



# Washington State Auditor's Office

Government that works for citizens

## Financial Statements Audit Report

# Central Valley Ambulance Authority (Central Skagit Medic One)

Skagit County

For the period January 1, 2015 through December 31, 2015

Published June 23, 2016

Report No. 1016896





## Washington State Auditor's Office

June 23, 2016

Board of Appointed Representatives  
Central Valley Ambulance Authority  
Sedro Woolley, Washington

### Report on Financial Statements

Please find attached our report on the Central Valley Ambulance Authority's financial statements.

We are issuing this report in order to provide information on the Authority's financial condition.

Sincerely,

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**Central Skagit Medic One  
Skagit County  
January 1, 2015 through December 31, 2015**

Board of Appointed Representatives  
Central Valley Ambulance Authority  
Sedro Woolley, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Central Valley Ambulance Authority, Skagit County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 16, 2016.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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 Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

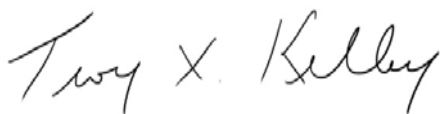
## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

June 16, 2016

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **Central Skagit Medic One Skagit County January 1, 2015 through December 31, 2015**

Board of Appointed Representatives  
Central Valley Ambulance Authority  
Sedro Woolley, Washington

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the Central Valley Ambulance Authority, Skagit County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed on page 9.

#### **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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Valley Ambulance Authority, as of December 31, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

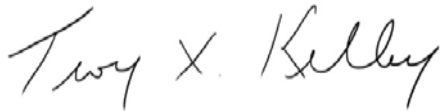
## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 13 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 REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

June 16, 2016



## **FINANCIAL SECTION**

**Central Skagit Medic One  
Skagit County  
January 1, 2015 through December 31, 2015**

### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2015

### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2015

Statement of Revenues, Expenses and Changes in Net Position – 2015

Statement of Cash Flows – 2015

Notes to Financial Statements – 2015

**Central Valley Ambulance Authority  
Management's Discussion and Analysis (MD&A)  
December 31, 2015**

Our discussion and analysis of the Central Valley Ambulance Authority's (CVAA's) financial performance provides an overview of CVAA's financial activities for the fiscal year ended December 31, 2015. Please read it in conjunction with CVAA's financial statements and notes to the financial statements, which immediately follow this analysis.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government* issued June 1999.

**Using the Financial Statements – An Overview for the User**

Central Skagit Medic One began operations on July 1, 2009, when it separated from the Skagit County Emergency Medical Services. The Authority provides emergency medical and related services to citizens in the Central Skagit Valley.

An appointed, seven-member Board of Representatives governs the Authority. The Skagit County Board of Commissioners appoints Representatives to the Board to serve two-year terms. The Board appoints management to oversee the Authority's daily operations as well as its 37 employees. The Authority is funded primarily through tax revenue and service fees. For fiscal year 2015, the Authority expenditures were \$5,184,287.

CVAA's basic financial statements are comprised of the following components: 1) Management's Discussion and Analysis (this section), 2) the basic financial statements, 3) notes to the financial statements, and 4) required supplemental information.

**Statement of Net Position:**

The Statement of Net Position is most closely related to a balance sheet. It presents information on all of CVAA's assets (what it owns) and liabilities (what it owes), with the difference between the two reported as net position. The net position reported in this statement represent the accumulation of changes in net position for the current fiscal year, and the increases or decreases in net position reported in this statement may serve as a useful indicator of whether the financial position of CVAA is improving or deteriorating.

**Statement of Revenues, Expenses, and Changes in Fund Net Position:**

The Statement of Revenues, Expenses, and Changes in Fund Net Position is most closely related to an income statement. It presents information showing how CVAA's net position changed during the current year. All of the current year's revenues and expenses are accounted for in this statement regardless of when cash is received or paid (accrual basis). By showing the change in net position for the year, the reader may be able to determine whether CVAA's financial position has improved or deteriorated over the course of the current fiscal year.

## Statement of Cash Flows:

The Statement of Cash Flows reports cash flows from operating activities, capital and related financing activities, and investing activities. This statement provides a reconciliation of the difference between cash flows from operating activities and operating income.

