
PUBLIC NOTICE

Bloss Memorial Healthcare District, A Public Entity • 3605 Hospital Road, • Atwater, California 95301 •
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Date: October 18, 2018

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Bloss Memorial Healthcare District will hold their **Finance Committee** meeting on Thursday, October 25, 2018 at 1:30 pm in the Board Room at 3605 Hospital Road, Atwater, CA 95301.

Bloss Memorial Healthcare District will hold their Board of Directors meeting on Thursday, October 25, 2018 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, October 25, 2018
 1:30 pm.**

AGENDA FOR PUBLIC SESSION

I. CALL TO ORDER	<u>ACTION</u>	<u>EXHIBIT</u>
II. APPROVAL OF AGENDA	*	
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. September 27, 2018 Finance Committee	*	1
V. REVIEW OF DISTRICT FINANCIAL STATEMENTS a. Recommendation of FYE 2018 Audit	* *	2 2a
VI. SKDSC FINANCIAL REPORT	*	3
VII. WARRANTS & PAYROLL A. September Payroll, Electronic Payments & Check Register	*	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 2018.		
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, members of the Board. These documents are available from the Executive Assistant in Administration at 3605 Hospital Road, Atwater, California 95301.**

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)
FINANCE COMMITTEE MEETING
BOARD ROOM
Thursday, September 27, 2018
1:30 p.m.**

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

Others Present: None

Absent: Alfonse Peterson, Committee Chair

CALL TO ORDER

Glenn Arnold, Committee Member, called the meeting to order at 1:31 p.m. in the Board Room.

APPROVAL OF AGENDA

A motion was made/seconded, (Edward Lujano / Kory Billings) to approve the September 27, 2018 agenda as presented. Motion carried.

PUBLIC COMMENTS

None.

APPROVAL OF FINANCE COMMITTEE MINUTES

A. August 30, 2018 Finance Committee Minutes, Exhibit 1

A motion was made / seconded, (Edward Lujano / Kory Billings) to approve and accept the August 30, 2018 Finance Committee Minutes as presented, Exhibit 1. Motion carried.

REVIEW OF DISTRICT FINANCIAL STATEMENTS, EXHIBIT 2

Dawnita Castle, CFO, stated that she had originally mentioned that all of the dental centers' money owed to Dental Centers of America was out of the cash accounts for month end. However, she went back and reviewed and there was still \$127,000 left, the actual BMHD operating cash balance for the month of August 2018 was \$3,192,475. And Days Cash On Hand decreased to 570 days. There is still \$3M in the bank accounts for BMHD.

Last month Mr. Arnold had asked she look into some short term investments. F&M Bank submitted a Money Market that pays at 1.25% and they also do a 3-month 6-month and 12-month CDs. F&M Bank is out of Merced and they would like to have all of our business.

BBVA Bank has a Money Market at 1.7% and 11-month, 15-month and 24-month CDs. She has forwarded this information to the Investment Committee.

During the month of August 2018 BMHD received \$2,868 of outstanding AR from Stockton and \$21,677 on the outstanding AR from Atwater. David Thompson stated that the outstanding claims and appeals are being rebilled. She has taken them off the Balance Sheet and anything that we receive will be recorded will Bad Debt Recovery from here forward.

BMHD has a total net loss before depreciation in the amount of \$73,092 and a net loss of \$143,519 after depreciation. This includes total expenses of Sierra Kings of \$21,516.

Edward Lujano stated that based on how we are looking for August being that we closed the centers back in May 2018, does Dawnita Castle, CFO, feel that the revenues that are coming in are going to be consistent, outside of the Trust, will this be the pattern?

Dawnita Castle replied that she does, we have rental leases and property tax revenue.

Glenn Arnold asked what Dawnita Castle what her feeling was on the response from the various banks? Dawnita Castle replied that BMHD can put \$1M somewhere into a CD, but she does not know about the terms being over a year, although BBVA does have one at 11 months. She will need to do additional analysis.

BBVA stated that the prime rate would be at 1.7%, which is higher, we do have one at Westamerica Bank but it's at .7%. BBVA is higher than F&M Bank and it would be in effect for one year and we can deposit at any time, withdraw and check writing permitted within the guidelines. She would need to get more specific on what within the guidelines are, but it is more liquid.

Glenn Arnold confirmed that the money is just sitting at Westamerica Bank and insured up to \$250,000, and if we put it somewhere else will it be insured for the same amount and in a Money Market is that insured or not insured? Kory Billings stated that Money Markets are insured, Rabo Bank is insured up to \$750,000. Why are we leaving it at .7% if we can move it and get 1.7% in the same thing without tying it up? Edward Lujano stated that it is spreading your money around and you have more security in different locations.

Kory Billings stated that he and Alfonse Peterson had a conversation looking at other options. They thought maybe we also need to talk to ThiesenDueker and see if there is something there that maybe would be available to us at a slightly higher rate, it's not secured but if we can get better than 1.75%. Once we know more about the roof situation we can decide if the roof will cost us 5.5% to take out a loan for the full roof, then it's not worth investing the money toward paying the roof off.

Dawnita Castle stated that BBVA had replied to her request stating that a \$500,000 loan term for 5-years at 5.5% with an estimated loan payment of \$9,552 per month.

Edward Lujano stated that by the end of October we will have a better idea about the roof, RFP's have gone out. We can also look at asking LPL Financial to see what financial instruments they may have, so that we can report at the next meeting. Glenn Arnold commented that maybe they can come to us with a recommendation at the next meeting.

Kory Billings stated that he and Alfonse Peterson will reach out to ThiesenDueker. Glenn Arnold stated that with these Money Market accounts you can put your money in and get it right back, it's just a matter of opening another account. We are talking about a large sum of money, and it seems like we are leaving it out on the table. Westamerica Bank hasn't done us any favors when we've gone to them for various things.

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

SKDSC FINANCIAL REPORT, EXHIBIT 3

Dawnita Castle reported that SKDSC had a \$21,516 loss for August 2018.

A motion was made / seconded, (Kory Billings / Edward Lujano) to approve and accept SKDSC Financial Report, Exhibit 3. Motion carried.

WARRANTS AND PAYROLL

A. August 2018 Payroll, Electronic Payments & Check Register, Exhibit 4

Dawnita Castle commented that when you look at the Electronic Payments of Dental Centers of America and also Electronic Payment – ACH in the amount of \$228,939.79, which is actually patient revenue that is funds for Dental Centers of America. The payroll, warrants would not be actual cash that you spend on your bills, it was \$180,726. We report everything that goes out of the bank accounts and if there is a better format she can get this for the committee.

Kory Billings stated that when we go to fill out the paperwork from our liability insurance and those type of insurances, are they looking at that number, if they see this number in the works, then the insurance premiums are usually higher.

Dawnita Castle replied that they usually use your revenues which comes out of the income statement, this is more of a cash flow. Dental Centers of America still have their credit cards coming to BMHD and she stated that we are collecting those fees from him, we deduct that when we send it out. Edward Lujano stated that David Thompson will be here today; their application is in the process through Denti-Cal. When this is completed his money will go to him and not funneling through our accounts.

