

**CAMARILLO HEALTH CARE DISTRICT**

Financial Statements for the Years  
Ended June 30, 2011 and 2010 and  
Independent Auditors' Report

**Fanning & Karrh**

**Certified Public Accountants**

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**A Professional Corporation**

CAMARILLO HEALTH CARE DISTRICT  
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CAMARILLO HEALTH CARE DISTRICT  
Governing Board of Directors and Management  
June 30, 2011

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Name	Position
<b>Governing Board of Directors:</b>	
James Decker-Mahin, D. Min.	President
Richard S. Loft, M.D.	Vice President
Peggy O'Neill, R.N.	Clerk of the Board
John Bailey, Pharm D., M.P.H.	Director
Mark Hiepler, Esq.	Director
<b>Management:</b>	
Jane Rozanski	Chief Executive Officer
Kara Ralston	Chief Operations Officer
Susan Craig, C.P.A.	Chief Financial Officer
Sue Tatangelo	Chief Resource Officer
Craig LeBreton	Chief Fiscal Operations Officer
Tammy Washington	Chief Human Resources Officer

## FINANCIAL SECTION



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Camarillo Health Care District:

We have audited the accompanying financial statements of Camarillo Health Care District as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of Camarillo Health Care District's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Camarillo Health Care District as of June 30, 2011 and 2010 and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2011, on our consideration of the Camarillo Health Care District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages 4 through 7 and 21 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.

*Jannings : Kara*

October 25, 2011

**Management's Discussion and Analysis**  
**For the year ended June 30, 2011**

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

This report consists of a series of financial statements with accompanying notes. The Statements of Net Assets reflects the financial position of the District at June 30, 2011 and 2010. The Statements of Revenues, Expenses and Changes in Net Assets provide the results from operations through the fiscal years ended June 30, 2011 and 2010, and reflect how the operating results for the fiscal years affected the Statements of Net Assets.

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

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

## The Financial Status of the District

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

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Current Assets	\$1,623,522	\$1,627,634
Restricted Assets	17,926	17,995
<u>Capital Assets</u>	<u>2,194,258</u>	<u>2,337,688</u>
Total Assets	\$3,835,706	\$3,983,317
<u>Liabilities</u>		
Current Liabilities	\$470,366	\$430,327
<u>Net Assets</u>		
Invested in Capital Assets	\$2,194,258	\$2,337,688
<u>Unrestricted Net Assets</u>	<u>1,171,082</u>	<u>1,215,302</u>
Total Net Assets	\$3,365,340	\$3,552,990
Total Liabilities and Net Assets	\$3,835,706	\$3,983,317

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The asset value of the District decreased 3.7%, as follows:

- Current assets remain within .3% of the prior year reflecting the use of funds for operations and the purchase of capital assets.
- A decrease in capital assets of 6.1% reflects the purchase of capital assets offset by accumulated depreciation and the disposal of three used vans.
- An increase in current liabilities of 9.3% reflects a decrease in accounts payable offset by an increase in mandated OPEB liabilities and deferred revenue.
- A decrease in net assets of 5.2% reflects the current economic environment with resulting lower tax revenue, a decrease in capital grants, offset by an increase in operating grants.



<u>Operating Revenues</u>	<u>2011</u>	<u>2010</u>
Program Revenues	\$997,562	\$1,020,728
Operating Grants	340,516	200,009
<u>Other Operating Revenue</u>	<u>13,555</u>	<u>23,081</u>
Total Operating Revenues	\$1,351,633	\$1,243,818

<u>Non-Operating Revenues</u>		
Property Taxes	\$2,069,228	\$2,152,561
Bequest Distribution	75,170	52,609
Investment Income	10,919	11,129
Other Non-Operating Revenue	46,753	8,411
<u>Loss on Sale of Equipment</u>	<u>(10,575)</u>	<u>(5,864)</u>
Total Non-Operating Revenues	\$2,191,496	\$2,218,846

<u>Capital Grants</u>	<u>\$6,000</u>	<u>\$295,903</u>
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<u>Program Expenses</u>		
Salaries, wages and benefits	\$2,071,361	\$2,029,810
Professional fees	197,759	212,315
Contracted program services	190,380	195,732
Depreciation	247,928	231,861
<u>Combined other</u>	<u>469,623</u>	<u>438,804</u>
Total Program Expenses	\$3,177,050	\$3,108,522