## Notes to the Financial Statements:

The notes to the financial statements provide additional information that is essential for the statements to fairly represent CVAA's financial position and its operations. The notes contain important information that is not part of the basic financial statements. However, the notes are an integral part of the statements, not an appendage to them. The notes to the basic financial statements begin in this section.

## Analysis of CVAA's Overall Financial Position

As indicated earlier, net position may serve over time as a useful indicator of a government's financial position. Refer to Table 1 when reading the following analysis of net position. CVAA's assets exceeded liabilities by \$1,599,495 as of December 31, 2015.

- ✓ Of this figure, 55% or \$885,063 reflects CVAA's investment in capital assets (i.e., land, buildings, improvements, equipment, and vehicles) less accumulated depreciation.

Table 1: Summary of Net Position			
	12/31/2014	12/31/2015	Percent
<b>Current Assets</b>	1,123,152	1,377,696	61%
<b>Capital Assets</b>	<u>876,062</u>	<u>885,063</u>	<u>39%</u>
<b>Total Assets</b>	<b>1,999,214</b>	<b>2,262,759</b>	100.0%
<b>Current and Other Liabilities</b>	213,421	298,106	45%
<b>Long-term Liabilities</b>	<u>361,781</u>	<u>365,158</u>	<u>55%</u>
<b>Total Liabilities</b>	<b>575,202</b>	<b>663,265</b>	100.0%
<b>Net Position:</b>			
<b>Invested in Capital Assets</b>	876,062	885,063	55%
<b>Unrestricted</b>	<u>547,950</u>	<u>714,431</u>	<u>45%</u>
<b>Total Net Position</b>	<b>1,424,013</b>	<b>1,599,495</b>	100.0%

At the end of the current fiscal year, CVAA is able to report positive balances in all categories of net assets. This means CVAA has enough available resources to cover all outstanding obligations, including non-capital expenses (such as compensated absences) as of December 31, 2015, with resources left over to use for next year's operations.

The results of this fiscal year's operations as a whole are reported in detail in the Statement of Revenues, Expenses, and Changes in Net Position. Table 2 below condenses the results of operations for the fiscal year into a format where the reader can easily see the total revenues of CVAA for the year. It also shows the impact the operations had on changes in net assets as of December 31, 2015.

Table 2: Summary of Revenues, Expenses and Changes in Net Position		
	12/31/2014	12/31/2015
<b>Revenues</b>		
Revenues from Operations	2,623,885	2,796,141
Intergovernmental Service Revenue	1,910,415	2,381,471
Non Operating Revenues	(9,719)	
Capital Contributions	<u>757,193</u>	<u>182,157</u>
<b>TOTAL REVENUES</b>	<b>5,281,774</b>	<b>5,359,769</b>
<b>Expenses</b>		
Administration	407,428	570,646
Operations	<u>4,433,033</u>	<u>4,613,641</u>
<b>TOTAL EXPENSES</b>	<b>4,840,461</b>	<b>5,184,287</b>
<b>Decrease in Net Position Gain (Loss)</b>	<b>(441,313)</b>	<b>175,482</b>
<b>Net Position -- Beginning</b>	982,699	1,424,013
<b>Net Position -- Ending</b>	1,424,013	1,599,495

As indicated earlier, the change in net position is indicative of how well the organization did during the current fiscal year. During the 2015 fiscal year, CVAA's net position increased by \$175,482.

### Budgetary Highlights

Each year CVAA prepares and adopts a budget for the next year's fiscal activities. After being passed by CVAA's Board the budget is submitted for adoption to the Skagit County Board of Commissioners.

### Capital Assets

Table 3 below shows the Capital Assets owned by CVAA. In 2015, CVAA acquired six (6) Zoll-X Series Monitors from Skagit EMS totaling \$182,156.58.

