

CAMBRIA COMMUNITY HEALTHCARE DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021



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**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
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YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Cambria Community Healthcare District
Cambria, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Cambria Community Healthcare District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 auditors' 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 District'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 District, as of June 30, 2021, and the changes in its financial position and its cash flows 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 4 through 9, and the pension and postemployment benefits schedules on pages 36 to 39 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 April 25, 2023 on our consideration of the 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 solely 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 the effectiveness of the District's 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.



CliftonLarsonAllen LLP

Glendora, California
April 25, 2023

BOARD OF DIRECTORS AND ADMINISTRATION

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
BOARD OF DIRECTORS AND ADMINISTRATION
JUNE 30, 2021**

<u>Director</u>	<u>Position</u>	<u>Term Expires</u>
Igor "Iggy" Fedoroff	President	December 2022
Bill Rice	Vice President	December 2022
Laurie Mileur	Secretary	December 2022
Cecilia Montalvo	Director	December 2022
Diane Kubat	Director	December 2022
Mike McDonough	Administrator	Resigned 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

As management of the Cambria Community Healthcare District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Audited Financial Statements

The District's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide an opinion as to whether the financial statements of the District for the fiscal year-end June 30, 2021 are free from material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2021 are fairly presented in all material respects in accordance with the generally accepted accounting principles in the United States of America. The independent auditors' report is located on page 1, in the financial section of this report.

Introduction and Background

The Cambria Community Healthcare District (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 formation was approved by the local voting constituency and was authorized by the San Luis Obispo County Board of Supervisors with the objective to attract healthcare providers to locate their practice to the community.

Medical offices were leased by the District from a private party and in turn were rented (at a nominal amount) to a physician. The District took over operation of the ambulance services from the Cambria Chamber of Commerce, using volunteers via a telephone call list for emergency response. The ambulance was located in a shed behind the old Bank of America building.

The District built its own "clinic" to provide medical offices that could be leased to a physician at a nominal rate. This building was completed on land donated by the Soto Family at its present location on Main Street. The District also began to purchase medical equipment for the physicians use.

The District is a public, tax and fee supported special district in San Luis Obispo County, California. The District provides advance life support ambulance services 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 professional medical building, a portion of which is leased to a healthcare organization. The District's mission is to improve the health of district residents by providing emergency services, enhancing access to care, and promoting wellness. The District is governed by a five-member Board of Directors. The Administrator manages the day-to-day operations of the District in accordance with the policies and procedures established by the Board of Directors. The Board of Directors meets each month. Meetings are publicly noticed and citizens are encouraged to attend.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Financial Highlights

- Total assets increased as of June 30, 2021 by \$36,084 compared to 2020 and consisted of cash, accounts receivable, and capital assets.
- Total liabilities increased as of June 30, 2021 by \$765,320 compared to 2020, and this increase mainly consists of noncurrent liabilities including OPEB, net pension, long-term debt, and the recording of compensated absences.
- Revenues of \$1,895,721 were \$154,789 or 8.9%, more than prior year revenues. Operating revenues increased by \$40,216; nonoperating revenues increased by \$114,573.
- Expenses of \$2,174,352 were \$48,367, or 2.3% more than prior year.
- Aggregate net pension liabilities are \$1,808,233, and net other postemployment benefits liabilities are \$3,238,665.

Financial Management and Control

The District is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for preparation of financial statements in conformity with the generally accepted accounting principles in the United States of America.

CliftonLarsonAllen LLP, Certified Public Accountants, performs an independent audit of the financial statements in accordance with generally accepted auditing standards (GAAS).

Basic Financial Statements

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise of three components: 1) statement of net position, 2) statement of revenues, expenses, and change in net position, and 3) statement of cash flow. This report also contains other supplementary information and statistical information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner like a private-sector business.

The *statement of net position* presents information on all assets and deferred outflows, and liabilities and deferred inflows, with the difference representing net position. Assets and liabilities are classified as current or noncurrent. Changes within the year in total net position as presented on the statement of net position are based on the activity presented on the statement of revenues, expenses, and change in net position.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

The *statement of revenues, expenses, and change in net position* presents information showing total revenues versus total expenses and how net position changed during the fiscal year. All revenues earned and expenses incurred during the year are required to be classified as either "operating" or "nonoperating." For the current year, all expenses incurred are considered to be operating except for interest expense. All revenues and expenses are recognized as soon as the underlying event occurs, regardless of timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in the disbursement or collection of cash during future fiscal years (e.g., the expense associated with changes in liabilities involving cash transactions beyond the date of the financial statements).

The *statement of cash flows* presents the changes in the cash and cash equivalents during the fiscal year. This statement is prepared using the direct method of cash flow. The statement breaks the sources and uses of cash and cash equivalents into three categories:

1. Operating activities 2. Financing activities 3. Investing activities

The routine activities appear in the operating activities, while investment and nonoperating activities comprise the investing activities. Financing activities represent property taxes and special assessments as well as loan activity and purchases of capital assets.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of the operations and significant accounting policies as well as clarify unique financial information.

Condensed Statements of Net Position

	2021	2020	Change
Assets:			
Current and Other Assets	\$ 505,740	\$ 569,012	\$ (63,272)
Capital Assets - Noncurrent	327,072	226,996	100,076
Total Assets	832,812	796,008	36,804
Deferred Outflows of Resources:			
Deferred Amount Pension and OPEB	606,935	369,741	237,194
Total Deferred Outflows	606,935	369,741	237,194
Liabilities:			
Current Liabilities	98,840	70,980	27,860
Noncurrent Liabilities	5,222,187	4,484,727	737,460
Total Liabilities	5,321,027	4,555,707	765,320
Deferred Inflows of Resources:			
Deferred Amount Pension and OPEB	1,024,320	1,237,011	(212,691)
Total Deferred Inflows	1,024,320	1,237,011	(212,691)
Net Position:			
Net Investment in Capital Assets	132,476	77,411	55,065
Unrestricted	(5,038,076)	(4,704,380)	(333,696)
Total Net Position	\$ (4,905,600)	\$ (4,626,969)	\$ (278,631)

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

The assets increased by \$36,804 primarily due to the increase in cash and capital assets offset by a decrease in accounts receivable. Total liabilities increased by \$765,320 primarily due to the increases in noncurrent liabilities, compensated absences, OPEB obligations, and net pension liability.

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of the District were exceeded by liabilities and deferred inflows in the amount of \$4,905,600. See Note 9 to the accompanying financial statements for a discussion of management's plan to address the District's net deficit.

