

**CLOVERDALE HEALTH CARE DISTRICT
COUNTY OF SONOMA
CLOVERDALE, CALIFORNIA**

ANNUAL FINANCIAL REPORT

JUNE 30, 2018 AND 2017

CLOVERDALE HEALTH CARE DISTRICT

JUNE 30, 2018 AND 2017

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position - 2018	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position - 2017	15
Statement of Revenues and Expenditures	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - 2018	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - 2017	18
Notes to Financial Statements	19-24
<u>REQUIRED SUPPLEMENTARY INFORMATION SECTION</u>	
Budgetary Comparison Schedule - General Fund - 2018	25
Budgetary Comparison Schedule - General Fund - 2017	26
Notes to Required Supplementary Information	27

CLOVERDALE HEALTH CARE DISTRICT

JUNE 30, 2018 AND 2017

TABLE OF CONTENTS

	<u>Page</u>
<u>SUPPLEMENTARY INFORMATION SECTION</u>	
Organization/Governing Board/Administration	28
Statement of Revenues and Expenditures	29
<u>OTHER INDEPENDENT AUDITOR'S REPORT SECTION</u>	
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 <i>Government Auditing Standards</i>	30-31
<u>FINDINGS AND RESPONSES SECTION</u>	
Schedule of Audit Findings and Responses:	
Section I - Summary of Auditor's Results	32
Summary Schedule of Prior Year Audit Findings	33



Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cloverdale Health Care District
Cloverdale, California

We have audited the accompanying financial statements of the governmental activities and each major fund of Cloverdale Health Care District as of and for the years ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Cloverdale Health Care District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have audited and express an unqualified opinion on the financial statements of the District for the year ended June 30, 2017 whose report dated August 23, 2017.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Cloverdale Health Care District, as of June 30, 2018 and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and budgetary comparison information on pages 25 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cloverdale Health Care District's basic financial statements. The financial and statistical information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The financial and statistical information listed as supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial and statistical information listed as supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2018, on our consideration of the Cloverdale Health Care District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cloverdale Health Care District's internal control over financial reporting and compliance.

Blomberg & Griffin A.C.

Blomberg & Griffin A.C.
Stockton, California
September 27, 2018

CLOVERDALE HEALTH CARE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018 AND 2017

This Management Discussion and Analysis of Cloverdale Health Care District's (District) financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2018 and 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report on page 1, notes to the basic financial statements and the District's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- Fiscal year 2017-2018 General Fund revenues and other uses exceeded expenditures and other sources by \$65,409.
- In complying with GASB 34, fixed assets were valued at historical cost. The total of the District's fixed assets, land, site, buildings, and equipment valued on an acquisition cost basis was \$841,267. After depreciation, the June 30, 2018 book value for fixed assets totaled \$418,210.

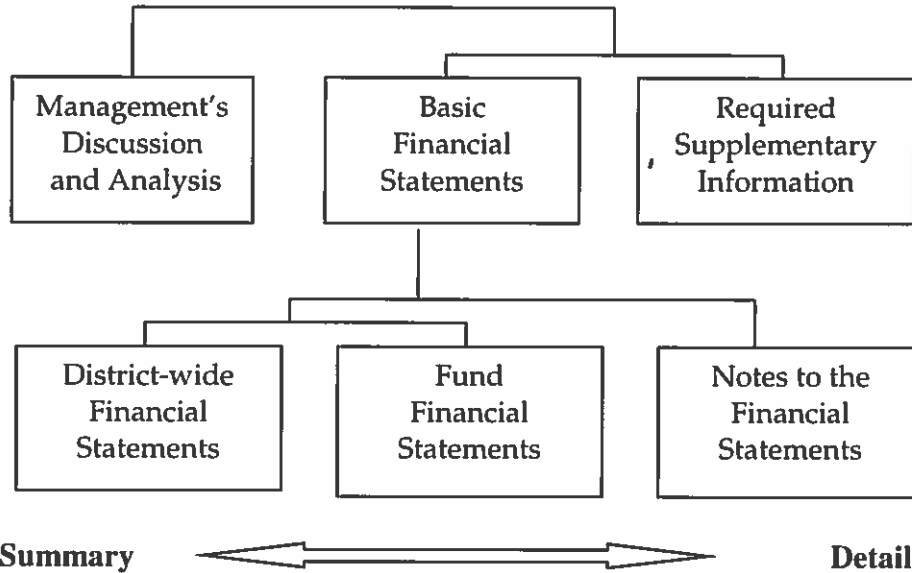
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. These statements are organized so the reader can understand the Cloverdale Health Care District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

