

# **CAMARILLO HEALTH CARE DISTRICT**

## **Independent Auditor's Reports, Management's Discussion and Analysis, Financial Statements and Supplementary Information June 30, 2012 and 2011**

**Prepared by:**

### **POINDEXTER AND COMPANY**

**Certified Public Accountant**

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CAMARILLO HEALTH CARE DISTRICT  
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June 30, 2012

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CAMARILLO HEALTH CARE DISTRICT  
Governing Board of Directors and Management  
June 30, 2012

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**Governing Board of Directors:**

Peggy O'Neill, R.N.	President
Mark Hiepler, Esq.	Vice President
John Bailey, Pharm D., M.P.H.	Clerk of the Board
Jim Decker-Mahin, D. Min.	Director
Richard Loft, M.D.	Director

**Management:**

Jane Rozanski	Chief Executive Officer
Kara Ralston	Chief Operations Officer
Susan Craig, C.P.A.	Chief Finance Officer
Sue Tatangelo	Chief Resource Officer
Yvonne Ontiveros	Community Service Officer
Sonia Amezcua	Human Resources Officer

# POINDEXTER & COMPANY

Certified Public Accountant

To the Board of Directors of  
Camarillo Health Care District

## INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying basic financial statements of Camarillo Health Care District as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Camarillo Health Care District's management. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of Camarillo Health Care District as of June 30, 2011, were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated October 25, 2011.

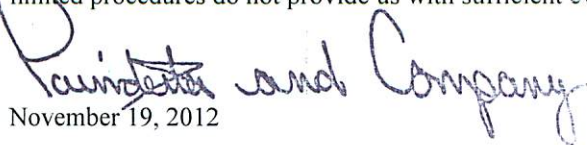
I conducted my audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Camarillo Health Care District as of June 30, 2012, and the change in financial position and its cash flows for the year then ended in conformity 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.

In accordance with *Government Auditing Standards*, I have issued my report dated November 19, 2012, 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* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedule of funding progress on pages four through seven and twenty-one be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considered 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 of 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.

November 19, 2012



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To the Board of Directors of  
Camarillo Health Care District

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 the financial statements of the Camarillo Health Care District, as of and for the year ended June 30, 2012, which collectively comprise the Camarillo Health Care District's basic financial statements and have issued my report thereon dated November 19, 2012. 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 Controller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts.

Internal Control Over Financial Reporting

Management of Camarillo Health Care District, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audits, I considered the Camarillo Health Care District's, internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Camarillo Health Care District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Camarillo Health Care District's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Camarillo Health Care District's financial statements are free of 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 audits, 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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This report is intended solely for the information and use of the management, others within the District and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

*Painters and Company*

November 19, 2012

**CAMARILLO HEALTH CARE DISTRICT  
Management's Discussion and Analysis  
June 30, 2012**

**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 Assets reflects the financial position of the District at June 30, 2012 and 2011. The Statements of Revenues, Expenses and Changes in Net Assets provide the results from operations through the fiscal years ended June 30, 2012 and 2011, and reflect how the operating results for the fiscal years affected the Statements of Net Assets.**

**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, 2012

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 assets of the District and the change in those net assets from the prior fiscal year.

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Current Assets	\$1,335,373	\$1,623,522
Restricted Assets	19,773	17,926
Capital Assets	2,476,020	2,194,258
<b>Total Assets</b>	<b>\$3,831,166</b>	<b>\$3,835,706</b>
 <u>Liabilities</u>		
Current Liabilities	<u>\$523,382</u>	<u>\$470,366</u>
 <u>Net Assets</u>		
Invested in Capital Assets	\$2,326,020	\$2,194,258
Unrestricted Net Assets	981,764	1,171,082
<b>Total Net Assets</b>	<b>\$3,307,784</b>	<b>\$3,365,340</b>
 <b>Total Liabilities and Net Assets</b>	<b>\$3,831,116</b>	<b>\$3,835,706</b>

The asset value of the District decreased .1%, as follows:

- Current assets decreased 17.7% from the prior year reflecting the use of funds for purchase of capital assets.
- An increase in capital assets of 12.8% reflects the purchase of capital assets offset by accumulated depreciation.
- An increase in current liabilities of 11.3% reflects a note payable to complete the purchase of capital assets.
- A decrease in net assets of 1.7% reflects the current economic environment with a decrease in program fees, offset by an increase in the amount of bequest distribution.



