

EXETER DISTRICT AMBULANCE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended June 30, 2021 and 2020

EXETER DISTRICT AMBULANCE

JUNE 30, 2021

BOARD OF DIRECTORS AND ADMINISTRATION

Adam Pfenning	President
Vacant	Vice-President
Vacant	Secretary
Marilyn Rankin	Director
Vacant	Director
Peter Sodhy	District Manager

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M. GREEN AND COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors
Exeter District Ambulance

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Exeter District Ambulance, 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. The financial statements of the District as of June 30, 2020, were audited by other auditors whose report dated February 8, 2021, expressed an unqualified opinion on those statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Exeter District Ambulance, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinion.

Responsibilities of Management 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, 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.

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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 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.

Auditors' 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 auditors' report that includes our opinion. 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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.
- 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 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 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.

Emphasis of Matter

Substantial Doubt about the District's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that Exeter District Ambulance will continue as a going concern. The District has experienced a loss from operations as well as an overall decrease in net position for the year ended June 30, 2021 and has experienced losses from operations for the past six years. This as well as other factors, as discussed in Note 5 to the financial statements, indicate that the District may not be able to continue as a going concern. Management's evaluation of the events and factors and management's plans regarding those matters also are described in Note 5. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of the District's proportionate share of the net pension liability and schedule of the District's pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis section that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2022, 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.

M. Green and Company CP

Tulare, California
July 15, 2022

EXETER DISTRICT AMBULANCE

**STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020**

EXETER DISTRICT AMBULANCE

STATEMENTS OF NET POSITION JUNE 30, 2021 AND 2020

ASSETS

CURRENT ASSETS:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 311,678	\$ 280,508
Accounts receivable, net of allowance account	507,118	575,423
Property taxes accrued	16,673	15,985
Interest receivable	790	644
Prepaid expenses	33,121	7,623
Other current assets	778	-
	<u>870,158</u>	<u>880,183</u>
Total current assets	<u>870,158</u>	<u>880,183</u>

CAPITAL ASSETS:

Land	141,820	141,820
Other capital assets, net of depreciation	76,216	107,554
	<u>218,036</u>	<u>249,374</u>
Total capital assets	<u>218,036</u>	<u>249,374</u>

DEFERRED OUTFLOWS OF RESOURCES:

	<u>263,484</u>	<u>251,981</u>
Total assets and deferred outflows of resources	<u>\$ 1,351,678</u>	<u>\$ 1,381,538</u>

LIABILITIES AND NET POSITION

<u>CURRENT LIABILITIES:</u>	<u>2021</u>	<u>2020</u>
Accounts payable	\$ 104,200	\$ 77,472
Accrued wages and payroll taxes	31,869	21,347
Compensated absences payable	39,436	33,913
Total current liabilities	175,505	132,732
 <u>LONG-TERM LIABILITIES:</u>		
Pension liability	450,760	477,281
 <u>DEFERRED INFLOWS OF RESOURCES:</u>		
Total liabilities and deferred inflows of resources	78,916	101,781
 <u>NET POSITION:</u>		
Net investment in capital assets	218,036	249,374
Unrestricted	428,461	420,370
Total net position	646,497	669,744
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,351,678</u>	<u>\$ 1,381,538</u>

See notes to financial statements.

EXETER DISTRICT AMBULANCE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION YEARS ENDED JUNE 30, 2021 AND 2020

<u>OPERATING REVENUES:</u>	<u>2021</u>	<u>2020</u>
Service revenues	\$ 7,093,283	\$ 6,730,315
Contractual write downs	(2,452,875)	(2,831,190)
Other charge write downs	(2,411,369)	(1,778,187)
Grant income	200,000	-
Bad debt recovery	9,829	7,527
Miscellaneous	118,703	182,375
Total operating revenues	<u>2,557,571</u>	<u>2,310,840</u>
<u>OPERATING EXPENSES:</u>		
Salaries, wages, and benefits	1,588,516	1,585,870
Bad debts	536,484	322,176
Bank service charges	5,566	3,834
Communications	120,689	106,222
Fines and assessments	10,295	1,425
Fuel and oil	48,648	56,608
Insurance	42,991	40,012
Legal and professional	164,004	94,402
Memberships	1,016	970
Office expense	32,379	45,893
Repairs and maintenance	97,645	104,140
Special district expense	123,969	78,153
Supplies	63,057	46,263
Travel, training and seminars	4,132	3,083
Uniforms	6,580	8,943
Utilities	17,672	14,708
Miscellaneous	12,003	431
Depreciation	33,814	48,112
Total operating expenses	<u>2,909,460</u>	<u>2,561,246</u>
Loss from operations	<u>(351,889)</u>	<u>(250,406)</u>

