

**SOUTHERN MARIN EMERGENCY
MEDICAL PARAMEDIC SYSTEM**

TIBURON, CALIFORNIA

ANNUAL FINANCIAL REPORT

JUNE 30, 2024

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis Required Supplementary Information (unaudited)	3-5
Basic Financial Statements:	
Statement of Net Position	6
Statement of Revenues, Expenses, and Changes in Net Position	7
Statement of Cash Flows	8
Notes to Basic Financial Statements	9-14

INDEPENDENT AUDITORS' REPORT

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

Report on Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Southern Marin Emergency Medical Paramedic System as of and for the year ended June 30, 2024, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Southern Marin Emergency Medical Paramedic System, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southern Marin Emergency Medical Paramedic System, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Southern Marin Emergency Medical Paramedic System’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Southern Marin Emergency Medical Paramedic System’s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis (pages 3-5) information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.



O’Connor & Company

Novato, California
February 19, 2025

Southern Marin Emergency Medical Paramedic System
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2024

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, 2024. 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 by \$175,993. This increase was the result of improved patient billings.
- Total operating expenses for 2024 increased by \$971,301.
- The System ended the 2024 year with \$10,924,239 in cash and investments available to the System to continue operations and to fund future capital asset replacements. This was \$733,524 more than at the end of fiscal year 2023 and was caused by improved collections on patient accounts and adding the new GEMT Audit Reserve account in fiscal 2024 in accordance with the policy to maintain DHCS GEMT reimbursement funds for three years to respond to audit adjustments.

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

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

The basic financial statements report information about the System using accounting methods like those used by private-sector companies. The statement of net position includes *all* the System's assets and liabilities. All 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:

- *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.

Southern Marin Emergency Medical Paramedic System
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2024

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 \$175,993 between years 2023 and 2024. (See Table A-1.)

TABLE A-1 NET POSITION OF THE SYSTEM
 (Rounded to the Nearest Dollar)

	Year Ended June 30	
	2024	2023
Assets:		
Current and other assets	\$ 12,468,981	\$ 11,657,693
Capital assets, net of accumulated depreciation	<u>918,237</u>	<u>751,479</u>
Total assets	<u>13,387,218</u>	<u>12,409,172</u>
Liabilities:		
Current liabilities	<u>3,874,627</u>	<u>3,072,574</u>
Total liabilities	<u>3,874,627</u>	<u>3,072,574</u>
Net position:		
Net investment in capital assets	918,237	751,479
Unrestricted	<u>8,594,354</u>	<u>8,585,119</u>
Total net position	<u>\$ 9,512,591</u>	<u>\$ 9,336,598</u>

The Net position of the System in 2024 increased to a total of \$9,512,591. The System's investment in capital assets at year-end represents 10% of the total net position.

There was no new long-term debt issued in fiscal 2024.

FINANCIAL ANALYSIS OF THE SYSTEM AS A WHOLE

Changes in net position. The System's operating revenues in fiscal 2024, on a net basis, were about 10% higher and non-operating revenues were about 20% lower than in fiscal 2023. (See Table A-2.) About 63% of the System's revenue was from charges for services in the form of patient service fees. The remaining 37% comes primarily from investment earnings and grant subsidy programs.

The total cost of all programs and services increased by \$971,301 in 2024 from the fiscal year 2023 expenses.

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

	Year Ended June 30	
	2024	2023
Operating revenues	\$ 3,803,290	\$ 3,468,512
Operating expenses	<u>5,836,457</u>	<u>4,865,156</u>
Net operating income (loss)	<u>\$ (2,033,167)</u>	<u>\$ (1,396,644)</u>
Investment and other income	\$ 2,209,160	\$ 2,766,841
Interest and other expenses	<u>-</u>	<u>-</u>
Non-operating net income	<u>\$ 2,209,160</u>	<u>\$ 2,766,841</u>

The System's 2024 net patient revenues increased by \$334,778.

Southern Marin Emergency Medical Paramedic System
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

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 Assets

At the end of 2024 the System invested \$918,237 (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 Dollar)**

	Business-Type Activities	
	<u>2024</u>	<u>2023</u>
Vehicles	\$ 2,264,753	\$ 1,904,003
Paramedical equipment	969,181	912,741
Less accumulated depreciation	<u>(2,315,697)</u>	<u>(2,065,265)</u>
Net capital assets	<u>\$ 918,237</u>	<u>\$ 751,479</u>

Additional information about the System's capital assets can be found on page 13 of the notes to the financial statements.

