CAMARILLO HEALTH CARE DISTRICT

Financial Statements for the Years
Ended June 30, 2017 and 2016 and
Independent Auditor's Report

Fanning & Karrh

Certified Public Accountants

A Professional Corporation

CAMARILLO HEALTH CARE DISTRICT
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CAMARILLO HEALTH CARE DISTRICT
Governing Board of Directors and Management
June 30, 2017

Name	Position
Governing Board of Directors:	
Rodger Brown, MBA	President
Christopher Loh, MD	Vice President
Richard Loft, MD	Clerk of the Board
Mark O. Hiepler, Esq	Director
Thomas Doria, MD	Director
Management:	
Kara Ralston	Chief Executive Officer
Sue Tatangelo	Chief Resource Officer
Sonia Amezcua	Chief Administrative Officer

FINANCIAL SECTION

F&K **Fanning & Karrh**
Certified Public Accountants

A Professional Corporation

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Camarillo Health Care District:

We have audited the accompanying financial statements of Camarillo Health Care District (District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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, and State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes 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 opinion.

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, 2017 and the changes in its financial position and its cash flows thereof 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 4 through 7 and the Schedules of Proportionate Share of the Net Pension Liability and of Contributions for the Cost Sharing Defined Benefit Pension Plan on page 25 and the Schedule of Funding Progress for Other Post Employee Benefit Plan on page 26 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.

Comparative Financial Statements

The financial statements of Camarillo Health Care District as of June 30, 2016 were audited by other auditors whose report dated January 24, 2017, expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2018, 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 in considering the Camarillo Health Care District's internal control over financial reporting and compliance.

Fanning & Karrer

Ventura, California
June 25. 2018

CAMARILLO HEALTH CARE DISTRICT
Management's Discussion and Analysis
June 30, 2017

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

This report consists of a series of financial statements with accompanying notes. The Statements of Net Position reflects the financial position of the District at June 30, 2017 and 2016. The Statements of Revenues, Expenses and Changes in Net Position provide the results from operations through the fiscal years ended June 30, 2017 and 2016, and reflect how the operating results for the fiscal years affected the Statements of Net Position.

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

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

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.

Assets	2017	2016
Current Assets	$3,191,542	$2,684,662
Restricted Assets	4,783	13,271
Capital Assets	1,603,290	1,768,930
Total Assets	$4,799,615	$4,466,863
Deferred Outflows of Resources	$ 293,007	$ 264,803
Total Assets and Deferred	$5,092,622	$ 4,731,666
Liabilities		
Current Liabilities	$ 310,195	$ 297,113
Long-Term Liabilities	1,949,285	1,447,957
Total Liabilities	$2,259,480	$1,745,070
Deferred Inflows of Resources	$ 176,716	$ 450,825
Net Position	$2,656,426	$2,535,771
Total Liabilities, Deferred and Net Position	$5,092,622	$4,731,666

The asset value of the District increased 7%, as follows:

- Current assets increased by 18.88% from the prior year reflecting less use of funds for operating expenses due to operating efficiencies.
- A decrease in capital assets of 9.36% reflects the depreciation of various assets.
- An increase in current liabilities of 4.4% reflects an increase in accrued operating expenses that were paid subsequent to year end.
- An increase in long-term liabilities of 34.62% reflects an increased accrued liability for unfunded healthcare cost and pensions, offset by current year debt repayment.
- An increase in net assets reflects the net income from operations of $120,655.

Operating Revenues	2017	2016
Program Revenues	$416,551	$449,177
Operating Grants	234,874	152,807
Bequest Distribution - Care-A-Van	147,622	148,479
Other Operating Revenue	34,869	47,868
Total Operating Revenues	$833,916	$798,331

Non-Operating Revenues (Expenses)		
Property Taxes	$2,490,350	$2,375,896
Investment Income	14,250	6,714
Other Non-Operating Revenue	32,777	80,022
Gain (Loss) on Sale of Assets	(1,448)	23,580
Interest Expense	(17,396)	(20,347)
Total Non-Operating Revenues	$2,518,533	$2,465,865