(continued)

EXETER DISTRICT AMBULANCE

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Loss from operations, from previous page	\$ (351,889)	\$ (250,406)
<u>NONOPERATING REVENUES:</u>		
Interest income	1,584	5,491
Property taxes	<u>327,058</u>	<u>304,715</u>
Total nonoperating revenues	<u>328,642</u>	<u>310,206</u>
Increase (decrease) in net position	(23,247)	59,800
Net position, at beginning of year	<u>669,744</u>	<u>609,944</u>
Net position, at end of year	<u>\$ 646,497</u>	<u>\$ 669,744</u>

See notes to financial statements.

EXETER DISTRICT AMBULANCE

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2021 AND 2020

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2021</u>	<u>2020</u>
Cash received from customers	\$ 2,297,344	\$ 1,759,377
Other cash receipts	328,532	182,375
Cash payments to suppliers for goods and services	(1,717,357)	(627,970)
Cash payments to employees for services	<u>(1,202,680)</u>	<u>(1,611,006)</u>
Net cash used by operating activities	(294,161)	(297,224)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Property taxes received	326,370	304,715
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Capital asset acquisitions	(2,477)	(100)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest income	<u>1,438</u>	<u>5,491</u>
Net increase in cash and cash equivalents	31,170	12,882
Cash and cash equivalents, at beginning of year	<u>280,508</u>	<u>267,626</u>
Cash and cash equivalents, at end of year	<u>\$ 311,678</u>	<u>\$ 280,508</u>

(continued)

EXETER DISTRICT AMBULANCE

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2021 AND 2020

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

	2021	2020
Operating loss	\$ (351,889)	\$ (250,406)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	33,815	48,112
(Increase) decrease in:		
Accounts receivable	68,305	(369,088)
Property taxes accrued	-	(3,760)
Interest receivable	-	(131)
Other current assets	(778)	253,438
Deferred outflows of resources	(11,503)	56,026
Prepaid expenses	(25,498)	8,011
Increase (decrease) in:		
Accounts payable	26,728	(8,537)
Accrued wages and payroll taxes	10,522	(3,597)
Accumulated compensated absences	5,523	2,479
Deferred inflows of resources	(22,865)	(1,985)
Pension liability	(26,521)	(27,786)
Net cash used by operating activities	\$ (294,161)	\$ (297,224)

See notes to financial statements.

EXETER DISTRICT AMBULANCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

NOTE 1 – Summary of Significant Accounting Policies

Organization

Exeter District Ambulance (the District) was organized in May 1977 under provisions of Section 32002.1 of the California Health and Safety Code to provide emergency medical assistance and transportation for the residents within the tax district and the surrounding areas.

Reporting Entity

The District's basic financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District
- exclusion of the organization would render the financial statements incomplete or misleading

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB statements.

Fund Accounting

The operations of the District are accounted for in an enterprise fund. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where costs (expenses, including depreciation) of providing services to the general public on a continuing basis are financed primarily through user charges.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts of the District and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The accrual basis of accounting is required for enterprise funds and is utilized by the District. Under this method, revenues are recorded when earned and expenditures or expenses are recorded when incurred.

Operating and Nonoperating Revenues

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as interest dividends and investment earnings, result from nonexchange transactions or ancillary activities.

EXETER DISTRICT AMBULANCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

NOTE 1 – Summary of Significant Accounting Policies (continued)

Budgetary Procedures

The District operates under a budget prepared and approved annually by the Board of Directors. The budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures or expenses are budgeted by use (salaries and employee benefits, services and supplies, other charges, fixed asset acquisitions, and contingencies). Once approved, the Board of Directors may amend the adopted budget when unexpected modifications are required in estimated revenue and expenditures or expenses.