A motion was made/seconded, (Kory Billings / Edward Lujano) to approve and accept the August 2018 Total Payroll in the amount \$29,668.19 and Total Accounts Payable in the amount of \$673,342.78 for a total Grand Total Disbursement of \$703,010.97, 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, October 25, 2018 at 1:30 pm.

As there was no further business, the meeting adjourned at 1:47 p.m.

Respectfully Submitted,

Fily Cale
Executive Assistant

Glenn Arnold
Committee Member

**BLOSS MEMORIAL HEALTHCARE DISTRICT
FINANCE COMMITTEE MEETING
Period Ended September 2018**

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 \$25,337 for the month compared to a net loss of \$43,235 last year. Expenses include \$21,750 of SKDSC costs.

The September 30, Operating Cash Balance was \$3,169,573 and Days Cash On Hand was 676 Days*. In August the DCH was 570 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:

	Sep-18	Sep-17	VARIANCE *	%	Y-T-D Sep-18	Y-T-D Sep-17	Y-T-D VARIANCE *	Y-T-D %
Net Patient Revenue	0	210,635	(210,635)	-100.00%	(44,688)	610,361	(655,049)	-107.32%
Other Operating Revenue	12,451	1,251	11,200	895.28%	(49,757)	6,560	(56,317)	-858.49%
Total Net Operating Revenue	12,451	211,886	(199,435)	-94.12%	(94,445)	616,921	(711,366)	-115.31%
Operating Expenses Excluding Depreciation	140,703	334,706	194,003	57.96%	460,149	1,017,149	557,000	54.76%
Net Operating Income (Loss) Before Depreciation	(128,252)	(122,820)	(5,432)	-4.42%	(554,594)	(400,228)	(154,366)	-38.57%
Net Non Operating-Gains/Losses								
Gain/Loss on Investments	(2,290)	4,983	(7,273)	-145.96%	7,464	9,902	(2,438)	-24.62%
CDSC Gain/Losses	0	(54,315)	(54,315)	100.00%	0	(163,814)	163,814	100.00%
All Other Non-Operating Gains/Losses	155,879	128,917	(26,962)	-20.91%	474,003	383,337	90,666	23.65%
Total Net Non-Operating Income: Losses/Gains	153,589	79,585	(74,004)	-92.99%	481,467	229,425	252,042	108.86%
Total Net Income (Loss) Before Depreciation	25,337	(43,235)	68,572	-158.60%	(73,127)	(170,803)	97,676	-57.19%
Depreciation Expense	44,156	59,780	(15,624)	-26.14%	163,124	179,607	(16,483)	-9.18%
Net Income (Loss) After Depreciation	(18,819)	(103,015)	84,196	-81.73%	(236,251)	(350,410)	114,159	-32.58%

* Note: unfavorable variances are indicated by parenthesis ()

Bloss Memorial HealthCare District
 Operations Summary Report
 Three Months Ending September 30, 2018

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

	Sep-18	Sep-17	VARIANCE	%	Y-T-D Sep-18	Y-T-D Sep-17	Y-T-D VARIANCE *	Y-T-D %
EMPLOYEE FTE'S	0.30	13.82	13.52	97.83%	0.54	13.46	12.92	95.99%
CONTRACT FTE'S	4.47	4.15	(0.32)	-7.71%	3.89	4.44	0.55	12.39%
TOTAL FTE'S	4.77	17.97	13.20	73.46%	4.43	17.90	13.47	75.25%

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

Full Time Equivalent - Employees for the month are 97.83% less than the prior year with 13.52 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
CCDSC	13.52	13.16	Less Department
All other departments < 1 fte var	0.00	(0.24)	Various departments less than 1 fte variance.

13.52 12.92 Brackets () indicate a decrease (favorable) variance

RUN DATE: 10/15/18
 RUN TIME: 0755
 RUN USER: DAMEDA

BLOSS MEMORIAL HEALTHCARE DISTRICT, A PUBLIC ENTITY.
 DETAIL BALANCE SHEET
 PRIOR MONTH COMPARISON
 SEP 2018

	CURRENT MO. SEP 2018	PRIOR MONTH AUG 2018	\$ CHANGE	% CHANGE	PRIOR YEAR SEP 2017
ASSETS					
CURRENT ASSETS					
CASH AND EQUIVALENTS					
CASH - GENERAL CHECKING	2,235,683	362,085	1,873,598	517.45%	324,048
CDSC CASH - NEW GENERAL CHK	31,771	618,562	(586,792)	(94.86)%	0
CDSC CASH - GENERAL CHECKING	169,442	620,354	(450,912)	(72.69)%	0
CCDSC-GENERAL CHECKING	65,848	57,717	8,132	14.09%	5,679
CCDSC-GENERAL CHECKING	315,690	1,136,371	(820,681)	(72.22)%	1,010,271
CASH - PAYROLL ACCOUNT	10,000	24,539	(14,539)	(59.25)%	10,000
CCDSC PETTY CASH	0	0	0	0.00%	100
CASH - LAIF SAVINGS ACCOUNT	340,572	343,079	(2,507)	(0.73)%	143,765
LAIF - FUNDED DEPRECIATION	159,517	156,983	2,534	1.61%	57,142
CCDSC CHANGE FUNDS	0	0	0	0.00%	500
MARKETABLE SECURITIES CAP IMP	257,254	258,956	(1,702)	(0.66)%	249,036
MARKETABLE SECURITIES GRANTS	108,378	108,966	(588)	(0.54)%	105,625
TOTAL CASH AND EQUIVALENTS	3,694,153	3,687,610	6,543	0.18%	1,906,167
PATIENT ACCOUNTS RECEIVABLE					
A/R BAD DEBT	0	0	0	0.00%	364,921
CCDSC A/R OPEN DENT	0	0	0	0.00%	472,552
TOTAL PATIENT ACCOUNTS RECEIVABLE	0	0	0	0.00%	837,472
ALLOWANCES					
ALLOWANCE - B.D. COLLECTIONS	0	0	0	0.00%	(364,921)
CCDSC ALLOWANCE - OPEN DENT	0	0	0	0.00%	(149,859)
TOTAL ALLOWANCES	0	0	0	0.00%	(514,780)
NET PATIENT ACCOUNTS RECEIVABLE	0	0	0	0.00%	322,692
OTHER RECEIVABLES					
DSCA RECEIVABLE	29,633	37,722	(8,089)	(21.44)%	0
RENT RECEIVABLE	200	0	200	666.67%	0
PROPERTY TAX RECEIVABLE	96,135	64,090	32,045	50.00%	81,030
CDSC PROFIT ACCRUAL	0	0	0	0.00%	(163,814)
CFHC INC RECEIVABLE	23,642	19,527	4,115	21.07%	1,500
DSCA CAPTIAL NOTE RECEIVABLE	200,000	200,000	0	0.00%	0
DSCA ATWATER NOTE RECEIVABLE	1,750,000	1,750,000	0	0.00%	0
DSCA STOCKTON NOTE RECEIVABLE	200,000	200,000	0	0.00%	0
OTHER ACCOUNTS RECEIVABLE	1,945	1,945	0	0.00%	0

