
PUBLIC NOTICE

Bloss Memorial Healthcare District, A Public Entity • 3605 Hospital Road, • Atwater, California 95301 •
(209) 381-2000 x 7002 • fax: (209) 722-9020

Date: June 23, 2017

Phone: (209) 724-4102

Fax: (209) 722-9020

Bloss Memorial Healthcare District will hold their Finance Committee meeting on Thursday, June 29, 2017 at 1:30 pm in the Board Room at 3605 Hospital Road, Atwater, CA 95301.

The next Bloss Memorial Healthcare District **Board of Directors** meeting will be held Thursday, June 29, 2017 at 2:00 pm in the Board Room at 3605 Hospital Road, Atwater, Ca 95301.

I, Fily Cale, posted a copy of the agenda of the Board of Directors of Bloss Memorial Healthcare District, said time being at least 72 hours in advance of the meeting of the Board of Directors.

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)
BOARD OF DIRECTORS MEETING
BOARD ROOM
Thursday, June 29, 2017
2:00 pm**

AGENDA FOR PUBLIC SESSION

I. CALL TO ORDER

II. ROLL CALL

ACTION

EXHIBIT

III. APPROVAL OF AGENDA

*

IV. PUBLIC COMMENTS

Comments can be made concerning any matter within the Board's jurisdiction; but if the matter is not on the agenda, there will be no Board discussion of the issue. Anyone wishing to address the Board on any issue, please stand and approach the microphone.

V. APPROVAL OF MINUTES

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| A. April 25, 2017 CDSC Advisory Committee Meeting | * | 1 |
| B. May 23, 2017 CCDSC Advisory Committee Meeting – Informational | | |
| C. May 23, 2017 CCDSC Advisory Committee Meeting – Informational | | |
| D. May 25, 2017 Board of Directors Meeting | * | 1a |

VI. FINANCIAL REPORT

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| A. May 25, 2017 Finance Committee Minutes | * | 2 |
| B. Chief Financial Officer Report | | 3 |
| C. May Payroll, Electronic Payments & Check Register | * | 4 |

VII. CHIEF EXECUTIVE OFFICER REPORT

VIII. OLD BUSINESS / REPORTS

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| A. Castle Family Health Centers, Inc Report | | 5 |
| B. Bloss Board Member Report | | |

IX. NEW BUSINESS

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| A. Provider Credentialing / Privileging | * | |
| B. Approval of CCDSC / CDSC Policies & Procedures | * | |
| C. Approval of 2017 Independent Audit | * | 6 |

X. AGENDA FOR CLOSED SESSION

Closed Session Items Pursuant the Brown Act will be:
Section 54954.5(h) Report Involving Trade Secrets – Regarding New Services.
Estimated date of public disclosure will be in 2017.
Section 54954.5 (c); 54956.9 Conference with Legal Counsel for Initiation of Litigation.

XI. NEXT MEETING DATE

XII. ADJOURNMENT

Assistance for those with disabilities: If you have a disability and need accommodation to participate in the meeting, please call Fily Cale at (209) 724-4102 or (209) 381-2000 extension 7000 for assistance so that any necessary arrangements may be made.

Any written materials relating to an agenda item to be discussed in open session of a regular meeting that is distributed within the 72 hours prior to the meeting is available for public inspection at the time the record is distributed to all, or a majority of all, members of the Board. These documents are available from the Executive Assistant in administration at 3605 Hospital Road, Suite F, Atwater, California 95301.

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)
U.S. DENTAL SURGERY
d/b/a CHILDREN'S DENTAL SURGERY CENTER (CDSC)
Advisory Committee Meeting
Executive Conference Room
Tuesday, April 25, 2017
11:00 a.m.**

PUBLIC COMMENTS

None.

CALL TO ORDER

Edward Lujano, Bloss CEO, called the meeting to order at 11:00 am.

