Cambria Community Healthcare District

FINANCIAL STATEMENTS

June 30, 2023

MOSS, LEVY & HARTZHEIM LLP
Certified Public Accounts

CAMBRIA COMMUNITY HEALTHCARE DISTRICT

FINANCIAL STATEMENTS
June 30, 2023

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Moss, Levy & Hartzheim LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cambria Community Healthcare District
Cambria, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the major fund of the Cambria Community Healthcare District, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Cambria Community Healthcare District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Cambria Community Healthcare District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cambria Community Healthcare District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cambria Community Healthcare District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cambria Community Healthcare District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of net pension liability, the schedule of pension contributions, the schedule of changes in the net OPEB liability and related ratios, and the schedule of OPEB contributions 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 March 12, 2024, on our consideration of the Cambria Community Healthcare District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim LLP

Santa Maria, California
March 12, 2024

Name	Position	Term Expires
Board Members:		
Cecilia Montalvo	President	December 2024
Laurie Mileur	Vice President	December 2026
Bruce Mumper	Sectretary	December 2024
Igor “Iggy” Fedoroff	Director	December 2024
Dawn Kulesa	Director	December 2026
Admin:		
Timothy Benes	Administrator	Current

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CAMBRIA COMMUNITY HEALTHCARE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

As management of the Cambria Community Healthcare District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. 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 Moss, Levy & Hartzheim 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 ended June 30, 2023, 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, 2023, are fairly presented in all material respects following 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's formation was approved by the local voting constituency and was authorized by the San Luis Obispo County Board of Supervisors with the objective of attracting healthcare providers to locate their practice in 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 the 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 leased a portion of the facility to a healthcare organization until December 2021.

The District is a public, tax and fee-supported special district in San Luis Obispo County, California. The District provides advanced life 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 a contractual agreement with the County of Monterey, the District also provides ambulance service in the Monterey County Coastal zone.

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 following 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.

Financial Highlights

- Total assets increased as of June 30, 2023, by $189,679 compared to 2022 and consisted of cash, accounts receivable, and capital assets.
- Total liabilities increased by $345,107 compared to 2022, this increase mainly consists of Non-Current Liabilities including Other Post-Employment Benefits (OPEB), pension, long-term disability, notes for direct borrowing, and the recording of compensated absences.
- Revenues of $2,363,042 were $21,260 or 11.8%, more than prior year revenues. Operating revenues increased by $29,878; non-operating revenues decreased by ($8,618).
- Expenses of $2,176,974 were $77,835, or 3.6% more than the prior year.
- Aggregate net pension liabilities are $2,094,778, and net OPEB liabilities are $3,218,908.

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 are comprised 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.

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. All revenues and expenses are recognized as soon as the underlying event occurs, regardless of the 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 claim liability 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

	2023	2022	Change
Assets:			
Current and Other Assets	$ 680,892	$ 675,901	$ 4,991
Capital Assets - Noncurrent	452,958	268,270	184,688
Total Assets	1,133,850	944,171	189,679
Deferred Outflows of Resources:			
Deferred Amount Pension and OPEB	1,685,740	1,410,304	275,436
Total Deferred Outflows			
Liabilities:			
Current Liabilities	165,831	117,069	48,762
Noncurrent Liabilities	5,572,551	5,276,206	296,345
Total Liabilities	5,738,382	5,393,275	345,107
Deferred Inflows of Resources:			
Deferred Amount Pension and OPEB	1,556,285	1,622,395	(66,110)
Total Deferred Inflows	1,556,285	1,622,395	(66,110)
Net Position:			
Net Investment in Capital Assets	188,226	139,679	48,547
Unrestricted	(4,663,303)	(4,800,874)	137,571
Total Net Position	$ (4,475,077)	$ (4,661,195)	$ 186,118

The assets increased by $189,679 primarily due to the increase in depreciable assets – net of accumulated depreciation and a slight increase to cash and capital assets. The purchase of a new Type III Ambulance is included in the depreciable asset account. Total liabilities increased by $345,107 primarily due to the newly required reporting of lease liability (GASB 87), 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 $4,475,077. See Note 12 to the accompanying financial statements for a discussion of management's plan to address the District's net deficit.