<u>Administration Expenses</u>	<u>\$ 559,729</u>	<u>\$588,294</u>
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- Total Operating Revenues reflect an increase of 8.7%, primarily due to increased operating grants from VCAAA and Kaiser.
- Total Non-Operating Revenues have decreased by 1.2%, primarily due to a reduction in the receipt of property tax revenue offset by an increase in donations to support the development of the Wellness & Caregiver Center of Ventura County from the community.
- Capital Grants decreased substantially due to the cyclical nature of the one-time only funding source for the purchase of capital assets. In fiscal year 2011, the District received funding for the purchase of Lifeline units, while in 2010, the District received \$255,903 for the purchase of five new transportation vehicles and \$40,000 for the development of the Wellness & Caregiver Center of Ventura County.
- Total Program Expenses increased by 2.2% from increased expense required for compliance with GASB 45, the District provided meal costs for Adult Day Care participants and depreciation expense.
- Administration Expenses have decreased 4.9%, due to the focus on staff and related costs to sustain the Wellness & Caregiver Center.

## Actual Results Compared to Budget

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

	<u>Actual</u>	<u>Budget</u>
Total Operating Revenues	\$ 1,351,633	\$ 1,381,974
Less: Expenses		
Salaries and Benefits	(2,355,291)	(2,407,512)
<u>Other Operating Expenses</u>	<u>(1,107,785)</u>	<u>(1,164,289)</u>
Net Operating Loss	(\$2,109,138)	(\$2,189,827)
Non-Operating Revenues		
Property Taxes	\$2,069,228	\$2,246,731
Capital Grant Income	6,000	0
Legacies and Bequests	75,170	75,175
Investment Income	10,919	15,000
Other Non-Operating Revenue	46,753	39,600
<u>Loss Sale of Equipment</u>	<u>(10,575)</u>	<u>0</u>
Total Non-Operating Revenues	\$2,197,496	\$2,376,506
<u>Less Depreciation</u>	<u>(\$273,703)</u>	<u>(\$259,033)</u>
Change in Net Assets	(\$187,650)	(\$72,354)

### Requests for information:

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

CAMARILLO HEALTH CARE DISTRICT  
 STATEMENTS OF NET ASSETS  
 June 30, 2011 and 2010

ASSETS	NOTES	2011	2010
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	\$ 1,370,637	\$ 1,417,388
Receivables:			
Accounts		12,338	9,226
Grants and other reimbursements		114,309	111,643
Property taxes		55,395	75,982
Interest		1,756	2,078
Other		588	1,371
Prepaid expenses		53,499	9,946
Deposits	9	<u>15,000</u>	<u>-</u>
<b>TOTAL CURRENT ASSETS</b>		<u>1,623,522</u>	<u>1,627,634</u>
<b>RESTRICTED ASSETS -</b>			
Cash and cash equivalents	2	<u>17,926</u>	<u>17,995</u>
<b>CAPITAL ASSETS, net of accumulated depreciation</b>	3	<u>2,194,258</u>	<u>2,337,688</u>
<b>TOTAL ASSETS</b>		<u>\$ 3,835,706</u>	<u>\$ 3,983,317</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable		\$ 51,311	\$ 100,001
Accrued expenses		216,961	184,269
Accrued other post employment benefits	5	141,897	116,377
Deferred revenue		42,271	11,685
Other liabilities		<u>17,926</u>	<u>17,995</u>
<b>TOTAL LIABILITIES</b>		<u>470,366</u>	<u>430,327</u>
<b>NET ASSETS</b>			
Invested in capital assets		2,194,258	2,337,688
Unrestricted net assets		<u>1,171,082</u>	<u>1,215,302</u>
<b>TOTAL NET ASSETS</b>		<u>3,365,340</u>	<u>3,552,990</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u>\$ 3,835,706</u>	<u>\$ 3,983,317</u>

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

CAMARILLO HEALTH CARE DISTRICT  
 STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS  
 For the Years Ended June 30, 2011 and 2010