Pensions

For purposes of measuring the net pension asset/liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at the CalPERS website under Forms and Publications.

Cash and Cash Equivalents

For the purposes of these financial statements, the District considers cash in checking, cash in savings, and all other highly liquid investments with original maturities of three months or less at date of purchase to be cash and cash equivalents.

Allowance for Doubtful Accounts

The District has provided for an allowance for doubtful accounts consisting of estimated write-offs based on historical experience. This is further adjusted based on review of aged accounts receivable as deemed necessary. The allowance at June 30, 2021 and 2020, was \$380,000 and \$308,000, respectively.

Capital Assets

All capital assets are recorded at historical cost. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the District's statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated useful life for the District's capital assets is as follows:

Office equipment	5 – 8 years
Vehicles and equipment	5 – 10 years
Buildings and improvements	10 – 20 years

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability of the District at June 30, 2021 and 2020, and are calculated using the employees current pay rate. Employees do not gain a vested right to accumulated sick leave; therefore, accumulated employee sick leave benefits are not recognized as a liability of the District but are recorded as expenses in the year sick leave is taken.

EXETER DISTRICT AMBULANCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

NOTE 1 – Summary of Significant Accounting Policies (continued)

Equity Classifications

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The District reports three categories of net position as follows:

Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. The District did not have any restricted net position as of June 30, 2021 and 2020.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies restricted net position first, unless a determination is made to use unrestricted net position. The District's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expenditure.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. These taxes are levied from July 1 through June 30. Taxes are payable in two installments; November 1 and February 1 and are collected December 10 and April 10. Unsecured taxes are payable in one installment on or before August 31. The County of Tulare bills and collects the taxes for the District.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Income Taxes

The District is a governmental agency and is not subject to income taxes.

EXETER DISTRICT AMBULANCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

NOTE 1 – Summary of Significant Accounting Policies (continued)

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 certain 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 or expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation.

NOTE 2 – Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Cash on hand	\$ 150	\$ 150
Cash in bank	133,481	103,127
Local Agency Investment Fund	<u>178,047</u>	<u>177,231</u>
Total cash and cash equivalents	<u>\$ 311,678</u>	<u>\$ 280,508</u>

Statutes authorize districts to invest cash in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit, banker's acceptances, repurchase agreements, insured money market accounts, commercial paper, county investment pools and the State Treasurer's Local Agency Investment Fund.

The District maintains its cash accounts as authorized by the California Government Code (the code) and is further defined by the District's Investment Policy which is reviewed annually by the Board of Directors. District investments are limited to bank or savings and loan association accounts fully insured by the Federal Deposit Insurance Corporation or collateralized with securities held by the pledging financial institution.

The California Government code requires California banks and savings and loan associations to collateralize a district's deposits by pledging government securities. The market value of the pledged securities must equal at least 110 percent of a district's deposits. California law also allows financial institutions to collateralize a district's deposits by pledging first trust deed mortgage notes having a value of 150 percent of a district's total deposits. The district may waive collateral requirements for deposits which are fully insured by Federal Deposit Insurance.

EXETER DISTRICT AMBULANCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

NOTE 2 – Cash and Cash Equivalents (continued)

At June 30, 2021 and 2020, the carrying amounts of the District's cash in Bank of the Sierra (including amounts in checking and money market) were \$133,481 and \$103,127, respectively, and the bank's balances were \$162,105 and \$126,903, respectively. The difference between the bank balances and the carrying amounts represent outstanding checks. The District maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the FDIC up to \$250,000.

The District's cash and cash equivalents in the Local Agency Investment Fund was not subject to credit risk categorization and is carried at cost which approximated fair value. All funds are regulated by the California Government Code.