The composition of the District's capital assets is fully described and disclosed in Note 4 of the footnotes to the financial statements.

The composition of the District's long-term debt is fully described and disclosed in Note 5 of the footnotes to financial statements.

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

	2023	2022	Change
Operating Revenues	$ 843,629	$ 813,751	$ 29,878
Nonoperating Revenues, Net	1,516,178	1,524,796	(8,618)
Total Revenues	2,359,807	2,338,547	21,260
Total Operating Expenses	2,173,689	2,095,854	77,835
Change in Net Position	186,118	242,693	(56,575)
Net Position - Beginning of Year	(4,661,195)	(4,903,888)	242,693
Net Position - End of Year	$ (4,475,077)	$ (4,661,195)	$ 186,118

As of June 30, 2023, the District's total operating revenues exceeded its total expenses, increasing its net position to $186,118. Revenues from operating and nonoperating sources increased by $21,260 and operating expenses increased by $77,835 when compared to the prior year.

Operating Revenues:

Operating revenues for the District increased by $29,878 primarily due to the increases in service revenue. The increase is attributed to higher insurance reimbursements and an increase in transports for 2022-23.

Nonoperating Revenues:

Nonoperating revenues decreased ($8,618) when compared to the prior year. Nonoperating revenues consist primarily of property taxes and special assessments from the County of San Luis Obispo, in 2022-23 tax revenue increased by $73,559. In addition, the District records rental income, grant revenue, and other income netted with interest expenses from nonoperating sources. Rental income decreased from $30,144 in 2021-22 to $1,200 in 2022-23, the District is now occupying the full square footage of the facility for administrative offices and crew quarters and no longer leases out a portion of the facility as medical offices. The District received two grants in 2022-23 increasing grant revenue by $168,110.

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 $77,835 in 2023 when compared to 2022, Increased costs include additional depreciation for equipment purchased in 2021-2022 and an increase in salaries and wages from the prior year.

CAMBRIA COMMUNITY HEALTHCARE DISTRICT
STATEMENT OF NET POSITION - ENTERPISE FUND
June 30, 2023

Assets	
Current:	
Cash and investments	$ 505,020
Receivables:	
Accounts	152,884
Prepaid expenses	22,988
Total Current Assets	680,892
Noncurrent:	
Right to use asset	98,610
Less accumulated amortization	(44,654)
Nondepreciable	5,063
Depreciable assets - net of accumulated depreciation	393,939
Total Noncurrent Assets	452,958
Total Assets	1,133,850
Deferred Outflows of Resources	
Deferred OPEB	729,247
Deferred pensions	956,493
Total Deferred Outflows of Resources	1,685,740
Liabilities	
Current:	
Accounts payable	9,554
Accrued payroll	60,867
Interest payable	
Current portion - accrued compensated leave	22,386
Current portion - lease liability	20,606
Current portion - notes from direct borrowing	52,418
Total Current Liabilities	165,831
Noncurrent:	
Accrued compensated leave	67,157
Lease liability	32,979
Notes from direct borrowing	158,729
OPEB liability	3,218,908
Net pension liability	2,094,778
Total Noncurrent Liabilities	5,572,551
Total Liabilities	5,738,382
Deferred Inflows of Resources	
Deferred OPEB	1,311,559
Deferred pensions	244,726
Total Deferred Inflows of Resources	1,556,285
Net Position	
Net investment in capital assets	188,226
Unrestricted	(4,663,303)
Total Net Position	$ (4,475,077)

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

CAMBRIA COMMUNITY HEALTHCARE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2023

