
PUBLIC NOTICE

Bloss Memorial Healthcare District, A Public Entity • 3605 Hospital Road, • Atwater, California 95301 •
(209) 381-2000 x 7002 • fax: (209) 722-9020

Date: September 20, 2019

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Bloss Memorial Healthcare District will hold their **Finance Committee** meeting on Thursday, September 26, 2019 at 1:30 pm in the Board Room at 3605 Hospital Road, Atwater, CA 95301.

Bloss Memorial Healthcare District will hold a Board of Directors meeting on Thursday, September 26, 2019 at 2:00 pm in the Board Room at 3605 Hospital Road, Atwater, Ca 95301.

I, Fily Cale, posted a copy of the agenda of the Board of Directors of Bloss Memorial Healthcare District, said time being at least 24 hours in advance of the meeting of the Board of Directors.

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)
FINANCE COMMITTEE MEETING
BOARD ROOM
Thursday, September 26, 2019
1:30 pm.**

AGENDA FOR PUBLIC SESSION

I. CALL TO ORDER

ACTION

EXHIBIT

II. APPROVAL OF AGENDA

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III. PUBLIC COMMENTS

Comments can be made concerning any matter within the Board's jurisdiction; but if the matter is not on the agenda, there will be no Board discussion of the issue. Anyone wishing to address the Board on any issue, please stand and approach the microphone.

IV. APPROVAL OF MINUTES

A. August 29, 2019 Finance Committee

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1

V. REVIEW OF DISTRICT FINANCIAL STATEMENTS

A. Recommendation of FYE 2019 Draft Audit

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VI. SKDSC FINANCIAL REPORT

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VII. WARRANTS & PAYROLL

A. August Payroll, Electronic Payments & Check Register

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4

VIII. DISCUSSION

IX. AGENDA FOR CLOSED SESSION

Closed Session Items Pursuant the Brown Act will be:

- 1. Section 54954.5(h) Report Involving Trade Secrets – Regarding New Services.
Estimated date of public disclosure will be in 2019.**

X. NEXT MEETING DATE

XI. ADJOURNMENT

- ❖ **Assistance for those with disabilities: If you have a disability and need accommodation to participate in the meeting, please call Fily Cale at (209) 724-4102 or (209) 381-2000 extension 7000 for assistance so that any necessary arrangements may be made.**
- ❖ **Any written materials relating to an agenda item to be discussed in open session of a regular meeting that is distributed within the 72 hours prior to the meeting is available for public inspection at the time the record is distributed to all, or a majority of all,**

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)
FINANCE COMMITTEE MEETING
BOARD ROOM
Thursday, August 29, 2019
1:30 p.m.**

Committee: Edward Lujano, CEO; Dawnita Castle, Chief Financial Officer;
Fily Cale, Executive Assistant; Alfonse Peterson, Committee Chair
and Kory Billings, Committee Member

Others Present: None

Absent: None

CALL TO ORDER

Alfonse Peterson, Committee Chair, called the meeting to order at 1:30 p.m. in the Board Room.

APPROVAL OF AGENDA

A motion was made/seconded, (Edward Lujano / Kory Billings) to approve the August 29, 2019 agenda as presented. Motion carried.

PUBLIC COMMENTS

None.

APPROVAL OF FINANCE COMMITTEE MINUTES

A. July 25, 2019 Finance Committee Minutes, Exhibit 1

A motion was made / seconded, (Kory Billings / Edward Lujano) to approve and accept the July 25, 2019 Finance Committee Minutes as presented, Exhibit 1. Motion carried.

REVIEW OF DISTRICT FINANCIAL STATEMENTS, EXHIBIT 2

Dawnita Castle, CFO, reported that the fiscal year for BMHD is off to a good start with a net income after depreciation in the amount of \$26,616. The last two months have had profits after depreciation. Operating Cash Balance was at \$1,849,190 and Days Cash on Hand increased to 522 days.

There was also some year-end property taxes that were deposited in the amount of \$50,579. This was a smaller amount than usual because this was year-end reconciliation.

The dental centers administration services, BMHD received \$18,318 on the 5%.

The Investments are decreasing with the stock market issues, but BMHD still had a small combined profit of \$2,590.

SKDSC FINANCIAL REPORT, EXHIBIT 3

Dawnita Castle reported that SKDSC had expenses in the amount of \$11,517 for July 2019. There was one last payment of water / garbage in the amount of \$242. The generator is also being depreciated.

A motion was made / seconded, (Kory Billings / Edward Lujano) to approve and accept the Review of District Financial Statements, Exhibit 2 and SKDSC Financial Report, Exhibit 3 as presented. Motion carried.

WARRANTS AND PAYROLL

A. July 2019 Payroll, Electronic Payments & Check Register, Exhibit 4

A motion was made/seconded, (Kory Billings / Edward Lujano) to approve and accept the July 2019 Total Payroll in the amount \$19,233.21 and Total Accounts Payable in the amount of \$510,188.39 for a total Grand Total Disbursement of \$539,421.60, Exhibit 4. Motion carried.

DISCUSSION

None.

AGENDA FOR CLOSED SESSION

There was no Closed Session item(s) for discussion.

NEXT MEETING DATE/ADJOURNMENT

The next Finance Committee meeting will be held on Thursday, September 26, 2019 at 1:30 pm.

As there was no further business, the meeting adjourned at 1:38 p.m.

Respectfully Submitted,

Fily Cale
Executive Assistant

Alfonse Peterson
Committee Chair

**BLOSS MEMORIAL HEALTHCARE DISTRICT
FINANCE COMMITTEE MEETING
Period Ended August 2019**

Operations Summary Statement (white)

Financial Statements

Detail Balance Sheet (**yellow**)

Summary Income Statement Prior Year Comparison (**lilac**)

Statistics

FTE Report (**gray**)

BMHD had a total net gain before depreciation of \$20,857 for the month compared to a net loss of \$73,092 last year. Expenses include \$12,463 of SKDSC costs.

The August 31, Operating Cash Balance was \$1,825,845 and Days Cash On Hand decreased to 434 Days*. In July the DCH was 522 Days.

* Days Cash on Hand (DCH) = Operating Cash / Average Daily Expense (excluding depreciation). DCH indicates Bloss's ability to cover operating expenses. The Benchmark for Health Centers is a minimum of 90 Days.

A summary comparison of operations for the month and the prior year is as follows :

	Aug-19	Aug-18	VARIANCE *	%	Y-T-D Aug-19	Y-T-D Aug-18	Y-T-D VARIANCE *	Y-T-D %
Net Patient Revenue	0	0	0	NA	0	(44,688)	44,688	-100.00%
Other Operating Revenue	40,728	(62,597)	103,325	-165.06%	59,100	(62,208)	121,308	-195.00%
Total Net Operating Revenue	40,728	(62,597)	103,325	-165.06%	59,100	(106,896)	165,996	-155.29%
Operating Expenses Excluding Depreciation	130,334	173,675	43,341	24.96%	240,136	319,447	79,311	24.83%
Net Operating Income (Loss) Before Depreciation	(89,606)	(236,272)	146,666	62.08%	(181,036)	(426,343)	245,307	57.54%
Net Non Operating-Gains/Losses								
Gain/Loss on Investments	(902)	2,298	(3,200)	-139.25%	1,688	9,754	(8,066)	-82.69%
All Other Non-Operating Gains/Losses	111,365	160,882	49,517	30.78%	285,278	318,126	(32,848)	-10.33%
Total Net Non-Operating Income: Losses/Gains	110,463	163,180	52,717	32.31%	286,966	327,880	(40,914)	-12.48%
Total Net Income (Loss) Before Depreciation	20,857	(73,092)	93,949	-128.54%	105,930	(98,463)	204,393	-207.58%
Depreciation Expense	58,428	70,427	(11,999)	-17.04%	116,885	118,968	(2,083)	-1.75%
Net Income (Loss) After Depreciation	(37,571)	(143,519)	105,948	-73.82%	(10,955)	(217,431)	206,476	-94.96%

* Note: unfavorable variances are indicated by parenthesis (-).

