

# **CAMARILLO HEALTH CARE DISTRICT**

## **Independent Auditor's Reports, Management's Discussion and Analysis, Financial Statements and Supplementary Information June 30, 2016 and 2015**

**Prepared by:**

### **POINDEXTER AND COMPANY**

**Certified Public Accountant**

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Camarillo Health Care District

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Camarillo Health Care District

**Governing Board of Directors  
As of June 30, 2016**

<u>Name</u>	<u>Office</u>
Rodger Brown, M.B.A.	President
Christopher Loh, M.D.	Vice President
Mark Hiepler, Esg.	Clerk of the Board
Richard S. Loft, M.D.	Director
Scott Packham	Director
<b>Management</b>	
Kara Ralston	Chief Executive Officer
Sue Tatangelo	Chief Resource Officer
Sonia Amezcua	Human Resources Officer

# POINDEXTER & COMPANY

Certified Public Accountant

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To the Board of Directors of  
Camarillo Health Care District

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

I have audited the accompanying financial statements of the Camarillo Health Care District, as of and for the years ended June 30, 2016 and June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the Camarillo Health Care District, as of June 30, 2016 and June 30, 2015, and the respective changes in net position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

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**Other Matters:**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages five through eight, and the funding status of the pension plan and post employment health insurance benefit plan on pages twenty-nine to thirty-one 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance

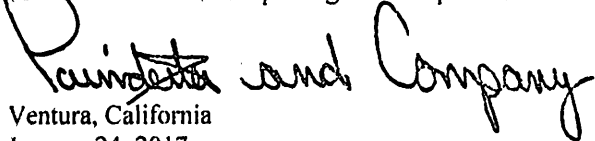
*Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Camarillo Health Care District's basic financial statements. The governing board of directors section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The governing board of directors section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, I have also issued my report dated January 24, 2017 on my consideration of the Camarillo Health Care District's internal control over financial reporting and on my 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 my 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 Camarillo Health Care District's internal control over financial reporting and compliance.



Ventura, California  
January 24, 2017



# POINDEXTER & COMPANY

Certified Public Accountant

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To the Board of Directors of  
Camarillo Health Care District

INDEPENDENT AUDITOR'S 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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts, the financial statements of Camarillo Health Care District, as of and for the years ended June 30, 2016 and June 30, 2015, and the related notes to the financial statements, which collectively comprise Camarillo Health Care District's basic financial statements, and have issued my report thereon dated January 24, 2017.

## Internal Control Over Financial Reporting

In planning and performing my audits of the financial statements, I considered Camarillo Health Care 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Camarillo Health Care District's internal control. Accordingly, I do not express an opinion on the effectiveness of Camarillo Health Care District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Camarillo Health Care District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

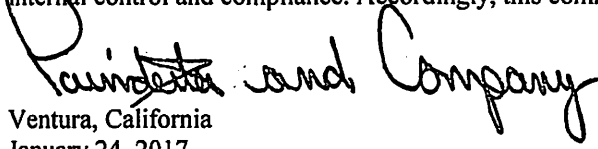
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**Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in cursive script that reads "Quintana and Company".

Ventura, California  
January 24, 2017

CAMARILLO HEALTH CARE DISTRICT  
Management's Discussion and Analysis  
June 30, 2016

This discussion and analysis of the Camarillo Health Care District's ("District") financial performance during the stated period provides an overview of the District's operational activities that had an impact on the financial performance of the District.

This report consists of a series of financial statements with accompanying notes. The Statements of Net Position reflects the financial position of the District at June 30, 2016 and 2015. The Statements of Revenues, Expenses and Changes in Net Position provide the results from operations through the fiscal years ended June 30, 2016 and 2015, and reflect how the operating results for the fiscal years affected the Statements of Net Position.

The District uses a single enterprise fund for accounting and reporting the results of all operations. The statements referenced above include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The notes that follow the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.



CAMARILLO HEALTH CARE DISTRICT  
Management's Discussion and Analysis  
June 30, 2016

The District is operated and reported as a single enterprise fund; there are no subsidiary fund statements presented as part of this report. The following is a summary of the net positions of the District and the change in those net positions from the prior fiscal year.

<u>Assets</u>	<u>2016</u>	<u>2015</u>
Current Assets	\$2,684,662	\$1,938,432
Restricted Assets	13,271	10,492
<u>Capital Assets</u>	<u>1,768,930</u>	<u>2,304,261</u>
Total Assets	\$4,466,863	\$4,253,185
<u>Deferred Outflows of Resources</u>	<u>\$ 264,803</u>	<u>\$ 112,553</u>
Total Assets & Deferred Outflows	\$4,731,666	\$4,365,738
<u>Liabilities</u>		
Current Liabilities	\$ 479,394	\$ 436,535
<u>Long-Term Liabilities</u>	<u>1,265,676</u>	<u>1,482,971</u>
Total Liabilities	\$1,745,070	\$1,919,506
Deferred Inflows of Resources	\$ 450,825	\$ 250,690
<u>Net Assets</u>		
Invested in Capital Assets	\$1,245,474	\$1,704,261
<u>Unrestricted Net Position</u>	<u>1,290,297</u>	<u>491,281</u>
Total Net Position	\$2,535,771	\$2,195,542
<u>Total Liabilities and Net Position</u>	<u>\$4,731,666</u>	<u>\$4,365,738</u>

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The asset value of the District increased 5.0%, as follows:

- Current assets increased by 38.5% from the prior year reflecting less use of funds for operating expenses due to operating efficiencies and the culmination of a program.
- A decrease in capital assets of 23.2% reflects the retirement of various assets with corresponding accumulated depreciation and the purchase of additional capital assets.
- An increase in current liabilities of 9.8% reflects an increase in accrued operating expenses that were paid subsequent to year end and an increase in accrued liability for unfunded healthcare cost.

