

**CLOVERDALE HEALTH CARE DISTRICT  
COUNTY OF SONOMA  
CLOVERDALE, CALIFORNIA  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2016 AND 2015**

CLOVERDALE HEALTH CARE DISTRICT

JUNE 30, 2016 AND 2015

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CLOVERDALE HEALTH CARE DISTRICT

JUNE 30, 2016 AND 2015

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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, 2016, 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. The financial statements of the District for the year ended June 30, 2015 were audited by another auditor whose report dated November 9, 2015 expressed an unqualified opinion on those statements.

### **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, 2016 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 20, 2016, 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.  
Stockton, California  
September 20, 2016

## FINANCIAL SECTION

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

**JUNE 30, 2016 AND 2015**

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, 2016 and 2015. 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 2015-2016 General Fund expenditures and other uses exceeded revenues and other sources by \$99,553.
- 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 \$819,767. After depreciation, the June 30, 2016 book value for fixed assets totaled \$445,845.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

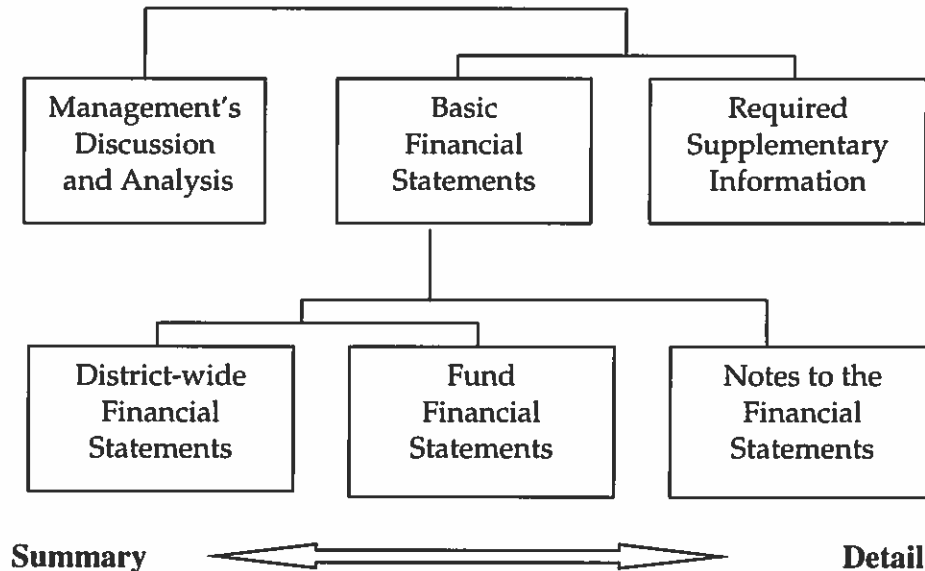
This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. These statements are organized so the reader can understand the Cloverdale Health Care District as a financial whole, an entire operating 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, 2016 AND 2015**

**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 2015-16?"



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

**JUNE 30, 2016 AND 2015**

**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, 2016 AND 2015**

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS**

*The District as a Whole*

The District's net position was \$834,243 at June 30, 2016. Of this amount \$387,216 was unrestricted. Net investment in capital assets account for \$445,845 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>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and Investments	\$ 288,283	\$ 427,531
Receivables	109,124	59,985
Prepaid Expenditures	3,277	958
Capital Assets	<u>445,845</u>	<u>325,130</u>
 Total Assets	 <u>\$ 846,529</u>	 <u>\$ 813,604</u>
 <b>LIABILITIES</b>		
Accounts Payable and Other Current Liabilities	<u>\$ 12,286</u>	<u>\$ 523</u>
 Total Liabilities	 <u>\$ 12,286</u>	 <u>\$ 523</u>
 <b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 445,845	\$ 325,130
Restricted	1,186	89,713
Unrestricted	<u>387,212</u>	<u>398,238</u>
 Total Net Position	 <u>\$ 834,243</u>	 <u>\$ 813,081</u>

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

**JUNE 30, 2016 AND 2015**

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

The District's net position increased \$21,161 this fiscal year (See Table 2).