Program Expenses		
Salaries, wages and benefits	$1,658,223	$1,575,007
Professional fees	226,748	211,567
Depreciation	125,874	135,390
Combined other	417,620	395,299
Total Program Expenses	$2,428,465	$2,317,263

Administration Expenses	$ 803,329	$ 606,704

- Total Operating Revenues reflect an increase of 4.46%, primarily due to receiving three grants we did not have the prior year.
- Total Non-Operating Revenues have increased by 2.14%, primarily due to an increase in property tax revenue and an increase in contributions and investment income.
- Total Program Expenses increased by 4.80% due primarily to additional employees in an expanded program, legal fees and additional advertising.
- Administration Expenses have increased by 32.41%, due primarily to increases in net pension liability and professional fees – primarily legal.

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 (on a budgetary basis).

	Actual	Budget
Total Operating Revenues	$ 833,916	$ 936,913
Less: Expenses		
Salaries and Benefits	(2,146,518)	(2,189,335)
Other Operating Expenses	(954,223)	(1,017,846)
Net Operating Loss	($2,266,825)	($2,270,268)
Non-Operating Revenues		
Property Taxes	$2,490,350	$2,472,000
Investment Income	14,250	4,000
Other Non-Operating Revenue	47,073	43,027
Total Non-Operating Revenues	$2,551,673	$2,519,027
Less Depreciation	($164,193)	($162,159)
Change in Net Assets	$120,655	$86,600

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 CEO, Camarillo Health Care District,
3639 East Las Posas Road, Suite 117, Camarillo, CA 93010.

CAMARILLO HEALTH CARE DISTRICT
STATEMENTS OF NET POSITION
June 30, 2017 and 2016

ASSETS	NOTES	2017	2016
CURRENT ASSETS			
Cash and cash equivalents	2	$ 3,043,341	$ 2,599,198
Receivables:			
Accounts		764	1,655
Property taxes		87,119	45,667
Grants and other reimbursements		50,549	27,554
Interest		5,367	2,694
Prepaid expenses		4,402	7,894
Total current assets		3,191,542	2,684,662
RESTRICTED ASSETS - cash and cash equivalents	2	4,783	13,271
CAPITAL ASSETS, net of accumulated depreciation	3	1,603,290	1,768,930
TOTAL ASSETS		4,799,615	4,466,863
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	7	293,007	264,803
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable		56,693	50,196
Accrued expenses		148,437	131,926
Accrued interest payable		12,489	14,722
Deferred revenue	4	10,183	20,854
Current portion of long-term debt	6	82,393	79,415
Total current liabilities		310,195	297,113
LONG-TERM LIABILITIES			
Long-term debt, net of current portion	6	361,648	444,041
Other post employment benefits	8	384,083	182,281
Net pension liability	7	1,203,554	821,635
Total long-term liabilities		1,949,285	1,447,957
TOTAL LIABILITIES		2,259,480	1,745,070
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	7	176,716	450,825
NET POSITION			
Net investment in capital assets		1,159,249	1,245,474
Unrestricted net position		1,497,177	1,290,297
TOTAL NET POSITION		$ 2,656,426	$ 2,535,771

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 POSITION
For the Years Ended June 30, 2017 and 2016

	NOTES	2017	2016
OPERATING REVENUES			
Program revenue		$ 416,551	$ 449,177
Operating grants	11	234,874	152,807
Distribution from Ventrua County Community Foundation	10	147,622	148,479
Other operating revenues		34,869	47,868
TOTAL OPERATING REVENUES		833,916	798,331
OPERATING EXPENSES			
Program Expenses:			
Salaries, wages and benefits		1,658,223	1,575,007
Professional fees		226,748	211,567
Postage and printing		96,379	84,656
Supplies and activities		50,287	63,154
Dues and subscriptions		17,733	13,146
Continuing education - staff		17,617	13,533
Depreciation		125,874	135,390
Insurance		29,753	18,428
Advertising and promotion		13,297	14,810
Utilities and telephone		92,026	95,204
Repairs and maintenance		55,293	46,599
Other		45,235	45,769
Total program expenses		2,428,465	2,317,263
Administration Expenses:			
Salaries, wages and benefits		488,295	334,757
Professional fees		167,862	108,280
Postage and printing		549	1,051
Supplies and activities		6,373	13,099
Dues and subscriptions		17,357	4,046
Continuing education - staff		18,291	9,616
Depreciation		38,318	39,965
Insurance		1,944	24,565
Board expenses		26,803	38,210
Utilities and telephone		16,883	16,284
Repairs and maintenance		5,384	5,180
Other		15,270	11,651
Total administration expenses		803,329	606,704
TOTAL OPERATING EXPENSES		3,231,794	2,923,967
OPERATING LOSS		(2,397,878)	(2,125,636)