As of June 30, 2021, the District had \$327,072 invested in capital assets. Note 3 to the financial statements provides additional information on capital assets. A summary of net capital assets is presented below.

	Balance at July 1, 2020	Additions	Adjustments Deletions Transfers	Balance at June 30, 2021
Land	\$ 5,063	\$ -	\$ -	\$ 5,063
Buildings and Improvements	171,849	-	(19,342)	152,507
Ambulance and Vehicles	468,745	31,622	(220,332)	280,035
Furniture and Fixtures	20,378	3,565	(19,648)	4,295
Equipment	285,799	153,545	(256,571)	182,773
Accumulated Depreciation	(724,838)	153,545	273,692	(297,601)
Total Capital Assets, Net	<u>\$ 226,996</u>	<u>\$ 342,277</u>	<u>\$ (242,201)</u>	<u>\$ 327,072</u>

Information on the District's long-term debt is fully described Notes 4, 5 and 6 to the financial statements. A summary of long-term debt is presented below.

	June 30, 2020	Additions	Payments	June 30, 2021	Due Within One Year
Compensated Absences	\$ -	\$ 54,129	\$ -	\$ 54,129	\$ 4,671
	-	-	-	-	-
Loans Payable - Direct Borrowing	149,585	-	48,960	100,625	49,218
Capital Lease Obligations	-	105,209	11,238	93,971	19,547
Subtotal	<u>149,585</u>	<u>105,209</u>	<u>60,198</u>	<u>194,596</u>	<u>68,765</u>
Total	<u>\$ 149,585</u>	<u>\$ 159,338</u>	<u>\$ 60,198</u>	<u>\$ 248,725</u>	<u>\$ 73,436</u>

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Condensed Statements of Revenues, Expenses, and Change in Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Operating Revenues	\$ 656,087	\$ 615,871	\$ 40,216
Nonoperating Revenues	1,239,634	1,125,061	114,573
Total Revenues	<u>1,895,721</u>	<u>1,740,932</u>	<u>154,789</u>
Operating Expenses	2,166,357	2,117,392	48,965
Nonoperating Expenses, Net	7,995	8,593	(598)
Total Operating Expenses	<u>2,174,352</u>	<u>2,125,985</u>	<u>48,367</u>
Change in Net Position	(278,631)	(385,053)	106,422
Net Position - Beginning of Year	<u>(4,626,969)</u>	<u>(4,241,916)</u>	<u>(385,053)</u>
Net Position - End of Year	<u>\$ (4,905,600)</u>	<u>\$ (4,626,969)</u>	<u>\$ (278,631)</u>

As of June 30, 2021, the District's total operating expenses exceeded its total revenues, resulting in a decrease in net position of \$278,631. Revenues from operating and nonoperating sources increased by \$154,789 and operating and nonoperating expenses increased by \$48,367 when compared to the prior year.

Operating Revenues:

Operating revenues for the District increased by \$40,216 primarily due to the increases in service revenue. The increase is attributed to higher insurance reimbursements and not an increase in transports for 2020-21. Projections for a larger increase were not realized due to a major road closure of Highway 1, a scenic roadway that brings millions of tourists through Cambria and San Luis Obispo County.

Nonoperating Revenues:

Nonoperating revenues increased \$114,573 when compared to prior year. Nonoperating revenues consist primarily of property taxes and special assessments from the County of San Luis Obispo. In addition, the District records rental income and other income from nonoperating sources.

Operating Expenses:

Operating expenses consist of costs incurred in connection with the ambulance operations of the District, primarily consisting of payroll and benefit related expenses. The District also incurs general and administrative expenses related to the operations of the District Offices. Operating expenses increased by \$48,965 in 2021 when compared to 2020, primarily related to payroll related expenses.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Description of Facts or Conditions that are expected to have a Significant Effect on Financial Position or Results of Operations

Management and the Board is unaware of any facts or conditions which could have a significant impact on the District's current financial position or foreseeable operating results other than is described below.

During fiscal year ended June 30, 2021, the District recorded operating expenses in excess of operating revenues, property tax, and special assessment revenues which resulted in a net operating deficit for the year. Throughout the year the Board of Directors for the District took corrective action to address prior year auditor findings, as a result operating expenses such as professional services and contract accounting services increased along with reconciliation of bad debt expense for fiscal year ended June 30, 2021. In 2022, the District has promoted the Director of Operations to the Administrator position and has hired a Director of Finance. The new hire of the Director of Finance will provide a full-time accounting professional in-house employee to regularly reconcile all accounts and decrease the need for outside contractor services which will continue to generate cost savings to the District.

The District continues a steady recovery from the financial impact of the COVID-19 pandemic to ambulance revenue. While the reduction in ambulance transports negatively impacted ambulance revenues in fiscal years 2020 and 2021 the District has continued to implement additional cost controls and expense reductions. As a result, the District was able to maintain positive cash flow for the year. In fiscal year 2022 the District identified the need for repair or replacement of their 65-year-old facility. The District placed Bond Measure G-22 on the November 2022 ballot which would have funded the replacement of the facility. The Measure did not receive the required 2/3 voter majority approval, as a result, the District is currently seeking other funding sources in order to move forward with temporary repairs or replacement of current facility.

Contacting the District Financial Management

The financial report contained herein is designed to provide a general overview of the finances, activities, and operations of the District. To obtain additional information, please feel free to contact the Cambria Community Healthcare District at (805) 927-8304.

FINANCIAL SECTION

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021**

CURRENT ASSETS

Cash and Cash Equivalents	\$ 409,261
Accounts Receivable	96,479
Total Current Assets	505,740

NONCURRENT ASSETS

Capital Assets:	
Nondepreciable	5,063
Depreciable - Net of Accumulated Depreciation	322,009
Total Noncurrent Assets	327,072

Total Assets 832,812

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows - Pensions	258,042
Deferred Outflows - Other Postemployment Benefits	348,893
Total Deferred Outflows of Resources	606,935

CURRENT LIABILITIES

Accounts Payable	486
Accrued Payroll	24,918
Current Portion - Compensated Absences	4,671
Current Portion - Long-Term Debt	68,765
Total Current Liabilities	98,840

NONCURRENT LIABILITIES

Long-Term Liabilities - Compensated Absences	49,458
Long-Term Debt	125,831
OPEB Liability	3,238,665
Net Pension Liability	1,808,233
Total Noncurrent Liabilities	5,222,187

Total Liabilities 5,321,027

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows - Pensions	262,876
Deferred Inflows - OPEB	761,444
Total Deferred Inflows of Resources	1,024,320