CLOVERDALE HEALTH CARE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Components of the Financial Section



The first two statements are *district-wide financial statements*, the Statement of Net Position and Statement of Activities. These statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. A comparison of the District's general fund budget is included.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

These two statements provide information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities using the accrual basis of accounting. This basis of accounting takes into accounts all of the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the District as a whole and its activities in a way that helps answer the question, "How did we do financially during 2017-18?"

CLOVERDALE HEALTH CARE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018 AND 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Reporting the District as a Whole (Concluded)

Statement of Net Position and the Statement of Activities (Continued)

These two statements report the District's net position and changes in the position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to the community, not to generate profits as commercial entities. One must consider many other non-financial factors, such as the quality of services provided to assess the overall health of the District.

- ◆ Increases or decreases in the net position of the District over time are indications of whether its financial position is improving or deteriorating, respectively.
- ◆ Additional non-financial factors such as condition of equipment, and changes to the property tax base of the District need to be considered in assessing the overall health of the District.

Reporting the District's Most Significant Funds

Fund Financial Statements

◆ **Governmental Funds**

The District's activities are reported in a governmental fund. The major governmental fund of the District is the General Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

CLOVERDALE HEALTH CARE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018 AND 2017

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The District as a Whole

The District's net position was \$918,435 at June 30, 2018. Of this amount \$500,540 was unrestricted. Net investments in capital assets account for \$412,180 of the total net position. A comparative analysis of government-wide data is presented in Table 1.

(Table 1)

Comparative Statement of Net Position

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and Investments	\$ 400,054	\$ 340,297
Receivables	111,131	103,546
Prepaid Expenditures	1,280	3,288
Capital Assets	<u>412,180</u>	<u>418,210</u>
 Total Assets	 <u>\$ 924,645</u>	 <u>\$ 865,341</u>
 LIABILITIES		
Accounts Payable and Other Current Liabilities	<u>\$ 6,210</u>	<u>\$ 6,285</u>
 Total Liabilities	 <u>6,210</u>	 <u>6,285</u>
 NET POSITION		
Net Investment in Capital Assets	412,180	418,210
Restricted	5,715	36,188
Unrestricted	<u>500,540</u>	<u>404,658</u>
 Total Net Position	 <u>\$ 918,435</u>	 <u>\$ 859,056</u>

CLOVERDALE HEALTH CARE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS
(CONTINUED)**

The District's net position increased \$59,379 this fiscal year (See Table 2).

(Table 2)

Comparative Statement of Change in Net Position

	2018	2017
REVENUES		
Programs revenues	\$ 371,393	\$ 333,849
General revenues		
Taxes levied for general purposes	37,741	34,660
Taxes levied for other specific purposes	163,465	160,679
Interest and investment earnings	316	85
Miscellaneous	3,105	1,125
IGT supplement payment	77,338	(8)
Other income	3,366	49,642
Total income	656,724	580,032
EXPENSES		
Entreprise activities	597,345	555,218
Total expenses	597,345	555,218
Increase in Net Position	\$ 59,379	\$ 24,814