ROLL CALL

Present: Edward Lujano, Bloss CEO; Fily Cale, Executive Assistant;
Rosalie Heppner, Committee Member and Glenn Arnold,
Committee Member

Others Present: Dawnita Castle, Interim CFO and David Thompson, CDSC
Administrator

Absent: None

APPROVAL OF AGENDA

A motion was made / seconded, (Glenn Arnold / Rosalie Heppner) to approve the April 25, 2017 agenda as presented. Motion carried.

APPROVAL OF MINUTES

A. March 21, 2017 Meeting Minutes, Exhibit 1

Neither of the two committee members attended the March 21, 2017 and cannot make the motion for approval.

This item to be approved at the May Board of Directors meeting.

FINANCIAL REPORT

A. March 2017 Financials, Exhibit 2

Dawnita Castle reported that CDSC treated 235 patients for March 2017 and recorded a loss in the amount of \$30,427. Items contributing to this loss was \$7,000 in supervisory costs. David Thompson reported that we are looking at re-classifying some of the expenses for some of the staff members, as they should be shared expenses, not solely for one center.

We looked at how historically these expenses have been classified that are shared and they have identified a few that can be changed to more accurately represent the centralized administration of the two centers.

Dawnita Castle stated that the Accounting Department is accounting for this by the actual swiping at the Time Clock. We have some costs located at CDSC however, they also work on CCDSC items at CDSC. She has asked David Thompson, Administrator for additional information and documentation to insure accruable accounting. There is also a \$6,000 in repairs for anesthesia and oxygen supplies. Other contracted services had an additional \$2,000, which could be related to a temp, additional information has been requested. \$3,000 in other purchased services was for oxygen.

David Thompson stated that CDSC had two unexpected incidents in March 2017, one was the battery for the generator went out and they had to cancel 2 OR days and the other incident was an oxygen leak and they ran out of oxygen. They had to cancel half a day and then locate the oxygen leak. Vendors had to come out to address these two incidents.

A motion was made / seconded, (Rosalie Heppner / Glenn Arnold) to approve and accept the March 2017 Financial Report as presented, Exhibit 2. Motion carried.

B. 2016 Draft Audit Recommendation, Exhibit 2a

Dawnita Castle presented the 2016 Draft Audit for CDSC, which was prepared by JWT & Associates, LLP.

For the FY ended 2016, CDSC had a loss in the amount of \$88,464 compared to last year which was \$116,000 loss. There were no qualifying opinions and the statement were presented fairly.

The audit was reviewed and discussed by the advisory committee.

A copy of the draft audit was forwarded to Carol Freeman's accountant as they are going to prepare the partnership return.

Glenn Arnold noted that on page 9 there is a comment regarding Charity Care, which CDSC doesn't provide. Dawnita Castle will contact Jerrell Tucker of JWT & Associate, LLP to have this removed from the comments.

A motion was made / seconded, (Rosalie Heppner / Glenn Arnold) to recommend the 2016 Draft Audit to the Board of Directors for approval with the exception of a

change on page 9 Charity Care to have it reworded to meet the standards of the dental care, Exhibit 2a. Motion carried.

ADMINISTRATOR REPORT, EXHIBIT 3

David Thompson reported that AAAHC Accreditation survey last month went well. They had seventeen deficiencies and are now waiting for the plan of corrections to return. They also had to apply for another waiver for the firewall after two years and it shouldn't be a huge challenge to have the waiver accepted again.

David Thompson also reported they continue the lobbying efforts for the bill that was going to increase dental rates by 70% for the top 15 dental procedures. The language has now changed to "double" the rates. The bill is currently in appropriations and they have met with 9 members of the appropriations committee, including the chair.

The competing bill that Western Dental had put out, has been pulled and they will not be voting on that, which means that our bill is the only one specifically asking for those dollars. The governor also wants these dollars and he would prefer that it goes into the general fund and re-issue a check back to Medi-Cal and Denti-cal as these tax dollars were specifically earmarked for the Medi-Cal and Denti-Cal program.

OLD BUSINESS

None.

NEW BUSINESS

A. Policies & Procedures Recommendation, Exhibit 4

None.

B. Credentialing / Privileging Recommendation

None.