NET DEFICIT

Net Investment in Capital Assets	132,476
Unrestricted	(5,038,076)

Total Net Deficit \$ (4,905,600)

See accompanying Notes to Financial Statements.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
YEAR ENDED JUNE 30, 2021**

OPERATING REVENUES

Ambulance Charges	\$ 601,961
Other Operating	54,126
Total Operating Revenues	656,087

OPERATING EXPENSES

Salaries and Wages	949,449
Payroll Benefits	665,072
Workers' Compensation Insurance	50,416
Professional Services	77,138
Contract Services	41,089
Depreciation	85,883
Medical Supplies and Equipment	51,310
Bad Debt Expense	57,130
Repairs and Maintenance	26,697
Insurance	38,496
Fuel and Oil	16,218
Payroll Taxes	21,870
Utilities	17,646
Licenses and Permits	13,795
Office and Computer Supplies	16,224
Uniform Expense	20,765
Education and Travel	6,782
Miscellaneous Expense	383
Election Expense	8,826
Training	1,168
Total Operating Expenses	2,166,357

OPERATING LOSS

(1,510,270)

NONOPERATING REVENUES (EXPENSES)

Property Taxes and Special Assessment Taxes	1,137,182
Rental Income	60,191
Other Nonoperating Revenues (Expenses)	42,261
Interest Expense	(7,995)
Total Nonoperating Revenues (Expenses)	1,231,639

CHANGE IN NET POSITION

(278,631)

Net Deficit – Beginning of Year

(4,626,969)

NET DEFICIT- END OF YEAR

\$ (4,905,600)

See accompanying Notes to Financial Statements.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customer and Users	\$ 725,873
Payments to Employees	(1,340,420)
Payments to Vendors and Suppliers	(469,630)
Net Cash Used by Operating Activities	<u>(1,084,177)</u>

CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES

Property Taxes Received	1,137,182
Other Nonoperating Income Received	42,261
Net Cash Provided by Noncapital Financing Activities	<u>1,179,443</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of Capital Assets	(83,573)
Principal Payments on Long-Term Debt and Capital Lease	(60,198)
Interest Paid	(7,995)
Net Cash Used by Capital and Related Financing Activities	<u>(151,766)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Rental Income and Other	63,014
Net Cash Provided by Investing Activities	<u>63,014</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

6,514

Cash and Cash Equivalents - Beginning of Year

402,747

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 409,261

**RECONCILIATION OF NET OPERATING LOSS TO NET
CASH USED BY OPERATING ACTIVITIES**

Net Operating Loss	\$ (1,510,270)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	85,883
(Increase) Decrease in Assets and Deferred Outflows of Resources:	
Accounts Receivable	69,786
Deferred Outflows - OPEB	(266,346)
Deferred Outflows - Pension	29,152
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:	
Accounts Payable	(3,677)
Accrued Payroll	7,090
Compensated Absences	54,129
OPEB Liability	499,173
Net Pension Liability	163,594
Deferred Inflows - OPEB	(235,632)
Deferred Inflows - Pension	22,941
Total Adjustments	<u>426,093</u>
Net Cash Used by Operating Activities	<u><u>\$ (1,084,177)</u></u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL
AND RELATED FINANCING ACTIVITIES**

\$ 105,159

See accompanying Notes to Financial Statements.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations of the Reporting Entity

The Cambria Community Healthcare District (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 a public, tax and fee supported special district in the county of San Luis Obispo, California. The District provides advance support 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 professional medical building, a portion of which is leased to healthcare organizations. The District's mission is to improve the health of district residents by providing emergency services, enhancing access to care, and promoting wellness. The District is governed by a five-member board of directors. The Administrator manages the day-to-day operations of the District in accordance with the policies and procedures established by the board of directors. The board of directors meets each month. Meetings are publicly noticed and citizens are encouraged to attend. An annual budget is approved by the board of directors.

Basis of Preparation

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's enterprise fund.

Basis of Accounting

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to private business. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. The operating revenue of the District includes charges derived from ambulance services provided. Operating expenses include payroll and operational costs associated with the ambulance service activities, and also include management, administrative and depreciation expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues, expenses and contributions.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Fund Accounting

The accounts of The District are organized on the basis of an enterprise fund, the operations of which are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses in addition to deferred outflows and inflows of resources. District resources are allocated to and accounted for based upon the purpose for which they are spent and the means by which spending activities are controlled. 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.

The District considers restricted amounts to have been spent first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers cash to be cash and cash equivalents with original maturities of three months or less.

Receivables

Receivables are generally recorded when the amount is earned and can be estimated. Receivables include amounts due from recipients of ambulance services and certain tax levies. All receivables are current and, therefore, due within one year. Receivables are reported at their net realizable value. The District provides for Medicare and Medi-Cal contractual allowances when recording the net realizable value of the receivables. The amount recorded is believed to be fully collectible by the District and as such, no allowance for doubtful accounts has been recorded.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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 years for vehicles, furniture and equipment, 15 years for building improvements and 40 years for the building. Donated capital assets are recorded at their acquisition value on the date received. The District maintains a capitalization threshold of \$500. Amounts under the threshold are expensed to repairs and maintenance.

Property Taxes and Assessments

The 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

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 XIII A 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

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. There has been no change to prevailing legislation as of June 30, 2021.

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.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Property Taxes and Assessments (Continued)

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.

Special Assessment

The District passed a special assessment on November 5, 1985, of \$4.00 flat rate per unimproved parcel and \$7.00 flat rate for improved parcel per year on all real property (except for federal, state, or local government agencies) within the boundaries of the District for periodic and equipment replacement. On November 8, 1994, the voters approved an increase to the special assessment, raising the unimproved parcel fee to \$7.00 and improved parcel fee to \$20.00 to upgrade general operations. On November 7, 2006, the voters approved another increase to the special assessment, raising the unimproved parcel fee to \$25 and improved parcel fee to \$85 to improve paramedic staffing and upgrade general operations, annually adjusted by the change in the Consumer Price Index for the Greater Los Angeles Area.

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.

Deferred Outflows and Inflow of Resources

Deferred Outflows – Pensions

The deferred outflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans, the effect of changes in proportion, the difference between actual and expected experience, and the net difference between projected and actual earnings on pension plan investments. The deferred outflows-pensions will be deferred and amortized as detailed in Note 6 to the financial statements.