BLOSS MEMORIAL HEALTHCARE DISTRICT, A PUBLIC ENTITY,
 DETAIL BALANCE SHEET
 PRIOR MONTH COMPARISON
 SEP 2018

	CURRENT MO. SEP 2018	PRIOR MONTH AUG 2018	\$ CHANGE	% CHANGE	PRIOR YEAR SEP 2017
ALLOWANCES FOR OTHER RECEIVABLES					
NET OTHER ACCOUNTS RECEIVABLE	2,301,555	2,273,284	28,271	1.24%	(81,284)
INVENTORY					
CCDSC INVENTORY	0	0	0	0.00%	30,232
CCDSC TAX ON INVENTORY ITEMS	0	0	0	0.00%	(2,425)
TOTAL INVENTORY	0	0	0	0.00%	27,808
PREPAID EXPENSES AND DEPOSITS					
PREPAID INSURANCE	47,509	70,028	(22,519)	(32.16)%	47,755
PREPAID EXPENSE - SYSTEM	949	1,507	(557)	(37.00)%	12,157
PREPAID EXPENSE - MANUAL	9,059	11,313	(2,255)	(19.93)%	7,605
CCDSC PREPAID EXP - MANUAL	0	0	0	0.00%	4,509
TOTAL PREPAID EXPENSES AND DEPOSITS	57,517	82,848	(25,331)	(30.58)%	72,026
TOTAL CURRENT ASSETS	6,053,225	6,043,742	9,483	0.16%	2,247,409
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	21,694,629	21,694,629	0	0.00%	21,667,198
CASTLE FACILITY	43,036	43,036	0	0.00%	31,367
BLDG CCDSC IMPROVEMENTS	0	0	0	0.00%	30,025
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
LEASEHOLD IMPROVEMENTS	17,063	17,063	0	0.00%	14,619
SKDSC LEASEHOLD IMPROVEMENTS	42,015	42,015	0	0.00%	42,015
EQUIPMENT - MAJOR MOVABLE	4,609,198	4,609,198	0	0.00%	4,613,394
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	694,187	694,187	0	0.00%	702,755
CCDSC EQUIPMENT- MAJOR MOVABLE	0	0	0	0.00%	21,980
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	64,795	64,795	0	0.00%	64,795
CCDSC EQUIPMENT - MINOR	0	0	0	0.00%	73,709

BLOSS MEMORIAL HEALTHCARE DISTRICT, A PUBLIC ENTITY.
 DETAIL BALANCE SHEET
 PRIOR MONTH COMPARISON
 SEP 2018

	CURRENT MO. SEP 2018	PRIOR MONTH AUG 2018	\$ CHANGE	% CHANGE	PRIOR YEAR SEP 2017
TOTAL PROPERTY PLANT AND EQUIPMENT	33,298,938	33,298,938	0	0.00%	33,395,871
ACCUMULATED DEPRECIATION					
ACCUM DEPREC - LAND IMPROVMNTS	(115,300)	(114,929)	(371)	0.32%	(110,695)
ACCUM DEPREC - BLDGS & IMPROV	(8,850,793)	(8,802,410)	(48,383)	0.55%	(8,272,718)
CCDSC ACCUM DEPREC BLDG IMP	0	(1,925)	1,925	(100.00)%	(3,792)
ACCUM DEPREC - FIXED EQUIP	(1,978,289)	(1,976,053)	(2,236)	0.11%	(1,911,211)
ACCUM DEPREC - LEASEHOLD IMPRV	(40,653)	(40,247)	(407)	1.01%	(35,376)
SKDSCACCUM DEPREC-LEASH IMPROV	(28,767)	(28,382)	(385)	1.36%	(24,149)
ACCUM DEPREC - MAJOR MOVE EQPT	(4,469,934)	(4,468,334)	(1,600)	0.04%	(4,462,531)
SKDSC ACCUM DEPREC-MAJORMV EQU	(712,298)	(712,298)	0	0.00%	(712,298)
CCDSC ACCUM DEPREC MAJOR EQP	0	(483)	483	(100.00)%	(6,685)
ACCUM DEPREC - MINOR EQUIPMENT	(575,455)	(575,455)	0	0.00%	(574,230)
SKDSC ACCUM DEPREC-MINOR EQUIP	(64,007)	(64,007)	0	0.00%	(64,007)
CCDSC ACCUM DEPREC MINOR EQUIP	0	(6,818)	6,818	(100.00)%	(47,136)
TOTAL ACCUMULATED DEPRECIATION	(16,835,496)	(16,791,340)	(44,156)	0.26%	(16,224,829)
NET PROPERTY, PLANT, AND EQUIPMENT	16,463,442	16,507,598	(44,156)	(0.27)%	17,171,043
ASSETS LIMITED AS TO USE					
CASH - UNG GOODWIN TRUST	178,445	173,892	4,553	2.62%	167,188
TOTAL RESTRICTED ASSETS	178,445	173,892	4,553	2.62%	167,188
OTHER ASSETS					
CDSC RECEIVABLE	0	0	0	0.00%	3,507,811
INVESTMENT IN CDSC	0	0	0	0.00%	(1,773,233)
TOTAL OTHER ASSETS	0	0	0	0.00%	1,734,578
TOTAL ASSETS LIMITED AS TO USE	16,641,887	16,681,490	(39,603)	(0.24)%	19,072,809
TOTAL ASSETS	22,695,112	22,725,232	(30,120)	(0.13)%	21,320,217
LIABILITIES AND FUND BALANCES					
CURRENT LIABILITIES					