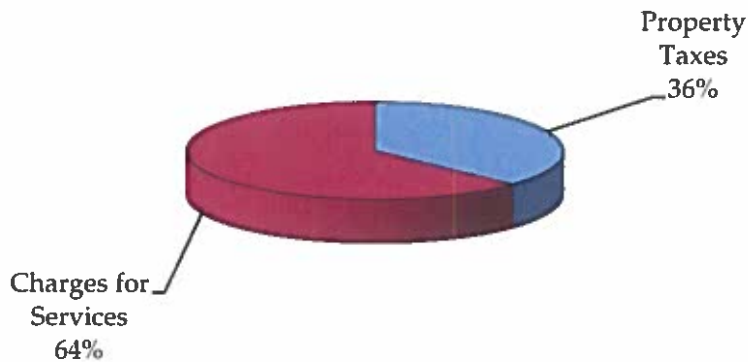
CLOVERDALE HEALTH CARE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS
(CONTINUED)**

Governmental Activities

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$597,345 (see Table 2). The amount that our local taxpayers financed for these activities through property taxes was \$201,206.

Sources of Revenue for the 2017-18 Fiscal Year
Figure 1



FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of expendable resources. The District's Governmental Funds reported a fund balance of \$506,225, an increase of \$65,409 from the previous fiscal year's ending balance of \$440,846.

**CLOVERDALE HEALTH CARE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2018 AND 2017

FINANCIAL ANALYSIS OF THE FUND STATEMENTS (CONTINUED)

General Fund Budgetary Highlights

Over the course of the year, the District reviews the annual operating budget monthly.

The final revised budget for the General Fund reflected a net increase to the ending balance of \$37,248.

The District ended the year increasing \$65,409 to the General Fund ending balance.

CAPITAL ASSETS

By the end of the 2017-18 fiscal year, the District had invested \$841,267 in a broad range of capital assets, including administrative buildings, site improvements, vehicles and equipment.

The capital assets net of depreciation is \$412,180 at June 30, 2018, which is an decrease of \$6,030.

**(Table 3)
Comparative Schedule of Capital Assets
(net of depreciation)
June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>	Difference Increase (Decrease)
Land	\$ 17,789	\$ 17,789	\$ -
Buildings	206,876	189,987	16,889
Machinery and Equipment	<u>187,515</u>	<u>210,434</u>	<u>(22,919)</u>
Totals	<u>\$ 412,180</u>	<u>\$ 418,210</u>	<u>\$ (6,030)</u>

**CLOVERDALE HEALTH CARE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2018 AND 2017

FACTORS BEARING ON THE DISTRICT'S FUTURE

The financial well-being of the District is dependent on local property taxes.

Future predictions require management to plan carefully and prudently to provide the resources necessary to meet community needs over the next several years. The District has an excellent track record in meeting this challenge.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Cloverdale Health Care District, P.O. Box 434, Cloverdale, CA 95425.

**CLOVERDALE HEALTH CARE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash (Note 2)	\$ 400,054	\$ 340,297
Accounts Receivable (Note 3)	102,032	103,546
Taxes Receivable	9,099	-
Prepaid Expenditures	1,280	3,288
Capital Assets, Net of Depreciation (Note 4)	<u>412,180</u>	<u>418,210</u>
 Total Assets	 <u>\$ 924,645</u>	 <u>\$ 865,341</u>
 LIABILITIES		
Accounts Payable and Other Current Liabilities	<u>\$ 6,210</u>	<u>\$ 6,285</u>
 Total Liabilities	 <u>\$ 6,210</u>	 <u>\$ 6,285</u>
 NET POSITION		
Net Investment in Capital Assets	\$ 412,180	\$ 418,210
Restricted	5,715	36,188
Unrestricted	<u>500,540</u>	<u>404,658</u>
 Total Net Position	 <u>\$ 918,435</u>	 <u>\$ 859,056</u>

The accompanying notes are an integral part of the financial statements.