Bloss Memorial HealthCare District
 Operations Summary Report
 Two Months Ending August 31, 2019

BMHD FULL TIME EQUIVALENTS SUMMARY :
 (See FTE report included in Financial Reports for detail)

	Aug-19	Aug-18	VARIANCE	%	Y-T-D Aug-19	Y-T-D Aug-18	Y-T-D VARIANCE *	Y-T-D %
EMPLOYEE FTE'S	0.30	0.97	0.67	69.07%	0.30	0.64	0.34	53.13%
CONTRACT FTE'S	5.14	4.36	(0.78)	-17.89%	4.53	3.64	(0.89)	-24.45%
TOTAL FTE'S	5.44	5.33	(0.11)	-2.06%	4.83	4.28	(0.55)	-12.86%

* Note: unfavorable variances above are indicated by parenthesis ().

Full Time Equivalent - Employees for the month are 69.07% less than the prior year with 6 less FTE'S

The major (>1 fte) Total Employee FTE increases for the month are comprised primarily of the following :

Department	Cur. Mo. Increase (DECREASE)	YTD Increase (DECREASE)	Reason
Administration	0.67	0.34	
All other departments < 1 fte var	0.00	0.00	Various departments less than 1 fte variance.
	0.67	0.34	Brackets () indicate a decrease (favorable) variance

BLOSS MEMORIAL HEALTHCARE DISTRICT, A PUBLIC ENTITY.
 DETAIL BALANCE SHEET
 PRIOR MONTH COMPARISON
 AUG 2019

	CURRENT MO. AUG 2019	PRIOR MONTH JUL 2019	\$ CHANGE	% CHANGE	PRIOR YEAR AUG 2018
ASSETS					
CURRENT ASSETS					
CASH AND EQUIVALENTS					
CASH - GENERAL CHECKING	1,285,614	1,137,151	148,463	13.06%	362,085
CDSC CASH - NEW GENERAL CHK	384	1,441	(1,057)	(73.35)%	618,562
CDSC CASH - GENERAL CHECKING	143,958	254,219	(110,261)	(43.37)%	620,354
CCDS-GENERAL CHECKING	2,477	2,264	213	9.42%	57,717
CCDSC-GENERAL CHECKING	125,433	292,029	(166,596)	(57.05)%	1,136,371
CASH - PAYROLL ACCOUNT	10,000	10,000	0	0.00%	24,539
CASH - LAIF SAVINGS ACCOUNT	299,605	301,690	(2,086)	(0.69)%	343,079
LAIF - FUNDED DEPRECIATION	200,912	198,826	2,086	1.05%	156,983
CASH-BBVA MONEY MARKET ACCOUNT	502,832	501,925	907	0.18%	0
MARKETABLE SECURITIES CAP IMP	568,728	570,425	(1,697)	(0.30)%	258,956
MARKETABLE SECURITIES GRANTS	313,054	313,956	(902)	(0.29)%	108,966
TOTAL CASH AND EQUIVALENTS	3,452,997	3,583,927	(130,930)	(3.65)%	3,687,610
PATIENT ACCOUNTS RECEIVABLE					
ALLOWANCES					
TOTAL ALLOWANCES	0	0	0	0.00%	0
OTHER RECEIVABLES					
DSCA RECEIVABLE	54	54	0	0.00%	37,722
RENT RECEIVABLE	696	9,951	(9,255)	(93.01)%	0
PROPERTY TAX RECEIVABLE	64,090	32,045	32,045	100.00%	64,090
CFHC INC RECEIVABLE	5,474	105	5,370	5,133.88%	19,527
DSCA CAPTIAL NOTE RECEIVABLE	200,000	200,000	0	0.00%	200,000
DSCA ATWATER NOTE RECEIVABLE	1,750,000	1,750,000	0	0.00%	1,750,000
DSCA STOCKTON NOTE RECEIVABLE	200,000	200,000	0	0.00%	200,000
OTHER ACCOUNTS RECEIVABLE	0	0	0	0.00%	1,945
ALLOWANCES FOR OTHER RECEIVABLES					
NET OTHER ACCOUNTS RECEIVABLE	2,220,314	2,192,155	28,160	1.28%	2,273,284
INVENTORY					
PREPAID EXPENSES AND DEPOSITS					

BLOSS MEMORIAL HEALTHCARE DISTRICT, A PUBLIC ENTITY.
 DETAIL BALANCE SHEET
 PRIOR MONTH COMPARISON
 AUG 2019

	CURRENT MO. AUG 2019	PRIOR MONTH JUL 2019	\$ CHANGE	% CHANGE	PRIOR YEAR AUG 2018
PREPAID INSURANCE	28,244	12,317	15,927	129.32%	70,028
PREPAID EXPENSE - SYSTEM	1,897	1,897	0	0.00%	1,507
PREPAID EXPENSE - MANUAL	9,316	11,238	(1,923)	(17.11)%	11,313
TOTAL PREPAID EXPENSES AND DEPOSITS	39,457	25,452	14,005	55.02%	82,848
TOTAL CURRENT ASSETS	5,712,768	5,801,533	(88,766)	(1.53)%	6,043,742
NON-CURRENT ASSETS					
PROPERTY, PLANT, AND EQUIPMENT					
LAND	2,205,996	2,205,996	0	0.00%	2,205,996
LAND IMPROVEMENTS	51,615	51,615	0	0.00%	51,615
BUILDING AND IMPROVEMENTS	21,770,098	21,770,098	0	0.00%	21,694,629
CASTLE BUILDING AND IMPROVEMEN	1,353,689	1,353,689	0	0.00%	43,036
SKDSC BUILDING AND IMPROVEMENT	20,705	0	20,705		0
BLOSS REMODLE	832,986	832,986	0	0.00%	832,986
CASTLE REMODEL-EAST WING FY 03	126,551	126,551	0	0.00%	126,551
PRKNG LOT & IMPROVEMENTS	48,034	48,034	0	0.00%	48,034
EQUIPMENT - FIXED	1,236,869	1,236,869	0	0.00%	1,236,869
COMMUNICATION LINES FY 03	452,829	452,829	0	0.00%	452,829
SKDSC EQUIPMENT-FIXED	66,746	66,746	0	0.00%	0
LEASEHOLD IMPROVEMENTS	17,063	17,063	0	0.00%	17,063
SKDSC LEASEHOLD IMPROVEMENTS	81,980	81,980	0	0.00%	42,015
EQUIPMENT - MAJOR MOVABLE	4,574,975	4,609,198	(34,223)	(0.74)%	4,609,198
MEDITECH HARDWARE	223,353	223,353	0	0.00%	223,353
MEDITECH IMPLEMENTATION COSTS	222,216	222,216	0	0.00%	222,216
SKDSC EQUIPMENT-MAJOR MOVABLE	0	0	0	0.00%	694,187
EQUIPMENT - MINOR	456,194	456,194	0	0.00%	456,194
MEDITECH SOFTWARE	277,372	277,372	0	0.00%	277,372
SKDSC EQUIPMENT - MINOR	0	0	0	0.00%	64,795
TOTAL PROPERTY PLANT AND EQUIPMENT	34,019,272	34,032,789	(13,518)	(0.04)%	33,298,938
ACCUMULATED DEPRECIATION					
ACCUM DEPREC - LAND IMPROVMENTS	(119,382)	(119,011)	(371)	0.31%	(114,929)
ACCUM DEPREC - BLDGS & IMPROV	(9,415,409)	(9,362,019)	(53,391)	0.57%	(8,802,410)
CCDSC ACCUM DEPREC BLDG IMP	0	0	0	0.00%	(1,925)
ACCUM DEPREC - FIXED EQUIP	(2,002,885)	(2,000,649)	(2,236)	0.11%	(1,976,053)
SKDSC ACCUM DEPREC-FIXED EQUIP	(929)	(828)	(101)	12.13%	0
ACCUM DEPREC - LEASEHOLD IMPRV	(46,910)	(45,909)	(1,001)	2.18%	(40,247)
SKDSCACCUM DEPREC-LEASH IMPROV	(32,342)	(31,957)	(385)	1.20%	(28,382)
ACCUM DEPREC - MAJOR MOVE EQPT	(4,467,212)	(4,500,490)	33,279	(0.74)%	(4,468,334)
SKDSC ACCUM DEPREC-MAJORMV EQU	0	0	0	0.00%	(712,298)
CCDSC ACCUM DEPREC MAJOR EQP	0	0	0	0.00%	(483)
ACCUM DEPREC - MINOR EQUIPMENT	(575,455)	(575,455)	0	0.00%	(575,455)