Table 3: Capital Assets (net of accumulated depreciation)		
	12/31/2014	12/31/2015
<b>Building Improvements</b>	20,652	18,637
<b>Vehicles</b>	7,531	5,477
<b>Ambulances</b>	847,879	686,555
<b>Defib Equipment</b>	<u>0</u>	<u>174,394</u>
<b>TOTAL CAPITAL ASSETS</b>	<b>876,062</b>	<b>885,063</b>

## **Economic Factors and the Next Year's Budget**

Other issues that are being watched closely include the continual adjustments to the governmental payer rates (i.e., Medicare, Medicaid, etc.) We have budgeted with this in mind but will be monitoring the future effects on revenue.

As many other public and healthcare entities, CVAA must evaluate the current future revenue and expense streams in order to sustain the service provided. We have been entrusted with the management of the revenues, and the deployment of the assets, to meet the needs of the citizens of Skagit County, mainly their response coverage area, in the most effective and cost efficient method we can. We believe we are doing well as evidenced by our financial statements and service related data.

## **Contacting CVAA's Financial Management**

The financial report is designed to provide our stakeholders with a general overview of CVAA's finances and to show CVAA's accountability for the money it receives. If anyone has any questions about this report or needs additional information, contact Jada Trammell, Operations Manager, Central Valley Ambulance Authority, 2241 Hospital Drive, Sedro Woolley, WA 98284, or call (360) 854-7810.

# Central Valley Ambulance Authority

## Statement of Net Position

December 31, 2015

### ASSETS

#### Current Assets:

Cash and Cash Equivalents	\$	561,288
Receivables, Net		511,123
Due from Other Governments		305,285
<b>Total Current Assets</b>		<b>1,377,696</b>

#### Noncurrent Assets:

##### Capital Assets:

(Net of Accumulated Depreciation)

Vehicles		5,477
Defib Equipment		174,394
Ambulances		686,555
Buildings		18,637

<b>Total Noncurrent Assets</b>		<b>885,063</b>
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<b>Total Assets</b>	<b>\$</b>	<b>2,262,759</b>
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### LIABILITIES

#### Current Liabilities

Accounts Payable	\$	110,072
Wages Payable		185,682
Due to Other Governments		2,352
COBRA Payments		0
<b>Total Current Liabilities</b>		<b>298,106</b>

#### Noncurrent Liabilities:

Compensated Absences		365,158
<b>Total Noncurrent Liabilities</b>		<b>365,158</b>

<b>Total Liabilities</b>	<b>\$</b>	<b>663,265</b>
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### NET POSITION

Net investment in Capital Assets		885,063
Unrestricted		714,431
<b>Total Net Position</b>	<b>\$</b>	<b>1,599,495</b>

The notes to financial statements are an integral part of this statement.

# Central Valley Ambulance Authority

## Statement of Revenues, Expenses, and Changes in Fund Net Position For Year Ended December 31, 2015

### **OPERATING REVENUES**

Charges for Services (Net of Refunds)	\$	2,725,176
Miscellaneous		70,965
Intergovernmental Service Revenue		2,381,471
<b><i>Total Operating Revenues</i></b>		<b><u>5,177,612</u></b>

### **OPERATING EXPENSES**

Salaries and Wages		3,210,533
Personnel Benefits		969,172
Operating Supplies		254,245
Professional Services and Charges		514,627
Repairs and Maintenance		62,554
Depreciation		173,156
<b><i>Total Operating Expenses</i></b>		<b><u>5,184,287</u></b>

***Operating Income (Loss)*** (6,675)

### **NONOPERATING REVENUES (EXPENSES)**

Interest and Investment Revenue	\$	-
Miscellaneous Revenue		
Interest Expense	\$	-
Gain/Loss on Sale of Capital Assets	\$	-
<b><i>Total Nonoperating Revenue (Expenses)</i></b>	<b>\$</b>	<b>-</b>

***Income (Loss) before Capital Contributions/Transfers*** (6,675)

**CAPITAL CONTRIBUTIONS** 182,157

***Change in Net Position*** 175,482

<b>Total Net Position -- Beginning</b>	<b>\$</b>	<b>1,424,013</b>
<b>Total Net Position -- Ending</b>	<b>\$</b>	<b><u>1,599,495</u></b>

The notes to financial statements are an integral part of this statement.