CLOVERDALE HEALTH CARE DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2018 AND 2017

EXPENDITURES/EXPENSES	<u>2018</u>	<u>2017</u>
Operations	\$ 569,815	\$ 527,583
Depreciation	<u>27,530</u>	<u>27,635</u>
Total Expenditures/Expenses	<u>597,345</u>	<u>555,218</u>
PROGRAM REVENUES		
Charges for Services	<u>371,393</u>	<u>333,849</u>
Net Program Expenses	<u>225,952</u>	<u>221,369</u>
GENERAL REVENUES		
Property Taxes Levied For:		
Taxes levied for general purposes	37,741	34,660
Taxes Levied for other specific purposes	163,465	160,679
Interest and Investment Earnings	316	85
Miscellaneous	3,105	1,125
IGT Supplement Payment	77,338	(8)
Other Income	<u>3,366</u>	<u>49,642</u>
Total General Revenues	<u>285,331</u>	<u>246,183</u>
Changes in Net Position	59,379	24,814
Net Position - Beginning of Year	<u>859,056</u>	<u>834,242</u>
Net Position - End of Year	<u><u>\$ 918,435</u></u>	<u><u>\$ 859,056</u></u>

The accompanying notes are an integral part of the financial statements.

CLOVERDALE HEALTH CARE DISTRICT
BALANCE SHEET - Governmental Funds
JUNE 30, 2018 AND 2017

	<u>General Fund</u>	<u>Governmental Fund Types</u>	
	2018	<u>June 30</u>	
		2018	2017
ASSETS			
Cash	\$ 400,054	\$ 400,054	\$ 340,297
Accounts receivable, net (Note 3)	102,032	102,032	103,546
Taxes receivable	9,099	9,099	-
Other assets - prepaid insurance	1,280	1,280	3,288
Total Assets	<u>\$ 512,465</u>	<u>\$ 512,465</u>	<u>\$ 447,131</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 6,210	\$ 6,210	\$ 6,285
Total Liabilities	<u>6,210</u>	<u>6,210</u>	<u>6,285</u>
Fund Balances (Note 1H):			
Restricted	5,715	5,715	36,188
Unreserved:			
Unassigned	500,540	500,540	404,658
Total Fund Balances	<u>506,255</u>	<u>506,255</u>	<u>440,846</u>
Total Liabilities and Fund Balances	<u>\$ 512,465</u>	<u>\$ 512,465</u>	<u>\$ 447,131</u>

The accompanying notes are an integral part of the financial statements.

**CLOVERDALE HEALTH CARE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
FISCAL YEAR END JUNE 30, 2018**

		<u>2018</u>
Total fund balance - governmental funds		\$ 506,255
 Amounts reported for governmental activities in the statement of net position are different because:		
 Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets, at historical cost:	\$ 841,267	
Accumulated Depreciation	<u>(429,087)</u>	
Net:		<u>412,180</u>
Total net position - governmental activities		<u><u>\$ 918,435</u></u>

The accompanying notes are an integral part of the financial statements.

**CLOVERDALE HEALTH CARE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
FISCAL YEAR END JUNE 30, 2017**

		<u>2017</u>
Total fund balance - governmental funds		\$ 440,846
 Amounts reported for governmental activities in the statement of net position are different because:		
 Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets, at historical cost:	\$ 819,767	
Accumulated Depreciation	<u>(401,557)</u>	
Net:		<u>418,210</u>
Total net position - governmental activities		<u><u>\$ 859,056</u></u>

The accompanying notes are an integral part of the financial statements.