BLOSS MEMORIAL HEALTHCARE DISTRICT, A PUBLIC ENTITY.
 DETAIL BALANCE SHEET
 PRIOR MONTH COMPARISON
 AUG 2019

	CURRENT MO. AUG 2019	PRIOR MONTH JUL 2019	\$ CHANGE	% CHANGE	PRIOR YEAR AUG 2018
SKDSC ACCUM DEPREC-MINOR EQUIP	0	0	0	0.00%	(64,007)
CCDSC ACCUM DEPREC MINOR EQUIP	0	0	0	0.00%	(6,818)
TOTAL ACCUMULATED DEPRECIATION	(16,660,523)	(16,636,317)	(24,206)	0.15%	(16,791,340)
NET PROPERTY, PLANT, AND EQUIPMENT	17,358,748	17,396,472	(37,724)	(0.22)%	16,507,598
ASSETS LIMITED AS TO USE					
CASH - UNG GOODWIN TRUST	169,927	169,927	0	0.00%	173,892
TOTAL RESTRICTED ASSETS	169,927	169,927	0	0.00%	173,892
OTHER ASSETS					
TOTAL ASSETS LIMITED AS TO USE	17,528,675	17,566,398	(37,724)	(0.21)%	16,681,490
TOTAL ASSETS	23,241,443	23,367,932	(126,489)	(0.54)%	22,725,232
LIABILITIES AND FUND BALANCES					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE					
ACCOUNTS PAYABLE - VENDORS	36,647	30,486	(6,161)	20.21%	35,875
ACCOUNTS PAYABLE - ACCRUALS	26,131	25,145	(986)	3.92%	32,686
ACCOUNTS PAYABLE - OTHER	43,666	53,966	10,300	(19.09)%	105,714
CASTLE INC PAYABLE	29,701	22,587	(7,114)	31.50%	26,329
DSCA PAYABLE	242,538	348,431	105,893	(30.39)%	128,257
TOTAL ACCOUNTS PAYABLE	378,682	480,615	101,933	(21.21)%	328,862
ACCRUED PAYROLL					
ACCRUED SALARY AND WAGES	4,542	4,542	0	0.00%	12,991
ACCRUED VACATION	40,323	43,600	3,277	(7.52)%	20,247
FICA PAYABLE	347	347	0	0.00%	994
PENSION PLAN ACCRUAL	1,531	5,931	4,400	(74.19)%	33,731
OTHER PAYROLL PAYABLES	20,799	107	(20,692)	19,376.23%	647

RUN DATE: 09/20/19
 RUN TIME: 0816
 RUN USER: DAMEDA

Castle Family Health Centers GL **LIVE**

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BLOSS MEMORIAL HEALTHCARE DISTRICT, A PUBLIC ENTITY.
 DETAIL BALANCE SHEET
 PRIOR MONTH COMPARISON
 AUG 2019

	CURRENT MO. AUG 2019	PRIOR MONTH JUL 2019	\$ CHANGE	% CHANGE	PRIOR YEAR AUG 2018
TOTAL ACCRUED PAYROLL	67,542	54,527	(13,015)	23.87%	68,609
OTHER CURRENT LIABILITIES	_____	_____	_____	_____	_____
INTERCORPORATE TRANSFERS	_____	_____	_____	_____	_____
TOTAL CURRENT LIABILITIES	446,224	535,142	88,918	(16.62)%	397,471
LONG TERM LIABILITIES	_____	_____	_____	_____	_____
TOTAL LIABILITIES	446,224	535,142	88,918	(16.62)%	397,471
FUND BALANCES					
UNG GOODWIN TRUST	169,927	169,927	0	0.00%	173,892
TOTAL RESTRICTED FUND BALANCE	169,927	169,927	0	0.00%	173,892
UNRESTRICTED FUND BALANCE					
CAPITAL - BMHCD	2,317,403	2,317,403	0	0.00%	2,052,456
DONATED CAPITAL	20,318,844	20,318,844	0	0.00%	20,318,844
CURRENT YR NET INCOME (LOSS)	(10,955)	26,616	37,571	(141.16)%	(217,431)
TOTAL FUND BALANCE	22,795,219	22,832,790	37,571	(0.16)%	22,327,761
TOTAL LIABILITIES AND FUND BALANCES	23,241,443	23,367,932	126,489	(0.54)%	22,725,232

BLOSS MEMORIAL HEALTHCARE DISTRICT
SUMMARY INCOME STATEMENT
PRIOR YEAR COMPARISON
AUG 2019

	AUG 2019 ACTUAL	AUG 2018 ACTUAL	\$ VARIANCE	% VARIANCE	AUG 2019 YTD ACTUAL	AUG 2018 YTD ACTUAL	\$ VARIANCE	% VARIANCE
PATIENT SERVICES REVENUE								
DEDUCTIONS FROM REVENUE								
DENTAL SURGERY RD	0	0	0.00	0%	0	44,688	44,688	100.00%
TOTAL DEDUCTIONS FROM REVENUE	0	0	0.00	0%	0	44,688	44,688	100.00%
NET PATIENT REVENUE	0	0	0.00	0%	0	(44,688)	44,688	(100.00)%
OTHER REVENUE	40,728	(62,597)	103,324.61	(165)%	59,100	(62,208)	121,308	(195.00)%
TOTAL NET OPERATING REVENUE	40,728	(62,597)	103,324.61	(165)%	59,100	(106,896)	165,996	(155.29)%
OPERATING EXPENSES								
SALARIES AND WAGES	5,807	(2,890)	(8,696.58)	301%	16,403	8,553	(7,849)	(91.77)%
EMPLOYEE BENEFITS	695	2,324	1,628.90	70%	2,390	4,231	1,841	43.52%
PROFESSIONAL FEES	3,794	7,302	3,508.27	48%	6,436	16,238	9,802	60.37%
SUPPLIES	22	480	457.05	95%	341	4,860	4,520	92.99%
PURCHASED SERVICES	70,103	89,284	19,180.65	22%	109,633	130,883	21,250	16.24%
DEPRECIATION	58,428	70,427	11,998.37	17%	116,885	118,968	2,083	1.75%
RENTS AND LEASES	9,599	19,102	9,503.49	50%	19,150	38,109	18,960	49.75%
UTILITIES	38,696	48,151	9,454.24	20%	77,816	94,471	16,655	17.63%
INSURANCE	8,145	7,003	(1,141.68)	(16)%	12,593	18,174	5,581	30.71%
OTHER EXPENSES	(6,527)	2,921	9,447.60	324%	(4,625)	3,927	8,552	217.80%
TOTAL OPERATING EXPENSE	188,762	244,102	55,340.31	23%	357,021	438,415	81,393	18.57%
NET INCOME FROM OPERATIONS	(148,033)	(306,698)	158,664.92	(52)%	(297,921)	(545,311)	247,390	(45.37)%
NON-OPERATING REVENUE	111,364	163,180	(51,815.31)	(32)%	287,868	327,879	(40,011)	(12.20)%
NON-OPERATING EXPENSE	902	0	(902.10)		902	0	(902)	
NET NON-OPERATING INCOME	110,462	163,180	(52,717.41)	(32)%	286,966	327,879	(40,913)	(12.48)%
NET INCOME	(37,571)	(143,519)	105,947.51	(74)%	(10,955)	(217,431)	206,477	(94.96)%