	NOTES	<u>2011</u>	<u>2010</u>
<b>OPERATING REVENUES</b>			
Program revenue		\$ 997,562	\$ 1,020,728
Operating grants	8	340,516	200,009
Other operating revenues		<u>13,555</u>	<u>23,081</u>
<b>TOTAL OPERATING REVENUES</b>		<u>1,351,633</u>	<u>1,243,818</u>
<b>OPERATING EXPENSES</b>			
Program Expenses:			
Salaries, wages and benefits		2,071,361	2,029,810
Professional fees		197,759	212,315
Contracted program services		190,380	195,732
Postage and printing		101,867	89,715
Supplies and activities		137,612	117,863
Depreciation		247,928	231,861
Insurance		39,296	36,856
Advertising and promotion		9,262	10,324
Utilities and telephone		55,382	50,531
Repairs and maintenance		63,022	75,281
Other		<u>63,181</u>	<u>58,234</u>
Total program expenses		<u>3,177,050</u>	<u>3,108,522</u>
Administration Expenses:			
Salaries, wages and benefits		283,930	321,737
Professional fees		39,454	40,510
Postage and printing		2,330	4,035
Supplies and activities		14,298	22,084
Depreciation		25,775	21,903
Insurance		19,889	22,317
Board expenses		54,863	41,576
Utilities and telephone		18,864	18,495
Repairs and maintenance		6,282	8,141
Other		<u>94,042</u>	<u>87,496</u>
Total administration expenses		<u>559,729</u>	<u>588,294</u>
<b>TOTAL OPERATING EXPENSES</b>		<u>3,736,779</u>	<u>3,696,816</u>
<b>OPERATING LOSS</b>		<u>(2,385,146)</u>	<u>(2,452,998)</u>

CAMARILLO HEALTH CARE DISTRICT  
 STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS - concluded  
 For the Years Ended June 30, 2011 and 2010

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	NOTES	<u>2011</u>	<u>2010</u>
NON-OPERATING REVENUES AND EXPENSES			
Property taxes		2,069,228	2,152,561
Distribution from Ventura County Community Foundation	7	75,170	52,609
Investment income		10,919	11,129
Other non-operating revenue		46,754	8,411
Loss on disposal of capital assets		<u>(10,575)</u>	<u>(5,864)</u>
TOTAL NON-OPERATING REVENUES AND EXPENSES		<u>2,191,497</u>	<u>2,218,846</u>
NET LOSS BEFORE CAPITAL GRANTS		<u>(193,649)</u>	<u>(234,152)</u>
CAPITAL GRANTS	8	<u>6,000</u>	<u>295,903</u>
CHANGE IN NET ASSETS		(187,649)	61,751
NET ASSETS - Beginning of year		<u>3,552,990</u>	<u>3,491,239</u>
NET ASSETS - End of year		<u>\$ 3,365,341</u>	<u>\$ 3,552,990</u>

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

CAMARILLO HEALTH CARE DISTRICT  
STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from user charges	\$ 1,025,036	\$ 1,026,979
Operating grant revenue received	337,850	205,716
Other operating receipts	14,338	31,880
Cash payments to employees	(2,332,320)	(2,182,392)
Cash payments for operating expenses	<u>(1,164,856)</u>	<u>(1,205,794)</u>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<u>(2,119,952)</u>	<u>(2,123,611)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	11,241	14,532
Distribution from Ventura County Community Foundation	75,170	52,609
Other non-operating income	<u>46,754</u>	<u>8,411</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>133,165</u>	<u>75,552</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES</b>		
Capital grants and contributions	6,000	295,903
Purchase of capital assets	(148,735)	(670,350)
Deposit on purchase of property	(15,000)	-
Proceeds from sale of capital assets	<u>7,886</u>	<u>2,225</u>
<b>NET CASH USED FOR CAPITAL ACTIVITIES</b>	<u>(149,849)</u>	<u>(372,222)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Property taxes collected	<u>2,089,816</u>	<u>2,157,358</u>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>2,089,816</u>	<u>2,157,358</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(46,820)	(262,923)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,435,383</u>	<u>1,698,306</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,388,563</u>	<u>\$ 1,435,383</u>

CAMARILLO HEALTH CARE DISTRICT  
 STATEMENTS OF CASH FLOWS - concluded  
 For the Years Ended June 30, 2011 and 2010

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	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (2,385,146)	\$ (2,452,998)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	273,703	253,764
Changes in operating assets and liabilities:		
Accounts receivable	(3,112)	(327)
Grants and other reimbursements	(2,666)	5,707
Other receivables	783	8,799
Prepaid expenses	(43,553)	(1,288)
Accounts payable	(48,690)	(73,490)
Accrued expenses	32,692	15,230
Accrued other post employment benefits	23,212	116,377
Deferred revenue	30,586	6,578
Other liabilities	<u>(69)</u>	<u>(1,963)</u>
 NET CASH USED FOR OPERATING ACTIVITIES	 <u>\$ (2,122,259)</u>	 <u>\$ (2,123,611)</u>

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING,  
 CAPITAL AND FINANCING ACTIVITIES

None	<u>\$ -</u>	<u>\$ -</u>
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The notes to the financial statements are an integral part of this statement.

## CAMARILLO HEALTH CARE DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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



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

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

Investments – Investments are carried at fair value.

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

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

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

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

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

Subsequent Events - The Commission has evaluated subsequent events through October 25, 2011, the date which the financial statements were available to be issued.