NOTE 3 – Capital Assets

The following is a summary of changes in capital assets:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<u>Capital assets not being depreciated:</u>				
Land	\$ 141,820	\$ -	\$ -	\$ 141,820
<u>Other capital assets:</u>				
Building and improvements	505,360	-	-	505,360
Vehicles and equipment	681,695	-	-	681,695
Office equipment	72,047	2,476	-	74,523
Grant equipment	5,145	-	-	5,145
Total other capital assets at historical cost	1,264,247	2,476	-	1,266,723
Accumulated depreciation	(1,156,693)	(33,814)	-	(1,190,507)
Other capital assets, net	107,554	(31,338)	-	76,216
Capital assets, net	\$ 249,374	\$ (31,338)	\$ -	\$ 218,036

EXETER DISTRICT AMBULANCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

NOTE 4 – Pension Plan

General Information about the Pension Plan

Plan Description

Qualified employees are covered under a multiple-employer, cost-sharing defined benefit pension plan, Public Employees' Retirement Fund (PERF C), administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Local Government resolution. The benefit terms of the CalPERS plan may be amended through legislation and Public Employers' Retirement Law. 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, <http://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS – PERF C provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. To be eligible for retirement, the member must be at least age 50 and have a minimum of five years of credited service. If you become a member on or after January 1, 2013, you must be at least age 52. Monthly benefits are based on three factors: service credit, benefit factor, and final compensation. Service credit is based on years of credited service, equal to one year of full-time employment. The benefit factor, which is a percentage of pay to which the member is entitled for each year of service, is determined by their age at retirement and the retirement formula based on their membership date with each employer.

There is one miscellaneous retirement formula: 2 percent at age 60, with benefit factors ranging from 1.092 percent to 2.418 percent with retirement ages of 50 to 63. Final compensation is the highest average pay rate and special compensation during any consecutive three-year period.

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 July 1 following notice of a change in the rate. The CalPERS board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' periodic actuarial valuation process or by State statute. 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. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. The contribution rates are expressed as a percentage of annual payroll. For the years ended June 30, 2021 and 2020, for employees hired prior to January 1, 2013, the active employee contribution rate is 10 percent of annual pay, and the employer's contribution rate is 10.48 percent. For employees hired after January 1, 2013, the active employee contribution rate is 9.75 percent of annual pay, and the employer's contribution rate is 7.73 percent. The District entered into an agreement with the District's employees regarding the percentages each party will contribute to CalPERS and PEPR. The District's contributions to CalPERS for the fiscal years ended June 30, 2021 and 2020, were \$141,769 and \$100,839, respectively.

EXETER DISTRICT AMBULANCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

NOTE 4 – Pension Plan (continued)

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

As of June 30, 2021 and 2020, the District reported net pension liability of \$450,760 and \$477,281, respectively, for its proportionate shares of the net pension liability for the Miscellaneous Plan.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, 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 participating employers, actuarially determined. A comparison of the District's proportionate share at measurement date of June 30, 2020, to its proportionate share at measurement date June 30, 2019, is as follows:

Proportionate share at June 30, 2020	0.010686%
Proportionate share at June 30, 2019	<u>0.011919%</u>
Change decrease	<u><u>-0.001233%</u></u>

For the years ended June 30, 2021 and 2020, the District recognized pension expense of \$60,889 and \$100,265, respectively. At June 30, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 167,338	\$ -	\$ 102,442	\$ -
Differences between actual and expected experience	19,889	-	33,149	2,568
Changes in assumptions	-	2,752	22,759	8,069
Change in employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions	64,791	76,164	80,535	82,800
Net differences between projected and actual earnings on plan investments	<u>11,466</u>	<u>-</u>	<u>13,096</u>	<u>8,344</u>
Totals	<u><u>\$ 263,484</u></u>	<u><u>\$ 78,916</u></u>	<u><u>\$ 251,981</u></u>	<u><u>\$ 101,781</u></u>

EXETER DISTRICT AMBULANCE

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 4 – Pension Plan (continued)

\$167,338 and \$102,442 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as an increase to the net pension asset or reduction of the net pension liability in the years ended June 30, 2021 and 2020. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense, as follows:

<u>Year ending June 30,</u>	<u>Pension Expense</u>
2022	\$ (5,679)
2023	9,387
2024	8,023
2025	<u>5,499</u>
Total	<u>\$ 17,230</u>

Actuarial Methods and Assumptions

	<u>Miscellaneous Plan</u>
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Experience Study	7/1/1996 - 6/30/2015
Investment Rate of Return	7.15%
Post-Retirement Benefit Increase	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

Mortality Assumptions

CalPERS uses mortality tables developed based on CalPERS specific data for all funds. The mortality table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP 2016.