CAMARILLO HEALTH CARE DISTRICT  
Management's Discussion and Analysis  
June 30, 2016

- A decrease in unrestricted net assets reflects a change in accounting principal that requires certain future obligations for pension liabilities to be recorded.

<u>Operating Revenues</u>	<u>2016</u>	<u>2015</u>
Program Revenues	\$ 449,177	\$ 645,065
Bequest Distribution - Care-A-Van	148,479	141,199
Operating Grants	152,807	205,146
<u>Other Operating Revenue</u>	<u>47,868</u>	<u>51,328</u>
Total Operating Revenues	\$ 798,331	\$ 1,042,738
<u>Non-Operating Revenues (Expenses)</u>		
Property Taxes	2,375,896	2,244,695
Investment Income	6,721	2,927
Other Non-Operating Revenue	80,022	113,889
Gain (Loss) on Sale of Assets	23,580	(10,552)
Realized gain/loss on Investments	(7)	0
<u>Interest Expense</u>	<u>(20,347)</u>	<u>(16,875)</u>
Total Non-Operating Revenues (Expenses)	\$2,465,865	\$ 2,334,084
<u>Program Expenses</u>		
Salaries, wages and benefits	\$ 1,575,007	\$ 1,674,455
Professional fees	211,567	263,719
Depreciation	135,390	148,472
<u>Combined other</u>	<u>395,299</u>	<u>453,698</u>
Total Program Expenses	\$ 2,317,263	\$ 2,540,344
<u>Administration Expenses</u>	<u>\$ 606,704</u>	<u>\$ 710,648</u>
Change in Accounting Principles	\$ 0	\$(1,193,105)

- 
- Total Operating Revenues reflect a decrease of 23.4%, primarily due to decreases in operating grants and program revenue.
  - Total Non-Operating Revenues (Expenses) stay virtually the same. A decrease in other non-operating revenues was offset by a gain on sale of an assets and an increase in property tax revenue.
  - Total Program Expenses decreased by 8.8% due primarily to a decrease in employment costs and professional fees.
  - Administration Expenses have decreased by 14.6%, due operating efficiencies.

CAMARILLO HEALTH CARE DISTRICT  
Management's Discussion and Analysis  
June 30, 2016

**Actual Results Compared to Budget**

The Board of Directors adopts an annual budget in June for the following fiscal year, beginning on July 1. Performance to budget is monitored by the Board throughout the year. Following is a summary of actual results in comparison to budget.

	<u>Actual</u>	<u>Budget</u>
Total Operating Revenues	\$ 798,331	\$ 689,465
Less: Expenses		
Salaries and Benefits	(1,909,764)	(2,014,345)
<u>Other Operating Expenses</u>	<u>(838,848)</u>	<u>(891,204)</u>
Net Operating Loss	\$(1,905,281)	\$(2,216,084)
Non-Operating Revenues		
Property Taxes	2,375,896	2,400,000
Investment Income	6,721	1,500
Other Non-Operating Revenue	103,595	89,000
<u>Interest Expense</u>	<u>(20,347)</u>	<u>(26,103)</u>
Total Non-Operating Revenues (Expenses)	\$ 2,465,865	\$ 2,464,397
<u>Less Depreciation</u>	<u>(175,355)</u>	<u>(186,037)</u>
<u>Change in Net Assets</u>	<u>\$ 340,229</u>	<u>\$ 62,276</u>

**Requests for information:**

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report should be addressed to the Chief Financial Officer, Camarillo Health Care District, 3639 East Las Posas Road, Suite 117, Camarillo, CA 93010.

Camarillo Health Care District  
 Statements of Net Position  
 June 30, 2016 and 2015

	2016	2015
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 2,599,198	\$ 1,826,085
Accounts receivable	1,655	5,628
Taxes receivable	45,667	49,553
Other receivables		1,193
Grant receivable	27,554	22,430
Interest receivable	2,694	
Prepaid expenses	7,894	33,543
Total Current Assets	2,684,662	1,938,432
Restricted cash and cash equivalents (Note 2)	13,271	10,492
Building and equipment, net of accumulated depreciation (Note 3)	1,768,930	2,304,261
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	264,803	112,553
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	50,196	61,047
Accrued expenses	131,926	113,896
OPEB payable (Note 8)	182,281	156,378
Accrued Interest Payable	14,722	16,875
Deferred revenue (Note 4)	20,854	11,795
Current Portion of Long Term Debts (Note 6)	79,415	76,544
Total Current Liabilities	479,394	436,535
Net Pension Liability (Note 7)	821,635	959,515
Notes Payable (Note 6)	444,041	523,456
Total Liabilities	1,745,070	1,919,506
<b>DEFERRED INFLOWS OF RESOURCES</b>	450,825	250,690
<b>NET POSITION</b>		
Invested in capital assets	1,245,474	1,704,261
Unrestricted net position	1,290,297	491,281
<b>Total Net Position</b>	<b>\$ 2,535,771</b>	<b>\$ 2,195,542</b>