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

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

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

## 2. DEPOSITS AND INVESTMENTS

The District's carrying value of deposits was \$235,680 and \$527,002 at June 30, 2011 and 2010, respectively. The corresponding bank balance was \$287,202 and \$636,326, respectively. The deposits were fully covered by Federal deposit insurance at June 30, 2011 and 2010. The California Government Code requires all financial institutions to secure a local government agency's deposits by pledging governmental securities as collateral. The market value of pledged securities must equal 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits, and collateral is considered to be held in the name of the District. All cash held by financial institutions is, therefore, entirely insured or collateralized.

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

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

The State of California Local Agency Investment Fund ("LAIF") is an external investment pool. LAIF operates in accordance with appropriate state laws and is an unrated pool. The share value of the District's investment in LAIF is \$1,147,569.

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

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

Restricted assets of \$17,926 as of June 30, 2011 are amounts received that are designated for program scholarship awards.

### 3. CAPITAL ASSETS

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

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

### 4. PENSION PLAN

Plan Description – The District contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and District ordinance. Copies of CalPERS' annual financial report may be obtained from its Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy – Participants are required to contribute 7% of their annual covered salary. Generally, the District makes the contributions required of District employees on their behalf and for their account. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2010-2011 was 7.209% and the employee portion withheld was 7%. The contribution requirements of plan members and the District are established and may be amended by CalPERS.

Annual Pension Cost – For fiscal year 2010-2011, the District's annual pension cost of \$106,504 for PERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions include (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.25% to 14.45% depending on age, service and type of employment, (c) 3.25% per year cost-of-living adjustments, and (d) 3.0% inflation. The actuarial value of PERS was determined using techniques that smooth the effects of short-term volatility in the market value or investments over a fifteen year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized at a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2008, was 4 years.

Three-Year Trend Information for PERS:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$ 104,108	100%	\$ -
6/30/2010	\$ 111,094	100%	\$ -
6/30/2011	\$ 106,504	100%	\$ -

5. OTHER POST EMPLOYMENT BENEFITS

Plan Description – The District administers a single-employer defined benefit healthcare plan (Plan). The Plan provides lifetime post-employment medical insurance to eligible retirees and their spouses through the California Public Employees Retirement System. Annually, the District establishes a maximum monthly premium that the District will contribute to the cost of current-year medical insurance premiums. For calendar year 2011 and 2010, the maximum monthly contribution by the District was \$790 per retiree. The Plan does not issue a publicly available financial report. The District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, during the year ended June 30, 2010 on prospective basis.

Funding Policy – The District’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. During the year ended June 30, 2011, the District entered into an agreement and election to prefund OPEB through CalPERS in the California Employer’s Retiree Benefit Trust Program (CERBT). During the year ended June 30, 2011, the District chose to contribute \$90,000 in cash to the CERBT. The other post-employment benefits that are due to retirees during the fiscal year are funded and expensed on a pay-as-you-go basis. The District will pay 100% of the cost of the post-employment benefit plan.

Annual OPEB Cost and Net OPEB Obligation – The following table shows the components of the District’s annual OPEB expense for the year ended June 30, 2011 and 2010, the amount actually contributed to the Plan, and the changes in the District’s net OPEB obligation:

	<u>2011</u>	<u>2010</u>
Annual Required Contribution (ARC)	\$ 126,965	\$ 124,644
Less:		
Contribution made to Plan during fiscal year	(90,000)	-
Pay as you go payments	(11,445)	(8,267)
Increase in Net OPEB obligation	25,520	116,377
OPEB payable - beginning of year	<u>116,377</u>	<u>-</u>
OPEB payable - end of year	<u>\$ 141,897</u>	<u>\$ 116,377</u>

The District’s annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2011 and 2010 are shown in the following table.

Only two years' information is available since 2010 was the District's initial year of implementation for GASB Statement No. 45.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 124,644	6.63%	\$ 116,377
6/30/2011	\$ 126,965	79.89%	\$ 141,897

Funded Status and Funding Progress – The funded status of the Plan as of April 1, 2010, the most recent actuarial valuation date, was as follows:

	2011	2010
Actuarial accrued liability	\$ 1,029,700	\$ 1,029,700
Actuarial value of plan assets	92,308	-
Unfunded actuarial accrued liability	<u>\$ 937,392</u>	<u>\$ 1,029,700</u>
Funded ratio	8.96%	0%
Covered payroll	\$1,463,230	\$1,436,477
Unfunded actuarial accrued liability as a percentage of covered payroll	64.06%	71.68%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, is intended to present multiyear trend information about whether the actuarial value of plans assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Management has chosen to have the actuarial study performed every other year and this being only the second year of implementing GASB Statement No. 45, there will be only one year of data presented.