**CLOVERDALE HEALTH CARE DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
JUNE 30, 2018 AND 2017**

	2018	2017
REVENUES		
Taxes and assessments:		
Current secured property tax	\$ 37,741	\$ 34,660
Special Assessment	163,465	160,679
Revenue from use of money:		
Interest Income	316	85
Other local revenue	83,809	50,758
Subtotal	285,331	246,182
PROGRAM REVENUES		
Charges for ambulance services	780,951	683,447
(Less- Contract Allowances)	(409,558)	(349,598)
Provision for bad debts	(23,766)	(2,875)
Net ambulance revenue	347,627	330,974
Total Revenues	632,958	577,156
EXPENDITURES		
Salaries and wages, including payroll taxes	363,055	347,212
Employee benefits - health insurance, Workers' compensation	65,205	55,616
Services and supplies:		
Fuel	14,457	12,834
Insurance - general	20,095	16,116
Repairs and maintenance - ambulance	2,967	8,961
Supplies for patients	24,388	22,478
Legal and audit fees	6,953	7,438
Office expense	19,096	14,157
Other expenses - dues, subscriptions, Volunteers, refunds	4,399	13,725
Outside services	11,143	14,830
Repairs and maintenance	1,732	2,296
Utilities and telephone	9,799	2,150
Capital outlay expenditures	24,260	6,895
Total Expenditures	567,549	524,708
Excess of Revenues Over Expenditures	65,409	52,448
Fund Balance- Beginning	440,846	388,398
Fund Balance- Ending	\$ 506,255	\$ 440,846

The accompanying notes are an integral part of the financial statements.

**CLOVERDALE HEALTH CARE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR END JUNE 30, 2018**

		2018
Net change in fund balances - total governmental funds	\$	65,409
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:</p>		
Difference between Capital Outlay and Depreciation expense:		(6,030)
		(6,030)
Total change in net position - governmental activities	\$	59,379

The accompanying notes are an integral part of the financial statements.

**CLOVERDALE HEALTH CARE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR END JUNE 30, 2017**

		2017
Net change in fund balances - total governmental funds	\$	52,448
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:</p>		
Difference between Capital Outlay and Depreciation expense:		(27,635)
		24,813
Total change in net position - governmental activities	\$	24,813

The accompanying notes are an integral part of the financial statements.

CLOVERDALE HEALTH CARE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activity

Cloverdale Health Care District (District) provides ambulance service to Cloverdale California. The District is supported primarily from the assessment of special property tax assessments and from charges for ambulance services.

B. Reporting Entity

The Cloverdale Health Care District (District) includes all funds that are controlled by or dependent on the District's governing board for financial reporting purposes. The District has considered all potential component units in determining how to define the reporting entity, using criteria set forth in generally accepted accounting principles. The District determined that there are no potential component units that meet the criteria for inclusion within the reporting entity.

C. Accounting Policies

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants.

Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the District.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the district's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities.

CLOVERDALE HEALTH CARE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Accounting Policies (Continued)

Basis of Presentation (Continued)

Government-wide Financial Statements (Continued):

Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

D. Fund Structure and Basis of Accounting

The accounts of the District are organized on the basis of funds which are considered to be a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized in one category, which includes one fund type as follows:

Governmental funds:

General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

CLOVERDALE HEALTH CARE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgets and Budgetary Accounting (Continued)

These budgets are revised by the District's Board of Directors and District Manager during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund as required supplementary information in the financial statements.

G. Property Tax

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent if not paid by December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Sonoma bills and collects the taxes for the District. Tax revenues are recognized by the District when received. The property tax receivable as of June 30, 2018 is \$9,099.

H. Assets, Liabilities and Equity

1. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over an estimated useful life of 5-50 years depending on the asset class.

2. Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the position.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position - This amount is all net Positions that do not meet the definition of "net investment in capital assets" or "restricted net position".

CLOVERDALE HEALTH CARE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 1- NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

3. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy is to apply restricted net position first.

4. Fund Balances

The District has implemented GASB 54, establishing a five-tier fund balance classification hierarchy that depicts the extent the District is bound by spending constraints imposed on the use of its resources:

Nonspendable Fund Balance - Includes the portions of fund balance not appropriate for expenditures.

Restricted Fund Balance - Includes amounts subject to externally imposed and legally enforceable constraints. The District Governing Board has restricted final balance to accumulate resources for future ambulance replacement.

Committed Fund Balance - Includes amounts subject to District constraints self-imposed by formal action of the District Governing Board.