AGENDA FOR CLOSED SESSION

None

NEXT MEETING DATE

The next Advisory Committee Meeting will be held Tuesday, May 23, 2017 at 11:00 a.m.

ADJOURNMENT

As there was no further business, the meeting adjourned at 11:30 am.

Respectfully Submitted,

Rosalie Heppner
Committee Member

Edward Lujano
Chief Executive Officer

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)
CENTRAL CALIFORNIA DENTAL SURGERY CENTER (CCDSC)**

Advisory Committee Meeting

Executive Conference Room

Tuesday, May 23, 2017

10:00 am

CALL TO ORDER

Edward Lujano called the meeting to order at 10:00 a.m.

ROLL CALL

Present: Edward Lujano, Bloss CEO; Fily Cale, Executive Assistant; Kory Billings, Committee Member and Lloyd Weaver, Committee Member

Others Present: Dawnita Castle, Interim CFO; Kylene Powell, CCDSC RN / DON and David Thompson, CCDSC Administrator via Teleconference

Absent: None

Edward Lujano welcomed Kylene Powell, RN to the Advisory Committee meeting. He also congratulated her on the appointment as Administrator.

APPROVAL OF AGENDA

A motion was made / seconded, (Kory Billings / Lloyd Weaver) to approve the May 23, 2017 agenda as presented. Motion carried.

APPROVAL OF MINUTES

A. April 25, 2017 Meeting Minutes, Exhibit 1

Several grammatical corrections and a typo were made to the April 25, 2017 Meeting Minutes.

A motion was made /seconded, (Lloyd Weaver / Kory Billings) to approve the April 25, 2017 meeting minutes with corrections, Exhibit 1. Motion carried.

FINANCIAL REPORT

A. April 2017 Financials, Exhibit 2

Dawnita Castle reported that for the month of April 2017, CCDSC saw 223 patients and had had a profit of \$148,882. The Denti-Cal incentive in the amount of \$98,200 is recorded in Other Operating Revenue. YTD net income for CCDSC \$479,433, which is consistent with an average of \$1,221 for revenue per patient and expenses are \$1,118.

A motion was made /seconded, (Kory Billings / Lloyd Weaver) to approve and accept the April 2017 Financials report, Exhibit 2. Motion carried.

ADMINISTRATOR REPORT

David Thompson reported that April 2017 was a good month with good provider staffing. Drs. Kim and Haung are both interested in going to Stockton to pair up with Dr. Schuller.

David Thompson also stated that Kylene Powell has been introduced to both CCDSC and CDSC as Administrator. The transition has gone smoothly and the staff is excited that she will have the opportunity to be the administrator.

The incentive payment will not show up in the monthly financials as patient revenue, but it does equate to about \$90 per patient. This is the dental transformation commission which will be paid annually or every six months if we meet our threshold.

The fire wall should be completed this week if not already done.

David Thompson reported that bill AB15 which has the potential to increase the top 15 procedure to commercial rates, the language has changed now to read that the bill will double the rates. We will hear this Friday, whether or not the bill will get out of the suspense file and if it does the only other thing that would stop it would be a veto from the governor.

Kory Billings asked if there was an approximate cost for the firewall. David Thompson stated that it was an additional \$9,000 from the \$52,780 that was approved. Dawnita Castle stated that the first payment came out of the Funded Depreciation account. The second payment will also come out of the same account.

Kylene Powell, RN, thanked everyone for giving her this opportunity. She is grateful and humble for the opportunity.

OLD BUSINESS

None

NEW BUSINESS

A. Policies & Procedures Recommendation, Exhibit 4

None.

B. Credentialing Privileging Recommendation

None.

AGENDA FOR CLOSED SESSION

None.

NEXT MEETING DATE

The next Advisory Committee meeting will be held Tuesday, June 27, 2017 at 10:00 am.

ADJOURNMENT

As there was no further business, the meeting adjourned into closed session at 10:15 am for the Quality Report under Section 1461 Quality Management.

The meeting reconvened into public session at 10:16 am. No action taken.