CAMARILLO HEALTH CARE DISTRICT  
Management's Discussion and Analysis  
June 30, 2012

<u>Operating Revenues</u>	<u>2012</u>	<u>2011</u>
Program Revenues	\$956,529	\$997,562
Operating Grants	355,669	340,516
Bequest Distribution - Care-A-Van	123,599	75,170
<u>Other Operating Revenue</u>	<u>34,276</u>	<u>13,555</u>
Total Operating Revenues	\$1,470,073	\$1,426,803
<u>Non-Operating Revenues</u>		
Property Taxes	\$2,091,339	\$2,069,228
Investment Income	2,584	10,919
Other Non-Operating Revenue	49,382	46,754
<u>Loss on Sale of Equipment</u>	<u>0</u>	<u>(10,575)</u>
Total Non-Operating Revenues	\$2,143,305	\$2,116,326
<u>Capital Grants</u>	<u>\$ 0</u>	<u>\$6,000</u>
<u>Program Expenses</u>		
Salaries, wages and benefits	\$2,053,075	\$2,071,361
Professional fees	225,915	197,759
Contracted program services	185,459	190,380
Depreciation	250,125	247,928
<u>Combined other</u>	<u>473,405</u>	<u>495,064</u>
Total Program Expenses	\$3,187,979	\$3,202,492
<u>Administration Expenses</u>	<u>\$482,955</u>	<u>\$534,286</u>

- 
- Total Operating Revenues reflect an increase of 3%, primarily due to increased amount of bequest distribution.
  - Total Non-Operating Revenues have increased by 1.3%, primarily due to an increase in the receipt of property tax revenue from the dissolution of RDAs.
  - There were no Capital Grants this year due to the cyclical nature of the one-time only funding source for the purchase of Lifeline units.
  - Total Program Expenses decreased by .5% from lower salary expense offset by the need for legislative advocacy.
  - Administration Expenses have decreased 9.6%, due to the retirement of staff and lowered contractor's expense.

CAMARILLO HEALTH CARE DISTRICT  
 Management's Discussion and Analysis  
 June 30, 2012

**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	\$ 1,470,073	\$ 1,530,258
Less: Expenses		
Salaries and Benefits	(2,328,941)	(2,335,268)
<u>Other Operating Expenses</u>	<u>(1,066,296)</u>	<u>(1,162,467)</u>
Net Operating Loss	(\$1,925,164)	(\$1,967,477)
Non-Operating Revenues		
Property Taxes	\$2,091,339	\$2,151,666
Investment Income	2,584	11,250
<u>Other Non-Operating Revenue</u>	<u>49,382</u>	<u>16,446</u>
Total Non-Operating Revenues	\$2,143,305	\$2,179,362
<u>Less Depreciation</u>	<u>(\$275,697)</u>	<u>(\$275,638)</u>
Change in Net Assets	(\$57,556)	(\$63,753)

**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.

# FINANCIAL SECTION

CAMARILLO HEALTH CARE DISTRICT  
 STATEMENTS OF NET POSITION  
 June 30, 2012 and 2011

ASSETS	NOTES	2012	2011
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	\$ 1,105,152	\$ 1,370,637
Receivables:			
Accounts		6,582	12,338
Grants and other reimbursements		129,448	114,309
Property taxes		87,250	55,395
Interest		954	1,756
Other		1,156	588
Prepaid expenses		4,831	53,499
Deposits	9	-	15,000
<b>TOTAL CURRENT ASSETS</b>		<u>1,335,373</u>	<u>1,623,522</u>
<b>RESTRICTED ASSETS -</b>			
Cash and cash equivalents	2	<u>19,773</u>	<u>17,926</u>
<b>CAPITAL ASSETS, net of accumulated depreciation</b>	3	<u>2,476,020</u>	<u>2,194,258</u>
<b>TOTAL ASSETS</b>		<u>\$ 3,831,166</u>	<u>\$ 3,835,706</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable		\$ 44,727	\$ 51,311
Accrued expenses		148,128	216,961
Accrued other post employment benefits	5	157,832	141,897
Deferred revenue		2,922	42,271
Other liabilities		19,773	17,926
Note payable	9	<u>150,000</u>	<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>373,382</u>	<u>470,366</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt		2,326,020	2,194,258
Unrestricted net position		<u>981,764</u>	<u>1,171,082</u>
<b>TOTAL NET POSITION</b>		<u>3,307,784</u>	<u>3,365,340</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>		<u>\$ 3,681,166</u>	<u>\$ 3,835,706</u>

See auditor's report. The notes to the financial statements are an integral part of this statement.