NOTE: UNFAVORABLE VARIANCES ARE SHOWN IN PARENTHESES

CRP 00									
FTE'S BY DEPARTMENT									
	AUG 2019	AUG 2018	(UN)FAVORABLE VARIANCE	% VARIANCE	YTD AUG 2019	YTD AUG 2018	(UN)FAVORABLE VARIANCE	% VARIANCE	
*** EMPLOYEE FULL TIME EQUIVALENTS ***									
8610 ADMINISTRATION	0.30	0.97	0.67	69.20%	0.30	0.64	0.34	53.45%	
TOTAL EMPLOYEE FTE'S	0.30	0.97	0.67	69.20%	0.30	0.64	0.34	53.45%	
*** CONTRACT FULL TIME EQUIVALENTS ***									
PURCHASING	0.04	0.01	(0.03)	(192.65)%	0.04	0.02	(0.02)	(73.56)%	
MAINTENANCE & PLANT OPERATIONS	4.88	4.12	(0.75)	(18.23)%	4.30	3.35	(0.95)	(28.30)%	
ACCOUNTING	0.13	0.13	0.00	(3.73)%	0.08	0.16	0.08	48.36%	
ADMINISTRATION	0.08	0.08	0.00	4.17%	0.09	0.09	0.00	(4.00)%	
CLINIC ADMINISTRATION	0.01	0.01	0.00	(4.59)%	0.01	0.01	0.00	0.00%	
TOTAL CONTRACT FTE'S	5.14	4.36	(0.78)	(17.89)%	4.53	3.64	(0.89)	(24.49)%	
*** TOTAL FULL TIME EQUIVALENTS ***									
PURCHASING	0.04	0.01	(0.03)	(192.65)%	0.04	0.02	(0.02)	(73.56)%	
MAINTENANCE & PLANT OPERATIONS	4.88	4.12	(0.75)	(18.23)%	4.30	3.35	(0.95)	(28.30)%	
ACCOUNTING	0.13	0.13	0.00	(3.73)%	0.08	0.16	0.08	48.36%	
ADMINISTRATION	0.38	1.06	0.68	64.17%	0.39	0.73	0.34	46.58%	
CLINIC ADMINISTRATION	0.01	0.01	0.00	(4.59)%	0.01	0.01	0.00	0.00%	
TOTAL FTE'S	5.44	5.33	(0.11)	(1.99)%	4.83	4.28	(0.55)	(12.75)%	

RECOMMENDATION OF FYE 2019 DRAFT AUDIT

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**BLOSS MEMORIAL
HEALTHCARE DISTRICT**

Audited Financial Statements

June 30, 2019 and 2018

Bloss Memorial Healthcare District

Audited Financial Statements

June 30, 2019 and 2018

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Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Bloss Memorial Healthcare District
Atwater, California

We have audited the accompanying balance sheet of Bloss Memorial Healthcare District (the District) as of June 30, 2019 and 2018, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the minimum audit standard for California Special District. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Bloss Memorial Healthcare District, as of June 30, 2019 and 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 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.

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Blomberg & Griffin, A.C.
Stockton, CA
August 23, 2019

Bloss Memorial Healthcare District
Management's Discussion and Analysis
June 30, 2019

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The management of Bloss Memorial Healthcare District ("Bloss") has prepared the following analysis and discussion of the financial performance of the District for the fiscal year ended June 30, 2019 to accompany the financial statements prepared in accordance with the Governmental Accounting Standards Board Statement Numbers 34, 37 and 38. This discussion and the associated schedules are intended to provide an analysis, explanation, and historical basis of comparison for the reporting of financial results of the District for the Fiscal Year 2019. The audited financial statements included herewith have been prepared and submitted with an unqualified opinion from the District's independent auditor.

Bloss had a net gain in FY 2019 of \$264,947 which includes \$660,170 of depreciation expense.

Bloss continues its affiliation with Castle Family Health Centers, Inc (CFHC), which provided services to 132,211 patient visits during FY 2019. The affiliation with CFHC has allowed Bloss to continue its mission in the provision of healthcare services to the community. During FY 2019 Bloss provided grant funds from its Goodwin Trust to CFHC to provide Optometry Services, Flu Vaccines, and Financial Assistance for senior citizens residing within the District. During FY 2019 Bloss also sponsored a \$20,000 grant to assist CFHC in purchasing a Dental Panoramic X-Ray System for a new state of the art medical complex located in the community of Winton. The facility house eighteen medical exam rooms, five dental exam rooms, two behavioral health rooms, and a pharmacy.

Comments on the Statement Net Position

Total Cash and Cash Equivalents had a decrease by \$328,949 and is down 8.78% from the prior year. Other Receivables also decreased by \$227,795 with a 9.37% below the prior year. The decrease from FY 2018 is a payment received from Dental Sugary Centers of America DSCA in the amount of \$234,519 for interest payments, payroll payables, equipment, and supplies. FY 2019 Other Receivables includes Rent in the amount of \$600, Property Tax of \$50,580 from Merced County, CFHC of \$2,517, and three Note Receivable from Dental Surgery Centers of America totaling \$2,150,000 from the sale of two surgery centers in May 2018.

Bloss Memorial Healthcare District
Management's Discussion and Analysis
 June 30, 2019

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Table 1
 Condensed Statements of Net Position:

	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and Other Assets	\$ 5,802,466	\$ 6,602,219	\$ (799,753)	-12.11%
Capital Assets, Net	17,454,929	16,599,134	855,794	5.16%
Total Assets	<u>23,257,395</u>	<u>23,201,353</u>	<u>56,042</u>	<u>0.24%</u>
Long-term Debt	-	-	-	-
Other Liabilities	451,221	656,161	(204,940)	-31.23%
Total Liabilities	<u>451,221</u>	<u>656,161</u>	<u>(204,940)</u>	<u>-31.23%</u>
Net Position Invested in Capital Assets, Net of Related Debt	17,454,929	16,599,134	855,795	5.16%
Temporarily restricted	169,926	173,892	(3,965)	-2.28%
Unrestricted	5,181,319	5,772,166	(590,847)	-10.24%
Total Net Position	<u>\$ 22,806,174</u>	<u>\$ 22,545,192</u>	<u>\$ 260,983</u>	<u>1.16%</u>

Property Plant and Equipment

Fixed Assets increased by \$855,794 (5.16%) during FY 2019 over the prior year. The increase is A Summary of changes in Fixed Assets is as follows:

Capital Expenditures:	
Building Upgrades and Repairs	\$ 736,149
SKDSC Equipment	83,640
SKDSC Leasehold Improvements	<u>36,005</u>
Net Change in fixed assets	<u>\$ 855,794</u>

Total Liabilities as of June 30, 2019 of \$451,221 decreased from the prior year by \$204,940 31.23%. A result of BMHD sale of two dental surgery centers as of May 31, 2018.

Comments on the Statement of Revenue and Expenses

Net patient revenues decreased by \$2,920,632 in FY 2019 over the prior year. The decrease is a result of a sale of Central California Dental Surgery Center (CCDSC). The District owned sole ownership of the dental center.

Bloss's other operating revenue consists of reimbursement for services provided to Dental Surgery Centers of America. Services Reimbursement Revenue earned in FY 2019 was \$67,746 compared to \$9,283 in FY 2018. Included in FY 2019 Other Operating Revenue is Bloss Trust income of \$549,685 and \$71,631 special dividends income from Beta and Alpha Funds.

Bloss Memorial Healthcare District
Management's Discussion and Analysis
June 30, 2019

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Total expenses in FY 2019 was \$2,312,422 a decrease of \$2,309,113 from the prior year. The decrease can be attributed to the sale of a sole ownership CCDSC. Total surgery centers expenses account for \$2,322,928 of the FY 2018 BMHD total operating expense.

Major sources of Non-Operating Revenues in FY 2019 are Rental Income of \$1,416,410, Property Tax Revenue of \$394,879, and Interest Income of \$130,573 for Promissory Note at 6% interest on from the three Notes Receivable DSCA.

Table 2

Condensed Statements of Revenues, Expenses and Changes in Net Position:

	2019	2018	Dollar Change	Percent Change
Operating Revenues	\$ 572,891	\$ 3,609,385	\$ (3,036,494)	-84.13%
Nonoperating Revenues	2,004,478	2,340,679	(336,201)	-14.36%
Total Revenues	<u>2,577,369</u>	<u>5,950,064</u>	<u>(3,372,695)</u>	<u>-56.68%</u>
Depreciation Expense	660,170	706,697	(46,527)	-6.58%
Other Operating Expenses	1,588,878	3,100,235	(1,511,357)	-48.75%
Other Non-operating expenses	63,374	814,603	(751,229)	-92.22%
Total Expenses	<u>\$ 2,312,422</u>	<u>\$ 4,621,535</u>	<u>\$ (2,309,113)</u>	<u>-49.96%</u>

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's customers, investors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information; please contact the Bloss Memorial Healthcare District's Office Manager at 3605 Hospital Road, Atwater, CA 95301.