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

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

Valuation date	April 1, 2010 rolled back to July 1, 2009
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll amortization
Remaining amortization period	30 Years as of the valuation date
Asset valuation method	15 Year smoothed market
Actuarial assumptions:	
Investment rate of return	5%
Projected salary increase	3%
Inflation – discount rate	4%

## 6. RISK MANAGEMENT

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

The District participates in the workers' compensation program organized by the Association of California Hospital Districts, Inc., ALPHA Fund Joint Powers Agreement ("ALPHA"). ALPHA is a Joint Powers Authority ("JPA") which is comprised of 56 participants organized pursuant to the California Government Code. The purpose of the JPA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage; whereby the risk of loss is mitigated by the public entity pool. The Fund currently has \$1,000,000 of workers' compensation coverage. The JPA is not a component unit of the District for financial purposes, as explained below.

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

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

The District also participates in the Beta Healthcare Group Joint Powers Agreement ("BETA"). BETA is a Joint Powers Authority ("JPA") which is comprised of local health care districts, counties, other governmental entities and qualified nonprofits which operate hospitals, clinics and other health-related facilities and is organized pursuant to the California Government Code. The purpose of the JPA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage; whereby the risk of loss is mitigated by the public entity pool. BETA currently has \$5,000,000 of auto liability, \$5,000,000 of comprehensive liability and \$1,000,000 of directors, officers and trustee liability coverage.

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

## 7. DISTRIBUTIONS FROM VENTURA COUNTY COMMUNITY FOUNDATION

In 2006, the District was named as a beneficiary recipient of a permanent endowment now managed by the Ventura County Community Foundation (VCCF). The District has a current beneficial interest of 100%. However, VCCF has variance power which allows the Foundation to modify the donor's stipulations under certain rare circumstances and as the Foundation monitors the changing needs of the community. Each year, VCCF distributes a portion of the earnings based on its distribution policies, which are subject to change based on VCCF's investment management performance. The amounts received in 2011 and 2010, were \$75,170 and \$52,609 respectively.

The distribution amounts are to be used only for the Care-a-Van service in Camarillo. At June 30, 2011, the market value of the fund held by VCCF on behalf of the District was \$2,811,849.

## 8. GRANTS

The District is the recipient of grants from government agencies and the private sector. The grants received for the year ended June 30, 2011 are:

<u>Funding Source</u>	<u>Program</u>	<u>Purpose</u>	<u>Amount</u>
Ventura County Area Agency on Aging (VCAAA)	Adult Day Care	Program operations	\$ 40,000
Ventura County Area Agency on Aging (VCAAA)	Senior Nutrition	Program operations	84,166
Ventura County Area Agency on Aging (VCAAA)	Senior Nutrition	Equipment	6,000
Ventura County Area Agency on Aging (VCAAA)	Wellness & Caregiver Center	Develop Center	40,000
Ventura County Area Agency on Aging (VCAAA)	Wellness & Caregiver Center	Chronic Disease	63,600
Ventura County Transportation Commission (VCTC)	ADA transport	Program operations	61,500
Kaiser Foundation Hospitals	Care consultation	Program operations	37,500
Kaiser Foundation Hospitals	Wellness & Caregiver Center	Program operations	13,750
Total Grant Funds			<u>\$ 346,516</u>

## 9. OTHER COMMITMENTS

On June 23, 2011, the District entered into a contract to purchase three additional office suites which will provide 1,800 square feet contiguous with existing space at 3639 Las Posas Road. A good faith deposit of \$15,000 was made during the fiscal year ended June 30, 2011. The total purchase price of the property is \$500,000 with payment of \$135,000 made at the July 9, 2011 closing. The balance of the amount due of \$350,000 will be repaid on non-interest bearing notes of \$200,000 in January 2012 and \$150,000 in January 2013.

## REQUIRED SUPPLEMENTARY INFORMATION



CAMARILLO HEALTH CARE DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 Schedule of Funding Progress

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Camarillo Health Care District Post Employment Health Insurance Benefits Plan

<u>Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b - a) / c</u>
4/30/2010	\$ 92,308	\$ 1,029,700	\$ 937,392	8.96%	\$ 1,463,230	64.06%

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

# OTHER REPORT



**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**

To the Board of Directors of  
Camarillo Health Care District:

We have audited the financial statements of Camarillo Health Care District (District) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 25, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. 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 the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Janning : Kamm". The signature is written in a cursive style with a colon between the two names.

October 25, 2011