Deferred Inflows – Pensions

Deferred inflows of resources represent an acquisition of net position by the District that is applicable to a future period. The deferred inflows of resources related to pensions resulted from the differences between contributions and proportionate share of contributions, the effect of the changes in proportion, and changes in assumptions. These amounts are deferred and amortized as detailed in Note 6 to the financial statements.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Deferred Outflows and Inflow of Resources (Continued)

Deferred Outflows – Other Postemployment Benefits Other than Pensions (OPEB)

The District also recorded deferred outflows of resources related to its (OPEB) obligation that resulted from District contributions to the plan subsequent to the measurement date of the actuarial valuations for the healthcare plan, and to changes in assumptions.

Deferred Inflows – Other Postemployment Benefits Other than Pensions (OPEB)

The District also recorded deferred inflows of resources related to its (OPEB) obligation. that resulted from the difference between expected and actual experience in the measurement of the total OPEB liability. These amounts are deferred and amortized as detailed in Note 5 to the financial statements.

Postemployment Benefits Other than Pensions (OPEB)

The District participates in a single employer defined benefit postemployment healthcare plan. For purposes of measuring the total OPEB liability, related deferred outflows and inflows and OPEB expense, the District has used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Net Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) miscellaneous and safety plans (Plans), and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Compensated Absences

The District's policy is to permit employees to accumulate earned vacation leave according to the number of years of service with the District. The liability for vested vacation leave is reported as an expense when earned and has become vested, in accordance with District policy.

Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through April 25, 2023 the date the financial statements were available for issuance.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 DEPOSITS AND INVESTMENTS

On June 30, 2021, the District had the following cash and investments on hand:

Cash in Bank Accounts	\$ 312,927
Local Agency Investment Fund	96,334
Total Cash and Investments	<u>\$ 409,261</u>

Cash and investments listed above, are presented on the accompanying basic financial statements as cash and cash equivalents of \$409,261.

Investments Authorized by the California Government Code and the District's Investment Policy

The table shown herein identifies the investment types that are authorized by the District in accordance with the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate and concentration of credit risk.

<u>Authorized Maximum Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
U.S. Agency Securities	5 Years	None	None
Banker's Acceptance	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
California Local Agency Investments Fund (LAIF)	N/A	None	None
JPA Pools (Other Investment Pools)	N/A	None	None

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that the GASB requires or permits in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. As of June 30, 2021, the District had investments in the Local Agency Investment Fund; however, that external pool is not subject to fair value measurements under the fair value hierarchy as described above.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

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 deposit 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 government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the bank balances, up to \$250,000 as of June 30, 2021, is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-leader) 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 Code and the District's investment policy contain legal and 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 the Local Agency Investment Fund).

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 financial statements at 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 fund currently yields approximately 1.008297%. LAIF is currently unrated and has an average life of 291 days. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not subject to categorization to indicate the level of custodial credit risk assumed by the District at year-end.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

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 matures or comes close to maturity evenly over time as necessary to provide cash flow requirements and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is not presented as LAIF is not subject to this type of categorization.

Credit Risk

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 a rating by a nationally recognized statistical rating organization. LAIF is currently not rated.

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.

NOTE 3 CAPITAL ASSETS

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

	Balance at July 1, 2020	Additions	Adjustments/ Deletions/ Transfers	Balance at June 30, 2021
Nondepreciable Assets:				
Land	\$ 5,063	\$ -	\$ -	\$ 5,063
Total Nondepreciable Assets	5,063	-	-	5,063
Depreciable Assets:				
Buildings and Improvements	171,849	-	(19,342)	152,507
Ambulance and Vehicles	468,745	31,622	(220,332)	280,035
Furniture and Fixtures	20,378	3,565	(19,648)	4,295
Equipment	285,799	153,545	(256,571)	182,773
Total Depreciable Capital Assets	946,771	188,732	(515,893)	619,610
Accumulated Depreciation:				
Buildings and Improvements	83,603	6,425	(19,342)	70,686
Ambulance and Vehicles	345,146	56,006	(220,332)	180,820
Furniture and Fixtures	18,265	2,121	(19,648)	738
Equipment	277,824	21,331	(253,798)	45,357
Total Depreciation	724,838	85,883	(513,120)	297,601
Total Capital Assets, Net	<u>\$ 226,996</u>	<u>\$ 102,849</u>	<u>\$ (2,773)</u>	<u>\$ 327,072</u>

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 LONG-TERM DEBT

Loans Payable

During fiscal year 2016, the District entered into a loan agreement to purchase an ambulance and certain operating equipment. The loan carries interest at 3.25% compounded quarterly. The term of the loan is six years with quarterly payments of \$7,983, commencing on October 31, 2016. The loan matures on July 31, 2022, when all remaining principal and interest on the loan is due.

During fiscal year 2020, the District entered into another loan agreement to purchase an ambulance. The loan carries interest at 3.5% compounded quarterly. The term of the loan is five years with quarterly payments of \$5,035, commencing on November 28, 2019. The loan matures on August 28, 2024, when all remaining principal and interest on the loan is due.

Future payments of long-term debt in connection with the loan agreement are as follows:

<u>Year Ended June 30.</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 49,218	\$ 2,854
2023	26,775	1,349
2024	19,537	604
2025	5,095	44
Total	<u>100,625</u>	<u>4,851</u>
Current Portion	<u>(49,218)</u>	<u>(2,854)</u>
Total	<u><u>\$ 51,407</u></u>	<u><u>\$ 1,997</u></u>

The District's outstanding loans from direct borrowings related to business-type activities of \$100,625 are secured with collateral of the underlying assets purchased with these loans. If the District fails to make payments after 15 days of the due date, that will be considered an event of default and the lenders may pursue all available remedies including repossession.

Capital Lease Obligations

During the fiscal year 2021, the District entered into a noncancelable long-term lease agreement to acquire certain capital equipment. The following presents future minimum lease payments as of June 30, 2021.