**(Table 2)**

**Comparative Statement of Change in Net Position**

	2016	2015
<b>REVENUES</b>		
Programs revenues	\$ 346,936	\$ 349,234
General revenues		
Taxes levied for general purposes	32,389	29,790
Taxes levied for other specific purposes	155,516	164,272
Interest and investment earnings	157	160
Miscellaneous	500	351
GEMT supplement payment	784	1,048
Other income	53,333	2,966
Total income	589,615	547,821
 <b>EXPENSES</b>		
Enterprise activities	568,454	503,027
Total expenses	568,454	503,027
 Increase in Net Position	\$ 21,161	\$ 44,794

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

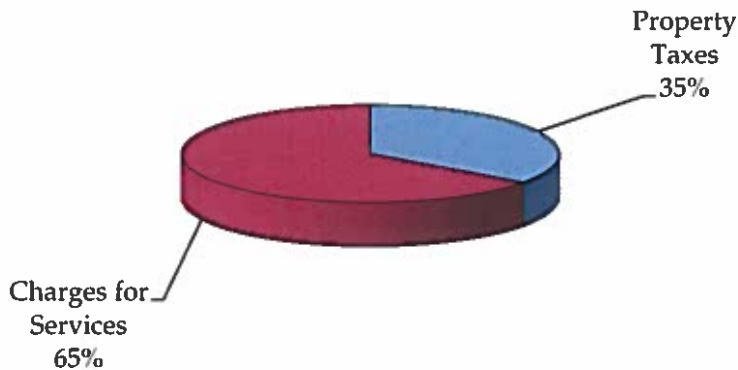
**JUNE 30, 2016 AND 2015**

**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 \$568,454 (see Table 2). The amount that our local taxpayers financed for these activities through property taxes was \$187,905.

**Sources of Revenue for the 2015-16 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 \$388,398, a decrease of \$99,553 from the previous fiscal year's ending balance of \$487,951.

**General Fund Budgetary Highlights**

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

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

**JUNE 30, 2016 AND 2015**

**FINANCIAL ANALYSIS OF THE FUND STATEMENTS (CONTINUED)**

**General Fund Budgetary Highlights (Continued)**

The final revised budget for the General Fund reflected a net increase to the ending balance of \$1,687.

The District ended the year reducing \$99,553 to the General Fund ending balance.

**CAPITAL ASSETS**

**Capital Assets**

By the end of the 2015-16 fiscal year, the District had invested \$819,767 in a broad range of capital assets, including administrative buildings, site improvements, vehicles and equipment.

The capital assets net of depreciation are \$373,922 at June 30, 2016, which is an increase of \$27,746 from the previous year due to recognizing depreciation (\$27,746).

**(Table 3)  
Comparative Schedule of Capital Assets  
(net of depreciation)  
June 30, 2016 and 2015**

	2016	2015	Difference Increase (Decrease)
Land	\$ 17,789	\$ 17,789	\$ -
Buildings	196,338	202,688	(6,350)
Machinery and Equipment	231,718	104,653	127,065
Totals	\$ 445,845	\$ 325,130	\$ 120,715

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

**JUNE 30, 2016 AND 2015**

**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, 2016 AND 2015**

EXPENDITURES/EXPENSES	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash (Note 2)	\$ 288,283	\$ \$ 427,531
Accounts Receivable (Note 3)	109,124	59,985
Prepaid Expenditures	3,277	958
Capital Assets, Net of Depreciation (Note 4)	<u>445,845</u>	<u>325,130</u>
 <b>PROGRAM REVENUES</b>	 <u>\$ 846,529</u>	 <u>\$ 813,604</u>
 <b>LIABILITIES</b>		
Accounts Payable and Other Current Liabilities	<u>\$ 12,286</u>	<u>\$ 523</u>
<b>GENERAL REVENUES</b>		
Total Liabilities	<u>\$ 12,286</u>	<u>\$ 523</u>
 <b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 445,845	\$ 325,130
Restricted	1,186	89,713
Unrestricted	<u>387,212</u>	<u>398,238</u>
 Total Net Position	 <u>\$ 834,243</u>	 <u>\$ 813,081</u>