BLOSS MEMORIAL HEALTHCARE DISTRICT

Statement of Net Position

June 30, 2019 and 2018

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	June 30,	
	2019	2018
Assets		
Current Assets:		
Cash and cash equivalents - Note 2	\$ 3,417,513	\$ 3,746,463
Patient accounts receivable, net of allowances	-	179,091
Other receivables and physician advances	53,697	281,492
Prepaid expenses and deposits	11,330	71,282
Total Current Assets	3,482,540	4,278,328
Non-Current Assets:		
Note Receivable - Note 8	2,150,000	2,150,000
Total Non-Current Assets	2,150,000	2,150,000
Assets limited as to use- UNG Goodwin Trust	169,926	173,892
Capital assets, net of accumulated depreciation - Note 9	17,454,929	16,599,134
Total Assets	\$ 23,257,395	\$ 23,201,354
Liabilities and Net Position		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 389,353	\$ 582,120
Accrued payroll and related liabilities	61,868	74,041
Total Current Liabilities	451,221	656,161
Total Liabilities	451,221	656,161
Net Position:		
Temporarily restricted	169,926	173,892
Invested in capital assets, net of related debt	17,454,929	16,599,134
Unrestricted	5,181,319	5,772,167
Total Net Position	22,806,174	22,545,193
Total Liabilities and Net Position	\$ 23,257,395	\$ 23,201,354

See accompanying notes and auditor's report.

BLOSS MEMORIAL HEALTHCARE DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
June 30, 2019 and 2018

D R A F T

	Year Ended June 30	
	2019	2018
Operating Revenues		
Net patient service revenue	\$ -	\$ 2,875,944
Donations	549,685	565,000
Other operating revenue	23,206	168,441
Total Operating Revenues	572,891	3,609,385
Operating Expenses		
Salaries and wages	113,228	711,605
Employee benefits	63,475	160,202
Professional fees	24,479	1,102,726
Purchased services	477,631	641,975
Supplies	9,614	358,148
Repairs and maintenance	135,779	78,962
Utilities	414,448	448,610
Rental and lease	229,131	229,629
Depreciation and amortization	660,170	706,697
Insurance	85,103	101,623
Other operating expenses	35,990	81,358
Total Operating Expenses	2,249,048	4,621,535
Operating Income (loss)	(1,676,157)	(1,012,150)
Non-Operating Revenues (Expenses)		
District tax revenue	394,879	377,000
Investment income	130,573	10,947
Partnership income (Loss)	-	(318,950)
Sale of asset income (Loss)	-	1,060,524
Rental income	1,416,410	1,201,640
Other non-operating income (Loss)	(758)	9,518
Total Net Non-Operating Revenues	1,941,104	2,340,679
Excess (deficit) of Revenues over Expenses	264,947	1,328,529
Net change in Temporarily Restricted Position	(3,966)	6,297
Increase (decrease) in Net Position	260,981	1,334,826
Net Position at Beginning of the Year	22,545,193	21,210,367
Net Position at End of the Year	\$ 22,806,174	\$ 22,545,193

See accompanying notes and auditor's report

BLOSS MEMORIAL HEALTHCARE DISTRICT

Statements of Cash Flows

June 30, 2019 June 2018

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	Year Ended June 30	
	2019	2018
Cash Flows from Operating Activities:		
Cash received from patients and third-parties on behalf of patients	\$ 406,886	\$ 3,081,209
Cash received for operations, other than patient services	632,843	1,469,888
Cash payments to suppliers and contractors	(1,604,942)	(2,746,032)
Cash payments to employees and benefit programs	(188,876)	(934,001)
Net cash used in operating activities	(754,089)	871,064
Cash Flows from Non-Capital Financing Activities:		
District tax revenues	394,879	377,000
Net cash provided by non-capital financing activities	394,879	377,000
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets, net of disposals	(1,511,999)	34,630
Principal payments on debt borrowings	-	(566)
Net cash used in capital and related financing activities	(1,511,999)	34,064
Cash Flows from Investing Activities:		
Net change in other liabilities	-	(1,773,233)
Partnership income (Loss)	-	(318,950)
Sale of Asset income (Loss)	-	1,060,524
Rental income	1,416,410	1,201,640
Other non-operating income (expenses)	(758)	13,409
Net change in temporarily net assets	(3,966)	6,297
Net income from investments	130,573	10,947
Net cash provided by investing activities	1,542,259	200,634
Net increase in cash and cash equivalents	(328,950)	1,482,762
Cash and cash equivalents at beginning of year	3,746,463	2,263,701
Cash and cash equivalents at end of year	\$ 3,417,513	\$ 3,746,463
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating loss	\$ (1,676,157)	\$ (1,012,150)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	660,170	706,697
Changes in operating assets and liabilities:		
Patient accounts receivable	179,091	205,265
Other receivables and Note Receivable	227,795	736,447
Supplies	-	8,315
Prepaid expenses and deposits	59,952	33,205
Accounts payable and accrued expenses	(192,767)	255,479
Accrued payroll and related liabilities	(12,173)	(62,194)
Net cash used in operating activities	\$ (754,089)	\$ 871,064

See accompanying notes and auditor's report

BLOSS MEMORIAL HEALTHCARE DISTRICT

Notes to Financial Statements

June 30, 2019 and 2018

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NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES

Reporting Entity: Bloss Memorial Healthcare District (the District) is a public entity organized under Local District Law as set forth in the Health and Safety Code of the State of California. The District is a political subdivision of the State of California and is generally not subject to federal or state income taxes. The District is governed by a five-member Board of Directors, elected from within the healthcare District to four-year terms of office. The District is in Atwater, California and operates two dental clinics; CCDSC in Atwater and CDSC in Stockton, California, providing dental and oral surgical clinical services. The District also provides support to a local health care clinic located in Atwater, California which provides primary health care services primarily to individuals who reside in the local geographic area. On January 2, 2015, the District purchased all outstanding partnership shares of CCDSC and became the sole partner. The assets, liabilities and operations of CCDSC were consolidated into the District's accounting records and financial statements at that time and all intercompany balances were eliminated. Bloss has sold the assets of Stockton clinic and sold the Atwater clinic on May 31, 2018. See Note 13 for more details.

Basis of Preparation: The accounting policies and financial statements of the District generally conform to the recommendations of the audit and accounting guide, *Health Care Organizations*, published by the American Institute of Certified Public Accountants. The financial statements are presented in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operational revenues and expenses.

In the statement of net position, and statement of revenues, expenses and changes in net position, business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or the economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with RTD's principle ongoing operational activities. Bloss major revenues is from providing health care services. Operating expenses include the cost of operating maintenance and support of health care system and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and/or expenses.

Financial Statement Presentation: The District applies the provisions of GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (Statements 34), as amended by GASB 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and Statement 38, *Certain Financial Statement Note Disclosures*. Statement 34 established financial reporting standards for all state and local governments and related entities. Statement 34 primarily relates to presentation and disclosure requirements. The impact of this change was related to the format of the financial statements; the inclusion of management's discussion and analysis; and the preparation of the statement of cash flows on the direct method. The application of these accounting standards had no impact on the total net position.

BLOSS MEMORIAL HEALTHCARE DISTRICT

Notes to Financial Statements

June 30, 2019 and 2018

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NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES (Continued)

Management’s Discussion and Analysis: GASB Statement 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the District’s financial activities in the form of “management’s discussion and analysis” (MD&A). This analysis is similar to the analysis provided in the annual reports of organizations in the private sector.

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

Cash and Cash Equivalents and Investments: The District considers cash and cash equivalents to include certain investments in highly liquid debt instruments, when present, with an original maturity of a short-term nature or subject to withdrawal upon request. Exceptions are for those investments which are intended to be continuously invested. Investments in debt securities are reported at market value. Interest, dividends and both unrealized and realized gains and losses on investments are included as investment income in non-operating revenues when earned.

Accounts Receivable: Accounts receivable is stated at net realizable value. The District accounts for uncollectible accounts by establishing a reserve. At June 30, 2019 and 2018, the allowance for doubtful accounts and contractual adjustments was \$-0- and \$113,383, respectively. Effective May 31, 2018, the District does not have patient service revenue due to the sale of two dental surgery centers.

Supplies: Supply inventory are stated at cost, which is determined using the first-in, first-out method (FIFO).

Assets Limited as to Use: Assets limited as to use include donor restricted funds. Assets limited as to use consist primarily of deposits on hand with banking and investments institutions.