Operating Revenues:	
Ambulance charges	$ 799,870
Other operating	43,759
Total operating revenues	843,629
Operating Expenses:	
Salaries and wages	1,159,892
Payroll benefits	362,734
Payroll taxes	52,241
Workers' compensation insurance	35,961
Professional services	80,965
Contract services	51,573
Medical supplies and equipment	57,959
Repairs and maintenance	46,109
Insurance	42,152
Fuel and oil	35,115
Utilities	28,851
Licenses and permits	16,341
Office and computer supplies	23,373
Uniform expense	7,770
Education and travel	18,932
Miscellaneous expense	27,034
Training	2,422
Amortization	22,327
Depreciation	101,938
Total operating expenses	2,173,689
Operating income (loss)	(1,330,060)
Nonoperating Revenues (Expenses):	
Property and special assessment taxes	1,275,876
Grant revenue	168,110
Rental income	1,200
Interest expense	(3,285)
Other nonoperating revenues (exepenses)	74,277
Total nonoperating revenues (expenses)	1,516,178
Change in net position	186,118
Net position, beginning of fiscal year	(4,661,195)
Net position, end of fiscal year	$ (4,475,077)

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

CAMBRIA COMMUNITY HEALTHCARE DISTRICT
STATEMENT OF CASH FLOWS - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 861,377
Payments to suppliers	(489,885)
Payments to employees	(1,714,923)
Net cash used by operating activities	(1,343,431)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	1,275,876
Intergovernmental grants	168,110
Rental income	1,200
Other revenue	73,228
Net cash provided by noncapital financing activities	1,518,414
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(308,953)
Principal paid on lease liability	(23,634)
Principal paid on loans from direct borrowing	(26,833)
Interest paid on long-term debt	(3,469)
Proceeds from the issuance of the loan	186,608
Net cash used by capital and related financing activities	(176,281)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	1,049
Net cash provided by investing activities	1,049
Net increase in cash and cash equivalents	(249)
Cash and cash equivalents, July 1,	505,269
Cash and cash equivalents, June 30	$ 505,020
Reconciliation to Statement of Net Position:	
Cash and investments	$ 505,020

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

CAMBRIA COMMUNITY HEALTHCARE DISTRICT
STATEMENT OF CASH FLOWS - ENTERPRISE FUND (Continued)
For the Fiscal Year Ended June 30, 2023

Reconciliation to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ (1,330,060)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Amortization	22,327
Depreciation	101,938
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Accounts receivable	17,748
Prepaid expenses	(22,988)
Deferred outflows	(275,436)
Accounts payable	7,660
Accrued payroll	9,496
OPEB liability	(808,698)
Compensated absences	29,498
Net pension liability	971,194
Deferred inflows	(66,110)
Net cash used by operating activities	$ (1,343,431)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

B. Reporting Entity

The reporting entity is the Cambria Community Healthcare District. There are no component units included in this report which meet the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* as amended by GASB Statements No. 39, No. 61, No. 80, and No. 90.

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

The basic financial statements of the Cambria Community Healthcare District have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for governmental accounting financial reporting purposes.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise of assets, liabilities, fund equity, revenues, and expenses. This system permits separate accounting for each established fund for purposes of complying with applicable legal provisions, Board of Director's ordinances and resolutions, and other requirements. The accounts have also been maintained in accordance with the California State Controller's uniform system of accounts.

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 a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The enterprise fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

The District distinguishes operating revenues and expenses from those revenues and expenses that are non-operating. 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.

D. Budgetary Procedures

Budgetary information is not presented because the District is not legally required to adopt a budget. Although not legally required, an annual budget is prepared, which includes estimates for the District's principal income sources to be received during the fiscal year, as well as estimated expenses and cash reserves needed for operations.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Deposits and Investments

For purpose of the Statement of Cash Flows, the District considers all highly liquid investments (including restricted assets) with a maturity period, at purchase, of three months or less to be cash equivalents.

As a governmental entity other than an external investment pool in accordance with GASB Statement No. 71, the District's investments are stated at fair value.

G. 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.

H. Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. Capital assets are defined by the District as assets with an initial individual cost of more than $500 and estimated useful life in excess of two years.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method. Depreciation is charged as an expense against operations. The estimated useful lives are as follows:

Equipment and vehicles	5 to 10 years
Furniture and fixtures	5 to 10 years
Building improvements	15 years
Buildings	40 years

I. Right to Use Assets

The District has recorded right to use lease assets as a result of implementing GASB Statement No. 87. The right to use is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term less lease incentives plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

J. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Pensions

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 Cambria Community Healthcare District's California Public Employee's Retirement System (CalPERS) plan (Plan) 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. Investments are reported at fair value.

L. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities,*" the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has two items which qualify for reporting in this category; refer to Notes 8 and 9 for a detailed listing of the deferred outflows of resources the District has reported.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has two items which qualify for reporting in this category; refer to Notes 8 and 9 for a detailed listing of the deferred inflows of resources the District has reported.

N. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

O. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. **Property Taxes**

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

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

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

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

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

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

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

Q. **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.

S. **Future Accounting Pronouncements**

Statement No. 99	"Omnibus 2022"	The provisions of this statement are effective in April 2022 except for the provisions related to leases, PPPs, SBITAs, financial guarantees and derivative instruments. The provisions related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The provisions related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023.
Statement No. 100	"Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62"	The provisions of this statement are effective for fiscal years beginning after June 15, 2023.
Statement No. 101	"Compensated Absences"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.

NOTE 2 – CASH AND INVESTMENTS

On June 30, 2023, the District had the following cash on hand:

Cash in banks	$	447,776
Local Agency Investment Fund (LAIF)		57,244
Total cash and investments	$	505,020

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

Cash and investments, statement of net position	$	505,020

The District categorizes its fair value measurements within the fair value hierarchy established by U.S. Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had investments in the LAIF fund, however, that external pool is not subject to fair value measurements under the hierarchy as described above.

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase and Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	$75,000,000
JPA Pools (Other Investment Pools) California Agencies	N/A	None	None

Disclosures Relating to Interest Rate Risk

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

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

		Remaining Maturity (in Months)			
Investment Type	Carrying Amount	12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
State investment pool (LAIF)	$ 57,244	$ 57,244	$ -	$ -	$ -
	$ 57,244	$ 57,244	$ -	$ -	$ -

NOTE 2 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk

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

Investment Type	Carrying Amount	Minimum Legal Rating	Rating as of Fiscal Year End AAA	A+	Baa	Not Rated
State investment pool (LAIF)	$ 57,244	N/A	$ -	$ -	$ -	$ 57,244
	$ 57,244		$ -	$ -	$ -	$ 57,244

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 (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2023, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Local Agency Investment Fund).

Investment in State Pool (LAIF)

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 balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 3 – RIGHT TO USE LEASE ASSET

Right to use lease asset activity for the fiscal year ended June 30, 2023, is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Leased assets:				
Equipment	$ 98,610	$ -	$ -	$ 98,610
Total right to use assets	98,610			98,610
Less accumulated amortization for:				
Equipment	22,327	22,327		44,654
Total accumulated amortization	22,327	22,327		44,654
Net right to use assets	$ 76,283	$ (22,327)	$ -	$ 53,956

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2023, is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets not being depreciated:				
Land	$ 5,063	$ -	$ -	$ 5,063
Total capital assets not being depreciated	$ 5,063	$ -	$ -	$ 5,063
Capital assets being depreciated:				
Buildings and improvements	$ 152,507	$ -	$ -	$ 152,507
Ambulance and vehicles	280,035	208,102		488,137
Furniture and fixtures	4,295			4,295
Equipment	94,883	100,851		195,734
	531,720	308,953		840,673
Less accumulated depreciation:				
Buildings and improvements	77,111	6,424		83,535
Ambulance and vehicles	221,187	66,348		287,535
Furniture and fixtures	2,155	713		2,868
Equipment	44,343	28,453		72,796
	344,796	101,938		446,734
Total capital assets being depreciated, net	$ 186,924	$ 207,015	$ -	$ 393,939
Net capital assets	$ 191,987	$ 207,015	$ -	$ 399,002

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NOTE 5 – LONG TERM LIABILITIES

A schedule of long-term liabilities for the fiscal year ended June 30, 2023 is shown below:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Due Within One Year
Compensated absences	$ 60,045	$ 50,658	$ 21,160	$ 89,543	$ 22,386
Lease liability	77,219		23,634	53,585	20,606
Loans from direct borrowing	51,372	186,608	26,833	211,147	52,418
OPEB liability	4,027,606		808,698	3,218,908	
Net pension liability	1,123,584	971,194		2,094,778	
Total long-term liabilities	$ 5,339,826	$ 1,208,460	$ 880,325	$ 5,667,961	$ 95,410

NOTE 6 – LOANS FROM DIRECT BORROWING

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%. 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. The remaining principal was paid in full during the fiscal year ended June 30, 2023.