BLOSS MEMORIAL HEALTHCARE DISTRICT, A PUBLIC ENTITY,
 DETAIL BALANCE SHEET
 PRIOR MONTH COMPARISON
 SEP 2018

	CURRENT MO. SEP 2018	PRIOR MONTH AUG 2018	\$ CHANGE	% CHANGE	PRIOR YEAR SEP 2017
ACCOUNTS PAYABLE					
ACCOUNTS PAYABLE - VENDORS	25,270	35,875	10,605	(29.56)%	144,697
CCDSC ACCOUNTS PAYABLE-VENDORS	0	0	0	0.00%	15,343
ACCOUNTS PAYABLE - ACCRUALS	27,943	32,686	4,743	(14.51)%	35,576
AP ACCRUALS CCDSC	0	0	0	0.00%	19,139
ACCOUNTS PAYABLE - OTHER	108,939	105,714	(3,225)	3.05%	82,477
CASTLE INC PAYABLE	26,233	26,329	96	(0.36)%	33,941
DSCA PAYABLE	158,985	128,257	(30,727)	23.96%	0
AP OTHER CCDSC	0	0	0	0.00%	4,000
CONTINGENCY ACCRUAL	0	0	0	0.00%	2,000
TOTAL ACCOUNTS PAYABLE	347,370	328,862	(18,508)	5.63%	337,174
ACCRUED PAYROLL					
ACCRUED SALARY AND WAGES	6,888	12,991	6,103	(46.98)%	57,426
ACCRUED VACATION	23,373	20,247	(3,127)	15.44%	32,286
FICA PAYABLE	527	994	467	(46.98)%	4,374
PENSION PLAN ACCRUAL	2,123	33,731	31,608	(93.71)%	9,293
OTHER PAYROLL PAYABLES	1,336	647	(689)	106.59%	3,570
CHRISTAMS CLUB CASH	0	0	0	0.00%	9,045
TOTAL ACCRUED PAYROLL	34,248	68,609	34,362	(50.08)%	115,994
OTHER CURRENT LIABILITIES					
DEFERRED REVENUE	0	0	0	0.00%	7,500
TOTAL OTHER CURRENT LIABILITIES	0	0	0	0.00%	(7,500)
INTERCORPORATE TRANSFERS					
TOTAL CURRENT LIABILITIES	381,617	397,471	15,854	(3.99)%	460,668
LONG TERM LIABILITIES					
TOTAL LIABILITIES	381,617	397,471	15,854	(3.99)%	460,668
FUND BALANCES					
UNG GOODWIN TRUST	178,445	173,892	(4,553)	2.62%	167,188
TOTAL RESTRICTED FUND BALANCE	178,445	173,892	(4,553)	2.62%	167,188
UNRESTRICTED FUND BALANCE					
CAPITAL - BMHCD	2,052,456	2,052,456	0	0.00%	723,928
DONATED CAPITAL	20,318,844	20,318,844	0	0.00%	20,318,844
CURRENT YR NET INCOME (LOSS)	(236,251)	(217,431)	18,819	8.66%	(350,410)

RUN DATE: 10/15/18
RUN TIME: 0755
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
SEP 2018

	CURRENT MO. SEP 2018	PRIOR MONTH AUG 2018	\$ CHANGE	% CHANGE	PRIOR YEAR SEP 2017
TOTAL FUND BALANCE	22,313,494	22,327,761	14,266	(0.06)%	20,859,550
TOTAL LIABILITIES AND FUND BALANCES	22,695,112	22,725,232	30,120	(0.13)%	21,320,217

BLOSS MEMORIAL HEALTHCARE DISTRICT
SUMMARY INCOME STATEMENT
PRIOR YEAR COMPARISON
SEP 2018

	SEP 2018 ACTUAL	SEP 2017 ACTUAL	\$ VARIANCE	% VARIANCE	SEP 2018 YTD ACTUAL	SEP 2017 YTD ACTUAL	\$ VARIANCE	% VARIANCE
PATIENT SERVICES REVENUE	0	221,721	(221,721.21)	(100)%	0	632,746	(632,746)	(100.00)%
CCDSC DENTAL SURGERY REV	0	221,721	(221,721.21)	(100)%	0	632,746	(632,746)	(100.00)%
TOTAL PATIENT REVENUE	0	11,086	11,086.06	100%	44,688	22,384	(22,304)	(99.64)%
DEDUCTIONS FROM REVENUE	0	11,086	11,086.06	100%	44,688	22,384	(22,304)	(99.64)%
DENTAL SURGERY RD	0	210,635	(210,635.15)	(100)%	(44,688)	610,361	(655,050)	(107.32)%
NET PATIENT REVENUE	12,451	1,251	11,199.74	895%	(49,757)	6,560	(56,317)	(858.47)%
OTHER REVENUE	12,451	211,886	(199,435.41)	(94)%	(94,445)	616,921	(711,366)	(115.31)%
TOTAL NET OPERATING REVENUE	11,443	67,244	55,800.40	83%	19,997	198,812	178,815	89.94%
OPERATING EXPENSES	1,895	8,557	6,662.47	78%	6,126	35,880	29,755	82.93%
SALARIES AND WAGES	5,230	87,946	82,715.31	94%	21,468	265,918	244,450	91.93%
EMPLOYEE BENEFITS	215	29,786	29,571.02	99%	5,076	91,204	86,129	94.44%
PROFESSIONAL FEES	59,797	53,685	(6,112.20)	(11)%	190,680	167,071	(23,609)	(14.13)%
SUPPLIES	44,156	59,780	15,624.11	26%	163,124	179,607	16,483	9.18%
PURCHASED SERVICES	19,102	19,131	28.61	0%	57,211	57,298	86	0.15%
DEPRECIATION	37,066	47,695	10,629.21	22%	131,536	144,964	13,428	9.26%
RENTS AND LEASES	1,831	8,153	6,321.69	78%	20,005	26,463	6,458	24.40%
UTILITIES	4,124	12,511	8,386.71	67%	8,050	29,539	21,489	72.75%
INSURANCE	184,859	394,486	209,627.33	53%	623,273	1,196,756	573,483	47.92%
OTHER EXPENSES	(172,408)	(182,600)	10,191.92	(6)%	(717,718)	(579,835)	(137,883)	23.78%
TOTAL OPERATING EXPENSE	160,878	79,585	81,293.56	102%	488,758	229,501	259,256	112.97%
NET INCOME FROM OPERATIONS	7,290	0	(7,290.07)	102%	7,290	77	(7,214)	(9,435.74)%
NON-OPERATING REVENUE	153,588	79,585	74,003.49	93%	481,468	229,425	252,043	109.86%
NON-OPERATING EXPENSE	(18,819)	(103,015)	84,195.41	(82)%	(236,251)	(350,410)	114,159	(32.58)%
NET NON-OPERATING INCOME								
NET INCOME								

NOTE: UNFAVORABLE VARIANCES ARE SHOWN IN PARENTHESES

CRP 00
 FTE'S BY DEPARTMENT

(UN) FAVORABLE VARIANCE %

YTD SEP 2018

YTD SEP 2017

(UN) FAVORABLE VARIANCE %

YTD SEP 2018

YTD SEP 2017

(UN) FAVORABLE VARIANCE %

*** EMPLOYEE FULL TIME EQUIVALENTS ***

7200 CCDC	0.00	13.52	100.00%	0.00	13.16	100.00%	13.16	100.00%
8610 ADMINISTRATION	0.30	0.00	0.00%	0.54	0.30	(79.74)%	(0.24)	(79.74)%
TOTAL EMPLOYEE FTE'S	0.30	13.82	97.83%	0.54	13.46	96.00%	12.92	96.00%

*** CONTRACT FULL TIME EQUIVALENTS ***

CCDC	0.00	0.44	100.00%	0.00	0.51	100.00%	0.51	100.00%
PURCHASING	0.03	0.00	(20.19)%	0.02	0.03	32.42%	0.01	32.42%
MAINTENANCE & PLANT OPERATIONS	4.26	3.11	(37.12)%	3.63	3.30	(10.15)%	(0.33)	(10.15)%
ACCOUNTING	0.09	0.35	72.83%	0.14	0.37	61.49%	0.22	61.49%
ADMINISTRATION	0.08	0.15	44.24%	0.09	0.14	38.37%	0.05	38.37%
PERSONNEL	0.00	0.08	100.00%	0.00	0.09	100.00%	0.09	100.00%
CLINIC ADMINISTRATION	0.01	0.01	(5.04)%	0.01	0.01	0.00%	0.00	0.00%
TOTAL CONTRACT FTE'S	4.47	4.15	(7.81)%	3.89	4.44	12.31%	0.55	12.31%