EXETER DISTRICT AMBULANCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

NOTE 4 – Pension Plan (continued)

Long-Term Expected Rate of Return

CalPERS uses the long-term expected rate of return on pension plan investments. It was determined using a building-block method in which best-estimate ranges of 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 cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

CalPERS utilized historical returns of all the Plan's asset classes to determine the expected compounded (geometric) returns over the short-term (first 10 years) and the long-term (11 + years) using the building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the 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 equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class, as follows:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10 ⁽¹⁾</u>	<u>Real Return Years 11 + ⁽²⁾</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Inflation Sensitive Assets	0.00%	0.77%	1.81%
Cash/Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

(1) An expected inflation of 2.00% used for this period.

(2) An expected inflation of 2.92% used for this period.

Discount Rate

CalPERS' discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount 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 pension 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.

EXETER DISTRICT AMBULANCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

NOTE 4 – Pension Plan (continued)

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

The following represents the District's proportionate share of the net pension liability calculated using the discount rate 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 one percentage point lower or one percentage point higher than the current rate:

	<u>Miscellaneous Plan</u>
1.00% Decrease Net Pension Liability	6.15% \$719,827
Current Discount Rate Net Pension Liability	7.15% \$450,760
1.00% Increase Net Pension Liability	8.15% \$228,438

Pension Plan Fiduciary Net Position

The plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report on their website.

Summary of Changes of Benefits or Assumptions

The CalPERS board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount.

There were no changes to benefit terms or plan provisions applied to members of CalPERS.

NOTE 5 – Going Concern Matters

As shown in the accompanying financial statements, the District incurred a loss from operations of \$351,889 and an overall decrease in net position of \$23,247 for the year ended June 30, 2021 and has experienced losses from operations for the past six years. This is a result of a decrease in the call coverage area and low call average, loss of GEMT funds that supplement service revenue, increased payroll and monthly expenses, and an overall increase in write downs, both contractual and non-contractual. These factors along with potential increases in wages and related expenses create an uncertainty about the District's ability to continue as a going concern.

Management's plan to address the going concern issue includes updating the placement of units and changes in employee scheduling. After implementing these changes, the District anticipates earning sufficient revenue to cover its current operating costs.

EXETER DISTRICT AMBULANCE

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 – Going Concern Matters (continued)

Additionally, there has been an increase in grant activity in the current year and management intends to dramatically increase grant applications in subsequent years. The grant monies will aid in offsetting operational costs and equipment purchases.

The ability of the District to continue as a going concern is dependent on the continued success of management's plans, but management is confident that these plans will be successful and will allow the District to continue its operations. The financial statements do not include any adjustments that might be necessary if the District is unable to continue as a going concern.

NOTE 6 – Commitments and Contingencies

Covid-19

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen, though such potential impacts are unknown at this time.

At the May 2022 board meeting, the board approved the purchase of four new ambulance monitors totaling \$146,175.36, payable in 26 monthly payments of \$6,023.50, beginning 12 months from receipt of the monitors, estimated to be August 2023.

NOTE 7 - Subsequent Events

Management has evaluated subsequent events through July 15, 2022, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXETER DISTRICT AMBULANCE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM – LAST TEN YEARS*

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Employee Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2014	0.024396%	\$ 602,934	\$ 161,635	373.02%	40.03%
June 30, 2015	0.020757%	\$ 569,452	\$ 222,410	256.04%	44.71%
June 30, 2016	0.016935%	\$ 588,299	\$ 349,591	168.28%	46.95%
June 30, 2017	0.012398%	\$ 488,739	\$ 558,692	87.48%	68.89%
June 30, 2018	0.013402%	\$ 505,067	\$ 666,506	75.78%	69.64%
June 30, 2019	0.011919%	\$ 477,281	\$ 683,703	69.81%	71.89%
June 30, 2020	0.010686%	\$ 450,760	\$ 726,489	62.05%	73.23%

*The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for ten years. Only seven years are presented because ten year data is not yet available.