Capital Assets: Capital assets consist of property and equipment and are reported on the basis of cost, or in the case of donated items, on the basis of fair market value at the date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures which increase values, change capacities, or extend useful lives are capitalized. Depreciation of property and equipment and amortization of property under capital leases are computed by the straight-line method for both financial reporting and cost reimbursement purposes over the estimated useful lives of the assets, which range from 10 to 30 years for buildings and improvements, and 3 to 10 years for equipment. The District periodically reviews its capital assets for value impairment. As of June 30, 2019, and 2018, the District has determined that no capital assets are impaired.

BLOSS MEMORIAL HEALTHCARE DISTRICT

Notes to Financial Statements

June 30, 2019 and 2018

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NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES (Continued)

Compensated Absences: District employees earn vacation benefits at varying rates depending on years of service. Employees also earn sick leave benefits based on varying rates depending on years of service. Both benefits can accumulate up to specified maximum levels. Employees are not paid for accumulated sick leave benefits if they leave either upon termination or before retirement. However, accumulated vacation benefits are paid to an employee upon either termination or retirement. Accrued vacation liabilities as of June 30, 2019 and 2018 are \$42,087 and \$34,447 respectively.

Risk Management: The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruptions; errors and omissions; employee injuries and illness; natural disasters; and medical malpractice. Commercial insurance coverage is purchased for claims arising from such matters.

Net Position: Net Position is presented in three categories. The first category is net position “invested in capital assets, net of related debt”. This category of net position consists of capital assets (both restricted and unrestricted), net of accumulated depreciation and reduced by the outstanding principal balances of any dept borrowings that were attributable to the acquisition, construction, or improvement of those capital assets.

The second category is “restricted” net position. This category consists of externally designated constraints placed on those net assets by creditors (such as through debt covenants), grantors contributors, law or regulations of other governments or government agencies, or law or constitutional provisions or enabling legislation.

The third category is “unrestricted” net-position. This category consists of assets that do not meet the definition or criteria of the previous two categories.

District Tax Revenue: The District receives financial support from property taxes. These funds are used to support operations and meet required debt service agreements. They are classified as non-operating revenue as the revenue is not directly linked to patient care. Property taxes are levied by the County on the District’s behalf during the year and are intended to help finances the District’s activities during the same year. Amounts are levied on the basis of the most current property values on record with the County. The County has established certain dates to levy, lien, and mail bills, and received payments from property owners during the year. Property taxes are considered delinquent on the day following each payment due date.

BLOSS MEMORIAL HEALTHCARE DISTRICT

Notes to Financial Statements

June 30, 2019 and 2018

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NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES (Continued)

Grants and Contributions: From time to time, the District receives grants from various governmental agencies and private organizations. The District also receives contributions from related foundation and auxiliary organizations, as well as from individuals and other private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or capital acquisitions. These amounts, when recognized upon meeting all requirements, are reported as components of the statement of revenues, expenses and changes in net assets.

Operating Revenues and Expenses: The District's statement of revenues, expenses and changes in net assets distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, which is the District's principal activity. Operating expenses are all expenses incurred to provide health care services, other than financing costs. Non-operating revenues and expenses are those transactions not considered directly linked to providing health care services.

Net Patient Service Revenue: Net patient service revenue is reported at the estimated net realizable value amounts from patients, third-party payers and others for services rendered. The net patient service revenue for June 30, 2019, and 2018 is \$-0- and \$2,875,944, respectively. Effective May 31, 2018, the District has sold the two dental surgery centers.

Reclassifications: Certain financial statement amounts as presented in the prior year financial statements have been reclassified in these, the current year financial statements, in order to conform to the current year financial statement presentation.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

As of June 30, 2019, and 2018, the District had deposits invested in various financial institutions in the form of cash equivalents amounting to \$3,587,439 and \$3,920,355, respectively. All of these funds were held in deposits, which are collateralized in accordance with the California Government Code (CGC), except for \$250,000 per account that is federally insured.

Under the provisions of the CGC, California banks and savings and loan associations are required to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of District's total deposits. The pledged securities are held by the pledging financial institution's trust department in the name of the District.

Investments consist of equity securities and real estate funds invested through an investment broker and are stated at quoted market values. Changes in market value between years are reflected as a component of investment income in the accompanying statement of revenues, expenses and changes in net assets.

BLOSS MEMORIAL HEALTHCARE DISTRICT

Notes to Financial Statements

June 30, 2019 and 2018

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NOTE 3 – NET PATIENT SERVICE REVENUES AND REIMBURSEMENT PROGRAMS

On January 2, 2015, the District purchased all outstanding partnership shares of CCDSC and became the sole partner. The assets, liabilities, and operations of CCDSC were consolidated into the District's accounting records and financial statements at that time and all intercompany balances were eliminated. See Note 13. The District through CCDSC now renders dental services to patients under contractual arrangements with Medicare and Medi-Cal programs, health maintenance organization (HMOs) and preferred provider organizations (PPOs). Patient service revenues from these programs approximate 98% of gross patient service revenues. Due to the sale of two dental surgery centers in prior fiscal year, the District did not have any patient service revenue in FY18-19.

Medicare and Medi-Cal Program dental services are generally paid under a fee for service arrangement.

Laws and regulations governing the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that estimates will change by a material amount in the near term.

The District has sold the asset of Stockton on May 31, 2018. In addition, the District has sold the Atwater operation on May 31, 2018. See Note 13 for more detail.

NOTE 4 – INVESTMENTS

The District's investment balances, and average maturities were as follows at June 30, 2019 and 2018.

	2019			
	Investment Maturities in Years			
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>Over 5</u>
Money Market Accounts	\$ 501,049	\$ 501,049	\$ -	\$ -
Mutual Funds Accounts	600,052	600,052	-	-
Marketable Securities	<u>169,926</u>	<u>169,926</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 1,271,027</u>	<u>\$ 1,271,027</u>	<u>\$ -</u>	<u>\$ -</u>

	2018			
	Investment Maturities in Years			
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>Over 5</u>
Money Market Accounts	\$ 501,044	\$ 501,044	\$ -	\$ -
Mutual Funds Accounts	312,444	312,444	-	-
Marketable Securities	<u>173,892</u>	<u>173,892</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 987,380</u>	<u>\$ 987,380</u>	<u>\$ -</u>	<u>\$ -</u>

BLOSS MEMORIAL HEALTHCARE DISTRICT

Notes to Financial Statements

June 30, 2019 and 2018

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NOTE 4 – INVESTMENTS (Continued)

The District investments are reported at fair value as previously discussed. The District's investment policy allows for various forms of investments generally set to mature within a few months to others over 15 years. The policy identifies certain provisions which address interest rate risk, credit risk and concentration of credit risk.

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. The District's exposure to interest rate risk is minimal as 100% of their investments have a maturity of less than one year. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the preceding schedules that shows the distribution of the District's investments by maturity.

Credit Risk: Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, such as Moody's Investor Service, Inc. The District's investments in such obligations are in U.S. government obligations. The District believes that there is minimal credit risk with these obligations at this time.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. Broker-dealer), the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's investments are generally held by banks or investment companies. The District believes that there is minimal custodial credit risk with their investments at this time. District management monitors the entities which hold the various investments to ensure they remain in good standing.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attribution to the magnitude of the District's investment in a single issuer. The District's investments are held as follows: banks 22% and investment companies 78%. The District believes that there is minimal custodial credit risk with their investments at this time. District management monitors the entities which hold the various investments to ensure they remain in good standing.

BLOSS MEMORIAL HEALTHCARE DISTRICT

Notes to Financial Statements

June 30, 2019 and 2018

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NOTE 5 – CONCENTRATION OF CREDIT RISK

The District grants credit without collateral to its patients and third-party payers. Patient accounts receivable from government agencies represent the only concentrated group of credit risk for the District and management does not believe that there are any credit risks associated with these governmental agencies. Concentration of patient accounts receivable at June 30, 2019, and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
MediCal	0%	80%
Medicare	0%	0%
Other 3rd Party Payors	0%	20%
Private Party	0%	0%
Total	<u>0%</u>	<u>100%</u>

NOTE 6 – ASSETS LIMITED AS TO USE

Assets limited as to use as of June 30, 2019 and 2018 were comprised of cash and cash equivalents held as donor restricted funds. Interest income, dividends and both realized and unrealized gains and losses are recorded as investment income. Total investment income was \$24,242 and \$17,244 for the years ended June 30, 2019 and 2018, respectively. Total investment income includes both income from unrestricted and assets limited as to use. Debt securities, when present are recorded at market price or the fair market value as of the date of each balance sheet.