During fiscal year 2020, the District entered into another loan agreement to purchase an ambulance. The loan carries interest at 3.5%. 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. The remaining principal owed as of June 30, 2023 was $24,539.

During fiscal year 2023, the District entered into another loan agreement to purchase an ambulance. The loan carries interest at 6.15%. The term of the loan is five years with monthly payments of $3,621, commencing on July 28, 2023. The loan matures on June 28, 2028, when all remaining principal and interest on the loan is due. The remaining principal owed as of June 30, 2023 was $186,608.

The District's outstanding loans from direct borrowings related to business-type activities 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.

Future payments of long-term liabilities in connection with the loan agreements are as follows:

Fiscal year ended June 30,	Principal	Interest	Total
2024	$ 52,418	$ 11,180	$ 63,598
2025	39,969	8,524	48,493
2026	37,181	6,277	43,458
2027	39,537	3,921	43,458
2028	42,042	1,416	43,458
Total	$ 211,147	$ 31,318	$ 242,465

NOTE 7 – LEASE LIABILITY

The District has entered into an agreement to lease certain equipment. The lease agreement qualifies as other than short-term leases under GASB Statement No. 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception.

NOTE 7 – LEASE LIABILITY (Continued)

An agreement with Zoll Medical Corporation was signed on June 30, 2020, to lease 4 X Series Manual Monitor/Defibrillators requiring 60 monthly payments of $1,984. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3%, which is the implicit rate used for the lease agreement. As a result of the lease, the District recorded as of July 1, 2021 a right to use asset that has a net book value of $53,956 at June 30, 2023. The right to use asset is discussed in more detail in Note 3.

Future payments of long-term liabilities in connection with the lease liability is as follows:

Fiscal year ended June 30,	Principal	Interest	Total
2024	$ 20,606	$ 1,217	$ 21,823
2025	23,134	685	23,819
2026	9,845	80	9,925
Total	$ 53,585	$ 1,982	$ 55,567

NOTE 8 – PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website.

Benefits Provided

CalPERS 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 credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 8 – PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

The Plans' provisions and benefits in effect at June 30, 2022 (the Measurement Date), are summarized as follows:

	Miscellaneous	
Hire Date	Classic Member Hired Prior to January 1, 2013	New Member Hired On or after January 1, 2013
Benefit formula	2.0% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.46% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.75%
Required employer contribution rates	10.32% + $16,519	7.47% + $1,661

	Safety		
Hire Date	Classic Member Hired Prior to January 1, 2013	New Member Hired On or after January 1, 2010 and Before January 1, 2013	New Member Hired On or after January 1, 2013
Benefit formula	2.0% @ 55	2% @ 62	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-63	52-67	52-67
Monthly benefits, as a % of eligible compensation	1.46% to 2.418%	1.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	9.0%	9.0%	13.0%
Required employer contribution rates	23.75% + $137,610	21.84% + $5,880	12.78% + $3,845

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the fiscal year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the District were $259,196 ($231,423 Safety and $27,773 Miscellaneous) for the fiscal year ended June 30, 2023.

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability of $2,094,778 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. 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 pension plan participants, actuarially determined. At June 30, 2023, the District's proportion share of net pension liability was as follows:

	Miscellaneous	Safety	Total
Proportion-June 30, 2021	0.00286%	0.03047%	0.02078%
Proportion-June 30, 2022	0.00325%	0.02827%	0.01814%
Change-Increase (Decrease)	0.00039%	-0.00220%	-0.00264%

NOTE 8 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the fiscal year ended June 30, 2023, the District recognized pension expense of $54,091. 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 method, and plan benefits. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	$ 259,196	$ -
Changes in assumptions	211,467	
Differences between expected and actual experience	83,455	23,142
Net difference between projected and actual earnings on retirement plan investments	334,636	
Adjustment due to differences in proportion	69,405	
Changes in proportion and differences between District contributions and proportionate share of contributions	1,334	221,584
	$ 959,493	$ 244,726