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

**CLOVERDALE HEALTH CARE DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

<b>EXPENDITURES/EXPENSES</b>	<u>2016</u>	<u>2015</u>
Operations	\$ 540,708	\$ 476,408
Depreciation	<u>27,746</u>	<u>26,619</u>
Total Expenditures/Expenses	<u>568,454</u>	<u>503,027</u>
<b>PROGRAM REVENUES</b>		
Charges for Services	<u>346,936</u>	<u>349,234</u>
Net Program Expenses	<u>221,518</u>	<u>153,793</u>
<b>GENERAL REVENUES</b>		
Property Taxes Levied For:		
Taxes levied for general purposes	32,389	29,790
Taxes Levied for other specific purposes	155,516	164,272
Interest and Investment Earnings	157	160
Miscellaneous	500	351
GEMT Supplement Payment	784	1,048
Other Income	<u>53,333</u>	<u>2,966</u>
Total General Revenues	<u>242,679</u>	<u>198,587</u>
Changes in Net Position	21,161	44,794
Net Position - Beginning of Year	<u>813,081</u>	<u>768,287</u>
Net Position - End of Year	<u><u>\$ 834,242</u></u>	<u><u>\$ 813,081</u></u>

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



**CLOVERDALE HEALTH CARE DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

EXPENDITURES/EXPENSES	General	Governmental	
	Fund	Fund Types	
		June 30	
	2016	2016	2015
<b>ASSETS</b>			
PROGRAM REVENUES	\$ 288,283	\$ 288,283	\$ 427,531
Accounts receivable, net (Note 3)	109,124	109,124	59,985
Other assets - prepaid insurance	3,277	3,277	958
Total Assets	<u>\$ 400,684</u>	<u>\$ 400,684</u>	<u>\$ 488,474</u>
GENERAL REVENUES			
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 12,286	\$ 12,286	\$ 523
Total Liabilities	<u>12,286</u>	<u>12,286</u>	<u>523</u>
Fund Balances (Note 1H):			
Restricted	1,186	1,186	89,713
Unreserved:			
Unassigned	<u>387,212</u>	<u>387,212</u>	<u>398,238</u>
Total Fund Balances	<u>388,398</u>	<u>388,398</u>	<u>487,951</u>
Total Liabilities and Fund Balances	<u>\$ 400,684</u>	<u>\$ 400,684</u>	<u>\$ 488,474</u>

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

**CLOVERDALE HEALTH CARE DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

**EXPENDITURES/EXPENSES**

Total fund balance - governmental funds \$ 388,398

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	
PROGRAM REVENUES		<u>(373,922)</u>	
	Net:		<u>445,845</u>

Total net position - governmental activities \$ 834,243

**GENERAL REVENUES**

**CLOVERDALE HEALTH CARE DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

**EXPENDITURES/EXPENSES**

Total fund balance - governmental funds	\$ 487,951
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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:	\$ 671,306	
PROGRAM REVENUES	<u>(346,176)</u>	
Net:		<u>325,130</u>

Total net position - governmental activities	<u>\$ 813,081</u>
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**GENERAL REVENUES**