NOTE 7 – OTHER RECEIVABLES

Other receivables as of June 30, 2019 and 2018 were comprised of the following:

	<u>2019</u>	<u>2018</u>
Property taxes receivable	\$ 50,580	\$ 35,721
Other	3,117	245,770
Total Other Receivables	<u>\$ 53,697</u>	<u>\$ 281,491</u>

BLOSS MEMORIAL HEALTHCARE DISTRICT
Notes to Financial Statements
June 30, 2019 and 2018

NOTE 8 – NOTE RECEIVABLE

D R A F T

Receivables at June 30, 2019 consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Balance Paid</u>	<u>Remaining Balance</u>	<u>Due Within One Year</u>
Dental Surgery Centers of America	\$ 1,950,000	\$ -	\$ -	\$ 1,950,000	\$ -
Dental Surgery Centers of America	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
	<u>\$ 2,150,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,150,000</u>	<u>\$ -</u>

On May 31, 2018, Bloss Memorial Healthcare District has entered into a \$2,150,000 loan agreement with a Dental Surgery Center of America. The interest rate on the loan is 6% per annum. The interest is payable in a monthly installment and the principle will be due by May 31, 2021.

NOTE 9 – CAPITAL ASSETS

Capital assets as of June 30, 2019 and 2018 were comprised of the following:

	<u>Balance June 30, 2018</u>	<u>Transfer & Additions</u>	<u>Retirement & Adjustments</u>	<u>Balance at June 30, 2019</u>
Land and land improvements	\$ 2,257,611	\$ -	\$ -	\$ 2,257,611
Building and improvements	22,806,907	1,449,220	-	24,256,127
Equipment	<u>8,206,988</u>	<u>66,746</u>	<u>(754,682)</u>	<u>7,519,052</u>
Total at historical cost	33,271,506	1,515,966	(754,682)	34,032,790
Less accumulated depreciation	<u>(16,672,372)</u>	<u>660,170</u>	<u>(565,659)</u>	<u>(16,577,861)</u>
Capital Assets Net	<u>\$ 16,599,134</u>	<u>\$ 2,176,136</u>	<u>\$ (1,320,341)</u>	<u>\$ 17,454,929</u>
	<u>Balance June 30, 2017</u>	<u>Transfer & Additions</u>	<u>Retirement & Adjustments</u>	<u>Balance at June 30, 2018</u>
Land and land improvements	\$ 2,257,611	\$ -	\$ -	\$ 2,257,611
Building and improvements	22,792,794	14,113	-	22,806,907
Equipment	<u>8,345,466</u>	<u>-</u>	<u>(138,478)</u>	<u>8,206,988</u>
Total at historical cost	33,395,871	14,113	(138,478)	33,271,506
Less accumulated depreciation	<u>(16,045,221)</u>	<u>(706,697)</u>	<u>79,546</u>	<u>(16,672,372)</u>
Capital Assets Net	<u>\$ 17,350,650</u>	<u>\$ (692,584)</u>	<u>\$ (58,932)</u>	<u>\$ 16,599,134</u>

BLOSS MEMORIAL HEALTHCARE DISTRICT

Notes to Financial Statements

June 30, 2019 and 2018

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NOTE 10 – RETIREMENT PLANS

The District sponsors a 403(b) defined contribution plan (the plan). The District is the Plan's administrator as defined by section 316 of the Employee Retirement Income Security Act of 1974 (ERISA). All plan assets are held in a retirement trust with legal title held by the District's Board of Directors as Trustees.

All employees are eligible to participate in the Plan except for those who belong to a union, where the retirement benefits have been the subject of collective bargaining or contract negotiation or work less than 2,000 hours per year for the District.

The District also offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457. The plan is generally available to all District employees and permits them to defer a portion of their income. The compensation deferred is generally not available to employees until termination, retirement, death or certain hardship situations.

NOTE 11 – INCOME TAXES

The District is a political subdivision of the state of California organized under the Local Health Care District Law as set forth in the Health and Safety Code of the State of California. The District has been determined to be exempt from income taxes under Local Health Care District Law. Accordingly, no provision for income taxes is included in the accompanying financial statements. The District is no longer subject to examination by federal or state authorities for years prior to June 30, 2011, nor has it been notified of any impending examination and no examinations are currently in process.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Operating Leases: The District leases various equipment and facilities under operating leases expiring at various dates. Total building and equipment rent expense for the years ended June 30, 2019 and 2018, were \$229,131 and \$229,629, respectively. Future minimum lease payments for the succeeding years under operating leases as of June 30, 2019, with initial or remaining lease terms in excess of one year are not considered material.

Litigation: The District may from time-to-time be involved in litigation and regulatory investigations which arise in the normal course of doing business. After consultation with legal counsel, management estimates that matters existing as of June 30, 2019 will be resolved without material adverse effect on the District's future financial position, results from operations or cash flows.

BLOSS MEMORIAL HEALTHCARE DISTRICT

Notes to Financial Statements

June 30, 2019 and 2018

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NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)

Workers Compensation Program: The District is a participant in the Association of California Healthcare District's ALPHA Fund which administers a self-insured worker's compensation plan for employees of its member District's. The District pays a premium to the ALPHA Fund which is adjusted annually. If participation in the ALPHA Fund is terminated by the District, the District would be liable for its share of any additional premiums necessary for final disposition of all claims and losses covered by the ALPHA Fund.

Health Insurance Portability and Accountability Act: The Health Insurance Portability and Accountability Act (HIPAA) was enacted August 21, 1996, to ensure health insurance portability, reduce health care fraud and abuse, guarantee security and privacy of health information, and enforce standards for health information. Organizations are subject to significant fines and penalties if found not to be compliant with the provisions outlined in the regulations. Management continues to evaluate the impact of this legislation on its operations including future financial commitments that will be required.

Health care Reform: The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, governmental health care program participation requirements, and reimbursement for patient services, antitrust, anti-kickback and anti-referral by physicians, false claims prohibition and, in the case of tax exempt organizations, the requirements of tax exemption. In recent years, government activity has increased with respect to investigations

and allegations concerning possible violations by health care providers or reimbursement, false claims, anti-kickback statues and regulations, quality of care provided to patients, and handling of controlled substances. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Laws and regulations concerning government programs, including Medicare, Medicaid and various other programs, are complex and subject to varying interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. As a result of nationwide investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements.

Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines and penalties and exclusion from related programs. The District expects that the level of review and audit to which it and other health care providers are subject will increase. There can be no assurance that regulatory authorities will not challenge the District's compliance with these regulations, and it is not possible to determine the effect (if any) such claims, or penalties would have upon the District.

BLOSS MEMORIAL HEALTHCARE DISTRICT

Notes to Financial Statements

June 30, 2019 and 2018

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NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)

Current Economic Conditions: Given the volatility of current economic conditions, the values of assets and liabilities recorded in the accompanying financial statements could change rapidly, resulting in material future adjustments in investment values and allowances for accounts receivable that could negatively impact the District's ability to meet debt requirements or maintain sufficient liquidity.

NOTE 13 – RELATED PARTIES

The District is a partner in the Children Dental Surgery Center, a general partnership. The District's partnership share is 65%. The District recorded partnership income (loss) of \$-0- and \$(318,950) for the years ended June 30, 2019 and 2018 respectively. As of May 31, 2018, Bloss sold both Dental Surgery Centers to Dental Surgery Centers of America. Bloss Memorial Healthcare District recorded a Gain in Sale of Central California Dental Surgery Center in Atwater of \$1,851,149 and a Loss in Sale of Children's Dental Surgery Center in Stockton of \$790,624. Total net gain in the sale of the surgery centers is \$1,060,524.

NOTE 14 – SUBSEQUENT EVENTS

The management of Bloss Memorial Healthcare District has evaluated events subsequent to June 30, 2019 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 13, 2019, the date these financial statements were available to be issued.