# Central Valley Ambulance Authority

## Statement of Cash Flows For Year Ended December 31, 2015

### Cash Flows from Operating Activities:

Receipts from Customers	\$	2,729,047
Payments to Suppliers		(763,889)
Payments to Employees		(4,159,179)
Internal activity -- payments to other funds		-
Miscellaneous Revenue		70,965
Claims paid to outsiders		-
Other receipts (payments)		2,082,030
<b>Net Cash Provided (Used) by Operating Activities</b>		<b>(41,026)</b>

### Cash Flows from Noncapital Financing Activities

**Net Cash Provided (Used) by Noncapital Financing Activities**

-

### Cash Flows from Capital and Related Financing Activities

Capital contributions

Purchases of Capital Assets

**Net Cash Provided (Used) by Capital and Related Activities**

-  
-  
-

### Cash Flows from Investing Activities

**Net Cash Provided by Investing Activities**

-

**Net Increase in Cash and Cash Activities**

**(41,026)**

**Cash and Cash Equivalents at Beginning of Year**

**602,312**

**Cash and Cash Equivalents at End of Year**

**561,287**

**Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)  
by Operating Activities:**

**Operating Income (Loss)** **(6,675)**

**Adjustments to Reconcile Operating Income to Net**

**Cash Provided (Used) by Operating Activities:**

**Depreciation Expense** 173,156

**Change in Assets and Liabilities:**

**Accounts Receivable, Net** (298,048)

**Accounts Payable** 67,665

**Due to Other Government Units** 2,352

**Compensated Absences** 3,377

**Wages Payable** 17,148

**Net Cash Provided by Operating Activities**

**\$ (41,026)**

### Noncash Investing, Capital and Financing Activities

**Transfer of Assets**

**\$ 182,157**

The notes to financial statements are an integral part of this statement.



**CENTRAL VALLEY AMBULANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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

Central Valley Ambulance Authority is a component unit of Skagit County and was formed per Skagit County Ordinance No. 02009004 on April 27, 2009. Central Valley Ambulance Authority began its operations July 1, 2009. Central Valley Ambulance Authority is a governmental agency providing emergency medical care and transportation services to the citizens of Skagit County, mainly their response coverage area.

The financial statements of Central Valley Ambulance Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

**A. Fund Accounting**

Proprietary funds focus on the determination of operating income, changes in net assets, financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds. The operations of Central Valley Ambulance Authority are accounted for as an enterprise fund. Enterprise Funds are used to account for activities that are financed and operated in a manner similar to business type activities, which rely to a significant extent on fees and charges for support.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Central Valley Ambulance Authority 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.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. As a proprietary fund, the CVAA distinguished operating revenue and expenses. Operating revenues and expenses generally result for providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of Central Valley Ambulance Authority are user fees collected for ambulance services. Operations expenses for enterprise funds include the cost of services, administrative expenses, billing expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**C. Budgetary Information**

**1. Scope of Budget**

Annual appropriated budgets are adopted for Central Valley Ambulance Authority on the accrual basis of accounting. Revenue and expense ledgers are used to compare the budgeted amounts with the actual revenues and expenses.

An appointed, seven-member Board of Representatives governs the Authority. The Skagit County Board of Commissioners appoints Representatives to the Board to serve two-year terms. The Board

appoints management to oversee the Authority's daily operations as well as its 42 employees. The Authority is funded primarily through tax revenue and service fees. For fiscal year 2015, the Authority expenditures were \$5,184,287.

## 2. Amending the Budget

The Board is authorized to approve the budget transfers between appropriation units (sub-object of expenditure), and the following circumstances require Board approval:

- ✓ Revisions that affect the appropriation units of salaries and wages or capital outlay.
- ✓ Revisions that create new salaried positions.
- ✓ Revisions that establish new programs.
- ✓ Revisions that delete ongoing programs.
- ✓ Revisions that alter the total expenses of the budget.

When the Central Valley Ambulance Authority Board determines that it is in the best interest of Central Valley Ambulance authority to increase or decrease the appropriation of their budget, it may do so by recommending a budget amendment to the Skagit County Board of Commissioners.