Camarillo Health Care District  
 Statements of Revenues, Expenses and Changes in Net Position  
 For the Years Ended June 30, 2016 and 2015

	2016	2015
<b>OPERATING REVENUES</b>		
Program revenues	\$ 449,177	\$ 645,065
Legacies and bequests (Note 10)	148,479	141,199
Grant income (Note 11)	152,807	205,146
Miscellaneous revenue	47,868	51,328
Total Operating Revenues	798,331	1,042,738
<b>OPERATING EXPENSES</b>		
Program Expenses		
Salaries, wages and benefits	1,575,007	1,674,455
Professional fees	211,567	263,719
Postage and printing	84,656	106,590
Supplies and activities	63,154	75,781
Depreciation	135,390	148,472
Insurance	18,428	23,888
Advertising and promotion	14,810	26,010
Utilities and telephone	95,204	98,660
Repairs and maintenance	46,599	50,230
Other program	72,448	72,539
Total Program Expenses	2,317,263	2,540,344
Administration Expenses		
Salaries, wages and benefits	334,757	457,329
Professional fees	108,280	32,386
Postage and printing	1,051	733
Supplies and activities	13,099	27,455
Depreciation	39,965	42,543
Insurance	24,565	21,875
Advertising and promotion		499
Association fees, utilities and telephone	16,284	17,985
Repairs and maintenance	5,180	3,544
Other administration	25,313	52,232
Board	38,210	54,067
Total Administration Expenses	606,704	710,648
Total Operating Expenses	2,923,967	3,250,992
Operating Changes in Net Position	(2,125,636)	(2,208,254)

Camarillo Health Care District  
 Statements of Revenues, Expenses and Changes in Net Position  
 For the Years Ended June 30, 2016 and 2015

	2016	2015
<b>NON-OPERATING REVENUES/(EXPENSES)</b>		
Property taxes	2,375,896	2,244,695
Contributions	61,864	79,061
Interest income	6,721	2,927
Realized gain/loss on investments	(7)	
Other non-operating revenue	18,158	34,828
Loss on sale of equipment	23,580	(10,552)
Interest expense	(20,347)	(16,875)
Total Non-Operating Revenues and Expenses	2,465,865	2,334,084
Changes in Net Position	340,229	125,830
Net Position at Beginning of Year	2,195,542	3,262,817
Change in Accounting Principle (Note 12)		(1,193,105)
Net Position at Beginning of Year - Restated	2,195,542	2,069,712
Net Position at End of Year	\$ 2,535,771	\$ 2,195,542



Camarillo Health Care District  
 Statements of Cash Flows  
 For Years Ended June 30, 2016 and 2015

	2016	2015
<b>Cash Flows From Operating Activities</b>		
Cash receipts from user charges	\$ 463,402	\$ 619,485
Operating grant revenue received	147,683	288,585
Other operating receipts	47,868	51,328
Distribution from Ventura County Community Foundation	148,479	141,199
Cash payments to other suppliers of goods or services and other operating expenses	(806,020)	(980,110)
Cash payments to employees and for employee benefits	(1,973,856)	(2,243,575)
<b>Net Cash Provided/(Used) By Operating Activities</b>	<b>(1,972,444)</b>	<b>(2,123,088)</b>
<b>Cash Flows From Investing Activities</b>		
Interest income	4,027	3,564
Realized loss on investments	(7)	
Other non-operating income	80,022	113,889
<b>Net Cash Provided/(Used) By Investing Activities</b>	<b>84,042</b>	<b>117,453</b>
<b>Cash Flows From Capital Activities</b>		
Purchase of capital assets	(38,055)	(498,102)
Proceeds from sale of capital assets	421,611	
Interest payments on debt	(22,500)	
Proceeds from issuance of debt		600,000
Principal payments on debt	(76,544)	
<b>Net Cash Provided/(Used) By Capital Activities</b>	<b>284,512</b>	<b>101,898</b>
<b>Cash Flows From Non-capital Financing Activities</b>		
Property taxes collected	2,379,782	2,241,829
<b>Net Cash Provided/(Used) By Non-capital Financing Activities</b>	<b>2,379,782</b>	<b>2,241,829</b>
Net Increase/(Decrease) In Cash And Cash Equivalents	775,892	338,092
Cash And Cash Equivalents At Beginning Of Year	1,836,577	1,498,485
Cash And Cash Equivalents At End Of Year	<b>\$ 2,612,469</b>	<b>\$ 1,836,577</b>
<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities</b>		
Operating changes in position	\$ (2,125,636)	\$ (2,208,254)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	175,355	191,015
(Increase)/Decrease in Assets:		
Accounts receivable	3,973	(5,628)
Grant receivable	(5,124)	83,439
Other receivables	1,193	(541)
Prepaid expenses	25,649	(8,580)
Deferred Outflows of Resources	(152,250)	(112,553)
Increase/(Decrease) in Liabilities:		
Accounts payable	(10,851)	(43,337)
Accrued expenses	18,030	(17,337)
OPEB payable	25,903	999
Deferred revenue	9,059	(19,411)
Net Pension Liability	(137,880)	(233,590)
Deferred Inflows of Resources	200,135	250,690
<b>Net Cash Provided/(Used) By Operating Activities</b>	<b>\$ (1,972,444)</b>	<b>\$ (2,123,088)</b>

Camarillo Health Care District  
Notes to Financial Statements  
June 30, 2016 and 2015

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of the Entity:***

Camarillo Health Care District (the "District") is a political subdivision of the State of California, classified as a public not-for-profit local government special district. The District encompasses the greater Camarillo area which includes Somis, the Las Posas Valley, and a portion of the Santa Rosa Valley. The District's overall goal is to provide quality health and wellness related services to meet the needs of all District residents. The District's five-member Board of Directors comprises representatives who are elected at large and serve four year terms.