<u>Year Ended June 30.</u>	<u>Amount</u>
2022	\$ 23,807
2023	23,807
2024	23,807
2025	23,807
2026	9,693
Total Minimum Lease Payments	<u>104,921</u>
Amount Representing Interest	<u>(10,950)</u>
Present Value of Future Minimum Lease Payments	<u>93,971</u>
Less Amount Due in One Year	<u>(19,547)</u>
Total	<u><u>\$ 74,424</u></u>

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 LONG-TERM DEBT (CONTINUED)

Capital Lease Obligations (Continued)

Leased equipment under capital lease in capital assets at June 30, 2021:

Equipment	\$ 105,159
Less: Accumulated Depreciation	<u>(12,269)</u>
Leased Equipment, Net	<u><u>\$ 92,890</u></u>

The following is a summary of long-term debt activity as of June 30, 2021:

	June 30, 2020	Additions	Payments	June 30, 2021	Due Within One Year
Compensated Absences	\$ -	\$ 54,129	\$ -	\$ 54,129	\$ 4,671
Loans Payable - Direct Borrowing	149,585	-	48,960	100,625	49,218
Capital Lease Obligations	-	105,209	11,238	93,971	19,547
Subtotal	<u>149,585</u>	<u>105,209</u>	<u>60,198</u>	<u>194,596</u>	<u>68,765</u>
Total	<u>\$ 149,585</u>	<u>\$ 159,338</u>	<u>\$ 60,198</u>	<u>\$ 248,725</u>	<u>\$ 73,436</u>

NOTE 5 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description and Benefits

The District provides other postemployment benefits (OPEB) under a single employer plan to qualified employees who retire from the District and meet the District's vesting requirements. Qualified Employees may retire directly from the District under PERS (age 50 and 5 years of PERS service) and receive up to 90% of the PERS Choice Region 2 family premium rate. Employees hired on or after September 1, 2008 must retire with 10 years of CalPERS service and at least 5 years District service and are subject to vesting under Government code 22893. Survivor benefits are available. The District also pays the CalPERS administrative fee. The District does not offer vision, dental, or life benefits for retirees.. Benefit provisions are established through negotiations between the District and the bargaining union representing District employees.

The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act (PEMHCA), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Plan Description and Benefits (Continued)

As of the measurement date of June 30, 2020, the following current and former employees were covered by the benefit terms of the plan:

Participant Type	Number of Participants
Inactive Participants Currently Receiving Benefits	2
Inactive Participants Entitled to but not yet Receiving Benefit Payments	-
Active Employees	9
Total	11

Funding Policy

The Districts' required contribution is based on projected pay-as-you-go basis. No assets are accumulated in an irrevocable OPEB trust to provide benefits to retirees in accordance with terms of the plan. For the fiscal year ended June 30, 2021, the District contributed \$68,556 to the plan including the implicit rate subsidy.

Actuarial Methods and Assumptions

The District's total OPEB liability was measured as of June 30, 2020 and the total OPEB liability was determined by an actuarial valuation as of July 1, 2019. Standard actuarial update procedures were used to project/discount from the valuation to the measurement date. Liabilities in this report were calculated as of the valuation date.

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Methods and Assumptions

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Inflation	3.00%
Salary Increases	3.00%
Discount Rate	2.45%
Health Care Trend Rate	5.90% for 2020, 5.80% for 2021, 5.70% for 2022, and decreasing 0.10% per year to an ultimate rate of 5.00% for 2029 and later years.

Mortality rates, for Certificated employees, were based on the most recent experience study for CalSTRS members (2015-2018). Mortality rates, for non-Certificated employees, were based on the most recent experience study for CalPERS members (1997-2015). The actuarial assumptions used in the July 1, 2019 valuation were based on a review of plan experience during the period July 1, 2017 to June 30, 2019.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Since the last measurement date, the assumptions for salary remained unchanged at 3.0%, the discount rate decreased from 3.13% to 2.45%, and the healthcare trend rate decreased to 5.9% from 6.0%. The discount rate used is equal to the Fidelity GO AA 20-year municipal bond index. The inflation rate used was 3.0% for both measurement dates.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at June 30, 2019	\$ 2,739,492
Changes for the Year:	
Service Cost	150,519
Interest	89,393
Difference Between Expected and Actual Experience	327,817
Changes in Assumptions or Other Inputs	-
Net Investment Income	-
Benefit Payments	(137,112)
Contributions - Employer	68,556
Administrative Expense	-
Net Changes	499,173
Balances at June 30, 2020	\$ 3,238,665

The following presents the District's total OPEB liability calculated using the discount rate of 2.45%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (1.45%) or 1% point higher (3.45%) than the current rate:

Discount Rate	Total OPEB Liability
1% Decrease (1.45%)	\$ 3,832,129
Current Discount Rate (2.45%)	3,238,665
1% Increase (3.45%)	2,773,843

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Changes in the Total OPEB Liability (Continued)

The following presents the District's total OPEB liability calculated using the current healthcare cost trend rate of 5.90%, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (4.90%) or 1% point higher (6.90%) than the current rate:

<u>Healthcare Trend Rate</u>	<u>Total OPEB Liability</u>
1% Decrease (4.90% for 2020, 4.00% Ultimate, 3.00% at Medicare Ages)	\$ 2,728,643
Current Trend Rate (5.90% for 2020, 5.00% Ultimate, 4.00% at Medicare Ages)	3,238,665
1% Increase (6.90% for 2020, 6.00% Ultimate, 5.00% at Medicare Ages)	3,892,689

OPEB Expense

For the year ended June 30, 2021, the District recognized OPEB expense of \$78,883. As of June 30, 2021, the District reported deferred outflows and inflow of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contribution to OPEB Plan After Measurement Date	\$ 68,556	\$ -
Differences Between Expected and Actual Experience in the Measurement of the TOL	-	600,021
Changes in Assumptions	280,337	161,423
Total	<u>\$ 348,893</u>	<u>\$ 761,444</u>

As of June 30, 2021, employer OPEB contributions of \$68,556 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ended June 30, 2022.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amortization</u>
2022	\$ (161,029)
2023	(161,029)
2024	(161,029)
2025	1,980
2026	-
Total	<u>\$ (481,107)</u>

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS)

California Public Employees’ Retirement System (CalPERS) which covers substantially all regular full-time employees of the District, acts as a common investment and administrative agent for participating public entities within the state of California and reports information to the District in accordance with reporting standards established by the GASB.

As of June 30, 2021, the District’s proportionate share of the net pension liability, pension expense and deferred inflow of resources for the above plan and a deferred outflow of resources as shown herein.

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Proportionate Share of Pension Expense
Miscellaneous Plan	\$ 130,078	\$ 24,448	\$ 25,118	\$ 16,887
Safety Plan	1,678,155	233,594	237,758	206,373
Total	<u>\$ 1,808,233</u>	<u>\$ 258,042</u>	<u>\$ 262,876</u>	<u>\$ 223,260</u>

Plan Description

Qualified employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan under the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. Individual employers may sponsor more than one Miscellaneous or Safety plan. The District sponsors one Miscellaneous Risk pool plan and one Safety Risk pool plan, and the information presented herein represents the allocated pension amounts for the District’s plan (the Plan). 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.

