CAMBRIA COMMUNITY HEALTHCARE DISTRICT

BASIC FINANCIAL STATEMENTS
June 30, 2013

CAMBRIA COMMUNITY HEALTHCARE DISTRICT
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Basic Financial Statements

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Cambria Community Healthcare District
Cambria, California

We have audited the accompanying basic financial statements of Cambria Community Healthcare District (District) as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements.

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.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Cambria Community Healthcare District, as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 1 to the basic financial statements effective July 1, 2012, Cambria Community Healthcare District adopted Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* Statement No. 61, *The Financial Reporting Entity: Omnibus,* Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* Our opinion is not modified with respect to this matter.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the schedule of funding progress for post employment benefits other than pension on page 17 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basis financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013, on our consideration of Cambria Community Healthcare District'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 District's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim LLP

Santa Maria, California
December 18, 2013

CAMBRIA COMMUNITY HEALTHCARE DISTRICT
STATEMENT OF NET POSITION
June 30, 2013

ASSETS		
Cash and investments	$	692,982
Accounts receivable, net		148,123
Capital Assets:		
Nondepreciable		5,063
Depreciable - net of accumulated depreciation		131,675
Total assets		977,843
LIABILITIES		
Current Liabilities:		
Accounts payable		42,779
Accrued payroll		10,688
Capital lease payable - short term		20,856
Long-term liabilities		
Compensated absences		2,752
OPEB payable		441,126
Total liabilities		518,201
NET POSITION		
Net investment in capital assets		115,882
Unrestricted		343,760
Net position	$	459,642

See accompanying notes to basic financial statements.

CAMBRIA COMMUNITY HEALTHCARE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2013

Operating Revenues:	
Ambulance charges	$ 551,358
Other operating revenues	41,607
Total operating revenues	592,965
Operating Expenses:	
Salaries and wages	734,557
Trustee compensation	6,000
Payroll taxes	15,407
Payroll benefits	560,413
Workers' compensation insurance	40,851
Education and travel	7,887
Fuel and oil	13,566
Insurance	57,249
Licenses and permits	10,894
Medical supplies and equipment	24,158
Miscellaneous expense	3,034
Office and computer supplies	12,432
Professional services	15,539
Repairs and maintenance	32,178
Training	1,137
Uniform expense	6,157
Utilities	15,137
Bad debt expense	92,282
Depreciation	58,505
Contract services	35,165
Total operating expenses	1,742,548
Net operating loss	(1,149,583)
Non-Operating Revenues (Expenses):	
Property taxes	410,672
Special assessment	470,021
Rental income	31,140
Grant income	108,033
Interest income	1,764
Interest expense	(1,936)
Total non-operating revenues (expenses)	1,019,694
Change in net position	(129,889)
Net position, beginning of fiscal year	589,531
Net position, end of fiscal year	$ 459,642

See accompanying notes to basic financial statements.

CAMBRIA COMMUNITY HEALTHCARE DISTRICT
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2013

Cash Flows From Operating Activities:		
Receipts from customers and users	$	477,312
Payments to suppliers		(826,969)
Payments to employees		(566,957)
Net cash used by operating activities		(916,614)
Cash Flows From Noncapital Financing Activities:		
Property taxes received		410,672
Special assessments received		470,021
Grant income received		108,033
Net cash provided by noncapital financing activities		988,726
Cash Flows From Capital and Related Financing Activities:		
Interest paid on long-term debt		(1,936)
Principal paid on long-term debt		(19,911)
Purchase of capital assets		(121,472)
Net cash used by capital and related financing activities		(143,319)
Cash Flows From Investing Activities:		
Interest income received		1,764
Rental income received		31,140
Net cash provided by investing activities		32,904
Net increase in cash and cash equivalents		(38,303)
Cash and cash equivalents, beginning of fiscal year		731,285
Cash and cash equivalents, end of fiscal year	$	692,982
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating loss	$	(1,149,583)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation		58,505
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable		(23,371)
Increase (decrease) in accounts payable		24,235
Increase (decrease) in accrued payroll		(3)
Increase (decrease) in compensated absences		160
Increase (decrease) in OPEB payable		173,443
Net cash used by operating activities	$	(916,614)

See accompanying notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The District was organized in 1947, under the authority of section 3200, et. seq., of the Health and Safety Code of the State of California. The District is to provide ambulance service for the area, which includes the communities of Cambria, Harmony, San Simeon, and outlying areas north to the Monterey County line. Under an agreement with the County of Monterey, the District also provides ambulance service in the Monterey County Coast zone.