Assigned Fund Balance - Includes amounts the District intends to use for a specific purpose. Assignments may be established by the District Governing Board, or the Director of Business Services of the District.

Unassigned Fund Balance - Includes the residual balance that has not been assigned to other funds and is not restricted, committed, or assigned to specific purposes.

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance and lastly, the unassigned fund balance.

CLOVERDALE HEALTH CARE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 2-CASH

The District maintains cash balances at one financial institution in Cloverdale, California. The accounts at this institution are insured up to \$250,000 by the Federal Depository Insurance Corporation. The balances in the District's accounts exceeded the insured amount at certain times during the year. At June 30, 2018 and 2017, the District's uninsured cash balances total \$102,408 and \$150,064, respectively. The District has not experienced any losses in these accounts.

NOTE 3- ACCOUNTS RECEIVABLE AND AMBULANCE REVENUE

Accounts receivable represent uncollected billings for ambulance revenue (net of contractual adjustments) for the current year. Provision for bad debts is expressed as a percentage of gross revenue, ambulance services. For the year ended June 30, 2018, the Manager estimates this percentage to be 3.2%, and the Allowance for Doubtful Accounts has been adjusted accordingly.

The District's accounts receivable consist of the following:

	<u>2018</u>	<u>2017</u>
Accounts receivable	\$ 105,311	\$ 104,053
Less: Allowance for doubtful accounts	<u>(3,279)</u>	<u>(507)</u>
Net accounts receivable	<u>\$ 102,032</u>	<u>\$ 103,546</u>

NOTE 4-PROPERTY AND EQUIPMENT

Property and equipment are summarized by major classifications as follows:

	<u>2018</u>	<u>2017</u>
Land	\$ 17,789	\$ 17,789
Buildings and improvements	323,366	323,366
Ambulance and equipment	483,548	462,048
Office furniture and equipment	<u>16,564</u>	<u>16,564</u>
Subtotal	841,267	819,767
Less accumulated depreciation	<u>(429,087)</u>	<u>(401,557)</u>
Total	<u>\$ 412,180</u>	<u>\$ 418,210</u>

CLOVERDALE HEALTH CARE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 4- PROPERTY AND EQUIPMENT (CONTINUED)

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized. Depreciation is computed for financial statement purposes on a straight-line basis over the estimated useful lives of the related assets. The estimated useful lives of depreciable assets are as follows:

	<u>Estimated Useful Lives</u>
Buildings and improvements	50 years
Ambulance and equipment	10 years
Office furniture and equipment	10 years

For 2018 and 2017, depreciation amounted to \$27,635 and \$27,635, respectively.

NOTE 5- USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 6- SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 30, 2018, the date on which the financial statements were available to be issued.