## D. Assets, Liabilities, and Equities

### 1. Cash and Cash Equivalents

As of December 31, 2015, \$561,288 is on deposit with the Skagit County Treasurer. This amount is classified on the Statement of Net Position as cash.

### 2. Receivables

Customer accounts receivable consist of amounts owed from private individuals or organizations for services provided. Total accrued ambulance service revenue as of December 31, 2015, is \$717,953.80. The Statement of Net Position includes the estimated contractual allowance amount and an estimated allowance for bad debt of \$206,830.99. Net Accounts Receivable at December 31, 2015, is \$511,123.

### 3. Amounts Due to and from Other Governmental Units

CVAA owes \$2,351.84 to the Skagit County Auditor's Office for services provided in 2015. CVAA is due \$305,285.07 from the Skagit EMS Department for services rendered by CVAA in 2015.

### 4. Capital Assets (SEE NOTE 4 -- CAPITAL ASSETS)

Property and Equipment are stated at cost. Depreciation of the property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which range from five to eighteen years. Depreciation expense totaled \$173,155.59 for year ended December 31, 2015.

Acquisitions of property and equipment in excess of \$5,000 with a useful life of two or more year are capitalized. Donated equipment is recorded in the period incurred. Expenses that materially increase or extend the useful life of an asset are capitalized and depreciated. Upon the sale or retirement of the capital asset, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the Statement of Revenue, Expenses, and Changes in Fund Net Assets.

Upon transition from Skagit County EMS Commission in 2009, Central Valley Ambulance Authority acquired capital assets that originally belonged to Skagit County EMS. Skagit EMS Commission capitalizes property and equipment in excess of \$1,000 and Central Valley Ambulance Authority capitalizes property and equipment in excess of \$5,000, therefore in this transition there were assets capitalized by Skagit EMS that were not capitalized by Central Valley. Central Valley did however include those assets in their attractive asset listing.

In 2015, CVAA acquired six (6) Zoll-X Series Monitors from Skagit EMS totaling \$182,156.58.

5. Compensated Absences

Annual leave pay is payable upon resignation, retirement or death. An employee leaving Central Valley Ambulance Authority is entitled to be paid for unused accrual leave. Accrued sick leave is not payable to the employee even in the termination of employment or retirement. Total accrued employee leave benefit at December 31, 2015, was \$365,158.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

There have been no material violations of finance related legal or contractual provisions.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

Central Valley Ambulance Authority used the services of the Skagit County Treasurer.

All deposits are covered by Federal deposit insurance up to \$100,000 the balance is covered by the Washington State Public Deposit Protection Commission (PDPC.) The PDPC protection is in the nature of collateral and not insurance, pursuant to Governmental Accounting Standards Board of Statement No. 3. As of December 31, 2015, Central Valley Ambulance Authority cash, equivalents and investments are:

Cash and equivalents – unrestricted	<u>\$561,287.95</u>
Total cash, cash equivalents & investments	\$561,287.95

Statutes authorize the County, acting as an agent of Central Valley Ambulance Authority, to invest in obligation of the U.S. Treasury and its instrumentalities, bankers acceptances issued in the secondary market, primary certificates of deposit issued by Washington State qualified public depositories as defined under Chapter 39.58 of the Revised Code of Washington, and the State Treasurer's investment pool.

#### **NOTE 4 – CAPITAL ASSETS**

##### **A. Property and Equipment**

Property and Equipment activity for the year ended December 31, 2015, was as follows:

#### **Capital Assets, Being Depreciated**

	Balance <u>12/31/14</u>	<u>Additions</u>	<u>Deletions</u>	Accumulated <u>Depreciation</u>	Balance <u>12/31/15</u>
Building Improvements	31,734.25			13,096.98	18,637.27
Vehicles	25,154.50			19,677.47	5,477.03
Ambulances	1,254,780.95			568,226.22	686,554.73
Defib Equipment	0	182,156.58		7,762.56	174,394.02
Total	1,311,669.70	182,156.58		608,763.23	885,063.05

#### **NOTE 5 – PENSION PLANS**

Central Valley Ambulance Authority offers its employees a deferred compensation program created in accordance with Internal Revenue Code Section 457. The plan administrator is Hartford Life Insurance Company. Eligibility for participation occurs after the employee meets the requirement of at least 1,000 hours of service during the prior 12-month period and is at least 21 years of age.