In addition to ambulance service, the District owns a building, which is leased to physicians and eye care professionals.

B. Accounting Policies - The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

C. Reporting Entity

The Reporting District is the Cambria Community Healthcare District.

There are no component units included in this report which meet the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39 and GASB Statement No. 61.

D. Basis of Accounting- 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, benefit assessments, and grants. On an accrual basis, revenues from property taxes and benefit assessments are recognized in the fiscal year for which the taxes and assessments are levied; revenue from grants is recognized in the fiscal year in which all eligible requirements have been satisfied; and revenue from investments is recognized when earned.

The District has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes Generally Accepted Accounting Principles for governmental units.

E. Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include restricted and unrestricted cash and restricted and unrestricted certificates of deposit with original maturities of three months or less.

F. Capital Assets - Acquisitions of property, plant and equipment are recorded at cost and are depreciated on a straight line basis over their estimated useful lives ranging from five to forty years. Donated capital assets are recorded at cost if available or at their estimated fair value on the date received.

G. Receivables - The District uses the allowance method for accounting for doubtful accounts. The District also uses the allowance method for accounting for Medicare and Medi-Cal contractual allowances.

H. Budget and Budgetary Accounting - An annual budget is approved by the Board of Directors.

I. Encumbrances - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Property Taxes

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations - are established by the Assessor of the County of San Luis Obispo for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIIIA of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From the base assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Collections - are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.

Tax Levy Apportionments - Due to the nature of the District-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the County Auditor-Controller based primarily on the ratio that each agency represented of the total District-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees - The State of California FY 90-91 Budget Act, authorized Counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded as net of administrative fees withheld during the fiscal year.

Tax Levies - are limited to 1% of full value which results in a tax rate of $1.00 per $100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates - are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

K. Annual Appropriations Limit

The District is exempt from the annual appropriations limit required by Senate Bill 813 (Chapter 1025, Statutes of 1987), in accordance with California Constitution Article XIII B. This exemption is based on the voters of the District approving an additional assessment subsequent to the passage of Proposition 13.

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 60

For the fiscal year ended June 30, 2013, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to Service Concession Arrangements. This Statement improves consistency in reporting and enhances the comparability of the accounting and financial reporting of Service Concession Arrangements among state and local governments. Implementation of the GASB Statement No. 60, did not have an impact on the District's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 61

For the fiscal year ended June 30, 2013, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 61 "The Financial Reporting Entity: Omnibus." This statement is effective for periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for component units. The Statement modifies certain requirements for inclusion of component units in the financial reporting entity and clarifies the reporting of equity interests in legally separate organizations. Implementation of the GASB Statement No. 61, did not have an impact on the District's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 62

For the fiscal year ended June 30, 2013, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989. This Statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments. Implementation of the GASB Statement No. 62, did not have an impact on the District's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 63

For the fiscal year ended June 30, 2013, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to establish guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of financial position. This Statement sets forth framework that specifies where deferred outflows of resources and deferred inflows of resources, as well as assets and liabilities should be displayed. This Statement also specifies how net position, no longer referred to as net assets, should be displayed. Implementation of the Statement and the impact of the District's financial statements are explained in Note 8 – Net Position.

NOTE 2 - CASH AND INVESTMENTS

On June 30, 2013, the District had the following cash and investments on hand:

Cash in Bank Accounts	$ 133,010
Local Agency Investment Fund	559,972
Total cash and investments	$ 692,982

Cash and investments listed above, are presented on the accompanying basic financial statements, as follows:

Cash and investments – statement of net position	$ 692,982

NOTE 2 - CASH AND INVESTMENTS (continued)

Investments Authorized by the California Government Code

The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments.