Benefits Provided

The Plan provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member’s final compensation. Members hired by the district with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for employment-related disability benefits regardless of length of service and nonduty disability benefits after four years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Postretirement Death Benefit is a one-time payment made to a retiree’s designated survivor or estate upon the retiree’s death. The Basic Death Benefit is paid to any member’s beneficiary if the member dies while actively employed.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 6 PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM
(CALPERS) (CONTINUED)**

Benefits Provided (Continued)

An employee’s eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost-of-living adjustments for the Plan are applied as specified by the Public Employees’ Retirement Law.

The Plan provisions and benefits in effect at June 30, 2021, are summarized herein.

	Miscellaneous Risk Pool		
	Prior to	On or after	
Hire Date	1/1/2013	1/1/2013	
Benefit Formula	2% at 55	2% at 62	
Benefit Vesting Schedule	5 Years	5 Years	
	of Service	of Service	
Benefit Payments	Monthly for Life	Monthly for Life	
Retirement Age	50-62	52-67	
Monthly Benefits, as a % of Eligible Compensation	1.426%-2.418%	1.0%-2.5%	
Required Employee Contribution Rate	7%	6.25%	
Required Employer Contribution Rate	10.484%	7.732%	
	Safety Risk Pool		
	Prior to	On or After	On or After
Hire Date	7/1/2010	7/1/2010	1/1/2013
Benefit Formula	3% at 55	3% at 55	2.7% at 57
Benefit Vesting Schedule	5 Years	5 Years	5 Years
	of Service	of Service	of Service
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50	50-55	50-57
Monthly Benefits, as a % of Eligible Compensation	3%	2.4%-3%	2%-2.7%
Required Employee Contribution Rate	9%	9%	11.500%
Required Employer Contribution Rate	23.674%	21.746%	13.044%

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total Plan contributions are determined annually through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 6 PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM
(CALPERS) (CONTINUED)**

Contributions (Continued)

The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for the Plan for the year ended June 30, 2021, are presented above and the total District contributions were \$62,173 to the Safety Plan and \$14,716 to the Miscellaneous Plan.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions**

As of June 30, 2021 the District reported net pension liabilities for its proportionate share of the Safety and Miscellaneous Risk Pools net pension liability totaling \$1,808,233. The net pension liability was measured as of June 30, 2020. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District’s proportion was 0.015424% and 0.001195% for the Safety and Miscellaneous Risk Pools, respectively for a total of 0.01662% of the proportionate share of the net pension liability.

For the year ended June 30, 2021, the District recognized net pension expense of \$223,260. The pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions, or methods and Plan benefits.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown herein.

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Subsequent to the Measurement Date	\$ 76,889	\$ -
Effect of Changes in Assumptions	-	5,967
Difference Between Actual and Expected Experience	125,205	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	36,921	-
Effect of Change in Proportion	19,027	107,124
Differences Between Contributions and Proportionate Share of Contributions	-	149,785
Total	<u>\$ 258,042</u>	<u>\$ 262,876</u>

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 6 PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM
(CALPERS) (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions (Continued)**

Miscellaneous Plan Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Subsequent to the Measurement Date	\$ 14,716	\$ -
Effect of Changes in Assumptions	-	854
Difference Between Actual and Expected Experience	6,173	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,559	-
Effect of Change in Proportion	-	11,308
Differences Between Contributions and Proportionate Share of Contributions	-	12,956
Total	<u>\$ 24,448</u>	<u>\$ 25,118</u>

Safety Plan Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Subsequent to the Measurement Date	\$ 62,173	\$ -
Effect of Changes in Assumptions	-	5,113
Difference Between Actual and Expected Experience	119,039	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	33,362	-
Effect of Change in Proportion	19,027	95,816
Differences Between Contributions and Proportionate Share of Contributions	-	136,829
Total	<u>\$ 233,601</u>	<u>\$ 237,758</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

The net differences between projected and actual earnings on Plan investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on Plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

All other deferred inflows or resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the Plan participants. The EARSL for the Miscellaneous and Safety Plans for the June 30, 2020 measurement date is 3.9 years.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 6 PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM
(CALPERS) (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions (Continued)**

The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 3.9 years.

The deferred inflows of resources and outflows of resources will be recognized in pension expense as shown herein.

<u>Year Ended June 30,</u>	<u>Amortization</u>
2022	\$ 37,131
2023	(38,874)
2024	(55,604)
2025	(24,376)
Total	<u>\$ (81,723)</u>

<u>Miscellaneous Plan Year Ended June 30,</u>	<u>Amortization</u>
2022	\$ 1,373
2023	(8,314)
2024	(6,546)
2025	(1,899)
Total	<u>\$ (15,386)</u>

<u>Safety Plan Year Ended June 30,</u>	<u>Amortization</u>
2022	\$ 37,131
2023	(38,874)
2024	(55,604)
2025	(24,376)
Total	<u>\$ (81,723)</u>

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 6 PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM
(CALPERS) (CONTINUED)**

Actuarial Methods and Assumptions

Total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2019 used the methods and assumptions herein, applied to all prior periods included in the measurement.

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increases	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return	7.15% Net Pension Plan Investment and Administrative Expenses; Includes Inflation	7.15% Net Pension Plan Investment and Administrative Expenses; Includes Inflation
Mortality	Derived Using CalPERS' Membership Data for all Funds (1)	Derived using CalPERS' Membership Data for all Funds (1)
Post-Retirement Benefit Increase	Contract COLA up to 2.75% Until Purchasing Power Protection Allowance Floor on Purchasing Power Applies; 2.75% Thereafter	Contract COLA up to 2.75% Until Purchasing Power Protection Allowance Floor on Purchasing Power Applies; 2.75% Thereafter

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

Preretirement and Postretirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Preretirement and Postretirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from Plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current Plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 6 PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM
(CALPERS) (CONTINUED)**

Discount Rate (Continued)

CalPERS continues the Asset Liability Management (ALM) process to expand its review of assets and liabilities to ensure financial risks to the System are better understood, communicated, and mitigated. To establish appropriate levels of risk. ALM is focused on investment and actuarial policies. These policies include key decision factors and intend to drive optimum asset allocations, while stabilizing employer contribution rates, and the volatility of those rates year to year. Additionally, in order to better manage risks arising from terminating agencies, CalPERS has enhanced its oversight of contracting public agencies’ financial health through its development of a standardized review criteria. These improvements include streamlining the collection and termination process to reduce the timeframe, accelerating notifications to the Board and members, and adopting a risk oversight process to improve early detection of financial hardship issues.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	50.00 %	4.80 %	5.98 %
Global Fixed Income	28.00	1.00	2.62
Inflation Sensitive	-	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Estate	13.00	3.75	4.93
Liquidity	1.00	-	(0.92)

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 6 PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM
(CALPERS) (CONTINUED)**

Discount Rate (Continued)

The following presents the District’s proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or higher than the current rate as shown herein.