CAMARILLO HEALTH CARE DISTRICT  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 For the Years Ended June 30, 2012 and 2011

	NOTES	<u>2012</u>	<u>2011</u>
<b>OPERATING REVENUES</b>			
Program revenue		\$ 956,529	\$ 997,562
Distribution Ventura County Community Foundation	7	123,599	75,170
Operating grants	8	355,669	340,516
Other operating revenues		<u>34,276</u>	<u>13,555</u>
<b>TOTAL OPERATING REVENUES</b>		<u>1,470,073</u>	<u>1,426,803</u>
<b>OPERATING EXPENSES</b>			
<b>Program Expenses:</b>			
Salaries, wages and benefits		2,053,075	2,071,361
Professional fees		225,915	197,759
Contracted program services		185,459	190,380
Postage and printing		88,236	101,867
Supplies and activities		103,655	129,543
Depreciation		250,125	247,928
Insurance		32,805	39,296
Advertising and promotion		15,716	9,262
Association fees, utilities and telephone		97,998	88,893
Repairs and maintenance		53,770	63,022
Other		<u>81,225</u>	<u>63,181</u>
Total program expenses		<u>3,187,979</u>	<u>3,202,492</u>
<b>Administration Expenses:</b>			
Salaries, wages and benefits		275,866	283,930
Board expenses		47,145	54,863
Insurance		22,305	19,889
Professional fees		18,739	39,454
Postage and printing		1,539	2,330
Supplies and activities		21,506	22,366
Depreciation		25,572	25,775
Association fees, utilities and telephone		24,880	24,048
Repairs and maintenance		4,268	6,282
Other		<u>41,135</u>	<u>55,349</u>
Total administration expenses		<u>482,955</u>	<u>534,286</u>
<b>TOTAL OPERATING EXPENSES</b>		<u>3,670,934</u>	<u>3,736,778</u>
<b>OPERATING LOSS</b>		<u>(2,200,861)</u>	<u>(2,309,975)</u>

See auditor's report. The notes to the financial statements are an integral part of this statement.

CAMARILLO HEALTH CARE DISTRICT  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (continued)  
 For the Years Ended June 30, 2012 and 2011

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	NOTES	<u>2012</u>	<u>2011</u>
NON-OPERATING REVENUES AND EXPENSES			
Property taxes		2,091,339	2,069,228
Investment income		2,584	10,919
Other non-operating revenue		49,382	46,754
Loss on disposal of capital assets		<u>-</u>	<u>(10,575)</u>
TOTAL NON-OPERATING REVENUES AND EXPENSES		<u>2,143,305</u>	<u>2,116,326</u>
NET LOSS BEFORE CAPITAL GRANTS		(57,556)	(193,650)
CAPITAL GRANTS		<u>-</u>	<u>6,000</u>
CHANGE IN NET POSITION		(57,556)	(187,650)
NET POSITION - Beginning of year		<u>3,365,340</u>	<u>3,552,989</u>
NET POSITION - End of year		<u>\$ 3,307,784</u>	<u>\$ 3,365,340</u>

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See auditor's report. The notes to the financial statements are an integral part of this statement.

CAMARILLO HEALTH CARE DISTRICT  
 STATEMENTS OF CASH FLOWS  
 For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from user charges	\$ 922,935	\$ 1,025,036
Operating grant revenue received	340,530	337,850
Other operating receipts	33,708	14,338
Cash payments to employees	(2,381,839)	(2,332,320)
Distribution from Ventura County Community Foundation	123,599	75,170
Cash payments for operating expenses	<u>(1,022,364)</u>	<u>(1,164,856)</u>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<u>(1,983,431)</u>	<u>(2,044,782)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	3,386	11,241
Other non-operating income	<u>49,382</u>	<u>46,754</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>52,768</u>	<u>57,995</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES</b>		
Capital grants and contributions	-	6,000
Purchase of capital assets	(392,459)	(148,735)
Deposit on purchase of property	-	(15,000)
Proceeds from sale of capital assets	<u>-</u>	<u>7,886</u>
<b>NET CASH USED FOR CAPITAL ACTIVITIES</b>	<u>(392,459)</u>	<u>(149,849)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Property taxes collected	<u>2,059,484</u>	<u>2,089,816</u>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>2,059,484</u>	<u>2,089,816</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(263,638)	(46,820)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,388,563</u>	<u>1,435,383</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,124,925</u>	<u>\$ 1,388,563</u>

See auditor's report. The notes to the financial statements are an integral part of this statement.