**CLOVERDALE HEALTH CARE DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

	2016	2015
<b>REVENUES</b>		
Taxes and assessments:		
Current secured property tax	\$ 32,389	\$ 29,790
<b>EXPENDITURES/EXPENSES</b>	155,516	164,272
Revenue from use of money:		
Interest Income	157	160
Other local revenue	54,618	4,365
Subtotal	242,680	198,587
Charges for ambulance services	634,456	617,893
<b>PROGRAM REVENUES</b>	(287,521)	(268,659)
Provision for bad debts	(10,365)	(17,088)
Net ambulance revenue	336,570	332,146
Total Revenues	579,250	530,733
<b>GENERAL REVENUES</b>		
<b>EXPENDITURES</b>		
Salaries and wages, including payroll taxes	342,123	307,501
Employee benefits - health insurance, Workers' compensation	56,178	50,153
Services and supplies:		
Fuel	10,606	11,974
Insurance - general	14,026	13,410
Repairs and maintenance - ambulance	21,562	3,737
Supplies for patients	22,589	17,489
Legal and audit fees	8,035	7,490
Office expense	15,630	12,993
Other expenses - dues, subscriptions, Volunteers, refunds	4,676	5,950
Outside services	13,224	13,322
Repairs and maintenance	1,042	1,810
Utilities and telephone	8,642	8,417
Conference and travel	-	76
Capital outlay expenditures	160,470	2,076
Total Expenditures	678,803	456,398
Excess of Revenues Over Expenditures	(99,553)	74,335
Fund Balance- July 1, 2015	487,951	413,616
Fund Balance- June 30, 2016	\$ 388,398	\$ 487,951

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

**CLOVERDALE HEALTH CARE DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

**EXPENDITURES/EXPENSES**

Net change in fund balances - total governmental funds	\$	(99,553)
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Amounts reported for governmental activities in the statement of activities are different because:

**PROGRAM REVENUES**

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:

Difference between Capital Outlay and Depreciation expense:		120,715
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**GENERAL REVENUES**

Total change in net position - governmental activities	\$	21,162
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The accompanying notes are an integral part of the financial statements.

**CLOVERDALE HEALTH CARE DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

EXPENDITURES/EXPENSES

Net change in fund balances - total governmental funds \$ 74,335

Amounts reported for governmental activities in the statement of activities are different because:

PROGRAM REVENUES

Depreciation expense: (26,619)

Gain or loss from disposal of capital assets: In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:

(2,922)

GENERAL REVENUES

Total change in net position - governmental activities \$ 44,794

**CLOVERDALE HEALTH CARE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016 AND 2015**

**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 a 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, 2016 AND 2015

**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 is 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, 2016 AND 2015

**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.

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, 2016 AND 2015

**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 fund 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, 2016 AND 2015**

**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, 2016 and 2015, the District's uninsured cash balances total \$179,452 and \$177,531, 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, 2016, 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>2016</u>	<u>2015</u>
Accounts receivable	\$ 120,226	\$ 71,160
Less: Allowance for doubtful accounts	<u>(11,102)</u>	<u>(11,175)</u>
Net accounts receivable	<u>\$ 109,124</u>	<u>\$ 59,985</u>

**NOTE 4-PROPERTY AND EQUIPMENT**

Property and equipment are summarized by major classifications as follows:

	<u>2016</u>	<u>2015</u>
Land	\$ 17,789	\$ 17,789
Buildings and improvements	323,366	323,366
Ambulance and equipment	462,048	317,735
Office furniture and equipment	16,564	12,416
Subtotal	<u>819,767</u>	<u>699,553</u>
Less accumulated depreciation	<u>(373,922)</u>	<u>(346,176)</u>
Total	<u>\$ 445,845</u>	<u>\$ 325,130</u>

**CLOVERDALE HEALTH CARE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016 AND 2015**

**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 2016 and 2015, depreciation amounted to \$27,746 and \$26,619, 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 September 20, 2016, the date on which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION SECTION**