***Reporting Entity:***

The District's reporting entity includes all significant operation and revenue sources which the District Board of Directors exercises oversight responsibility determined under the criteria established by the National Council on Governmental Accounting Statement No. 3, as adopted by the Financial Accounting Standards Board ("FASB"). Oversight responsibility is determined on the basis of selection of the governing board, designation of management, ability to significantly influence operations, accountability for fiscal matters, and the scope of public service. There are no component units included within the reporting entity.

***Basis of Accounting:***

The Camarillo Health Care District is accounted for as a proprietary fund in accordance with generally accepted accounting principles ("GAAP") as applied to governmental units. Proprietary funds are used to account for operations that are either (a) financed and operated in a manner similar to private business enterprises where the expenses, including depreciation, of providing goods or services to the general public, are recovered through user charges, or (b) governed by the decision that periodic determination of revenues earned, expenses incurred, and net income are appropriate for capital maintenance, public policy, management control, or other purposes. Because the Camarillo Health Care District is accounted for as a proprietary fund, the District uses the economic resources measurement focus and the accrual basis of accounting is used for financial statement reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The District applies all Governmental Accounting Standards Board ("GASB") pronouncements as well as the FASB pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus all assets and all liabilities associated with the operation of these funds are included on the Statements of Net Position. The net positions are segregated into invested in capital, restricted net position and unrestricted net position. Unrestricted resources are used first to fund a restricted purpose only after the restricted resources are depleted.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing goods and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are program fees charged to clients for services and grants received from other governmental agencies and private enterprises for operating purposes. Operating expenses include the cost of providing services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Camarillo Health Care District  
Notes to Financial Statements  
June 30, 2016 and 2015

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Principles of Presentation:***

The accompanying financial statements are presented utilizing the accrual method of accounting.

***Estimates:***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions include, but are not limited to:

- depreciation
- compensated absences
- allowance for uncollectible receivables
- investments
- pension obligations

***Cash and Cash Equivalents:***

For the purpose of the Statement of Cash Flows, the District considers all highly liquid investments with original maturities of 90 days or less to be cash and cash equivalents. The District considers funds in the Local Agency Investment Fund and the Ventura County Treasury Fund to be cash equivalents.

***Investments:***

Investments are carried at fair value. The District's Investment Policy authorizes investments in obligations of the U. S. Treasury, U. S. Agencies, certificates of deposit, money market checking accounts, the Local Agency Investment Fund and the Ventura County Treasury Fund.

***Capital Assets:***

The District capitalizes assets with a cost greater than \$1,000 and an estimated useful life greater than one year at cost. Depreciation is calculated using the straight-line or accelerated methods of depreciation over the estimated useful lives of the assets ranging from two to thirty-nine years.

***Compensated Absences:***

The District accrues the estimated obligation for vacation pay as earned. Sick leave is not included in the accrual as the District does not pay for unused sick leave upon employee termination.

***Budgets:***

The District annually adopts a budget prior to and for the upcoming fiscal year, which includes anticipated expenditures and their means of financing. Once adopted, the budget as approved is subject to amendment as considered necessary.

***Property Taxes:***

Tax revenues are received by the District pursuant to its status as a political subdivision of the State of California.

Camarillo Health Care District  
Notes to Financial Statements  
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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Income Taxes:***

The District is exempt from income taxes.

***Subsequent Events:***

The District has evaluated subsequent events through January 24, 2017, the date which the financial statements were available to be issued.

***Pensions:***

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

**Note 2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS**

The District's carrying value of deposits were \$462,413 and \$291,686 at June 30, 2016 and 2015, respectively. The corresponding bank balances were \$473,138 and \$300,588, respectively. The deposits are insured up to \$250,000 by Federal Deposit insurance. As of June 30, 2016 and June 30, 2015 two accounts were over the insured limit. The California Government Code requires all financial institutions to secure a local government agency's deposits by pledging governmental securities as collateral. The market value of pledged securities must equal 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits, and collateral is considered to be held in the name of the District. All cash held by financial institutions is, therefore, entirely insured or collateralized.

Cash and cash equivalents, and investments consist of the following as of June 30, 2016:

	<u>Fair Value</u>	<u>Carrying Value</u>
Deposits	\$ 462,413	\$ 462,412
Petty Cash	1,155	1,155
State of California Local Agency Investment Fund	2,144,991	1,540,102
County Treasury Investment	<u>3,910</u>	<u>3,634</u>
Total	<u>\$ 2,612,469</u>	<u>\$ 2,007,303</u>

Camarillo Health Care District  
Notes to Financial Statements  
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**Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Cash and cash equivalents, and investments consist of the following as of June 30, 2015:

	<u>Fair Value</u>	<u>Carrying Value</u>
Deposits	\$ 291,686	\$ 291,686
Petty Cash	1,155	1,155
State of California Local Agency Investment Fund	1,540,102	1,540,102
County Treasury Investment	3,634	3,634
Total	<u>\$ 1,836,577</u>	<u>\$ 1,836,577</u>

The State of California Local Agency Investment Fund (“LAIF”) is an external investment pool. LAIF operates in accordance with appropriate state laws and is an unrated pool. The share value of the District’s investment in LAIF is \$2,143,660.