CAMARILLO HEALTH CARE DISTRICT  
 STATEMENTS OF CASH FLOWS (continued)  
 For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating loss	\$ (2,200,861)	\$ (2,309,976)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	275,697	273,703
Changes in operating assets and liabilities:		
Accounts receivable	5,756	(3,112)
Grants and other reimbursements	(15,139)	(2,666)
Other receivables	(568)	783
Prepaid expenses	48,668	(43,553)
Accounts payable	(6,584)	(48,690)
Accrued expenses	(68,833)	32,692
Accrued other post employment benefits	15,935	25,520
Deferred revenue	(39,349)	30,586
Other liabilities	<u>1,847</u>	<u>(69)</u>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<b><u>\$ (1,983,431)</u></b>	<b><u>\$ (2,044,782)</u></b>
 <b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING, CAPITAL AND NON CAPITAL FINANCING ACTIVITIES</b>		
Building partially acquired through debt issuance	<u>\$ 150,000</u>	<u>\$ -</u>

See auditor's report. The notes to the financial statements are an integral part of this statement.



**CAMARILLO HEALTH CARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization** – 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 unit.

**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 (a) that are 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) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, and 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 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 assets are segregated into invested in capital and unrestricted net assets.

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.

**Principles of Presentation** – The accompanying financial statements are presented utilizing the accrual method of accounting.

See auditor’s report.

**CAMARILLO HEALTH CARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates and assumptions used in the financial statements include depreciation expense and the accrual for compensated absences.

**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 one to thirty 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.

**Subsequent Events** - The Commission has evaluated subsequent events through November 19, 2012, the date which the financial statements were available to be issued.

**New Accounting Pronouncements** - In December 2010, the GASB issued Statement of Governmental Accounting Standard No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". This Statement is intended to improve financial reporting by codifying all sources of generally accepted accounting principles for statement and local governments so that they derive from a single source. GASB No. 62 will be effective for the year ending June 30, 2013. The District has not yet determined the effects of GASB No. 62 on its financial reporting.

In June 2011, the GASB issued Statement of Governmental Accounting Standard No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" which provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. GASB No. 63 will be effective for the year ending June 30, 2013. The District has not yet determined the effects of GASB No. 63 on its financial position.

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**CAMARILLO HEALTH CARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**Reclassifications** – Certain reclassifications have been made to the prior year financial statements in order to conform to the presentation of the current year financial statements for comparative purposes.

**2. DEPOSITS AND INVESTMENTS**

The District's carrying value of deposits was \$199,647 and \$235,680 at June 30, 2012 and 2011, respectively. The corresponding bank balance was \$249,354 and \$287,202, respectively. The deposits were fully covered by Federal deposit insurance at June 30, 2012 and 2011. 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.

At June 30, 2012, the District had the following investments (all of which are considered cash equivalents):

	<u>Fair Value</u>	<u>Carrying Value</u>
State of California Local Agency Investment Fund	\$ 921,045	\$ 921,045
Ventura County Treasury Investment Fund	<u>3,048</u>	<u>3,048</u>
<b>Total</b>	<b><u>\$ 924,093</u></b>	<b><u>\$ 924,093</u></b>

At June 30, 2011, the District had the following investments (all of which are considered cash equivalents):

	<u>Fair Value</u>	<u>Carrying Value</u>
State of California Local Agency Investment Fund	\$ 1,149,378	\$ 1,149,378
Ventura County Treasury Investment Fund	<u>2,345</u>	<u>2,345</u>
<b>Total</b>	<b><u>\$ 1,151,723</u></b>	<b><u>\$ 1,151,723</u></b>

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 \$919,923.

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.

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**CAMARILLO HEALTH CARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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 \$19,773 and \$17,926 as of June 30, 2012 and 2011, respectively, are amounts received that are designated for program scholarship awards.