LONG-TERM DEBT

No new debt was issued in fiscal 2024. The System financed the new vehicles and equipment with its own financial resources instead of using external financing instruments.

ECONOMIC FACTORS AND NEXT YEAR'S OPERATING PLAN AND RATES

For the 2025 fiscal year, revenue projections show that 2025 revenues are expected to increase slightly compared to fiscal year 2024 due to an annual rate increase approved by the Board. The System expects to be allocated some amounts of DHCS revenues in fiscal year 2025 but the exact amounts are unknown at present time.

The System's focus in fiscal year 2025 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.

In January 2024, AB716 went into effect, which significantly reduces the System's net patient service revenue. Under AB716, patients without insurance are now only required to pay up to the dollar amount published by Medicare and the System must write off the remaining balance due. For the 2025 fiscal year and beyond, the System will continue to have significantly higher write-offs, as a result of AB716.

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, 2024

ASSETS

Current assets:

Cash and investments	\$ 10,924,239
Patient accounts receivable, net of allowance for doubtful accounts of \$915,557	1,513,453
Interest receivable	11,287
Prepayments	<u>20,002</u>
Total current assets	<u>12,468,981</u>

Capital assets:

Emergency vehicles	2,264,753
Paramedical equipment	969,181
Accumulated depreciation	<u>(2,315,697)</u>
Net capital assets	<u>918,237</u>
Total assets	<u>13,387,218</u>

LIABILITIES

Current liabilities:

Accounts payable	82,452
Payable to member agencies	<u>3,792,175</u>
Total current liabilities	<u>3,874,627</u>

Net position:

Net investment in capital assets	918,237
Unrestricted	<u>8,594,354</u>
Total net position	<u>\$ 9,512,591</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, 2024

Operating revenues:	
Net patient service revenue	\$ 3,803,290
Total operating revenues	<u>3,803,290</u>
Operating expenses:	
Service delivery	4,344,426
Maintenance and repairs	105,112
Customer accounting	147,264
General and administrative	152,438
DHCS administrative fee	836,784
Depreciation	<u>250,433</u>
Total operating expenses	<u>5,836,457</u>
Operating income (loss)	<u>(2,033,167)</u>
Non-operating revenues (expenses):	
Investment income	595,780
Partnership for health care subsidy	1,523,227
Reimbursement	<u>90,153</u>
Total non-operating revenues (expenses)	<u>2,209,160</u>
Changes in net position	175,993
Net position, beginning of period	<u>9,336,598</u>
Net position, end of period	<u>\$ 9,512,591</u>

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

Southern Marin Emergency Medical Paramedic System
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

Cash flows from operating activities:	
Cash received from patients and third-party payers	\$ 3,718,493
Cash paid to suppliers and service providers	<u>(4,779,758)</u>
Net cash provided (used) by operating activities	<u>(1,061,265)</u>
Cash flows from capital and related financing activities:	
Purchase of equipment	(418,897)
Disposal of equipment	<u>1,707</u>
Net cash provided (used) by capital and related financing activities	<u>(417,190)</u>
Cash flows from noncapital and related financing activities:	
GEMT Reimbursement	90,153
Partnership for health care subsidy	<u>1,523,227</u>
Net cash provided by noncapital financing activities	<u>1,613,380</u>
Cash flows from investing activities:	
Investment income	<u>598,599</u>
Net cash provided by investing activities	733,524
Net increase (decrease) in cash and cash equivalents	
	10,190,715
Cash and cash equivalents - beginning of period	
	<u>\$ 10,924,239</u>
Cash and cash equivalents - end of period	
	<u>\$ 10,924,239</u>
Reconciliation of operating income (loss) to net cash provided (used in) operating activities:	
Operating income (loss)	\$ <u>(2,033,167)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	250,433
Changes in certain assets and liabilities:	
Decrease (increase) in customer accounts receivable	(84,797)
Decrease (increase) in prepayments	4,213
Increase (decrease) in accounts payable for services	(42,870)
Increase (decrease) in payable to member agencies	<u>844,923</u>
Net cash provided (used) by operating activities	<u>\$ (1,061,265)</u>

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

Southern Marin Emergency Medical Paramedic System
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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 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.