The County of Ventura Treasurer maintains a cash investment pool for all funds of the County and other agencies for which the County treasury is the depository. Interest earned on the pooled funds is allocated and credited to these funds quarterly. Interest is apportioned to the District based on the average daily balances on deposit with the County Treasurer. Investment earnings are accrued at year-end. The County Treasurer invests District funds in accordance with the County’s investment policy as approved by the Treasury Oversight Committee and the County Board of Supervisors. The policy emphasizes safety, liquidity, and yield and follows the “prudent investor rule”. The County Treasurer is authorized by Government Code Section to invest in U.S. Government Treasury and Agency Securities, certain commercial paper, bankers’ acceptances, corporate bonds and notes repurchase agreements and the State of California Local Agency Investment Fund. The fair value of the District’s investment in the pool approximates cost.

To address credit risk, the District invests its funds in accordance with state statutes and the District’s investment policy. The criteria for selecting investments are, in order of priority, (1) safety – consideration of the potential loss of principal or interest, (2) liquidity – the ability to have funds available at any moment in time with a minimal potential loss and (3) yield – the optimum rate of return while preserving capital.

Restricted assets of \$13,271 and \$10,492 as of June 30, 2016 and 2015, respectively, are amounts received that are designated for program scholarship awards.

Camarillo Health Care District  
Notes to Financial Statements  
June 30, 2016 and 2015

**Note 3 - CAPITAL ASSETS**

As of June 30, 2016, capital assets were comprised of the following:

<u>Asset Description</u>	<u>Estimated Lives</u>	<u>Cost as of 6/30/15</u>	<u>Additions</u>	<u>Deletions/Transfers</u>	<u>Cost as of 6/30/16</u>
Building and related improvements	3 to 39 years	\$ 3,665,822	\$ 20,341	\$ (556,805)	\$ 3,129,358
IS equipment	3 to 8 years	218,116	8,184		226,300
Equipment and furnishings	2 to 15 years	266,494	1,697	(9,594)	258,597
Transportation vehicles	10 years	349,636	7,834	(93,733)	263,737
Construction in progress					
Total capital assets		4,500,068	38,056	(660,132)	3,877,992
Less accumulated depreciation		<u>(2,195,807)</u>	<u>(175,355)</u>	<u>262,100</u>	<u>(2,109,062)</u>
Net capital assets		<u>\$ 2,304,261</u>	<u>\$ (137,299)</u>	<u>\$ (398,032)</u>	<u>\$ 1,768,930</u>

As of June 30, 2015, capital assets were comprised of the following:

<u>Asset Description</u>	<u>Estimated Lives</u>	<u>Cost as of 6/30/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Cost as of 6/30/15</u>
Building and related improvements	3 to 39 years	\$ 3,142,572	\$ 20,823	\$ 502,427	\$ 3,665,822
IS equipment	3 to 8 years	219,286	3,793	(4,963)	218,116
Equipment and furnishings	2 to 15 years	244,807	23,858	(2,171)	266,494
Transportation vehicles	10 years	349,636			349,636
Construction in progress		94,792	449,628	(544,420)	
Total capital assets		4,051,093	498,102	(49,127)	4,500,068
Less accumulated depreciation		<u>(2,043,367)</u>	<u>(191,015)</u>	<u>38,575</u>	<u>(2,195,807)</u>
Net capital assets		<u>\$ 2,007,726</u>	<u>\$ 307,087</u>	<u>\$ (10,552)</u>	<u>\$ 2,304,261</u>

**Note 4 - DEFERRED REVENUE**

Deferred scholarship revenue is comprised of undisbursed donations received by the District which are designated by the donors for specific internal scholarship use. The District records restricted donations as deferred revenue until the restrictions are satisfied, at which time the donation is recorded as revenue.

**Note 5 - LINE OF CREDIT**

The District has a secured line of credit with a bank with no maturity date. Security consists of inventory, chattel paper, accounts, equipment and general intangibles. The line of credit has a maximum borrowing amount of \$300,000 with interest at .90% over the lender's base rate (Bank of the West prime rate), but not less than 4%.



Camarillo Health Care District  
Notes to Financial Statements  
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**Note 6 - LONG-TERM DEBT**

Long-term debt consists of the following debt issues:

	<u>Issuance Date</u>	<u>Security</u>	<u>Interest Rates</u>	<u>Balance 6/30/15</u>	<u>Proceeds/ Retirement</u>	<u>Balance 6/30/16</u>	<u>Current</u>	<u>Long-Term</u>
Municipal Finance Corporation	9/1/04	None	3.75%	\$ 600,000	\$ 76,544	\$ 523,456	\$ 79,415	\$ 444,041