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

$259,196 reported as 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 fiscal year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Fiscal year ending June 30,	Amount
2024	$ 94,640
2025	93,290
2026	63,464
2027	204,177
	$ 455,571

NOTE 8 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by Entry Age and Service
Mortality	Derived using CalPERS' Membership Data for all Funds (1)
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities are based on the 2021 CalPERS' Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS' Experience Study and Review of Actuarial

Changes in Assumptions

The discount rate changed from 7.15% to 6.90% and the inflation rate changed from 2.50% to 2.30%.

Long-term Expected Rate of Return

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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as shown on the following page:

NOTE 8 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Long-term Expected Rate of Return (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return (a,b)
Global Equity - cap-weighted	30.0%	4.45%
Global Equity - non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporations	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100.0%	

(a) An expected inflation of 2.30% was used for this period.
(b) Figures are based on the 2021 Asset Liability Management Study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS' Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS' Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions are reflected in the GASB Statement No. 68 accounting valuation reports for the June 30, 2022, measurement date.

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in Discount Rate

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90% percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Miscellaneous	Safety	Total
1% Decrease	5.90%	5.90%	5.90%
Net Pension Liability	$ 247,105	$ 2,883,327	$ 3,130,432
Current Discount Rate	6.90%	6.90%	6.90%
Net Pension Liability	$ 152,075	$ 1,942,703	$ 2,094,778
1% Increase	7.90%	7.90%	7.90%
Net Pension Liability	$ 73,889	$ 1,173,955	$ 1,247,844

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS' financial reports.

C. Payable to Pension Plan

At June 30, 2023, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2023.

NOTE 9 – POSTEMPLOYMENT HEALTH CARE BENEFITS (OPEB)

A. Plan Description

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.

B. Employees Covered

As of July 1, 2021, actuarial valuation, the following current and former employees were covered by the benefit terms under the District's Plan:

Active plan members	11
Inactive employees or beneficiaries currently receiving benefits	4
Total	15

NOTE 9 – POSTEMPLOYMENT HEALTH CARE BENEFITS (OPEB) (Continued)

C. Contributions

The District currently finances benefits on a pay-as-you-go basis and does not have any assets in an OPEB trust.

D. Total OPEB Liability

The District's OPEB Liability was measured as of July 1, 2022 and the total OPEB liability used to calculate the OPEB Liability was determined by an actuarial valuation as of July 1, 2021.

Actuarial assumptions: The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Inflation rate	2.50%
Medical cost trend rate	5.20% for 2021 decreasing to 4.00% for 2065 +

Pre-retirement mortality and post-retirement mortality rates were based on the mortality projected fully generational with the 2021 CalPERS' Experience Study. Actuarial assumptions used in the July 1, 2021 valuation were based on a review of plan experience during the period July 1, 2019 to June 30, 2021.

Discount rate: GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments — to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;

b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher — to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Municipal 20 Year High Grade Rate Index	Discount Rate
June 30, 2022	June 30, 2021	1.92%	1.92%
June 30, 2023	June 30, 2022	3.69%	3.69%

NOTE 9 – POSTEMPLOYMENT HEALTH CARE BENEFITS (OPEB) (Continued)

E. **Changes in the OPEB Liability**

	Total OPEB Liability
Balance at June 30, 2022 (Valuation Date July 1, 2021)	$ 4,027,606
Changes recognized for the measurement period:	
Service cost	303,839
Interest	82,159
Changes of assumptions	(1,089,554)
Benefit payments	(105,142)
Net Changes	(808,698)
Balance at June 30, 2023 (Measurement Date June 30, 2022)	$ 3,218,908

Sensitivity of the OPEB liability to changes in the discount rate: The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.69 percent) or 1 percentage-point higher (4.69 percent) than the current discount rate:

	1% Decrease 2.69%	Current Rate 3.69%	1% Increase 4.69%
OPEB Liability	$ 3,776,496	$ 3,218,908	$ 2,775,523

