the System’s financial position.

Pandemic

In December 2019, a novel strain of the coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern”. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our patient base, member agencies and their employees, other governmental and medical funding agencies and organizations, and our vendors all of which is uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition and results of operations is uncertain.

NOTE 4 - PRIOR YEAR ADJUSTMENT

The prior year adjustment of (\$505,566) was to eliminate estimated DHCS accounts receivable and related payable amounts due to the unreliability of estimates for this program.