	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
District's Proportionate Share of the Net Pension Liability:			
Miscellaneous	\$ 201,592	\$ 130,078	\$ 71,001
Safety	2,495,051	1,678,155	1,041,847
Total	\$ 2,696,643	\$ 1,808,233	\$ 1,112,848

Plan Fiduciary Net Position

Detailed information about CalPERS Miscellaneous and Safety Risk Plans fiduciary net position is available in a separate annual comprehensive financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

NOTE 7 RISK MANAGEMENT

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.

At June 30, 2021, 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, and 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.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 RISK MANAGEMENT (CONTINUED)

As respects, any employment practices claim or suit arising in whole or in part out of any action involving discipline, demotion, reassignment, or termination of any employee, leased worker, temporary worker, volunteer, or any worker who participates in an internship or training program which may lead to employment with the Member: (1) SDRMA shall be responsible for the first \$10,000 of loss, and (2) as to amounts expended for a loss in excess of \$10,000 up to \$110,000, such losses will be shared between SDRMA (50%) and the Member (50%) such that the Member will be responsible for up to but not in excess of \$50,000.

- Employee dishonesty coverage of \$1,000,000 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 three years after the loss, otherwise paid on an actual cash value (ACV) basis, to a combined (pool limit) total of \$1 billion per occurrence, subject to a \$1,000 deductible per occurrence.
- Boiler and machinery coverage is for the replacement cost up to \$100 million per (pool limit) 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 8 OPERATING LEASE AGREEMENTS

The District currently is party to two leases wherein it leases a portion of existing office space and parking space to local organizations. The leases are operated month-to-month and can be terminated by either party with a 30-day written notice. In connection with these leases, the District recognized \$60,191 as rental income.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 ACCUMULATED NET DEFICIT AND MANAGEMENT PLANS

In fiscal year 2021, the District experienced a total decrease in net position of \$278,631. This decrease has increased the accumulated net deficit to \$4,905,600 at June 30, 2021. As of that date, current assets exceeded current liabilities by \$406,900. Prior to fiscal 2019, the District experienced substantial negative net cash flow from operations which resulted in a sustained draw down of the District's available cash reserves.

In the fiscal year 2018, management and the board of directors implemented a strategic deployment plan to maximize the potential for emergency response based on the highest probability for 911 requests for service, and at the same time reduce unnecessary payroll expenses was fully implemented. The reduction to payroll expenses was realized and in the current year, the District continues to experience positive cash flow.

The District is operating with a net deficit and continues to see the net deficit increase. The significant expenses of the District are payroll and benefit related expenses. The primary increase in expenses and resulting increase in net deficit is the recognition of net pension liability and OPEB liability and recognition of their related expenses as required by the GASB.

REQUIRED SUPPLEMENTARY INFORMATION

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY –
OTHER POSTEMPLOYMENT BENEFITS OBLIGATION
JUNE 30, 2021**

	2018	2019	2020	2021
Total OPEB Liability:				
Service Cost	\$ 355,185	\$ 365,841	\$ 139,691	\$ 150,519
Interest	92,171	104,446	129,180	89,393
Difference Between Expected and Actual Experience	-	-	(963,671)	-
Changes of Assumptions	-	(322,844)	33,431	327,817
Benefit Payments	(54,570)	(55,769)	(55,424)	(68,556)
Net Change in Total OPEB Liability	392,786	91,674	(716,793)	499,173
Total OPEB Liability - Beginning	2,971,825	3,364,611	3,456,285	2,739,492
Total OPEB Liability - Ending (a)	3,364,611	3,456,285	2,739,492	3,238,665
Plan Fiduciary Net Position:				
Contributions - Employer	54,570	55,769	55,424	68,556
Net Investment Income	-	-	-	-
Benefit Payments	(54,570)	(55,769)	(55,424)	(68,556)
Administrative Expense	-	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	-	-	-	-
Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ 3,364,611</u>	<u>\$ 3,456,285</u>	<u>\$ 2,739,492</u>	<u>\$ 3,238,665</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-	-	-	-
Covered Payroll	\$ 905,129	\$ 923,563	\$ 826,535	\$ 823,816
Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	371.73 %	374.23 %	331.44 %	393.13 %

Note: Accounting standards require presentation of 10 years of information in this schedule is not required to be presented retroactively. Years will be added to this schedule as data becomes available.

See accompanying Notes to the Required Supplementary Information.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFIT CONTRIBUTIONS –
OTHER POSTEMPLOYMENT BENEFITS OBLIGATION
JUNE 30, 2021**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
OPEB Contributions:				
Actuarially Determined Contribution (ADC)	\$ 54,570	\$ 55,769	\$ 55,424	\$ 68,556
Contributions in Relation to the ADC	<u>54,570</u>	<u>55,769</u>	<u>55,424</u>	<u>68,556</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 905,129	\$ 923,563	\$ 826,535	\$ 823,816
Contributions as a Percentage of Covered-Employee Payroll	6.03 %	6.04 %	6.71 %	8.32 %

(1) The District contributes on a pay-as-you-go method assumed to be an amount sufficient to fully fund the obligation over a period not to exceed 30 years.

Note: Accounting standards require presentation of 10 years of information in this schedule is not required to be presented retroactively. Years will be added to this schedule as data becomes available.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2021**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's Proportion of the Net Pension Liability	0.01786%	0.01741%	0.01669%	0.01577%	0.01503%	0.01605%	0.01662%
District's Proportionate Share of the Net Pension Liability	\$ 1,111,455	\$ 1,194,756	\$ 1,444,091	\$ 1,564,188	\$ 1,448,721	\$ 1,644,639	\$ 1,808,233
District's Covered Payroll Reported as of the Previous Fiscal Year to Align with the Measurement Date of the Net Pension Liability	\$ 752,508	\$ 894,213	\$ 955,565	\$ 951,188	\$ 905,129	\$ 923,563	\$ 823,817
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	147.70 %	133.61 %	151.12 %	164.45 %	160.06 %	178.08 %	219.49 %
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82 %	78.40 %	74.07 %	73.31 %	75.26%	75.26%	75.10%

Note: Accounting standards require presentation of 10 years of information in this schedule is not required to be presented retroactively. Years will be added to this schedule as data becomes available.