As there was no further business, the meeting adjourned into closed session at 11:09 am for

Respectfully Submitted,

Fily Cale
Executive Assistant

Lloyd Weaver
Committee Member

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)
U.S. DENTAL SURGERY
d/b/a CHILDREN'S DENTAL SURGERY CENTER (CDSC)
Advisory Committee Meeting
Executive Conference Room
Tuesday, May 23, 2017
11:00 a.m.**

PUBLIC COMMENTS

None.

CALL TO ORDER

Edward Lujano, Bloss CEO, called the meeting to order at 11:04 am.

ROLL CALL

Present: Edward Lujano, Bloss CEO; Fily Cale, Executive Assistant and Dawnita Castle, Interim CFO

Others Present: Kory Billings, Board Vice Chair; Kylene Powell, RN and David Thompson, CDSC Administrator

Absent: Rosalie Heppner, Committee Member and Glenn Arnold, Committee Member

As there was no quorum for the May 23, 2017 Advisory Committee meeting no action will be taken and general discussion will be held.

APPROVAL OF AGENDA

None.

APPROVAL OF MINUTES

A. April 25, 2017 Meeting Minutes, Exhibit 1

This item to be approved at the June Board of Directors meeting.

FINANCIAL REPORT

A. April 2017 Financials, Exhibit 2

Dawnita Castle reported that CDSC treated 235 patients for April 2017 and recorded a net loss in the amount of \$3,207. May 2017 also treated 235 patients and April 2016 also treated 235 patients.

The monthly net revenue per patient was \$1,354 and expenses per patient was \$1,368. Kory Billings stated that the professional fees were also \$20,000 more April 2016.

David Thompson stated that the provider mix at CDSC is contracted at a slightly higher rate than CCDSC. Providers no longer rotate between dental centers, but coming up with our new anesthesiologist two of the dentists will rotate between both dental centers which will reduce the cost of the professional fees.

Dawnita Castle also stated that beginning in April 2017 she allocated two employees who will spend 50% of their time at CCDSC and 50% at CDSC. This is reflected in the financials.

David Thompson stated that the incentive is not patient revenue but assuming they reach their goal of an increase of 2% over the base line year, they will get their incentive patient for May 2017, which is about \$90 dollars per patients for \$20,000 for the month.

ADMINISTRATOR REPORT, EXHIBIT 3

David Thompson reported that for April 2017, they had two dental provides rotate between the two dental centers. Also, the budget issues will be addressed in the board meeting.

Kylene Powell's transition to Administrator was well received with staff. CDSC will benefit greatly with her administrative presence. She will do very well.

David Thompson also reported we will find out this Friday about the Bill that is currently in suspense.

OLD BUSINESS

None.

NEW BUSINESS

A. Policies & Procedures Recommendation, Exhibit 4

None.

B. Credentialing / Privileging Recommendation

None.

AGENDA FOR CLOSED SESSION

None

NEXT MEETING DATE

The next Advisory Committee Meeting will be held Tuesday, June 27, 2017 at 11:00 a.m.

ADJOURNMENT

As there was no further business, the meeting adjourned into closed session at 11:09 am for the Quality Report under Section 1461 Quality Management.

The meeting reconvened into public session at 11:15 am and adjourned. No action taken.

Respectfully Submitted,

Edward Lujano
Chief Executive Officer

**BLOSS MEMORIAL HEALTHCARE DISTRICT (BMHD)
BOARD OF DIRECTORS MEETING
BOARD ROOM
Thursday, May 25, 2017
2:00 pm**

CALL TO ORDER

Rosalie Heppner, Board Chair, called the meeting to order at 2:00 pm.

ROLL CALL

Board Members Present: Rosalie Heppner, Chair; Kory Billings, Vice Chair; Al Peterson, Secretary / Treasurer; Glenn Arnold, Board Member and Lloyd Weaver, Board Member

Others Present: Edward Lujano, CEO; Fily Cale, Executive Assistant; Dawnita Castle, Interim CFO; Dorothy Bizzini, CFHC Board Chair; Kylene Powell, RN, CCDSC/CDSC DON; Sabrina Cooksey, Director of HR @ 2:14 pm and David Thompson, CCDSC/CDSC Administrator @ 2:16 pm

Absent: Ralph Temple, Jr., Legal Counsel and Peter Mojarras, CFHC COO

APPROVAL OF AGENDA

A motion was made/seconded, (Kory Billings / Lloyd Weaver) to approve the May 25, 2017 agenda as presented. Motion carried.