**SIERRA KINGS DENTAL SURGERY CENTER (SKDSC)
BLOSS FINANCE COMMITTEE
Period Ended August 2019**

August Financials

Income Statement – **(blue)**

SIERRA KINGS DENTAL SURGERY CENTER
MONTHLY OPERATING REPORT SUMMARY
7210 SKDSC

	AUG 2019 ACTUAL	AUG 2018 ACTUAL	\$ VARIANCE	% VARIANCE	AUG 2019 YTD ACTUAL	AUG 2018 YTD ACTUAL	\$ VARIANCE	% VARIANCE
PATIENT SERVICES REVENUE								
DEDUCTIONS FROM REVENUE								
TOTAL DEDUCTIONS FROM REVENUE	0	0	0.00	0%	0	0	0	0.00%
NET PATIENT REVENUE	0	0	0.00	0%	0	0	0	0.00%
OTHER REVENUE			0.00	0%			0	0.00%
OPERATING EXPENSES								
PURCHASED SERVICES	1,140	375	(764.80)	(204)%	1,140	750	(390)	(51.97)%
DEPRECIATION	485	385	(100.48)	(26)%	971	770	(201)	(26.11)%
RENTS AND LEASES	9,599	19,102	9,503.49	50%	19,150	38,109	18,960	49.75%
UTILITIES	0	432	431.88	100%	242	874	632	72.34%
OTHER EXPENSES	1,239	1,222	(17.22)	(1)%	2,478	2,443	(34)	(1.41)%
TOTAL OPERATING EXPENSE	12,463	21,516	9,052.87	42%	23,980	42,946	18,966	44.16%
NET INCOME FROM OPERATIONS	(12,463)	(21,516)	9,052.87	(42)%	(23,980)	(42,946)	18,966	(44.16)%
NON-OPERATING EXPENSE			0.00	0%			0	0.00%
NET NON-OPERATING INCOME			0.00	0%			0	0.00%
NET INCOME	(12,463)	(21,516)	9,052.87	(42)%	(23,980)	(42,946)	18,966	(44.16)%

**AUGUST PAYROLL, ELECTRONIC PAYMENTS
& CHECK REGISTER**

Bloss Memorial Healthcare District
 Payroll, Accounts Payable and Funds Disbursements - Summary
 Month of August-19

Payroll			<u>\$9,978.78</u>
Total Payroll			<u>\$9,978.78</u>
Accounts Payable:			
A/P Checks	Bloss	<u>\$314,979.46</u>	<u>\$314,979.46</u>
BLOSS			
Auto Debits		\$93.50	
Electronic Payments to Payroll for Hosting Fee		\$0.00	
Electronic Payments to DSCA		<u>\$879,728.45</u>	
Total Auto Debits and Electronic Transfers		<u>\$879,821.95</u>	<u>\$879,821.95</u>
Electronic Payments - ACH		<u>\$0.00</u>	<u>\$0.00</u>
Total Accounts Payable			<u>\$1,194,801.41</u>
Grand Total Disbursements			<u>\$1,204,780.19</u>

BLOSS	Payroll Disbursements for		August-19
	Payroll dated		
Earnings	08/05/19	08/20/19	Total
Regular			-
Overtime			-
Vacation			-
Sick			-
Holiday			-
Salary	4,541.67	4,541.67	9,083.34
Double Time			-
Call In			-
On Call			-
Other			-
			-
Total	4,541.67	4,541.67	9,083.34
			-
Deductions			-
FICA (+)	347.43	347.43	694.86
Insurance (-)	-	-	-
Emp Deduction(-)/Reimb(+)	-	-	-
Christmas Fund (-)	-	-	-
Process Fee (+)	106.79	93.79	200.58
			-
Total	454.22	441.22	895.44
			-
			-
Net Payroll	\$ 4,995.89	\$ 4,982.89	9,978.78

RUN DATE: 08/30/19
 RUN TIME: 1458
 RUN USER: COOKS

Castle Family Health Centers AP **LIVE**
 CHECK REGISTER BY DATE

€
 FROM 08/01/19 TO 08/30/19

DATE	CHECK NUM	VENDOR NUM	VENDOR NAME	STATUS	STATUS DATE	AMOUNT	
						ISSUED/ CLEARED	VOIDED/ UNCLAIMED
08/02/19	038478	B0016	GUARDCO SECURITY SERVICES	ISSUED	08/02/19	12377.12	
08/02/19	038479	B0225	HOFFMAN SECURITY	ISSUED	08/02/19	577.90	
08/02/19	038480	K0003	M-D VENTURES	ISSUED	08/02/19	19197.65	
08/02/19	038481	B0212	JAVIER L MENDOZA	ISSUED	08/02/19	2775.00	
			REMITTED TO: NATURAL GARDENS				
08/02/19	038482	B0056	CARDMEMBER SERVICE-XXXXXXXXXX9140	ISSUED	08/02/19	53.53	
08/06/19	038483	B0207	ALLIANT INSURANCE SERVICES, INC.	ISSUED	08/06/19	22174.45	
08/12/19	038484	B0054	CASTLE FAMILY HEALTH CENTERS, INC.	ISSUED	08/12/19	5000.00	
08/12/19	038485	B0054	CASTLE FAMILY HEALTH CENTERS, INC.	ISSUED	08/12/19	40000.00	
08/12/19	038486	K0035	CITY OF PARLIER	ISSUED	08/12/19	241.76	
08/12/19	038487	B0132	CLARK PEST CONTROL	ISSUED	08/12/19	299.00	
08/12/19	038488	B0099	EMPLOYMENT DEVELOPMENT DEPT	ISSUED	08/12/19	4651.85	
08/12/19	038489	B0241	HIGGS, FLETCHER & MACK LLP	ISSUED	08/12/19	570.00	
08/12/19	038490	B0017	MERCED COUNTY - CASTLE AIRPORT	ISSUED	08/12/19	5486.74	
08/12/19	038491	B0091	OFFICE DEPOT	ISSUED	08/12/19	2795.56	
			REMITTED TO: OFFICE DEPOT (32544746)				
08/12/19	038492	B0014	PG&E (4705482162-5)	ISSUED	08/12/19	6310.75	
08/12/19	038493	B0185	SJVAPCD	ISSUED	08/12/19	580.00	
08/12/19	038494	B0013	WEST COAST GAS CO, INC.	ISSUED	08/12/19	532.97	
08/15/19	038495	B0072	BETA HEALTHCARE GROUP	ISSUED	08/15/19	1897.25	
08/15/19	038496	B0025	MERCED IRRIGATION DISTRICT	ISSUED	08/15/19	338.05	
08/15/19	038497	B0026	MERCED IRRIGATION DISTRICT	ISSUED	08/15/19	24806.90	
08/15/19	038498	B0218	JOHN P. NIEMOTKA	ISSUED	08/15/19	400.00	
			REMITTED TO: OCTANE ADVERTISING & DESIGN				
08/19/19	038499	B0197	MASS MUTUAL	ISSUED	08/19/19	4800.00	
08/26/19	038500	B0054	CASTLE FAMILY HEALTH CENTERS, INC.	ISSUED	08/26/19	22586.85	
08/26/19	038501	B0027	CITY OF ATWATER (010448-000)	ISSUED	08/26/19	1063.07	
08/26/19	038502	B0134	CITY OF ATWATER (020161-000)	ISSUED	08/26/19	654.34	
08/26/19	038503	B0031	COOLING SHEDD AIR CONDITIONING CO.	ISSUED	08/26/19	3582.09	
08/26/19	038504	B0030	HD SUPPLY FACILITIES MAINTENANCE	ISSUED	08/26/19	1156.10	
08/26/19	038505	B0133	MERCED COMMERCIAL SWEEPING	ISSUED	08/26/19	240.00	
08/29/19	038506	B0275	BEFOR USA GROUP, INC	ISSUED	08/29/19	129830.53	
TOTAL \$						314979.46	

Bloss Memorial Healthcare District
August-19

Bloss Electronic Transfers

Bloss Auto Debits

Bank Fees - Bloss	93.50
Total	<u>93.50</u>

Electronic Payments to Payroll for Hosting Fee	0.00
Electronic Payment to DSCA	879,728.45
Electronic Transfer to LAIF	0.00
Total	<u>879,728.45</u>

Grand Total	<u>879,821.95</u>
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