CAMARILLO HEALTH CARE DISTRICT
STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION - concluded
For the Years Ended June 30, 2017 and 2016

	NOTES	2017	2016
NON-OPERATING REVENUES AND EXPENSES			
Property taxes		2,490,350	2,375,896
Donations		8,012	61,864
Investment income		14,250	6,714
Other non-operating revenue		24,765	18,158
(Loss) gain on disposal of capital assets		(1,448)	23,580
Interest expense		(17,396)	(20,347)
TOTAL NON-OPERATING REVENUES AND EXPENSES		2,518,533	2,465,865
CHANGE IN NET POSITION		120,655	340,229
NET POSITION - Beginning of year		2,535,771	2,195,542
NET POSITION - End of year		$ 2,656,426	$ 2,535,771

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, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from user charges	$ 406,771	$ 463,402
Operating grant revenue received	211,879	147,683
Distribution from Ventura County Community Foundation	147,622	148,479
Other operating receipts	34,869	47,868
Cash payments to employees	(1,848,599)	(1,973,856)
Cash payments for operating expenses	(911,095)	(806,020)
NET CASH USED FOR OPERATING ACTIVITIES	(1,958,553)	(1,972,444)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	11,577	4,020
Other non-operating income	32,777	80,022
NET CASH PROVIDED BY INVESTING ACTIVITIES	44,354	84,042
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchase of capital assets	-	(38,055)
Proceeds from sale of capital assets	-	421,611
Interest payments on long-term debt	(19,629)	(22,500)
Repayment of long-term debt	(79,415)	(76,544)
NET CASH USED FOR CAPITAL ACTIVITIES	(99,044)	284,512
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes collected	2,448,898	2,379,782
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	2,448,898	2,379,782
NET INCREASE IN CASH AND CASH EQUIVALENTS	435,655	775,892
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,612,469	1,836,577
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,048,124	$ 2,612,469

CAMARILLO HEALTH CARE DISTRICT
STATEMENTS OF CASH FLOWS - concluded
For the Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	$ (2,397,878)	$ (2,125,636)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	164,192	175,355
Changes in assets, deferred outflows, liabilities, and deferred outflows:		
Accounts receivable	891	3,973
Grants and other reimbursements	(22,995)	(5,124)
Other receivables	-	1,193
Prepaid expenses	3,492	25,649
Deferred outflows of resources	(28,204)	(152,250)
Accounts payable	6,497	(10,851)
Accrued expenses	16,511	18,030
Other post employment benefits	201,802	25,903
Deferred revenue	(10,671)	9,059
Net pension liability	381,919	(137,880)
Deferred inflows of resources	(274,109)	200,135
NET CASH USED FOR OPERATING ACTIVITIES	$ (1,958,553)	$ (1,972,444)

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
None	$ -	$ -

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Camarillo Health Care District (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. 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 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 District is accounted for as a proprietary fund, the District uses the economic resources measurement focus and the accrual basis of accounting is used for financial statement reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. Net position is segregated into investment in capital assets and unrestricted.

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 of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Significant estimates used in preparing these financial statements include:

- Depreciation expense
- Compensated absences
- Allowance for uncollectible receivables
- Investments
- Accrual of net pension liability
- Accrual of other post employment benefits

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 – Capital assets that are acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at $1,000. 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-nine years.