<u>Fiscal Year Ending June 30,</u>	<u>Municipal Finance Corporation</u>	<u>Total Interest</u>	<u>Total</u>
2017	\$ 79,415	\$ 19,630	\$ 99,045
2018	82,393	16,651	99,044
2019	85,482	13,562	99,044
2020	88,688	10,356	99,044
2021	92,014	7,030	99,044
2022	95,464	3,580	99,044
	<u>\$ 523,456</u>	<u>\$ 70,809</u>	<u>\$ 594,265</u>

**Note 7 - DEFINED BENEFIT PENSION PLAN**

**A. General Information about the Pension Plans**

**Plan Description:**

The District contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions under the Plan are established by State statute and city ordinance. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided:**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members are eligible to retire at age 60 with statutory benefits. All members are eligible for non-duty disability benefits. The death benefit is the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Prior to January 1, 2013</u>	<u>On of after January 1, 2013</u>
Hire date		
Benefit formula	2% @ 60	2% @ 60
Retirement age	60	60
Required employee contribution rates	7.000%	6.250%
Requires employer contribution rates	7.163%	6.280%

Camarillo Health Care District  
Notes to Financial Statements  
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**Note 7 - DEFINED BENEFIT PENSION PLAN (Continued)**

**Contributions:**

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

For the year ended June 30, 2016, the contributions recognized as part of pension expense for the Plan was as follows:

	<u>Miscellaneous</u>
Contributions - employer	\$ 82,913
Contributions - employee	<u>\$ 81,481</u>

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

As of June 30, 2016, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net</u>
	<u>Pension Liability</u>
Miscellaneous	<u>\$ 821,635</u>

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions for all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the plan as of June 30, 2014 and 2015 was as follows:

	<u>Proportionate Share of Net</u>
	<u>Pension Liability</u>
Proportion - June 30, 2014	\$ 959,515
Proportion - June 30, 2015	<u>821,635</u>
Change - Increase/(Decrease)	<u>\$ (137,880)</u>

Camarillo Health Care District  
Notes to Financial Statements  
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**Note 7 - DEFINED BENEFIT PENSION PLAN (Continued)**

For the year ended June 30, 2016, the District recognized pension expense of \$(6,884). At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Pension contributions subsequent to measurement date	\$ 82,913	
Differences between actual and expected experience	7,191	
Changes in assumptions		\$ (68,037)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		(174,288)
Net differences between projected and actual earnings on plan investments	<u>174,699</u>	<u>(208,500)</u>
Total	<u>\$ 264,803</u>	<u>\$ (450,825)</u>

\$82,913 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2017	\$ (134,905)
2018	\$ (122,609)
2019	\$ (11,421)
2020	\$ 0
2021	\$ 0
Thereafter	\$ 0

Camarillo Health Care District  
Notes to Financial Statements  
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**Note 7 - DEFINED BENEFIT PENSION PLAN (Continued)**

**Actuarial Assumptions:**

The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
<b>Actuarial Assumptions:</b>	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.65% (2)
Mortality	(3)

- (1) Depending on age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS' website under Forms and Publications.

**Discount Rate:**

The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.65 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. However, employers may determine the impact at the plan level for their own financial reporting purposes. Refer to page 9 of this report, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

Camarillo Health Care District  
Notes to Financial Statements  
June 30, 2016 and 2015

**Note 7 - DEFINED BENEFIT PENSION PLAN (Continued)**

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	.99%	2.43%
Inflation Sensitive	6.0%	.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	<u>2.0%</u>	(.55%)	(1.05%)
Total	<u>100.0%</u>		

(1) An expected inflation of 2.5% used for this period.

(2) An expected inflation of 3.0% used for this period.

Camarillo Health Care District  
Notes to Financial Statements  
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**Note 7 - DEFINED BENEFIT PENSION PLAN (Continued)**

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

The following presents the District's proportionate share of the net pension liability of the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1 % Decrease	6.50%
Net Pension Liability	\$ 1,685,175
Current Discount Rate	7.50%
Net Pension Liability	\$ 958,974
1% Increase	8.50%
Net Pension Liability	\$ 363,169

***Pension Plan Fiduciary Net Position:***

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

***E. Payable to the Pension Plan***

At June 30, 2016, the District reported a payable of \$2,811 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

**Note 8 - OTHER POST EMPLOYMENT BENEFITS**

***Plan Description:***

The District administers a single-employer defined benefit healthcare plan (Plan). The Plan provides lifetime post-employment medical insurance to eligible retirees and their spouses through the California Public Employees Retirement System. Annually, the District establishes a maximum monthly premium that the District will contribute to the cost of current-year medical insurance premiums. For calendar year 2016 and 2015, the maximum monthly contribution by the District was \$790 per retiree.

***Funding Policy:***

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. During the year ended June 30, 2011, the District entered into an agreement and elected to prefund OPEB through CalPERS in the California Employer's Retiree Benefit Trust Program (CERBT). During the years ended June 30, 2016 and 2015, the District chose to contribute \$175,901 and \$145,000, respectively, in cash for each of the years to the CERBT. The other post-employment benefits that are due to retirees during the fiscal year are funded and expensed on a pay-as-you-go basis. The District will pay 100% of the cost of the post-employment benefit plan.