Central Valley Ambulance Authority contributes to eligible employee's deferred compensation plan at 6.5% with the opportunity for an additional 2.0% matching contribution for a total potential contributions amount of 8.5%. All amounts deferred under the plan and all income attribute to those amounts are solely the property and rights of the plan participants.

Both Central Valley Ambulance Authority and the employees made their required contributions. The contributions for the years ended December 31 were as follows:

	ER Contribution	EE Contribution
2015	\$222,466.25	\$153,117.00
2014	\$239,288.01	\$139,437.00
2013	\$196,146.41	\$123,518.54
2012	\$212,612.93	\$133,768.84
2011	\$241,135.12	\$154,693.34
2010	\$221,859.22	\$137,557.84
2009	\$119,196.44	\$566,013.92

#### **NOTE 6 – RISK MANAGEMENT**

The Central Valley Ambulance Authority is a member of the Cities Insurance Association of Washington. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or join self-insuring and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September, 1998, when 34 cities in the State of Washington joined together by signing an Interlocal

Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. One hundred fifteen cities have joined the pool.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claim administration, etc. Coverage for Public Official Liability is on a "claims made basis." All other coverages are on an "occurrence basis." The pool provides the following forms of group purchased insurance coverage for its members: Property, liability, vehicle liability, other mobile equipment, boiler and machinery, bonds of various types, excess liability and public official liability.

The pool is fully funded by its member participants. Claims are filed by members with Canfield & Associates, Inc., which has been contacted to perform pool administration, claims adjustment and administration and loss prevention for the pool.

A governing board is selected by the membership and is responsible for conducting the business affairs of the pool. The Board has contracted with Canfield & Associates, Inc., to perform day-to-day administration of the pool. Copies of the pool's annual report may be obtained by writing to 451 Diamond Drive, Ephrata, WA 98823.

#### **NOTE 7 – MATERIAL RELATED PARTY TRANSACTIONS**

Skagit County EMS Commission contracts with Central Valley Ambulance Authority to provide ALS ambulance service in the central portion of Skagit County. This contract for ALS services is paid on a monthly basis. Skagit County EMS Commission paid Central Valley Ambulance Authority \$2,381,471 for services provided in 2015.

#### **NOTE 8 – LEASES**

Central Valley Ambulance Authority entered into a thirty-six (36) month lease agreement for financing a copy machine. The lease agreement payments requirements are as follows:

	For Year Ending December 31	Amount
2011		\$1,522.78
2012		\$2,610.48
2013		\$2,610.48
2014		\$1,087.70
2015		<u>\$2,471.88</u>
<b>TOTAL</b>		<b>\$10,303.32</b>

#### **NOTE 9 – CHANGES IN LONG-TERM LIABILITIES**

During the year ended December 31, 2015, the following changes occurred in long-term liabilities:

Description	Beginning Balance 01/01/2015	Additions	Reductions	Ending Balance Debt
Compensated Absences				
Administration	\$39,794	8,439		\$48,233
Emergent	\$321,987	61,410	66,472	\$316,925
<b>TOTAL</b>	<b>\$361,781</b>	<b>\$69,849</b>	<b>\$66,472</b>	<b>\$365,158</b>

**NOTE 10 – SUBSEQUENT EVENT NOTE DISCLOSURE**

Central Valley Ambulance Authority relies greatly on the passing of the Skagit County Medic One Levy. This levy expired December 31, 2012. The Skagit County EMS Commission and Skagit County Board of Commissioners asked the voters of Skagit County for a renewal levy in the amount of \$.375 per assessed thousand. The six-year levy passed and will expire December 31, 2018. This levy is essential to the operation of Central Valley Ambulance Authority as the Medic One Levy contributes a minimum of \$2,381,470.98 to the operations of the our organization.

In order to address the financial situation of CVAA, management and the Board evaluated the current future revenue and expense streams in order to sustain the service provided. The Board and management will continue to discuss innovative deployment models to better serve the citizens and visitors within Skagit County.

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

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We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
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