*** TOTAL FULL TIME EQUIVALENTS ***

CCDC	0.00	13.96	100.00%	0.00	13.66	100.00%	13.66	100.00%
PURCHASING	0.03	0.02	(20.19)%	0.02	0.03	32.42%	0.01	32.42%
MAINTENANCE & PLANT OPERATIONS	4.26	3.11	(37.12)%	3.63	3.30	(10.15)%	(0.33)	(10.15)%
ACCOUNTING	0.09	0.35	72.83%	0.14	0.37	61.49%	0.22	61.49%
ADMINISTRATION	0.38	0.45	14.47%	0.62	0.44	(42.27)%	(0.19)	(42.27)%
PERSONNEL	0.00	0.08	100.00%	0.00	0.09	100.00%	0.09	100.00%
CLINIC ADMINISTRATION	0.01	0.01	(5.04)%	0.01	0.01	0.00%	0.00	0.00%
TOTAL FTE'S	4.77	17.97	73.45%	4.43	17.89	75.24%	13.46	75.24%

RECOMMENDATION OF FYE 2018 AUDIT

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**BLOSS MEMORIAL
HEALTHCARE DISTRICT**

Audited Financial Statements

June 30, 2018 and 2017

Bloss Memorial Healthcare District

Audited Financial Statements

June 30, 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, 2018 and 2017, 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 standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2018 and 2017, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 30, 2018, on our consideration of the Bloss Memorial Healthcare District internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Bloss Memorial Healthcare District internal control over financial reporting and compliance.

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Blomberg & Griffin, A.C.
Stockton, CA
August 30, 2018

**Bloss Memorial Healthcare District
Management's Discussion and Analysis
June 30, 2018**

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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, 2018 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 2018. The audited financial statements included herewith have been prepared and submitted with an unqualified opinion from the District’s independent auditor.

In FY 2018 Bloss continued to operate two Dental Surgery Centers in the San Joaquin Valley – Central California Dental Surgery Center in Atwater (CCDSC), and Children’s Dental Surgery Center in Stockton (CDSC). 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 \$794,516. Total net gain in the sale of the surgery centers is \$1,056,633.

A comparison of Dental Surgery patient volumes by site is as follows:

	<u>FYE 18</u>	<u>FYE 17</u>	<u>Change</u>	<u>% change</u>
CCDS	<u>1,821</u>	<u>2,421</u>	<u>(600)</u>	<u>-24.78%</u>
CDSC	<u>1,187</u>	<u>2,651</u>	<u>(1,464)</u>	<u>-55.22%</u>
Totals	<u><u>3,008</u></u>	<u><u>5,072</u></u>	<u><u>-2,064</u></u>	<u><u>-40.69%</u></u>

Bloss had a gain in FY 2018 of \$1,328,529 which includes \$706,697 of depreciation expense.

Bloss has also continued its affiliation with Castle Family Health Centers, Inc (CFHC), which provided services to 129,325 patient visits during FY 2018. The affiliation with CFHC has allowed Bloss to continue its mission in the provision of healthcare services to the community. In FY 2018 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.

Bloss Memorial Healthcare District
Management's Discussion and Analysis
June 30, 2018

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Comments on the Statement Net Position

Total Cash and Cash Equivalents increased by \$1,474,446 a 64.90% from the prior year. CCDSC and CDSC Net Patient Accounts receivable account for \$179,091 during FY 2018 for dental services provided prior to the sale on May 31, 2018. Other Receivables increased by \$2,397,920 7,143% over the prior year. The large increase is due to three Note Receivable from Dental Surgery Centers of America totaling \$2,150,000 from the sale of the surgery centers.

Table 1
Condensed Statements of Net Position:

	<u>2018</u>	<u>2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and Other Assets	\$ 6,602,220	\$ 6,096,392	\$ 505,828	8.30%
Capital Assets, Net	16,599,134	17,350,650	(751,516)	-4.33%
Total Assets	<u>23,201,354</u>	<u>23,447,042</u>	<u>(245,688)</u>	<u>-1.05%</u>
Long-term Debt	-	566	(566)	-100.00%
Other Liabilities	656,161	2,236,109	(1,579,948)	-70.66%
Total Liabilities	<u>656,161</u>	<u>2,236,675</u>	<u>(1,580,514)</u>	<u>-70.66%</u>
Net Position Invested in Capital Assets, Net of Related Debt	16,599,134	17,350,084	(750,950)	-4.33%
Temporarily restricted	173,892	167,595	6,297	3.76%
Unrestricted	5,772,167	3,692,688	2,079,479	56.31%
Total Net Position	<u>\$ 22,545,193</u>	<u>\$ 21,210,367</u>	<u>\$ 1,334,826</u>	<u>6.29%</u>

Property Plant and Equipment

Fixed Assets decreased by \$124,365 (0.37%) during FY 2018 over the prior year. The deletion of CCDSC Fixed Assets accounted for the decrease with the transfer of assets to Dental Surgery Centers of America according to the purchase and sales of assets agreement. A Summary of changes in Fixed Assets is as follows:

Capital Expenditures:	
Building Upgrades and Repairs	\$ 14,113
CCDSC Equipment- Major Movable	-64,769
CCDSC Equipment-Minor	<u>-73,709</u>
Net Change in fixed assets	<u>\$ -124,365</u>

Total Liabilities as of June 30, 2018 of \$656,161 increased from the prior year by \$192,719 41.58% as a result of BMHD assuming any of the surgery centers liabilities including accounts payable prior to the purchase of the two surgery centers.

**Bloss Memorial Healthcare District
Management's Discussion and Analysis
June 30, 2018**

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Comments on the Statement of Revenue and Expenses

Net patient revenues decreased by \$267,266 in FY 2018 over the prior year. The decrease is attributable to CCDSC as Bloss sold ownership of the dental center on May 31, 2018.

Bloss's other operating revenue consists of reimbursement for services provided to Stockton surgery center. Services Reimbursement Revenue earned in FY 2018 was \$9,283 compared to \$8,896 in FY 2017. FY 2018 Operating Revenue also included \$114,936 in DentiCal incentive payments for benchmark progress. Other Operating Revenue is \$34,188 includes Beta and Alpha Funds special dividends.

Total operating expenses in FY 2018 were \$4,621,535 a decrease of \$477,505 9.36% from the prior year. Total CCDSC expenses account for 2,332,315 of the FY 2018 total expense compared to 2017 CCDSC total expense was \$2,681,674 for a total decrease of \$349,359.

Major sources of Non-Operating Revenues in FY 2018 are Rental Income of \$1,201,640, Bloss Trust income of \$565,000, and Property Tax Revenue of \$377,001. Non-Operating Revenues also include: \$ 318,950 CDSC Partnership loss.