Camarillo Health Care District  
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**Note 8 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

***Annual OPEB Cost and Net OPEB Obligation:***

The following table shows the components of the District's annual OPEB expense for the year ended June 30, 2016 and 2015, the amount actually contributed to the Plan, and the changes in the District's net OPEB obligation:

	2016	2015
Annual required contribution (ARC)	\$ 175,901	\$ 145,399
Interest on net OPEB obligation	11,337	11,265
Adjustment to annual required contribution	14,566	(10,665)
Annual OPEB cost	201,804	145,999
Contribution made to Plan during fiscal year	(175,901)	(145,000)
Increase in net OPEB obligation	25,903	999
Net OPEB obligation - beginning of year	156,378	155,379
 Net OPEB obligation - end of year	 \$ 182,281	 \$ 156,378

The District's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2016 and 2015 are shown in the following table. Only six years' information is available since 2010 was the District's initial year of implementation for GASB Statement No. 45.

	Annual OPEB Cost (AOC)	% of AOC Contributed	Net OPEB Obligation
06/30/2010	\$ 124,644	107.10%	\$ 116,377
06/30/2011	\$ 115,520	81.41%	\$ 141,897
06/30/2012	\$ 105,935	67.12%	\$ 157,832
06/30/2013	\$ 107,148	69.14%	\$ 154,980
06/30/2014	\$ 145,399	93.38%	\$ 155,379
06/30/2015	\$ 145,399	92.98%	\$ 156,378
06/30/2016	\$ 175,901	96.50%	\$ 182,281

Camarillo Health Care District  
Notes to Financial Statements  
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**Note 8 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

***Funded Status and Funding Progress:***

The funded status of the Plan as of June 30, 2015, the most recent actuarial valuation date, was as follows:

	<u>2015</u>
Actuarial accrued liability	\$ 1,798,158
Actuarial value of plan assets	<u>670,469</u>
Unfunded actuarial accrued liability	<u>\$ 1,127,689</u>
Funded ratio	<u>37.29%</u>
Covered payroll	<u>\$ 1,409,091</u>
Unfunded actuarial accrued liability as a percentage of covered payroll	<u>80.03%</u>

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, is intended to present multiyear trend information about whether the actuarial value of plans assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

***Actuarial Methods and Assumptions:***

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

Camarillo Health Care District  
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**Note 8 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

The following is a summary of the actuarial assumptions and methods:

Valuation date	June 30, 2015
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll amortization
Remaining amortization period	30 Years as of the valuation date
Asset valuation method	5 Year smoothed market

Actuarial assumptions:

Investment rate of return	7.10%
Projected salary increase	2.75%
Inflation – discount rate	2.75%

**Note 9 - RISK MANAGEMENT**

The District is exposed to potential losses from claims arising from its business operation; torts; theft; errors and omissions; injuries to employees; and natural disasters. The District maintains insurance coverage through independent carriers for property and equipment and employee dishonesty. There have been no significant reductions in insured coverage.

The District participates in the workers' compensation program organized by the Association of California Hospital Districts, Inc., ALPHA Fund Joint Powers Agreement ("ALPHA"). ALPHA is a Joint Powers Authority ("JPA") which is comprised of 48 participants organized pursuant to the California Government Code. The purpose of the JPA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage; whereby the risk of loss is mitigated by the public entity pool. The Fund currently has \$1,000,000 of workers' compensation coverage. The JPA is not a component unit of the District for financial purposes, as explained below.

ALPHA provides workers' compensation insurance for the District. Periodic deposits paid by each participant for the workers' compensation joint protection are computed based on independent actuarial computations taking into account factors such as the participants' number of employees, types of employees, annual budget, all relevant loss experience and rates established through the California Inspection Ratings Bureau. The Fund may assess the participants in order to eliminate any deficiency in the fund balance of the Fund.

Under the terms of the JPA, withdrawing or terminated member districts owe their pro-rata share of the fund deficiency. A withdrawing or terminated member district's pro-rata share contributions is based on its total contributions during its membership in the Fund as a percentage of the total contributions by all member districts during the same period.

Camarillo Health Care District  
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**Note 9 - RISK MANAGEMENT (Continued)**

The District also participates in the Beta Healthcare Group Joint Powers Agreement (“BETA”). BETA is a Joint Powers Authority (“JPA”) which is comprised of local health care districts, counties, other governmental entities and qualified nonprofits which operate hospitals, clinics and other health-related facilities and is organized pursuant to the California Government Code. The purpose of the JPA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage; whereby the risk of loss is mitigated by the public entity pool. BETA currently has \$5,000,000 of auto liability, \$5,000,000 of comprehensive liability and \$2,000,000 of directors, officers and trustee liability coverage.

BETA provides automobile, comprehensive liability and directors’ and officers’ liability insurance for the District. Periodic deposits paid by each participant for the insurance joint protection are computed based on individual coverage contracts.

**Note 10 - DISTRIBUTIONS FROM VENTURA COUNTY COMMUNITY FOUNDATION**

In 2006, the District was named as a beneficiary recipient of a permanent endowment now managed by the Ventura County Community Foundation (VCCF). The District has a current beneficial interest of 100%. However, VCCF has variance power which allows the Foundation to modify the donor’s stipulations under certain rare circumstances and as the Foundation monitors the changing needs of the community.

Each year, VCCF distributes a portion of the earnings based on its distribution policies, which are subject to change based on VCCF’s investment management performance. The amounts received in 2016 and 2015, were \$148,479 and \$141,199 respectively. The distribution amounts are to be used only for the Care-a-Van service in Camarillo. At June 30, 2016, the market value of the fund held by VCCF on behalf of the District was \$2,755,920. At June 30, 2015, the market value of the fund held by VCCF on behalf of the District was \$3,033,639.