Notes to the Schedule:

Changes of Assumptions

Measurement Date	Discount Rate	Inflation	Payroll Growth	Projected Salary Increase ⁽¹⁾	Experience Study	Investment Rate of Return
June 30, 2014	7.50%	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
June 30, 2015	7.65% (2)	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
June 30, 2016	7.65% (2)	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
June 30, 2017	7.15% (2)	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
June 30, 2018	7.15% (2)	2.50%	2.75%	Varies	7/1/1996-6/30/2015	7.50%
June 30, 2019	7.15% (2)	2.50%	2.75%	Varies	7/1/1996-6/30/2015	7.15%
June 30, 2020	7.15% (2)	2.50%	2.75%	Varies	7/1/1996-6/30/2015	7.15%

(1) Varies on entry age and service

(2) Net of pension plan investment expenses; includes inflation, but gross of administrative expenses

(3) Excludes reduction of pension plan administrative expense

See independent auditors' report.

EXETER DISTRICT AMBULANCE

SCHEDULE OF CONTRIBUTIONS TO CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM – LAST TEN YEARS*

Fiscal Year End	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
June 30, 2015	\$ 88,282	\$ 88,282	\$ -	\$ 161,635	54.618%
June 30, 2016	\$ 106,340	\$ 106,340	\$ -	\$ 222,410	47.813%
June 30, 2017	\$ 99,016	\$ 99,016	\$ -	\$ 349,591	28.323%
June 30, 2018	\$ 99,354	\$ 99,354	\$ -	\$ 558,692	17.783%
June 30, 2019	\$ 96,953	\$ 96,953	\$ -	\$ 666,506	14.546%
June 30, 2020	\$ 102,442	\$ 102,442	\$ -	\$ 683,703	14.983%
June 30, 2021	\$ 167,338	\$ 167,338	\$ -	\$ 726,489	23.034%

*The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for ten years. Only seven years are presented because ten year data is not yet available.

Notes to the Schedule:

Changes of Assumptions

Measurement Date	Discount Rate	Inflation	Payroll Growth	Projected Salary Increase ⁽¹⁾	Experience Study	Investment Rate of Return
June 30, 2014	7.50%	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
June 30, 2015	7.65% (2)	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
June 30, 2016	7.65% (2)	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
June 30, 2017	7.15% (2)	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
June 30, 2018	7.15% (2)	2.50%	2.75%	Varies	7/1/1996-6/30/2015	7.50%
June 30, 2019	7.15% (2)	2.50%	2.75%	Varies	7/1/1996-6/30/2015	7.15%
June 30, 2020	7.15% (2)	2.50%	2.75%	Varies	7/1/1996-6/30/2015	7.15%

(1) Varies on entry age and service

(2) Net of pension plan investment expenses; includes inflation, but gross of administrative expenses

(3) Excludes reduction of pension plan administrative expense

See independent auditors' report.

OTHER INDEPENDENT AUDITORS' REPORT



HANFORD | PORTERVILLE | TULARE | VISALIA

M. GREEN AND COMPANY LLP

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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

Independent Auditors' Report

Board of Directors
Exeter District Ambulance

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 Exeter District Ambulance (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 July 15, 2022.

Report on 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

M. Green and Company LP

Tulare, California
July 15, 2022

FINDINGS AND RECOMMENDATIONS

EXETER DISTRICT AMBULANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes N/A No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes N/A None Reported

Type of auditors' report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) of Uniform Guidance? Yes N/A No

Identification of major programs:

CFDA Number Name of Federal Program or Cluster

The District had less than \$750,000 in federal expenditures this year.

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? Yes N/A No

(continued)

EXETER DISTRICT AMBULANCE

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

See independent auditors' report.

EXETER DISTRICT AMBULANCE

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
There were no prior year audit findings.		

See independent auditors' report.