**CLOVERDALE HEALTH CARE DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive- (Negative)
<b>REVENUES</b>				
<b>EXPENDITURES/EXPENSES</b>	\$ 27,000	\$ 29,430	\$ 32,389	\$ 2,959
Property assessments - special	161,000	158,868	155,516	(3,352)
Revenue from use of money:				
Interest income	200	147	157	10
Other local revenue	250	250	54,618	54,368
Subtotal	<u>188,450</u>	<u>188,695</u>	<u>242,680</u>	<u>53,985</u>
Charges for ambulance services	500,000	610,000	634,456	24,456
<b>PROGRAM REVENUES</b>	(160,000)	(267,000)	(287,521)	(20,521)
Provision for bad debts	(19,000)	(6,000)	(10,365)	(4,365)
Net ambulance revenue	<u>321,000</u>	<u>337,000</u>	<u>336,570</u>	<u>(430)</u>
 Total Revenues	 <u>509,450</u>	 <u>525,695</u>	 <u>579,250</u>	 <u>53,555</u>
<b>GENERAL REVENUES</b>				
<b>EXPENDITURES</b>				
Salaries and wages, including payroll taxes	320,520	327,430	342,123	(14,693)
Employee benefits - health insurance, workers' compensation	56,106	55,238	56,178	(940)
Services and supplies:				
Fuel	14,500	17,000	10,606	6,394
Insurance - general	14,417	14,410	14,026	384
Repairs and maintenance - ambulance	9,800	9,800	21,562	(11,762)
Supplies for patients	15,000	20,000	22,589	(2,589)
Legal and audit fees	6,500	9,000	8,035	965
Office expense	12,863	13,305	15,630	(2,325)
Other expenses - dues, subscriptions, volunteers, refunds	5,000	6,074	4,676	1,398
Outside services - other	10,845	14,000	13,224	776
Repairs and maintenance - office painting, flooring, furniture, bed	2,000	2,500	1,042	1,458
Utilities and telephone	10,490	8,800	8,642	158
Capital outlay expenditures	<u>30,000</u>	<u>26,500</u>	<u>160,470</u>	<u>(133,970)</u>
 Total Expenditures	 <u>508,041</u>	 <u>524,057</u>	 <u>678,803</u>	 <u>(154,746)</u>
 Excess of Revenues Over Expenditures	 <u>\$ 1,409</u>	 <u>\$ 1,638</u>	 <u>\$ (99,553)</u>	 <u>\$ (101,191)</u>

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

**CLOVERDALE HEALTH CARE DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016 AND 2015**

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive- (Negative)</u>
<b>REVENUES</b>				
<b>EXPENDITURES/EXPENSES</b>	\$ 27,000	\$ 29,430	\$ 29,790	\$ 360
Property assessments - special	161,000	158,868	164,272	5,404
Revenue from use of money:				
Interest income	200	147	160	13
Other local revenue	250	250	4,365	4,115
Subtotal	<u>188,450</u>	<u>188,695</u>	<u>198,587</u>	<u>9,892</u>
Charges for ambulance services	500,000	610,000	617,893	7,893
<b>PROGRAM REVENUES</b>	(160,000)	(267,000)	(268,659)	(1,659)
Provision for bad debts	(19,000)	(6,000)	(17,088)	(11,088)
Net ambulance revenue	<u>321,000</u>	<u>337,000</u>	<u>332,146</u>	<u>(4,854)</u>
<b>Total Revenues</b>	<u>509,450</u>	<u>525,695</u>	<u>530,733</u>	<u>5,038</u>
<b>GENERAL REVENUES</b>				
<b>EXPENDITURES</b>				
Salaries and wages, including payroll taxes	320,520	327,430	307,501	19,929
Employee benefits - health insurance, workers' compensation	56,106	55,238	50,153	5,085
Services and supplies:				
Fuel	14,500	17,000	11,974	5,026
Insurance - general	14,417	14,410	13,410	1,000
Repairs and maintenance - ambulance	9,800	9,800	3,737	6,063
Supplies for patients	15,000	20,000	17,489	2,511
Legal and audit fees	6,500	9,000	7,490	1,510
Office expense	12,863	13,305	12,993	312
Other expenses - dues, subscriptions, volunteers, refunds	5,000	6,074	5,950	124
Outside services - other	10,845	14,000	13,322	678
Repairs and maintenance - office painting, flooring, furniture, bed	2,000	2,500	1,810	690
Utilities and telephone	10,490	8,800	8,417	383
Conference and travel			76	(76)
Capital outlay expenditures	<u>30,000</u>	<u>30,000</u>	<u>2,076</u>	<u>27,924</u>
<b>Total Expenditures</b>	<u>508,041</u>	<u>527,557</u>	<u>456,398</u>	<u>71,159</u>
<b>Excess of Revenues Over Expenditures</b>	<u>\$ 1,409</u>	<u>\$ (1,862)</u>	<u>\$ 74,335</u>	<u>\$ 76,197</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, 2016**