Table 2

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

	2018	2017	Dollar Change	Percent Change
Operating Revenues	\$ 3,609,385	\$ 3,828,388	\$ (219,003)	-5.72%
Nonoperating Revenues	2,340,679	1,374,667	966,012	70.27%
Total Revenues	5,950,064	5,203,055	747,009	14.36%
Depreciation Expense	706,697	720,773	(14,076)	-1.95%
Other Operating Expenses	3,914,838	4,378,267	(463,429)	-10.58%
Total Expenses	\$ 4,621,535	\$ 5,099,040	\$ (477,505)	-9.36%

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, 2018 and 2017

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	June 30,	
	2018	2017
Assets		
Current Assets:		
Cash and cash equivalents	\$ 3,746,463	\$ 2,263,700
Patient accounts receivable, net of allowances	179,091	384,356
Other receivables and physician advances	281,492	3,167,939
Assets limited as to use	-	8,315
Supplies	-	30,960
Prepaid expenses and deposits	71,282	73,527
Total Current Assets	4,278,328	5,928,797
Non-Current Assets:		
Note Receivable	2,150,000	-
Total Non-Current Assets	2,150,000	-
Assets limited as to use- UNG Goodwin Trust	173,892	167,595
Capital assets, net of accumulated depreciation	16,599,134	17,350,650
Total Assets	\$ 23,201,354	\$ 23,447,042
Liabilities and Net Position		
Current Liabilities:		
Current maturities of debt borrowings	\$ -	\$ 566
Accounts payable and accrued expenses	582,120	326,641
Accrued payroll and related liabilities	74,041	136,235
Total Current Liabilities	656,161	463,442
Investments in CCDSC and CDSC	-	1,773,233
Total Liabilities	656,161	2,236,675
Net Position:		
Temporarily restricted	173,892	167,595
Invested in capital assets, net of related debt	16,599,134	17,350,084
Unrestricted	5,772,167	3,692,688
Total Net Position	22,545,193	21,210,367
Total Liabilities and Net Position	\$ 23,201,354	\$ 23,447,042

See accompanying notes and auditor's report.

BLOSS MEMORIAL HEALTHCARE DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
June 30, 2018 and 2017

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	Year Ended June 30	
	2018	2017
Operating Revenues		
Net patient service revenue	\$ 2,875,944	\$ 3,143,210
Donations	565,000	566,885
Other operating revenue	168,441	118,293
	3,609,385	3,828,388
Operating Expenses		
Salaries and wages	711,605	733,230
Employee benefits	160,202	167,095
Professional fees	1,102,726	1,347,439
Purchased services	641,975	664,873
Supplies	358,148	400,884
Repairs and maintenance	78,962	109,491
Utilities	448,610	512,095
Rental and lease	229,629	227,588
Depreciation and amortization	706,697	720,773
Insurance	101,623	94,631
Other operating expenses	81,358	120,941
	4,621,535	5,099,040
Operating Income (loss)	(1,012,150)	(1,270,652)
Non-Operating Revenues (Expenses)		
District tax revenue	377,000	346,565
Investment income	10,947	2,260
Partnership income (Loss)	(318,950)	(161,366)
Sale of asset income (Loss)	1,056,633	-
Rental income	1,201,640	1,164,053
Other non-operating income (Loss)	13,409	23,945
Interest expense	-	(790)
	2,340,679	1,374,667
Excess (deficit) of Revenues over Expenses	1,328,529	104,015
Net change in Temporarily Restricted Position	6,297	11,972
Increase (decrease) in Net Position	1,334,826	115,987
Net Position at Beginning of the Year	21,210,367	21,094,380
Net Position at End of the Year	\$ 22,545,193	\$ 21,210,367

See accompanying notes and auditor's report

BLOSS MEMORIAL HEALTHCARE DISTRICT

Statements of Cash Flows

June 30, 2018 June 2017

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	<u>Year Ended June 30</u>	
	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Cash received from patients and third-parties on behalf of patients	\$ 3,081,209	\$ 3,262,404
Cash received for operations, other than patient services	1,469,888	577,837
Cash payments to suppliers and contractors	(2,746,032)	(3,468,588)
Cash payments to employees and benefit programs	(934,001)	(894,308)
Net cash used in operating activities	<u>871,064</u>	<u>(522,655)</u>
Cash Flows from Non-Capital Financing Activities:		
District tax revenues	377,000	346,565
Net cash provided by non-capital financing activities	<u>377,000</u>	<u>346,565</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets, net of disposals	38,521	(121,751)
Principal payments on debt borrowings	(566)	(32,383)
Interest payments on debt borrowings	-	(790)
Net cash used in capital and related financing activities	<u>37,955</u>	<u>(154,924)</u>
Cash Flows from Investing Activities:		
Net change in other liabilities	(1,773,233)	161,366
Partnership income (Loss)	(318,950)	(161,366)
Sale of Asset income (Loss)	1,056,633	-
Rental income	1,201,640	1,164,053
Other non-operating income (expenses)	13,409	23,945
Net change in temporarily net assets	6,297	(11,972)
Net income from investments	10,947	2,260
Net cash provided by investing activities	<u>196,743</u>	<u>1,178,286</u>
Net increase in cash and cash equivalents	1,482,762	847,272
Cash and cash equivalents at beginning of year	<u>2,263,701</u>	<u>1,416,429</u>
Cash and cash equivalents at end of year	<u>\$ 3,746,463</u>	<u>\$ 2,263,701</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating loss	\$ (1,012,150)	\$ (1,270,652)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	706,697	720,773
Changes in operating assets and liabilities:		
Patient accounts receivable	205,265	119,194
Other receivables and Note Receivable	736,447	(107,341)
Supplies	8,315	(1,078)
Prepaid expenses and deposits	33,205	1,847
Accounts payable and accrued expenses	255,479	10,706
Accrued payroll and related liabilities	(62,194)	3,896
Estimated third party payor settlements	-	-
Net cash used in operating activities	<u>\$ 871,064</u>	<u>\$ (522,655)</u>

See accompanying notes and auditor's report

BLOSS MEMORIAL HEALTHCARE DISTRICT

Notes to Financial Statements

June 30, 2018 and 2017

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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 14 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, 2018 and 2017

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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, 2018, the allowance for doubtful accounts and contractual adjustments was \$113,383.

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, 2018 and 2017, the District has determined that no capital assets are impaired.

BLOSS MEMORIAL HEALTHCARE DISTRICT

Notes to Financial Statements

June 30, 2018 and 2017

DRAFT

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, 2018 and 2017 are \$34,447 and \$25,031 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 debt 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 low 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, 2018 and 2017

DRAFT

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.

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, 2018 and 2017, the District had deposits invested in various financial institutions in the form of cash equivalents amounting to \$3,920,355 and \$2,439,610, 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, 2018 and 2017

DRAFT

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 14. 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.

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 14 for more detail.