CLOVERDALE HEALTH CARE DISTRICT
BUDGETARY COMPARISON SCHEDULE- GENERAL FUND
JUNE 30, 2018

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive- (Negative)</u>
REVENUES				
Property Tax	\$ 34,100	\$ 34,100	\$ 37,741	\$ 3,641
Property assessments - special	157,160	157,160	163,465	6,305
Revenue from use of money:				
Interest income	150	150	316	166
Other local revenue	80,646	80,646	83,809	3,163
Subtotal	<u>272,056</u>	<u>272,056</u>	<u>285,331</u>	<u>13,275</u>
Charges for ambulance services	685,231	685,231	780,951	95,720
(Less- Contract Allowances)	(350,000)	(350,000)	(409,558)	(59,558)
Provision for bad debts	(25,020)	(25,020)	(23,766)	1,254
Net ambulance revenue	<u>310,211</u>	<u>310,211</u>	<u>347,627</u>	<u>37,416</u>
Total Revenues- FY18	<u>582,267</u>	<u>582,267</u>	<u>632,958</u>	<u>50,691</u>
EXPENDITURES				
Salaries and wages, including payroll taxes	352,300	352,300	363,055	(10,755)
Employee benefits - health insurance, workers' compensation	59,440	59,440	65,205	(5,765)
Services and supplies:				
Fuel	15,000	15,000	14,457	543
Insurance - general	18,959	18,959	20,095	(1,136)
Repairs and maintenance - ambulance	9,800	9,800	2,967	6,833
Supplies for patients	24,000	24,000	24,388	(388)
Legal and audit fees	10,000	10,000	6,953	3,047
Office expense	16,500	16,500	19,096	(2,596)
Other expenses - dues, subscriptions, volunteers, refunds	6,020	6,020	4,399	1,621
Outside services - other	14,000	14,000	11,143	2,857
Repairs and maintenance - office painting, flooring, furniture, bed	4,000	4,000	1,732	2,268
Utilities and telephone	10,000	10,000	9,799	201
Capital outlay expenditures	5,000	5,000	24,260	(19,260)
Total Expenditures- FY18	<u>545,019</u>	<u>545,019</u>	<u>567,549</u>	<u>(22,530)</u>
Excess of Revenues				
Over Expenditures- FY18	<u>\$ 37,248</u>	<u>\$ 37,248</u>	<u>\$ 65,409</u>	<u>\$ 28,161</u>

The accompanying notes are an integral part of the financial statements.

**CLOVERDALE HEALTH CARE DISTRICT
BUDGETARY COMPARISON SCHEDULE- GENERAL FUND
JUNE 30, 2017**

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive- (Negative)
REVENUES				
Property Tax	\$ 33,000	\$ 33,000	\$ 34,660	\$ 1,660
Property assessments - special	158,400	158,400	160,679	2,279
Revenue from use of money:				
Interest income	143	143	85	(58)
Other local revenue	39,945	39,945	50,758	10,813
Subtotal	<u>231,488</u>	<u>231,488</u>	<u>246,182</u>	<u>14,694</u>
Charges for ambulance services	685,231	685,231	683,447	(1,784)
(Less- Contract Allowance)	(309,537)	(309,537)	(349,598)	(40,061)
Provision for bad debts	(2,400)	(2,400)	(2,875)	(475)
Net ambulance revenue	<u>373,294</u>	<u>373,294</u>	<u>330,974</u>	<u>(42,320)</u>
Total Revenues - FY17	<u>604,782</u>	<u>604,782</u>	<u>577,156</u>	<u>(27,626)</u>
EXPENDITURES				
Salaries and wages, including payroll taxes	340,619	340,619	347,212	(6,593)
Employee benefits - health insurance, workers' compensation	55,428	55,428	55,616	(188)
Services and supplies:				-
Fuel	8,500	8,500	12,834	(4,334)
Insurance - general	18,959	18,959	16,116	2,843
Repairs and maintenance - ambulance	9,800	9,800	8,961	839
Supplies for patients	20,000	20,000	22,478	(2,478)
Legal and audit fees	10,000	10,000	7,438	2,562
Office expense	16,500	16,500	14,157	2,343
Other expenses - dues, subscriptions, volunteers, refunds	13,028	13,028	13,725	(697)
Outside services - other	14,000	14,000	14,830	(830)
Repairs and maintenance - office painting, flooring, furniture, bed	4,000	4,000	2,296	1,704
Utilities and telephone	8,800	8,800	2,150	6,650
Capital outlay expenditures	6,543	6,543	6,895	(352)
Total Expenditures- FY17	<u>526,177</u>	<u>526,177</u>	<u>524,708</u>	<u>1,469</u>
Excess of Revenues				
Over Expenditures- FY17	<u>\$ 78,605</u>	<u>\$ 78,605</u>	<u>\$ 52,448</u>	<u>\$ (26,157)</u>

The accompanying notes are an integral part of the financial statements.