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

Deferred Outflows of Resources and Deferred Inflows of Resources – Deferred outflows of resources is a consumption of net position by the District that is applicable to a future period and deferred inflows of resources is an acquisition of net position by the District that is applicable to a future reporting period. Both deferred outflows and inflows are reported in the Statements of Net Position, but are not recognized in the financial statements as revenue and expenses until the period(s) to which they relate. Deferred outflows of resources and deferred inflows of resources are related to pensions.

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

Net Position – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the financial statements. Net position is classified in the following categories:

- Net investment in capital assets – This category includes capital assets, net of accumulated depreciation and reduced by any outstanding debt related to the acquisition, construction or improvement of those assets.
- Restricted – This category consists of net position with legal limitations imposed on their use by external restrictions by other governments, creditors, grantors, contributors, laws or regulations, or through constitutional provision, or enabling legislation. As of June 30, 2017 and 2016, the District did not have restricted net position.
- Unrestricted net position – This category consists of all other net position that does not meet the definition of restrict or invested in capital assets.

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.

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. There is no material effect on the financial statements.

2. DEPOSITS AND INVESTMENTS

The District's carrying value of deposits was $786,584 and $462,413 at June 30, 2017 and 2016, respectively. The corresponding bank balances were $798,593 and $473,138, respectively. Of the bank balances, $500,000 and $383,070 was covered by Federal deposit insurance at June 30, 2017 and 2016, respectively. 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, the District had the following investments (all of which are considered cash equivalents):

	2017	2016
State of California Local Agency Investment Fund	$ 2,256,333	$ 2,144,991
Ventura County Treasury Investment Fund	4,052	3,910
Total	$ 2,260,385	$ 2,148,901

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is managed by the Local Agency Investment Advisory Board, which consists of 5 members, in accordance with State Statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares. The fair value of the District's investment in this pool is reported at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. The share value of the District's investment in LAIF is $2,253,943 and $2,143,660 at June 30, 2017 and 2016, respectively.

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 $4,783 and $13,271 as of June 30, 2017 and 2016, respectively, are amounts received that are designated for program scholarship awards.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	June 30, 2016	Increases	Decreases	June 30, 2017
Capital assets being depreciated:				
Buildings and building improvements	$ 3,129,358	$ -	$ -	$ 3,129,358
IS equipment	226,300	-	(64,381)	161,919
Equipment and furnishings	258,597	-	(26,209)	232,388
Transportation vehicles	263,737	-	-	263,737
Total capital assets	3,877,992	-	(90,590)	3,787,402
Less accumulated depreciation	(2,109,062)	(164,193)	89,143	(2,184,112)
Total capital assets, net	$ 1,768,930	$ (164,193)	$ (1,447)	$ 1,603,290

Capital assets activity for the year ended June 30, 2016 was as follows:

	June 30, 2015	Increases	Decreases	June 30, 2016
Capital assets being depreciated:				
Buildings and building improvements	$ 3,665,822	$ 20,341	$ (556,805)	$ 3,129,358
IS equipment	218,116	8,184	-	226,300
Equipment and furnishings	266,494	1,697	(9,594)	258,597
Transportation vehicles	349,636	7,834	(93,733)	263,737
Total capital assets	4,500,068	38,056	(660,132)	3,877,992
Less accumulated depreciation	(2,195,807)	(175,355)	262,100	(2,109,062)
Total capital assets, net	$ 2,304,261	$ (137,299)	$ (398,032)	$ 1,768,930

4. DEFERRED REVENUE

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

5. LINE OF CREDIT

The District has a line of credit with a bank secured by inventory, chattel paper, account, equipment and general intangibles. The line of credit has a maximum borrowing amount of $300,000, bears interest at .9% over the lender's base rate (Bank of the West prime rate), but not less than 4%. The line of credit does not have a maturity date. There were no borrowings on the line of credit during the years ended June 30, 2017 and 2016. There was no interest expense associated with the line of credit during 2017 or 2016.

6. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2017:

	Balance June 30, 2016	Retirement	Balance June 30, 2017	Current	Long-term
Installment Sale Agreement	$ 523,456	$ (79,415)	$ 444,041	$ 82,393	$ 361,648

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

	Balance June 30, 2015	Retirement	Balance June 30, 2016	Current	Long-term
Installment Sale Agreement	$ 600,000	$ (76,544)	$ 523,456	$ 79,415	$ 444,041

The District entered into an installment sale agreement on September 1, 2014, with the Municipal Finance Corporation, to finance the renovation of the Adult Day Care Center. The District received $600,000 under the agreement, which is to be repaid over a seven year period, including interest at 3.75%. The District's net revenue, as defined by the installment agreement, is pledged for the payment of the installment payment. The installment sale agreement was assigned to Citizens Business Bank on September 26, 2014.

Future debt service payments through maturity are as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2018	$ 82,393	$ 14,334	$ 96,727
2019	85,482	11,158	96,640
2020	88,688	7,862	96,550
2021	92,014	4,443	96,457
2022	95,464	895	96,359
	$ 444,041	$ 38,692	$ 482,733

7. DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Descriptions, Benefits Provided and Employees Covered – All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (Plan). The Plan is a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Local Government resolution. The Plan provides retirement, death and disability benefits to plan members and beneficiaries. The benefit provisions of the plan's employees are established by statute. A full description regarding number of employees covered, benefit provisions, assumptions, and membership information for the Plan is listed in the District's June 30, 2015 Annual Valuation Report. This report and CalPERS audited financial statements are publicly available reports that can be found on CalPERS website.

The Plan's provisions and benefits in effect at June 30, 2017, are summarized as follows:

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	60	62
Required employee contribution rates	7.000%	6.250%
Required employer contribution rates	7.612%	6.555%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Beginning for the year ended June 30, 2016, CalPERS collected employer contributions towards unfunded liability as a dollar amount instead of the prior method of a contribution rate. The pool's unfunded liability is allocated to each individual plan based on the plan's total liability rather than by plan individual payroll. The District's unfunded liability payment for the year ended June 30, 2017 was $38,046.

For the year ended June 30, 2017, the contributions recognized by the plan from the employer were as follows:

Contributions - employer	$	129,993
Contributions - employee	$	85,503

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

As of June 30, 2017, the District's reported net liability for its proportionate share of the net pension liability was $1,203,554.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability as of June 30, 2015 and 2016 was as follows:

Proportion - June 30, 2015	0.02995%
Proportion - June 30, 2016	0.03465%
Change - Increase (Decrease)	0.00470%

For the year ended June 30, 2017, the District recognized pension expense of $210,422. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 91,947	$ -
Net differences between projected and actual earnings on plan investments	197,058	-
Difference between expected and actual experiences	4,002	917
Changes in assumptions	-	37,862
Differences between actual contributions and proportionate share of contributions	-	52,813
Change in employer's proportion	-	85,124
Total	$ 293,007	$ 176,716

The $91,947 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resourced related to pensions will be recognized as pension expense as follows:

Measurement Period Ending June 30:	Deferred Outflows (Inflows) of Resources, Net
2017	$ (41,620)
2018	(37,860)
2019	52,783
2020	51,041
Total	$ 24,344

Actuarial Methods and Assumptions - For the measurement period ended June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability determined in the June 30, 2015 actuarial accounting valuation. The June 30, 2016 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50%
Mortality	Derived using CalPERS Membership Data
Post Retirement Benefit Increses	COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 3.75% thereafter

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

Discount Rate – The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is deemed adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS' website under the GASB 68 section.

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	51.0%	5.25%	5.71%
Global Debt Securities	20.0%	0.99%	2.43%
Inflation Assets	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%

(a) An expected inflation of 2.5% used for this period
(b) An expected inflation of 3.0% used for this period

Amortization of Deferred Outflows and Deferred Inflows of Resources – Under GASB 68, actuarial gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflow and deferred inflows of resources related to pension and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining services lifetime (EARSL) of all members that are provided with pensions (active, inactive, and retired) as of the beginning of the measurement period

The net difference between projected and actual investment earnings on pension plan investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining net difference between projected and actual investment earnings on pension plan investments at the measurement date is to be amortized over the remaining four-year period. The net difference between projected and actual investment earnings on pension plan investments in the schedule of collective pension amounts represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