**3. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>June 30, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2012</u>
Buildings and building improvements	\$ 2,597,790	\$ 536,802	-	\$ 3,134,592
Lifeline units	786,483	10,281	\$ (185,606)	611,158
IS equipment	326,446		(3,785)	322,661
Equipment and furnishings	255,319	10,376		265,695
Transportation vehicles	<u>349,636</u>	<u>-</u>		<u>349,636</u>
Total capital assets	4,315,674	557,459	(189,391)	4,683,742
Less accumulated depreciation	<u>(2,121,416)</u>	<u>(275,697)</u>	<u>189,391</u>	<u>(2,207,722)</u>
Total capital assets, net	<u>\$ 2,194,258</u>	<u>\$ 281,762</u>	<u>\$ -</u>	<u>\$ 2,476,020</u>

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>June 30, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2011</u>
Buildings and building improvements	\$ 2,631,774	-	\$ (33,984)	\$ 2,597,790
Lifeline units	733,363	\$ 99,077	(45,957)	786,483
IS equipment	322,006	12,587	(8,147)	326,446
Equipment and furnishings	228,657	37,071	(10,409)	255,319
Transportation vehicles	<u>417,616</u>	<u>-</u>	<u>(67,980)</u>	<u>349,636</u>
Total capital assets	4,333,416	148,735	(166,477)	4,315,674
Less accumulated depreciation	<u>(1,995,728)</u>	<u>(273,703)</u>	<u>148,015</u>	<u>(2,121,416)</u>
Total capital assets, net	<u>\$ 2,337,688</u>	<u>\$ (124,968)</u>	<u>\$ (18,462)</u>	<u>\$ 2,194,258</u>

See auditor's report.

**CAMARILLO HEALTH CARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**4. PENSION PLAN**

**Plan Description** – The District contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer 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 and all other requirements are established by state statute and District ordinance. Copies of CalPERS' annual financial report may be obtained from its Executive Office, 400 P Street, Sacramento, California 95814.

**Funding Policy** – Participants are required to contribute 7% of their annual covered salary. Generally, the District makes the contributions required of District employees on their behalf and for their account. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2011-2012 was 8.197% and the employee portion withheld was 7%. The contribution requirements of plan members and the District are established and may be amended by CalPERS.

**Annual Pension Cost** – For fiscal year 2011-2012, the District's annual pension cost of \$123,726 for PERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions include (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.55% to 14.45% depending on age, service and type of employment, (c) 3.25% per year cost-of-living adjustments, and (d) 3.0% inflation. The actuarial value of PERS was determined using techniques that smooth the effects of short-term volatility in the market value or investments over a fifteen year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized at a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010, was 7 years.

**Four-Year Trend Information for PERS:**

<u>Fiscal Year</u>	<u>(APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/2009	\$ 104,108	100%	\$ -
6/30/2010	\$ 111,094	100%	\$ -
6/30/2011	\$ 106,323	100%	\$ -
6/30/2012	\$ 113,511	100%	\$ -

**5. 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 2012 and 2011, the maximum monthly contribution by the District was \$790 per retiree.

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**CAMARILLO HEALTH CARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

The Plan does not issue a publicly available financial report. The District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, during the year ended June 30, 2011 on prospective basis.

**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 election to prefund OPEB through CalPERS in the California Employer’s Retiree Benefit Trust Program (CERBT). During the years ended June 30, 2012 and 2011, the District chose to contribute \$90,000 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.

**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, 2012 and 2011, the amount actually contributed to the Plan, and the changes in the District’s net OPEB obligation:

	<u>2012</u>	<u>2011</u>
Annual required contribution (ARC)	\$ 101,553	\$ 111,819
Interest on net OPEB obligation	10,798	8,856
Adjustment to annual required contribution	<u>(8,429)</u>	<u>(5,155)</u>
Annual OPEB cost	105,935	115,520
Contribution made to Plan during fiscal year	<u>(90,000)</u>	<u>(90,000)</u>
Increase in net OPEB obligation	15,935	25,520
Net OPEB obligation - beginning of year	141,897	116,377
Net OPEB obligation - end of year	<u>\$ 157,832</u>	<u>\$ 141,897</u>

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, 2012 and 2011 are shown in the following table. Only three years’ information is available since 2010 was the District’s initial year of implementation for GASB Statement No. 45.

<u>Ended</u>	<u>OPEB Cost</u>	<u>Cost Contributed</u>	<u>Obligation</u>
6/30/2010	\$ 124,644	107.10%	\$ 116,377
6/30/2011	\$ 115,520	81.41%	\$ 141,897
6/30/2012	\$ 105,935	67.12%	\$ 157,832

See auditor’s report.