**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.



**SUPPLEMENTARY INFORMATION SECTION**

**CLOVERDALE HEALTH CARE DISTRICT**

**CLOVERDALE, CALIFORNIA**

**JUNE 30, 2016 AND 2015**

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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>
James F. DeMartini	President	December, 2018
Al Delsid	Vice President	December, 2018
Neena Hanchett	Secretary	December, 2016
Ken Lindell	Treasurer	December, 2016
Mary Jo Winter	Member	December, 2016

ADMINISTRATION

Thomas K. Hinrichs  
Manager/Paramedic

Robert E. Marmor  
Attorney

**CLOVERDALE HEALTH CARE DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016 AND 2015**

	<u>2015-2016</u>	<u>2014-2015</u>	<u>2013-2014</u>
<b>REVENUES</b>			
Current secured property tax	\$ 32,389	\$ 29,790	\$ 29,430
<b>EXPENDITURES/EXPENSES</b>	155,516	164,272	165,482
Interest income	157	160	139
Gain on sale of assets	-	-	-
Other local revenue	54,618	4,365	9,143
Charges for ambulance services	634,456	617,893	496,162
Less: Contractual adjustments	(287,521)	(268,659)	(148,632)
Provision for bad debts	(10,365)	(17,088)	(10,117)
<b>PROGRAM REVENUES</b>			
Total Revenues	<u>579,250</u>	<u>530,733</u>	<u>541,607</u>
<b>EXPENDITURES</b>			
Salaries and wages, including payroll taxes	342,123	307,501	321,535
<b>GENERAL REVENUES</b>			
workers' compensation	56,178	50,153	39,339
Services and supplies:			
Fuel	10,606	11,974	30,601
Insurance - general	14,026	13,410	11,194
Repairs and maintenance - ambulance	21,562	3,737	7,698
Supplies for patients	22,589	17,489	14,799
Legal and audit fees	8,035	7,490	6,000
Office expense	15,630	12,993	13,305
Other expenses - dues, subscriptions, volunteers, refunds	4,676	5,950	7,344
Outside services	13,224	13,322	9,592
Repairs and maintenance - office painting, flooring, furniture, bed	1,042	1,810	75
Utilities and telephone	8,642	8,417	9,592
Conference and travel	-	\$ 76	866
Capital outlay expenditures	<u>160,470</u>	<u>2,076</u>	<u>1,046</u>
Total Expenditures	<u>678,803</u>	<u>456,398</u>	<u>472,986</u>
Excess of Revenues Over Expenditures	(99,553)	74,335	68,621
Fund Balances - Beginning of Year	<u>487,951</u>	<u>413,616</u>	<u>344,995</u>
Fund Balances - End of Year	<u>\$ 388,398</u>	<u>\$ 487,951</u>	<u>\$ 413,616</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, 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, the financial statements of the governmental activities and each major fund of Cloverdale Health Care District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Cloverdale Health Care District's basic financial statements and have issued our report thereon dated September 20, 2016.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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.*

Blomberg & Griffin A.C.  
Stockton, California  
September 20, 2016

**CLOVERDALE HEALTH CARE DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDING JUNE 30, 2016**

**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued:

Unqualified

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, 2016**

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, 2015. The prior year audit was audited by Goodell, Porter, Sanchez & Bright, LLP and they expressed an unqualified opinion.