Deferred outflows of resources and deferred inflows of resources relating to differences between expected and actual experience, changes of assumptions and employer-specific amounts should be amortized over EARSL of members provided with pensions through the plan.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.65%) or 1 percentage point higher (8.65%) higher than the current year:

	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
District's proportionate share of the net pension liability	$ 2,032,966	$ 1,203,544	$ 518,086

Pension Plan Fiduciary Net Position – The plan's fiduciary net position disclosed in the District's GASB 68 accounting valuation report may differ from the plan assets reported in the District's funding actuarial valuation report due to several reasons. For the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in the District's funding actuarial valuation. Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. Payable to the Pension Plan

At June 30, 2017, the District reported a payable of $3,364 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

8. OTHER POST EMPLOYMENT BENEFITS

Plan Description – The District administers a single-employer defined benefit healthcare plan (Plan). The Plan provides lifetime post-employment medical insurance to eligible retirees and their spouses through the California Public Employees Retirement System. Annually, the District establishes a maximum monthly premium that the District will contribute to the cost of current-year medical insurance premiums. For calendar year 2017 and 2016, the maximum monthly contribution by the District was $790 per retiree. The Plan does not issue a publicly available financial report.

Funding Policy – The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. During the year ended June 30, 2011, the District entered into an agreement and election to prefund OPEB through CalPERS in the California Employer's Retiree Benefit Trust Program (CERBT). During the years ended June 30, 2017 and 2016, the District chose to contribute $0 and $175,901, respectively, 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, 2017 and 2016, the amount actually contributed to the Plan, and the changes in the District's net OPEB obligation:

	2017	2016
Annual Required Contribution (ARC)	$ 176,798	$ 175,901
Interest on net OPEB obligation	15,125	11,337
Adjustment to ARC	9,879	14,566
Annual OPEB cost	201,802	201,804
Contribution made to Plan during fiscal year	-	(175,901)
Increase in Net OPEB obligation	201,802	25,903
OPEB payable - beginning of year	182,281	156,378
OPEB payable - end of year	$ 384,083	$ 182,281

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, 2017, 2016 and 2015 are shown in the following table.

Fiscal Year Ended	Annual OPEB Cost (AOC)		Percentage of ACO Contributed	Net OPEB Obligation	
6/30/2015	$	145,999	99.72%	$	156,378
6/30/2016	$	201,804	87.16%	$	182,281
6/30/2017	$	201,802	0.00%	$	384,083

Funded Status and Funding Progress – The most recent actuarial report for the District's OPEB Plan was prepared as of July 1, 2015. As of this point in time, the actuarial accrued liability for benefits was $1,798,158 and the actuarial value of investments was $670,469, resulting in an unfunded actuarial accrued liability of $1,127,689 and a funded ratio of 37.29%. The annual covered payroll was $1,409,091 and the ratio of the unfunded actuarial accrued liability to covered payroll was 80.03%.

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

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

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

Valuation date	June 30, 2015
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll amortization
Remaining amortization period	30 Years as of the valuation date
Asset valuation method	5 Year smoothed market
Actuarial assumptions:	
Investment rate of return	7.10%
Projected salary increase	2.75%
Inflation – discount rate	2.75%

9. RISK MANAGEMENT

The District is exposed to potential losses from claims arising from its business operations including, 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 are 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.

10. DISTRIBUTIONS FROM VENTURA COUNTY COMMUNITY FOUNDATION

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

Each year, VCCF distributes a portion of the earnings based on its distribution policies, which are subject to change based on VCCF's investment management performance. The amounts received in 2017 and 2016, were $147,622 and $148,479 respectively. The distribution amounts are to be used only for the Care-a-Van service in Camarillo. At June 30, 2017 and 2016, the market value of the fund held by VCCF on behalf of the District was $2,921,373 and $2,755,920, respectively

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11. GRANTS

The District is the recipient of grants from government agencies and the private sector. The grants received for the year ended June 30, 2017 are:

Funding Source	Program	Purpose	Amount
Ventura County Area Agency on Aging (VCAAA)	Wellness & Caregiver Center	Caregiver Support	$ 45,005
Ventura County Area Agency on Aging (VCAAA)	Senior Lunch Program	Senior Meals	87,934
Ventura County Area Agency on Aging (VCAAA)	Wellness & Caregiver Center	Senior Helpline	50,000
Arthur N. Rupe Foundation	Wellness & Caregiver Center	Caregiver Support	35,000
Dignity Health / Brain Injury Center of Ventura County	Care Management	Home Care Support	10,935
National Association of Nutrition and Aging Services Program	Senior Lunch Program	Senior Meals	1,000
The Scan Foundation	Wellness & Caregiver Center	Community of Constituents	5,000
Total Grant Funds			$ 234,874

12. CONTINGENCY

During the year ended June 30, 2015, the District made a claim against one of its vendors for reimbursement of fees. In January 2016, an arbitration panel awarded the District a judgement in the amount of $172,410. The defendant filed a counterclaim against the District for additional fees in the amount of $100,000. The counterclaim was dismissed in February 2017. The defendant has filed an appeal which is currently pending in the Court of Appeal. Management believes, that based on the advice of the District's legal counsel, the lawsuit could result in the recovery of money by the District. However, the ultimate outcome of the litigation cannot be determined and no amount has been recognized for possible collection of any claims asserted in the litigation.

During the year ended June 30, 2017, the District filed a lawsuit against its former Chief Executive Officer for breach of fiduciary duty in connection with the fees paid the vendor discussed in the preceding paragraph. The District alleged that the former Chief Executive Officer failed to disclose a relationship with the vendor and approved unnecessary and false invoices. In March 2018, the claim was settled in binding arbitration with a settlement to the District in the amount of $173,000. The settlement was paid to the District in May 2018 and the arbitration and lawsuit were subsequently dismissed.

13. UPCOMING GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement establishes the standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense for postemployment benefits other than pensions. This Statement is effective for fiscal years beginning after June 15, 2017.

14. SUBSEQUENT EVENTS

The District has evaluated subsequent events through June 25, 2018, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CAMARILLO HEALTH CARE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
California Public Employees' Retirement System
June 30, 2017 and 2016
Last 10 years *

Schedule of Proportionate Share of the Net Pension Liability

Year Ended *	Proportion of the Net Pension Liability	Proportionate Share (Amount) of Net Pension Liability	Actual Covered Member Payroll	Net Pension Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/15	0.01542%	$ 959,515	$ 1,457,087	65.85%	87.79%
6/30/16	0.02995%	$ 821,635	$ 1,372,378	59.87%	83.66%
6/30/17	0.03465%	$ 1,203,554	$ 1,288,882	93.38%	80.46%

* The data provided in the schedule is based as of the measurement date of CalPERS net pension liability, which is as of the beginning of the District's fiscal year.

Schedule of Contributions

Year Ending	Statutorily Required Contributions	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/14	$ 122,887	$ 122,887	$ -	$ 1,457,087	8.43%
6/30/15	$ 122,375	$ 122,375	$ -	$ 1,372,978	8.91%
6/30/16	$ 82,913	$ 82,913	$ -	$ 1,288,882	6.43%
6/30/17	$ 92,770	$ 92,770	$ -	$ 1,267,253	7.32%

These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a) / c
6/30/2011	$ 92,308	$ 910,096	$ 817,788	10.14%	$ 1,436,477	56.93%
6/30/2013	$ 316,585	$ 1,078,857	$ 762,272	29.34%	$ 1,371,151	55.59%
6/30/2015	$ 670,469	$ 1,798,158	$ 1,127,689	37.29%	$ 1,409,091	80.03%

OTHER REPORT

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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*

To the Board of Directors of
Camarillo Health Care District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Camarillo Health Care District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Camarillo Health Care District's basic financial statements, and have issued our report thereon dated June 25, 2018.

Internal Control Over Financial Reporting

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

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

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 over financial reporting 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 Camarillo 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 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.

Fanning & Karrer

Ventura, California
June 25, 2018