Sensitivity of the OPEB liability to changes in the healthcare cost trend rates. The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (4.20 percent decreasing to 3.00 percent) or 1 percentage-point higher (6.20 percent decreasing to 5.00 percent) than the current healthcare cost trend rates:

	1% Decrease 4.20% (Decreasing to 3.00%)	Current Rate 5.20% (Decreasing to 4.00%)	1% Increase 6.20% (Decreasing to 5.00%)
OPEB Liability	$ 2,707,477	$ 3,218,908	$ 3,872,695

F. **OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of $127,269. As of the fiscal year ended June 30, 2023, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 84,270	$ -
Difference between expected and actual experience		362,760
Change in assumptions	644,977	948,799
	$ 729,247	$ 1,311,559

NOTE 9 – POSTEMPLOYMENT HEALTH CARE BENEFITS (OPEB) (Continued)

F. **OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)**

The reported deferred outflows of resources related to OPEB in the amount of $84,270 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the 2023-24 fiscal year. The additional amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal year Ending June 30,		Amount
2024	$	(258,729)
2025		(95,720)
2026		(97,700)
2027		(97,699)
2028		(116,734)
	$	(666,582)

NOTE 10 – 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, 2023, 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.

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 11 – COMMITMENTS AND CONTINGENCIES

Litigation

According to the District's staff and attorney, no contingent liabilities or lawsuits are pending of any financial consequence as of June 30, 2023.

State and Federal Allowances, Awards, and Grants

The District receives grant monies as reimbursements for specific costs incurred in certain projects it administers that may be subject to review and audit by the reimbursing agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that any required reimbursements will not be material.

NOTE 12 – ACCUMULATED NET DEFICIT AND MANAGEMENT PLANS

In fiscal year 2022-2023, the District experienced a total increase in net position of $186,118. This increase has reduced the accumulated net deficit to $4,475,077 at June 30, 2023. As of that date, current assets exceeded current liabilities by $515,061. Prior to fiscal 2019, the District had 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. 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 PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years*
As of June 30, 2023

The following table provides required supplementary information regarding the District's Pension Plan.

	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.01814%	0.02078%	0.01662%	0.01605%	0.01503%
Proportionate share of the net pension liability (asset)	$ 2,094,778	$ 1,123,584	$ 1,808,233	$ 1,644,639	$ 1,448,721
Covered payroll	$ 598,978	$ 830,041	$ 823,817	$ 923,563	$ 905,129
Proportionate share of the net pension liability as a percentage of covered payroll	349.73%	135.36%	219.49%	178.08%	160.06%
Plan's total pension liability	$ 49,525,975,138	$46,174,942,264	$43,702,930,887	$ 41,426,453,489	$ 38,944,855,364
Plan's fiduciary net position	$ 37,975,170,163	$40,766,653,876	$32,822,501,335	$ 31,179,414,067	$ 29,308,589,559
Plan fiduciary net position as a percentage of the total pension liability	76.68%	88.29%	75.10%	75.26%	75.26%

	2018	2017	2016	2015
Proportion of the net pension liability	0.01577%	0.01669%	0.01741%	0.01786%
Proportionate share of the net pension liability (asset)	$ 1,564,188	$ 1,444,091	$ 1,194,756	$ 1,111,455
Covered payroll	$ 951,188	$ 955,565	$ 894,213	$ 752,508
Proportionate share of the net pension liability as a percentage of covered payroll	164.45%	151.12%	133.61%	147.70%
Plan's total pension liability	$ 37,161,348,332	$ 33,358,627,624	$ 31,771,217,402	$ 30,829,966,631
Plan's fiduciary net position	$ 27,244,095,376	$ 24,705,532,291	$ 24,907,305,871	$ 24,607,502,515
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	79.82%

Notes to Schedule:

Changes in assumptions
In the reporting fiscal year ended June 30, 2023, the discount rate was reduced from 7.15% to 6.90% and price inflation was reduced from 2.50% to 2.30%.

*- Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

CAMBRIA COMMUNITY HEALTHCARE DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
Last 10 Years*
As of June 30, 2023

The following table provides required supplementary information regarding the District's Pension Plan.

	2023	2022	2021	2020	2019
Contractually required contribution (actuarially determined)	$ 259,196	$ 231,332	$ 76,889	$ 68,150	$ 82,840
Contribution in relation to the actuarially determined contributions	(259,196)	(231,332)	(76,889)	(68,150)	(82,840)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 653,690	$ 598,978	$ 830,041	$ 823,817	$ 923,563
Contributions as a percentage of covered payroll	39.65%	38.62%	9.26%	8.27%	8.97%

	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 130,863	$ 195,492	$ 180,930	$ 167,727
Contribution in relation to the actuarially determined contributions	(130,863)	(195,492)	(180,930)	(167,727)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 905,129	$ 951,188	$ 955,565	$ 894,213
Contributions as a percentage of covered payroll	14.46%	20.55%	18.93%	18.76%

Notes to Schedule:

Changes in assumptions
In the reporting fiscal year ended June 30, 2023, the discount rate was reduced from 7.15% to 6.90% and price inflation was reduced from 2.50% to 2.30%.

*- Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

CAMBRIA COMMUNITY HEALTHCARE DISTRICT
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS
Last 10 Years*
As of June 30, 2023

Reporting Period	2023	2022	2021	2020
Total OPEB liability				
Service cost	$ 303,839	$ 214,277	$ 150,519	$ 139,691
Interest on the total OPEB liability	82,159	83,501	89,393	129,180
Actual and expected experience difference		(189,585)		(963,671)
Changes in assumptions	(1,089,554)	770,770	327,817	33,431
Benefit payments	(105,142)	(90,022)	(68,556)	(55,424)
Net change in total OPEB liability	$ (808,698)	$ 788,941	$ 499,173	$ (716,793)
Total OPEB liability-beginning	4,027,606	3,238,665	2,739,492	3,456,285
Total OPEB liability-ending	$ 3,218,908	$ 4,027,606	$ 3,238,665	$ 2,739,492
Covered Payroll	$ 653,690	$ 894,805	$ 823,816	$ 826,535
Total OPEB Liability as a percentage of covered payroll	492.42%	450.11%	393.13%	331.44%

Reporting Period	2019	2018
Total OPEB liability		
Service cost	$ 365,841	$ 355,185
Interest on the total OPEB liability	104,446	92,171
Actual and expected experience difference		
Changes in assumptions	(322,844)	
Benefit payments	(55,769)	(54,570)
Net change in total OPEB liability	$ 91,674	392,786
Total OPEB liability-beginning	3,364,611	2,971,825
Total OPEB liability-ending	$ 3,456,285	$ 3,364,611
Covered Payroll	$ 923,563	$ 905,129
Total OPEB Liability as a percentage of covered payroll	374.23%	371.73%

Notes to Schedule:

The discount rate was changed to 3.69% from 1.92% for the June 30, 2022 measurement date.

*-Fiscal year 2018 was the first year of implementation, therefore only six years are shown.

The District's contributions for the fiscal year ended June 30, 2023 was $84,270. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2023, therefore, the District does not need to comply with the GASB Statement No. 75's Required Supplementary Information requirements.

The District's contributions for the fiscal year ended June 30, 2022 was $85,198. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2022, therefore, the District does not need to comply with the GASB Statement No. 75's Required Supplementary Information requirements.

The District's contributions for the fiscal year ended June 30, 2021 was $90,022. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2021, therefore, the District does not need to comply with the GASB Statement No. 75's Required Supplementary Information requirements.

The District's contributions for the fiscal year ended June 30, 2020 was $68,556. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2020, therefore, the District does not need to comply with the GASB Statement No. 75's Required Supplementary Information requirements.

The District's contributions for the fiscal year ended June 30, 2019 was $55,424. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2019, therefore, the District does not need to comply with the GASB Statement No. 75's Required Supplementary Information requirements.

The District's contributions for the fiscal year ended June 30, 2018 was $55,769. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2018, therefore, the District does not need to comply with the GASB Statement No. 75's Required Supplementary Information requirements.