Custodial Credit Risk

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 California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

None of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for *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 does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

NOTE 2 - CASH AND INVESTMENTS (continued)

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying basic financial statements at the amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

		Remaining Maturity (in Months)			
Investment Type	Carrying Amount	12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
LAIF	$ 559,972	$ 559,972	$ -	$ -	$ -
Total	$ 559,972	$ 559,972	$ -	$ -	$ -

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code and the actual rating as of fiscal year end for each investment type.

				Rating as of Fiscal Year End		
Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	AAA	Aa	Not Rated
LAIF	$ 559,972	N/A	$ -	$ -	$ -	$ 559,972
Total	$ 559,972		$ -	$ -	$ -	$ 559,972

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Business-type activity				
Nondepreciable capital assets:				
Land	$ 5,063	$ -	$ -	$ 5,063
Total nondepreciable capital assets	$ 5,063	$ -	$ -	$ 5,063
Depreciable capital assets:				
Buildings and improvements	$ 75,478	$ -	$ -	$ 75,478
Ambulance and vehicles	345,709			345,709
Furniture and fixtures	13,335			13,335
Equipment	221,893	121,472		343,365
Total depreciable capital assets	656,415	121,472		777,887
Accumulated depreciation	587,707	58,505		646,212
Net depreciable capital assets	$ 68,708	$ 62,967	$ -	$ 131,675
Net capital assets	$ 73,771	$ 62,967	$ -	$ 136,738

NOTE 4 - DISTRICT EMPLOYEES' RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

California Public Employees' Retirement System (CalPERS)

Plan Description

The Cambria Community Healthcare District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute 9.0% of their salary for Safety employees and 7% for Miscellaneous employees (of monthly salary over $133.33 if the member participates in Social Security), and the Cambria Community Healthcare District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalPERS Board of Administration. The required employer contribution rate for fiscal year 2012-2013 was 34.764% for the Safety employees on the first tier, 20.999% for Safety employees on the second tier, and 11.736% for Miscellaneous employees of annual covered payroll. The contribution requirements of the plan member are established by State statues and employee contributions rate is established and may be amended by CalPERS. The contribution requirements of the plan members are established by State statutes and employer contribution rate is established and may be amended by CalPERS. The Cambria Community Healthcare District's contributions to CalPERS for the fiscal years ending June 30, 2013, 2012, and 2011, were $177,793, $180,890, and $152,931, respectively, and equal 100% of the required contributions for each fiscal year.

NOTE 5 - JOINT VENTURE

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District, as a member of the Special District Risk Management Authority (SDRMA), has purchased various insurance policies to manage the potential liabilities that may occur from the previously named sources. SDRMA is an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500 et Seq. SDRMA's purpose is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

NOTE 5 - JOINT VENTURE (continued)

At June 30, 2013, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials' and employees' errors and omissions and employment practices liability; total risk financing limits of $2.5 million, combined single limit at $2.5 million per occurrence, subject to the following deductibles: 1) $500 per occurrence for third party general liability property damage, 2) $1,000 per occurrence for third party auto liability property damage, 3) 50% co-insurance of cost expended by SDRMA, in excess of $10,000 up to $50,000, per occurrence, for employment related claims. However, 100% of the obligation is waived if certain criteria are met, as provided in the Memorandum of Coverage's.
- Employee dishonesty coverage of $400,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverage.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value (ACV) basis, to a combined total of $1 billion per occurrence, subject to a $2,000 deductible per occurrence.
- Boiler and machinery coverage is for the replacement cost up to $100 million per occurrence, subject to $1,000 deductible.
- Public officials personal liability is up to $500,000 each occurrence, with an annual aggregate of $500,000 per each elected/appointed official to which this coverage applies, subject to the terms, conditions and exclusions as provided in the Memorandum of Coverage, deductible of $500 per claim.
- Comprehensive and collision on selected vehicles, with deductibles of $250/$500 or $500/$1,000 as elected; ACV limits.

The District maintains workers compensation coverage and employer's liability coverage in accordance with statutory requirements of the State of California. Statutory limits per occurrence for workers' compensation and $5.0 million for employers' liability coverage, subject to the terms, conditions and exclusions as provided in the Memorandum of Coverage.

NOTE 6 - CONTINGENT LIABILITIES

According to the District's management, no contingent liabilities are outstanding and no lawsuits are pending of any real financial consequence.