NOTE 4 – INVESTMENTS

The District’s investment balances and average maturities were as follows at June 30, 2018 and 2017.

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

2017				
Investment Maturities in Years				
	Fair Value	Less than 1	1 to 5	Over 5
Money Market Accounts	\$ 400,859	\$ 400,859	\$ -	\$ -
Mutual Funds Accounts	337,992	337,992	-	-
Marketable Securities	164,008	164,008	-	-
Total Investments	\$ 902,859	\$ 902,859	\$ -	\$ -

BLOSS MEMORIAL HEALTHCARE DISTRICT
Notes to Financial Statements
June 30, 2018 and 2017

DRAFT

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, 2018 and 2017

DRAFT

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 is any credit risks associated with these governmental agencies. Concentration of patient accounts receivable at June 30, 2018 is as follows:

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

NOTE 6 – ASSETS LIMITED AS TO USE

Assets limited as to use as of June 30, 2018 and 2017 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 \$17,244 and \$14,232 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017 were comprised of the following:

	<u>2018</u>	<u>2017</u>
Children's Dental Surgery Center	\$ -	\$ 3,134,367
Property taxes receivable	35,721	33,449
Other	245,770	123
	<u>\$ 281,491</u>	<u>\$ 3,167,939</u>

BLOSS MEMORIAL HEALTHCARE DISTRICT

Notes to Financial Statements

June 30, 2018 and 2017

DRAFT

NOTE 8 – NOTE RECEIVABLE

Receivables at June 30, 2018 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	-	200,000	-	200,000	-
	<u>\$ -</u>	<u>\$ 2,150,000</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, 2018 and 2017 were comprised of the following:

	<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	8,345,466	-	(138,478)	8,206,988
Total at historical cost	<u>33,395,871</u>	<u>14,113</u>	<u>(138,478)</u>	<u>33,271,506</u>
Less accumulated depreciation	(16,045,221)	(706,697)	79,546	(16,672,372)
Capital Assets Net	<u>\$ 17,350,650</u>	<u>\$ (692,584)</u>	<u>\$ (58,932)</u>	<u>\$ 16,599,134</u>

	<u>Balance June 30, 2016</u>	<u>Transfer & Additions</u>	<u>Retirement & Adjustments</u>	<u>Balance at June 30, 2017</u>
Land and land improvements	\$ 2,257,611	\$ -	\$ -	\$ 2,257,611
Building and improvements	22,730,694	62,100	-	22,792,794
Equipment	8,285,815	68,219	(8,568)	8,345,466
Total at historical cost	<u>33,274,120</u>	<u>130,319</u>	<u>(8,568)</u>	<u>33,395,871</u>
Less accumulated depreciation	(15,333,018)	(720,771)	8,568	(16,045,221)
Capital Assets Net	<u>\$ 17,941,102</u>	<u>\$ (590,452)</u>	<u>\$ -</u>	<u>\$ 17,350,650</u>

BLOSS MEMORIAL HEALTHCARE DISTRICT
Notes to Financial Statements
June 30, 2018 and 2017

DRAFT

NOTE 10 – DEBT BORROWINGS

Long-term debt at June 30, 2018 and 2017 consists of the following:

	June 30,	
	2018	2017
Notes Payable, interest charged at 5% per annum, monthly principal and interest payments of \$2,453 through June, 2017 unsecured	\$ -	\$ 566
Total Debt Borrowing	-	566
Less Current Portion	-	(566)
Total Long Term Portion	\$ -	\$ -

Future principal maturity for debt borrowings at June 30, 2018 is \$-0-.

NOTE 11 – 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 12 – 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.

BLOSS MEMORIAL HEALTHCARE DISTRICT
Notes to Financial Statements
June 30, 2018 and 2017

DRAFT

NOTE 13 – 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, 2018 and 2017, were \$229,629 and \$227,588, respectively. Future minimum lease payments for the succeeding years under operating leases as of June 30, 2018, 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, 2018 will be resolved without material adverse effect on the District's future financial position, results from operations or cash flows.

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 statutes 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.

BLOSS MEMORIAL HEALTHCARE DISTRICT

Notes to Financial Statements

June 30, 2018 and 2017

DRAFT

NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

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.

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 14 – 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 \$(318,950) and \$(161,367) for the years ended June 30, 2018 and 2017 respectively. The District has receivable from the partnership for services provided and funds advanced in the amounts of \$-0- and \$3,134,367 at June 30, 2018 and 2017 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 \$794,516. Total net gain in the sale of the surgery centers is \$1,056,633.

NOTE 15 – SUBSEQUENT EVENTS

The management of Bloss Memorial Healthcare District has evaluated events subsequent to June 30, 2018 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through October 07, 2018, the date these financial statements were available to be issued.



Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Bloss Memorial Healthcare District
Atwater, California

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Bloss Memorial Healthcare District as of and for the year ended June 30, 2018, which collectively comprise Bloss Memorial Healthcare District basic financial statements and have issued our report thereon dated August 30, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the first preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

A significant deficiency is a deficiency or combination of control deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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 result of the testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Blomberg & Griffin A.C.
Stockton, CA
August 30, 2018

**SIERRA KINGS DENTAL SURGERY CENTER (SKDSC)
BLOSS FINANCE COMMITTEE
Period Ended September 2018**

August Financials

Income Statement – **(blue)**

STERRA KINGS DENTAL SURGERY CENTER
MONTHLY OPERATING REPORT SUMMARY
7210 SKDSC

	SEP 2018 ACTUAL	SEP 2017 ACTUAL	\$ VARIANCE	% VARIANCE	SEP 2018 YTD ACTUAL	SEP 2017 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	0.00%
OPERATING EXPENSES								
PURCHASED SERVICES	450	375	(74.84)	(20)%	1,200	1,125	(75)	(6.65)%
DEPRECIATION	385	385	0.00	0%	1,155	0	0	0.00%
RENTS AND LEASES	19,102	19,007	(95.03)	(1)%	57,211	56,927	(285)	(0.50)%
UTILITIES	591	412	(179.50)	(44)%	1,465	1,347	(119)	(8.80)%
OTHER EXPENSES	1,222	1,192	(29.82)	(3)%	3,665	3,575	(90)	(2.50)%
TOTAL OPERATING EXPENSE	21,750	21,370	(379.19)	(2)%	64,696	64,128	(567)	(0.88)%
NET INCOME FROM OPERATIONS	(21,750)	(21,370)	(379.19)	2%	(64,696)	(64,128)	(567)	0.88%
NON-OPERATING EXPENSE			0.00	0%		0	0	0.00%
NET NON-OPERATING INCOME			0.00	0%		0	0	0.00%
NET INCOME	(21,750)	(21,370)	(379.19)	2%	(64,696)	(64,128)	(567)	0.88%

SEPTEMBER PAYROLL, ELECTRONIC PAYMENT
& CHECK REGISTER

Bloss Memorial Healthcare District
 Payroll, Accounts Payable and Funds Disbursements - Summary
 Month of September-18