**Note 11 - GRANTS**

The District is the recipient of grants from government agencies and the private sector. The grants received for the year ended June 30, 2016 are:

Funding Source	Program	Purpose	Amount
Ventura County Area Agency on Aging (VCAAA)	Wellness & Caregiver Center	Caregiver Support	\$ 32,465
Ventura County Area Agency on Aging (VCAAA)	Senior Lunch Program	Senior Meals	55,942
Ventura County Area Agency on Aging (VCAAA)	Wellness & Caregiver Center	Senior Helpline	50,000
The Scan Foundation	Wellness & Caregiver Center	Community of Constituents	<u>14,400</u>
<b>Total Grant Funds</b>			<b><u>\$ 152,807</u></b>

Camarillo Health Care District  
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June 30, 2016 and 2015

**Note 12 - CHANGE IN ACCOUNTING PRINCIPLE**

During 2015, the District implemented GASB 68 and changed its method of reporting net pension liability and pension expense. The District implemented GASB 68 as required by the Government Accounting Standards Board. The effect of this change was to decrease net positions at June 30, 2014 by \$1,193,105.

**Note 13 - CONTINGENCY**

The District has made a claim against one of its vendors for reimbursement of costs totaling \$172,410. The District filed an arbitration proceeding to participate in business arbitration and was awarded a judgment in the amount of \$172,410. Management believes that, based on the advice of the District's legal counsel, the suit could result in the recovery of money by the District. However, the ultimate outcome of the litigation cannot be determined and no amount has been recognized for possible collection of any claims asserted in the litigation.

The vendor in the above matter has filed a counterclaim against the District claiming he is entitled to an additional \$100,000 from the District for fees. The trial court has dismissed the vendor's claim.

The District has filed a lawsuit against its former chief executive officer for breach of her fiduciary duties for failing to disclose her relationship with a vendor and approving his unnecessary and inflated attorney fees. The parties have agreed to submit this matter to binding arbitration. Management believes that, based on the advice of the District's legal counsel, the suit could result in a settlement or award by the court in favor of the District. However, the ultimate outcome of the litigation cannot be determined and no amount has been recognized for possible collection of any claims asserted in the litigation.

Camarillo Health Care District  
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***Schedule of Proportionate Share of the Net Pension Liability***

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportionate share (amount) of the collective net pension liability
- The employer's covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered employee payroll

***Schedule of Contributions***

- If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered employee payroll.

***Cost Sharing Defined Benefit Pension Plan  
 Last 10 Years\****

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

	<u>CLASSIC</u> 2015	<u>PEPRA</u> 2015	<u>CLASSIC</u> 2014	<u>PEPRA</u> 2014
Proportion of the net pension liability	.04176%	.00034%	.01540%	.00002%%
Proportionate share of the net pension liability	\$ 824,648	\$ (3,013)	\$ 958,442	\$ 1,073
Covered employee payroll	\$ 926,271	\$ 302,611	\$ 1,257,288	\$ 115,690
Proportionate share of the net pension liability as percentage of covered employee payroll	89.03%	(1.00)%	76.23%	.93%
Plan fiduciary net position as a percentage of the total pension liability	83.66%	98.08%	87.76%	109.52%
Plan's fiduciary net position	\$ 4,902,987	\$ 83,046	\$ 4,814,957	\$ 43,995

**Notes to Schedule:**

Changes in Assumptions: In 2016, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

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



Camarillo Health Care District  
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***Cost Sharing Defined Benefit Pension Plan  
 Last 10 Years\*  
 Schedule of Contributions***

	CLASSIC	PEPRA	CLASSIC	PEPRA
	2015	2015	2014	2014
Contractually required contribution (actuarially determined)	\$ 64,468	\$ 18,445	\$ 106,486	\$ 15,889
Contributions in relation to the actuarially determined contributions	(64,468)	(18,445)	(106,486)	(15,889)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered employee payroll	\$ 926,271	\$ 302,611	\$ 1,257,288	\$ 115,690
Contributions as a percentage of covered employee payroll	7.00%	6.10%	8.47%	13.73%

**Notes to Schedule:**

**Change in Benefit Terms:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Change in Assumptions: None

**Methods and assumptions used to determine contribution rates:**

Agent Multiple Employers	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5 year smoothed market
Inflation	2.75%
Projected salary increases	Variable entry age and service
Investment rate of return	7.65%, net of pension plan investment expense, including inflation
Retirement age	60 yrs.
Mortality	Derived using CalPERS membership data for all funds

\* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

Camarillo Health Care District  
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***Funded Status of the Post Employment Health Insurance Benefit Plan***

Valuation Date	Entry Age Normal Accrual Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
6/30/2011	\$ 910,096	\$ 92,308	\$ 817,788	10.1%	\$ 1,463,230	55.9%
6/30/2012	\$ 817,788	\$ 184,804	\$ 632,984	22.6%	\$ 1,516,405	41.7%
6/30/2013	\$ 1,078,857	\$ 316,585	\$ 762,272	29.34%	\$ 1,371,151	55.6%
6/30/2015	\$ 1,798,158	\$ 670,469	\$ 1,127,689	37.29%	\$ 1,409,091	80.03%

The District implemented GASB No. 45 during the year ended June 30, 2010 on a prospective basis.