NOTE 7 – LONG-TERM DEBT

The following provides a brief description of the District's long-term debt outstanding as of June 30, 2013:

On September 2, 2008, the District entered into a capital lease agreement with Government Capital Corporation for an ambulance, in the amount of $95,773. The lease calls for five annual payments of $21,847 due on July 15 of each year with a 9% annual interest rate. Future minimum lease payments are as follows:

Fiscal Year Ending June 30,	Lease Payment
2014	$ 21,847
Total	21,847
Less amount representing interest	(991)
Present value of net minimum lease payments	$ 20,856

NOTE 7 – LONG-TERM DEBT (continued)

The following is a summary of long-term debt activity as of June 30, 2013:

	July 1, 2012	Additions	Deletions	June 30, 2013	Due Within One Year
Compensated absences	$ 2,592	$ 40,642	$ 40,482	$ 2,752	$ -
Capital lease	40,767		19,911	20,856	20,856
OPEB liability	267,683	210,404	36,961	441,126	
	$ 311,042	$ 251,046	$ 97,354	$ 464,734	$ 20,856

NOTE 8 – NET POSITION

The financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment In Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the District, not restricted for any project or other purpose.

NOTE 9 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The District provides post-retirement health benefits to all retirees with five years of service who retire from the District, and must have reached the minimum age of 50. Benefits continue for the lifetime of the retiree with survivor benefits extended to surviving spouses.

Funding Policy

The District pays 100% of the health benefits for three retirees up to a predetermined –annual cap of $14,775 per retiree. During fiscal year 2012-2013, expenditures of $36,961 were recognized for post-retirement health insurance contributions on a pay as you go basis. The District shall cover 100% of the retired employee's premium, and 90% of one dependent.

The District is required to contribute the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of the GASB Statement No. 45. The District used the alternate valuation method as allowed under GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

NOTE 9 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Annual OPEB Cost and Net OPEB Obligation/(Asset)

The following table shows the components of the District's Annual OPEB Cost for the fiscal year ended June 30, 2013, the amount actually contributed to the plan (including administrative costs), and changes in the District's Net OPEB Obligation/(Asset):

	Fiscal Year Ended June 30, 2013
Annual Required Contributions	$ 199,697
Interest on Net OPEB Obligation/(Asset)	10,707
Annual OPEB Costs (Expense)	210,404
Constributions Made	36,961
Increase in Net OPEB Obligations/(Asset)	173,443
Net OPEB Obligation/(Asset) - Beginning of fiscal year	267,683
Net OPEB Obligation/(Asset) - End of fiscal year	$ 441,126

The District's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/(Asset) are as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	$ 112,734	$ 22,212	19.70%	$ 90,522
June 30, 2011	$ 118,371	$ 26,197	22.13%	$ 182,696
June 30, 2012	$ 121,869	$ 36,882	30.26%	$ 267,683
June 30, 2013	$ 210,404	$ 36,961	17.57%	$ 441,126

Funded Status and Funding Progress

The funded status of the plan was as follows:

Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability (AAL)	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
7/1/2012	$ -	$ 1,449,539	$ 1,449,539	0.0%	$ 558,481	260%
7/1/2009	$ -	$ 1,117,341	$ 1,117,341	0.0%	$ 430,540	260%

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

NOTE 9 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

In the July 1, 2012, valuation, the level percentage of payroll method was used. The assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 5 percent. The value of plan assets was not calculated in this, for the first valuation, as there are no assets to value. The Plan unfunded accrued liability is being amortized over a 30-year amortization period.

The District did not pre-fund retiree healthcare costs nor establish an irrevocable trust for retiree healthcare costs. The decision not to use an irrevocable trust was made because of the current national and state economic issues and the possibility that the funds may be required to provide current services.

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Required Supplementary Information Section

CAMBRIA COMMUNITY HEALTHCARE DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR POST EMPLOYMENT BENEFITS
OTHER THAN PENSIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

The following table provides required supplementary information regarding the District's post employment healthcare benefits.

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability (AAL)	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
7/1/2012	$ -	$ 1,449,539	$ 1,449,539	0.0%	$ 558,481	260%
7/1/2009	$ -	$ 1,117,341	$ 1,117,341	0.0%	$ 430,540	260%