The amounts for covered payroll are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2021**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually Required Contribution	\$ 167,727	\$ 180,930	\$ 195,492	\$ 130,863	\$ 82,840	\$ 68,150	\$ 76,889
Contribution in Relation to the Contractually Required Contribution	<u>(167,727)</u>	<u>(180,930)</u>	<u>(195,492)</u>	<u>(130,863)</u>	<u>(82,840)</u>	<u>(68,150)</u>	<u>(76,889)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 894,213	\$ 955,565	\$ 951,188	\$ 905,129	\$ 923,563	\$ 823,817	\$ 830,041
Contributions as a Percentage of Covered Payroll	18.76 %	18.93 %	20.55 %	14.46 %	8.97 %	8.27 %	9.26 %

Note: Accounting standards require presentation of 10 years of information in this schedule is not required to be presented retroactively. Years will be added to this schedule as data becomes available.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Changes in Net OPEB Liability

The schedule is intended to show the funded status of the District's actuarially determined liability for postemployment benefits other than pensions. In the future, as data becomes available, 10 years of information will be presented.

Schedule of Postemployment Healthcare Contributions

The schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

Schedule of District's Proportionate Share of the Net Pension Liability

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position, and when applicable, the state's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Schedule of District's Pension Contributions

The schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

OTHER INDEPENDENT AUDITORS' REPORT



**INDEPENDENT AUDITORS' 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**

Board of Directors
Cambria Community Healthcare District
Cambria, California

We have audited, in accordance with the 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 Cambria Community Healthcare District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 25, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 entity'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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

District’ Response to the Findings

The District’s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
April 25, 2023

FINDINGS AND RESPONSES

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2021**

Material Weakness in Internal Control over Financial Reporting

2021-001 Financial Statements

Criteria: The District utilizes the audit firm to assist in the preparation of the annual external financial statements and specific pension and OPEB adjustments. While it is acceptable to seek assistance from outside accounting professionals, the responsibility for internal control remains with the District's governing board and management and includes reviewing the work performed for completeness and accuracy.

Condition: As required, the District reviewed the financial statements for completeness and accuracy. However, in 2021, multiple errors were detected in the financial statements as a result of accounts not being reconciled and properly reported.

Effect: There is a lack of a systematic method to ensure complete monthly closing procedures take place, reconciliations are performed, and accurate financial statements are prepared. This resulted in material errors including but not limited to incorrect recording of accounts receivable, errors in capital assets and related lease obligation, understatement of compensated absences, and errors in reporting net position.

Cause: A lack of specific closing procedures and multiple accounts that are not regularly reconciled caused significant errors in the financial records and statements.

Recurring Finding: Prior year finding 2020-002

Recommendation: Establish a system of consistent monthly reconciliations and closing procedures in order to provide accurate financial statements. We strongly recommend the District establish more effective review and reconciliation policies and procedures as a customary part of the accounting process. This would involve monthly reconciliations of all accounts, making adjustments throughout the year that have typically been made at year-end only, and performing more frequent reviews of the general ledger throughout the year.

Corrective Action Plan: During the fiscal year ended June 30, 2021, the District took corrective action to address prior year auditor finding. A monthly closing procedure was created with assigned tasks to District Administrator, Accounting Contractor, and Office Manager. Several of the assigned tasks were implemented including a monthly aging accounts receivable reconciliation, accounts payable and loan payable reconciliation, and monthly detailed financial review with staff and board member. While successful with closing procedures listed above, the District was unable to complete all tasks assigned on a regular basis due to a turnover with key management. In 2022, the District has promoted the Director of Operations to the Administrator position and has hired a Director of Finance. The new hire of the Director of Finance will provide a full-time accounting professional in-house employee to regularly reconcile all accounts and correct deficiencies noted in finding.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2021**

Material Weaknesses in Internal Control over Financial Reporting

2020-001 Accounts Receivable and Allowance for Doubtful Accounts

Criteria: Accounts receivable subledger should be reconciled to the general ledger and the allowance account should be regularly reviewed to ensure accounts receivable are reported at their net realizable value.

Condition: The accounts receivable balance and revenue reported from the District internal billing system was not reconciled to the general ledger. The reserve for doubtful accounts was not being properly estimated and recorded.

Effect: Accounts receivables were not properly adjusted for bad debt write off. The adjustment to reconcile the revenue and accounts receivable, and to correct the reserve for doubtful accounts resulted in an audit adjustment to correct a material understatement of bad debt expense and to record a material estimate for allowance for uncollectible accounts.

Cause: The accounts receivable balances were not being timely or properly reconciled to the general ledger and the allowance account was not being timely analyzed.

Recurring Finding: Prior year finding 2019-002.

Recommendation: Establish a system of consistent monthly reconciliation of revenue billed from the District billing system and the detailed accounts receivable to the general ledger. Implement a consistent method to evaluate the collectability of accounts and adjust appropriately to ensure accounts receivable are reported at their net realizable value.

Current Year Status: Partially implemented and process changed. See Finding 2021-001.

**CAMBRIA COMMUNITY HEALTHCARE DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2021**

2020-002 CLOSING PROCESS AND RECONCILIATIONS

Criteria: The District utilizes the audit firm to assist in the preparation of the annual external financial statements and specific pension and OPEB adjustments. While it is acceptable to seek assistance from outside accounting professionals, the responsibility for internal control remains with the District's governing board and management and includes reviewing the work performed for completeness and accuracy.

Condition: As required, the District reviewed the financial statements for completeness and accuracy. However, in 2020, multiple errors were detected in the financial statements as a result of accounts not being reconciled and properly reported.

Effect: There is a lack of a systematic method to ensure complete monthly closing procedures take place, reconciliations are performed, and accurate financial statements are prepared. This resulted in material errors in the financial statements over assets, liabilities, revenues and expenses.

Cause: A lack of specific closing procedures and multiple accounts that are not regularly reconciled caused significant errors in the financial records and statements.

Recurring Finding: Prior year finding 2019-001.

Recommendation: Establish a system of consistent monthly reconciliations and closing procedures in order to provide accurate financial statements. We strongly recommend the District establish more effective review and reconciliation policies and procedures as a customary part of the accounting process. This would involve monthly reconciliations of all accounts, making adjustments throughout the year that have typically been made at year-end only, and performing more frequent reviews of the general ledger throughout the year.

Current Year Status: Not yet implemented. See Finding 2021-001.



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