CLOVERDALE HEALTH CARE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1- PURPOSE OF SCHEDULES

A. Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

CLOVERDALE HEALTH CARE DISTRICT

CLOVERDALE, CALIFORNIA

JUNE 30, 2018

ORGANIZATION

The District was formed November 6, 1962 upon voter approval during a regular election to provide ambulance service to an area approximately the same as the Cloverdale Unified School District. Effective July 1, 1993, the District received revenue from the Assessment of a special property tax of \$18 on parcels within the District. On April 10, 1995, the District's Board of Directors passed Resolution No. 95-4, changing the name "Cloverdale Hospital District" to "Cloverdale Health Care District" pursuant to Health and Safety Code Section 32137. Effective July 1, 2006, the District parcel tax increased to \$36.

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Al Delsid	President	December 2018
James F. DeMartini	Vice President	December 2018
Neena Hanchett	Secretary	December 2020
Harry Martin	Treasurer	December 2018
Mary Jo Winter	Member	December 2020

ADMINISTRATION

Thomas K. Hinrichs
Manager/Paramedic

Robert E. Marmor
Attorney

CLOVERDALE HEALTH CARE DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
FISCAL YEARS ENDED JUNE 30, 2018, 2017 AND 2016

	<u>2017-2018</u>	<u>2016-2017</u>	<u>2015-2016</u>
REVENUES			
Current secured property tax	\$ 37,741	\$ 34,660	\$ 32,389
Special Assessments	163,465	160,679	155,516
Interest income	316	85	157
Gain on sale of assets	-	-	-
Other local revenue	83,809	50,758	54,618
Charges for ambulance services	780,951	683,447	634,456
Less: Contractual adjustments	(409,558)	(349,598)	(287,521)
Provision for bad debts	(23,766)	(2,875)	(10,365)
	<u>632,958</u>	<u>577,156</u>	<u>579,250</u>
EXPENDITURES			
Salaries and wages, including payroll taxes	363,055	347,212	342,123
Workers' compensation insurance	65,205	55,616	56,178
Services and supplies:			
Fuel	14,457	12,834	10,606
Insurance - general	20,095	16,116	14,026
Repairs and maintenance - ambulance	2,967	8,961	21,562
Supplies for patients	24,388	22,478	22,589
Legal and audit fees	6,953	7,438	8,035
Office expense	19,096	14,157	15,630
Other expenses - dues, subscriptions, volunteers, refunds	4,399	13,725	4,676
Outside services	11,143	14,830	13,224
Repairs and maintenance - office painting, flooring, furniture, bed	1,732	2,296	1,042
Utilities and telephone	9,799	2,150	8,642
Capital outlay expenditures	<u>24,260</u>	<u>6,895</u>	<u>160,470</u>
	<u>567,549</u>	<u>524,708</u>	<u>678,803</u>
Total Expenditures			
Excess of Revenues			
Over Expenditures	65,409	52,448	(99,553)
Fund Balances - Beginning of Year	<u>440,846</u>	<u>388,398</u>	<u>487,951</u>
Fund Balances - End of Year	<u>\$ 506,255</u>	<u>\$ 440,846</u>	<u>\$ 388,398</u>

The accompanying notes are an integral part of the financial statements.



Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

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

Board of Directors
Cloverdale Health Care District
Cloverdale, California

We have audited the financial statements of Cloverdale Health Care District ("the District"), as of and for the year ended June 30, 2018, and have issued our report thereon dated September 27, 2018. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

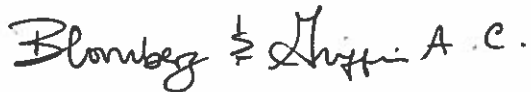
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cloverdale Health Care District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



Blomberg & Griffin A.C.
Stockton, California
September 27, 2018

CLOVERDALE HEALTH CARE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDING JUNE 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified
that are not considered to be material
weakness?

Yes None reported

Noncompliance material to financial
statements noted?

Yes No

CLOVERDALE HEALTH CARE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDING JUNE 30, 2018

There were no findings or recommendations considered reportable conditions determined as a result of prior audit of Cloverdale Health Care District for the year ended June 30, 2017.