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 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 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 from *non-operating* 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 non-operating revenues and expenses.

Southern Marin Emergency Medical Paramedic System
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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 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), California Asset Management Program (CAMP), and other permitted investments.

The System's investment practice is to invest all idle cash in either certificates of Deposit, the State Treasurer's Local Agency Investment Fund (LAIF), or the California Asset Management Program (CAMP). 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 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. In addition, as of January 2024, AB716 allows patients without insurance to pay only up to the dollar amount published by Medicare, and the remainder of the billed amount must be written off by the System. As a result, 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 for more than 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 \$250,433 for the year ended June 30, 2024.

Southern Marin Emergency Medical Paramedic System
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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. The 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.

Net Position Flow Assumption

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.

Contingencies

The System receives revenue from Federal, State and Local agencies that have requirements to be followed when expending these revenues. If the requirements are not followed, the unauthorized expenditure would be a liability to be refunded to the appropriate agency. 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.

Litigation

The System is currently not involved in any litigation that might have a financial impact upon the System.

NOTE 2 - DETAILED NOTES

A. Cash Equivalents and Investments

Deposits and investments at June 30, 2024 consisted of \$10,924,239 as follows:

Pooled cash in the LAIF	\$ 962,901
Pooled cash in the CAMP	9,701,170
Demand deposit accounts	<u>260,168</u>
Total	<u>\$ 10,924,239</u>

Southern Marin Emergency Medical Paramedic System
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2 - DETAILED NOTES (continued)

A. Cash Equivalents and Investments (continued)

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for deposits and investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors.

Investments

At June 30, 2024, 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	\$ 962,901
California Asset Management Program	60 Days	\$ 9,701,170

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.

California Asset Management Program (CAMP) is a CA Joint Powers Authority (JPA) established in 1989 to provide CA public agencies with professional investment services. Investments offered through the Cash Reserve Portfolio (Camp Pool) and CAMP Term are permitted for all local agencies under CA Government Code Section 53601(p). The Program also offers educational resources, market updates, and arbitrage rebate compliance services.

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 and California Asset Management Program.

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 in regards to security ratings. LAIF & CAMP also comply with those limitations prescribed by State Law. LAIF & CAMP are unrated by such statistical rating organizations.

Southern Marin Emergency Medical Paramedic System
NOTES TO FINANCIAL STATEMENTS
 June 30, 2024

NOTE 2 - DETAILED NOTES (concluded)

A. Cash Equivalents and Investments (concluded)

Custodial Credit Risk - Investments

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 CAMP) with such investment not being evidenced by specific securities; and therefore, not subject to custodial credit risk.

Fair Value Reporting - Investments

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy consisting of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, that can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability.

The California Asset Management Program's pool, the State of California Local Agency Investment Pool's holdings and cash in banks were not subject to 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:

	Amounts
Receivables:	
Patient accounts	\$ 2,429,010
Less allowance for bad debts	(915,557)
Net patient receivables	\$ 1,513,453

C. Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance June 30, 2023	Increase	Decrease	Balance June 30, 2024
<u>Business-type Activities</u>				
Capital assets, being depreciated:				
Vehicles	\$ 1,904,003	\$ 360,750	\$ -	\$ 2,264,753
Paramedical equipment	912,741	58,147	(1,707)	969,181
Total capital assets, being deprec.	2,816,744	418,897	(1,707)	3,233,934
Less accumulated depreciation for:				
Vehicles	(1,330,986)	(170,248)	-	(1,501,234)
Paramedical equipment	(734,279)	(81,625)	1,441	(814,463)
Total accumulated depreciation	(2,065,265)	\$ (251,873)	\$ 1441	(2,315,697)
Capital assets – net	\$ 751,479			\$ 918,237

Southern Marin Emergency Medical Paramedic System
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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 2023 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 evaluated 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, 2024.

NOTE 4 - SUBSEQUENT EVENTS

In preparing these financial statements, the System has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.