Payroll transfer made in Aug 18 for Sep 05 payroll	(\$14,539.42)
Payroll	\$22,067.07
Total Payroll	<u><u>\$7,527.65</u></u>

Accounts Payable:

A/P Checks	Bloss	\$146,730.44	
A/P Checks	TOTAL	<u>\$146,730.44</u>	<u>\$146,730.44</u>

BLOSS

Auto Debits	\$141.43
Electronic Payments to Castle on Payable	\$26,329.29
Electronic Payments to DSCA	\$308,763.58
Total Auto Debits and Electronic Transfers	<u>\$335,234.30</u>

**Central California Dental Surgery Center
 Auto Debits - Old Account**

Bank Fees	13.68	
Total Auto Debits and Electronic Transfers	<u>13.68</u>	<u>\$335,247.98</u>

Electronic Payments - ACH	<u>\$0.00</u>	<u>\$0.00</u>
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Total Accounts Payable	<u><u>\$481,978.42</u></u>
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Grand Total Disbursements	<u><u>\$489,506.07</u></u>
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BLOSS	Payroll Disbursements for		September-18
	Payroll dated		
Earnings	09/05/18	09/20/18	Total
Regular			-
Overtime			-
Vacation	5,000.00		5,000.00
Sick			-
Holiday			-
Salary	4,333.33	4,333.33	8,666.66
Double Time			-
Call In			-
On Call			-
Other			-
Dental Surgery Centers - Marketing	1,828.75	945.00	2,773.75
CFHC - Marketing	1,828.75	945.00	2,773.75
			-
Total	12,990.83	6,223.33	19,214.16
			-
Deductions			-
FICA (+)	993.86	476.09	1,469.95
Insurance (-)	(91.97)	(91.97)	(183.94)
Emp Deduction(-)/Reimb(+)	548.87	822.37	1,371.24
Christmas Fund (-)			-
Process Fee (+)	97.83	97.83	195.66
			-
Total	1,548.59	1,304.32	2,852.91
			-
			-
Net Payroll	\$ 14,539.42	\$ 7,527.65	22,067.07

RUN DATE: 09/28/18
 RUN TIME: 1428
 RUN USER: COOKS

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

C
 FROM 09/01/18 TO 09/28/18

DATE	CHECK NUM	VENDOR NUM	VENDOR NAME	STATUS	STATUS DATE	AMOUNT	
						ISSUED/ CLEARED	VOIDED/ UNCLAIMED
09/07/18	038039	B0032	GRAINGER INDUSTRIAL SUPPLY	ISSUED	09/07/18	23.71	
09/07/18	038040	B0016	GUARDCO SECURITY SERVICES	ISSUED	09/07/18	10657.25	
09/07/18	038041	K0034	JOE S RODRIGUEZ	ISSUED	09/07/18	375.00	
09/07/18	038042	B0253	JOHNSON CONTROLS FIRE PROTECTION LP	ISSUED	09/07/18	600.00	
09/07/18	038043	K0003	M-D VENTURES	ISSUED	09/07/18	19102.14	
09/07/18	038044	B0017	MERCED COUNTY - CASTLE AIRPORT	ISSUED	09/07/18	5391.09	
09/07/18	038045	B0014	PG&E (4705482162-5)	ISSUED	09/07/18	6863.99	
09/07/18	038046	B0262	UNITED FLOOR COVERING - CARPET ONE	ISSUED	09/07/18	13038.02	
09/07/18	038047	B0013	WEST COAST GAS CO, INC.	ISSUED	09/07/18	1634.52	
09/07/18	038048	B0015	WINTON, WATER & SANITARY DISTRICT	ISSUED	09/07/18	72.80	
09/13/18	038049	B0032	GRAINGER INDUSTRIAL SUPPLY	ISSUED	09/13/18	107.75	
09/13/18	038050	B0263	J SUPPLE LAW	ISSUED	09/13/18	1202.50	
09/13/18	038051	B0226	NONSTOP ADMIN. & INS. SRVCS, INC.	ISSUED	09/13/18	821.00	
09/13/18	038052	B0218	JOHN P. NIEMOTKA	ISSUED	09/13/18	400.00	
			REMITTED TO: OCTANE ADVERTISING & DESIGN				
09/13/18	038053	B0042	RALPH TEMPLE	ISSUED	09/13/18	1845.00	
09/13/18	038054	K0057	SOCAL GAS (090 828 6930 7)	ISSUED	09/13/18	15.78	
09/13/18	038055	B0261	THE NEENAN COMPANY, LLLP	ISSUED	09/13/18	7204.71	
09/17/18	038056	B0197	MASS MUTUAL	ISSUED	09/17/18	32216.65	
09/18/18	038057	B0054	CASTLE FAMILY HEALTH CENTERS, INC.	ISSUED	09/18/18	5000.00	
09/21/18	038058	B0026	MERCED IRRIGATION DISTRICT	ISSUED	09/21/18	30840.35	
09/21/18	038059	B0199	ANTHEM BLUE CROSS L AND H	ISSUED	09/21/18	107.55	
09/21/18	038060	B0027	CITY OF ATWATER (010448-000)	ISSUED	09/21/18	911.74	
09/21/18	038061	B0134	CITY OF ATWATER (020161-000)	ISSUED	09/21/18	654.34	
09/21/18	038062	K0035	CITY OF PARLIER	ISSUED	09/21/18	325.73	
09/21/18	038063	B0222	FUTURE HEALTH SERVICES, LLC	ISSUED	09/21/18	1227.26	
09/21/18	038064	B0253	JOHNSON CONTROLS FIRE PROTECTION LP	ISSUED	09/21/18	689.93	
09/21/18	038065	B0025	MERCED IRRIGATION DISTRICT	ISSUED	09/21/18	371.61	
09/27/18	038066	B0052	BLUE SHIELD OF CALIFORNIA	ISSUED	09/27/18	20.52	
09/27/18	038067	B0030	HD SUPPLY FACILITIES MAINTENANCE	ISSUED	09/27/18	1168.88	
09/27/18	038068	B0212	JAVIER MENDOZA	ISSUED	09/27/18	2775.00	
			REMITTED TO: NATURAL GARDENS				
09/27/18	038069	B0018	PG&E (0665563335-9)	ISSUED	09/27/18	535.36	
09/27/18	038070	B0019	PG&E (1832229927-4)	ISSUED	09/27/18	8.12	
09/27/18	038071	B0020	PG&E (1873896591-4)	ISSUED	09/27/18	335.59	
09/27/18	038072	K0044	PG&E (8300477674-2)	ISSUED	09/27/18	186.55	
TOTAL \$						146730.44	

Bloss Memorial Healthcare District

September-18

Bloss Electronic Transfers

Bloss Auto Debits

Bank Fees - CCDSC OLD ACCT	13.68
Bank Fees - Bloss	141.43
Total	<u>155.11</u>

Electronic Payments to Castle on Payable	26,329.29
Electronic Payment to DSCA	308,763.58
Electronic Transfer to LAIF	0.00
Total	<u>335,092.87</u>

Grand Total	<u>335,247.98</u>
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