**CAMARILLO HEALTH CARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**Funded Status and Funding Progress** – The funded status of the Plan as of June 30, 2011, the most recent actuarial valuation date, was as follows:

	<u>2012</u>	<u>2011</u>
Actuarial accrued liability	\$ 817,788	\$ 910,096
Actuarial value of plan assets	184,804	92,308
Unfunded actuarial accrued liability	<u>\$ 632,984</u>	<u>\$ 817,788</u>
Funded ratio	22.60%	10.14%
Covered payroll	\$1,516,405	\$1,463,230
Unfunded actuarial accrued liability as a percentage of covered payroll	41.74%	55.89%

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. Management has chosen to have the actuarial study performed every other year and this being only the second year of implementing GASB Statement No. 45, there will be only one year of data presented.

**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.

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

Valuation date	June 30, 2011
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	15 Year smoothed market
Actuarial assumptions:	
Investment rate of return	7.61%
Projected salary increase	3.25%
Inflation – discount rate	3.25%

See auditor's report.

CAMARILLO HEALTH CARE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

6. 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 56 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.

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 \$1,000,000 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.

7. 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.

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**CAMARILLO HEALTH CARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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 2012 and 2011, were \$123,599 and \$75,170 respectively. The distribution amounts are to be used only for the Care-a-Van service in Camarillo. At June 30, 2012, the market value of the fund held by VCCF on behalf of the District was \$2,645,058.

**8. GRANTS**

The District is the recipient of grants from government agencies and the private sector. The grants received for the year ended June 30, 2012 are:

<u>Funding Source</u>	<u>Program</u>	<u>Purpose</u>	<u>Amount</u>
Ventura County Area Agency on Aging (VCAAA)	Apple A Day Cafe/HDM	Senior Nutrition	\$ 69,536
Ventura County Area Agency on Aging (VCAAA)	Wellness & Caregiver Center	Caregiver Support	87,111
Ventura County Area Agency on Aging (VCAAA)	Wellness & Caregiver Center	Senior Support Line	60,957
Ventura County Area Agency on Aging (VCAAA)	Wellness & Caregiver Center	Healthy IDEAS	38,140
Ventura County Transportation Commission (VCTC)	Care A Van	ADA Transportation	47,925
Kaiser Foundation Hospitals	VC Chronic Disease Coalition	Chronic Disease	37,500
Catholic Healthcare West	Wellness & Caregiver Center	Chronic Disease	10,000
University of San Francisco	Wellness & Caregiver Center	Walk with Ease	4,500
Total Grant Funds			<u>\$ 355,669</u>

**9. NOTE PAYABLE**

On July 12, 2011, the District purchased three additional office suites at the 3639 East Las Posas Avenue, Camarillo, CA. The three suites are in building E and contiguous with office space already owned by the District within the Dos Caminos complex. The total purchase price for the three suites was \$500,000. A deposit of \$15,000 for the purchase was made in the prior fiscal year and applied to the purchase transaction completed in July 2011. At the time of purchase, suite E115 was paid for in the amount of \$150,000. The seller extended repayment terms in the form of interest-free notes of \$200,000 for suite E119, repaid in January 2012 and \$150,000 for suite 118 which is due and payable in January 2013.

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## REQUIRED SUPPLEMENTARY INFORMATION

CAMARILLO HEALTH CARE DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 Schedule of Funding Progress

Camarillo Health Care District Post Employment Health Insurance Benefit Plan

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
6/30/2011	\$92,308	\$910,096	\$937,392	10.1%	\$1,463,230	55.9%
6/30/2011	\$184,804	\$817,788	\$632,984	22.6%	\$1,516,405	41.7%

The District implemented GASB No. 45 during the year ended June 30, 2010 on a prospective basis. Actuarial information for prior periods is not available.

Camarillo Health Care District Multiple-Employer Defined Benefit Plan

Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AL) - Entry Age (b)	Unfunded Liabilities (UL) (b-a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UL as a Percentage of Covered Payroll (b-a)/c
6/30/2006	\$454,602,459	\$478,122,215	\$23,519,756	95.1%	\$170,458,082	13.8%
6/30/2007	\$479,520,670	\$498,934,859	\$19,414,189	96.1%	\$171,052,819	11.4%
6/30/2008	\$513,147,099	\$532,483,463	\$19,336,364	96.4%	\$183,387,608	10.5%
6/30/2009	\$553,953,526	\$582,841,869	\$28,888,343	95.0%	\$184,319,666	15.7%
6/30/2010	\$594,492,164	\$624,423,437	\$29,931,273	95.2%	\$186,777,830	16.0%

The information shown is from the CalPERS Actuarial Valuation Report of June 30, 2010, in compliance with GASB No. 27 for a cost-sharing multiple-employer defined benefit plan. The District's share is not provided by CalPERS.

See auditor's report.

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