PUBLIC COMMENTS

Edward Lujano stated that Joe Pruzzo, Castle Air Museum CEO, is requesting some assistance from BMHD. There is an access point at the far south of our parking lot where he accesses his property and along the border is build up for vehicles and people. It has become pretty bad and he is asking if BMHD would be willing to repair it. He has obtained a quote in the amount of \$4,796 to assist with continued access from our parking lot to their area. This is not an agenda item nor is it for discussion.

Kory Billings questioned that this cost is something that Edward Lujano can take care of if he feels that it is necessary. Fily Cale stated that per Joe Pruzzo, the Castle Air Museum is willing to assist with the cost.

APPROVAL OF MINUTES

A. March 21, 2017 CDSC Advisory Committee Meeting, Exhibit 1

A motion was made / seconded, (Kory Billings / Alfonse Peterson) to approve and accept the March 21, 2017 CDSC Advisory Committee meeting minutes as presented, Exhibit 2. Motion carried.

- B. April 25, 2017 CCDSC Advisory Committee Meeting – Informational
- C. April 25, 2017 CCDSC Advisory Committee Meeting – Informational
- D. April 27, 2017 Board of Directors Meeting, Exhibit 1

A grammatical correction was made to the April 27, 2017 meeting minutes.

A motion was made / seconded, (Kory Billings / Alfonse Peterson) to approve and accept the March 27, 2017 Board of Directors Meeting with correction, Exhibit 1. Motion carried.

FINANCIAL REPORT

- A. April 27, 2017 Finance Committee Meeting Minutes, Exhibit 2

A correction was made to spell out (YE) year ending.

A motion was made / seconded, (Alfonse Peterson / Glenn Arnold) to accept the April 27, 2017 Finance Committee Meeting Minutes with correction. Exhibit 2. Motion carried.

- B. Chief Financial Officer Report, Exhibit 3

Dawnita Castle provided a recap from the April 2017 meeting, in which the board recommended putting \$100,000 into the investment accounts; \$75,000 was put into the Capital Investment account and \$25,000 was deposited into the Grant Investment account. She received an email as of May 10, 2017 that the transactions had been completed.

Also, Mr. Weaver had asked last month what the note payable was for the boiler, which will be completed in June 2017. It was \$2,830.65.

The first firewall payment in the amount of \$41,098 for CCDSC was taken out of the Funded Depreciation account, which left an account balance in the amount of \$64,374. The second payment will also come out of this account.

For April 2017, BMHD had a total net gain before depreciation in the amount of \$149,201 and a net gain in the amount of \$89,614 after depreciation. This large amount was due to the CCDSC Denti-Cal payment in the amount of \$98,200, which is recorded under Other Revenue.

- C. April 2017 Payroll, Electronic Payments and Check Register, Exhibit 4

A motion was made / seconded, (Alfonse Peterson / Lloyd Weaver) to approve and accept the April 2017 Payroll in the amount \$136,657.15 and Accounts Payable in the amount of \$412,398.80 for a total Disbursement of \$549,055.95, Exhibit 4. Motion carried.

CHIEF EXECUTIVE OFFICER'S REPORT

Edward Lujano reported earlier this month we had our quarterly staff meetings along with a staff appreciation luncheon for the two dental surgery centers.

We introduced Kylene Powell, RN, as our new Administrator, she will now be attending the Advisory Committee meetings along with the Board of Directors meetings. She will be replacing

David Thompson as Administrator of CCDSC / CDSC as we go through a transition period during the next three months. Edward Lujano and David Thompson are working on a new arrangement of his role and continuation working with the dental surgery centers. Staff has welcomed Kylene Powell and she will be an asset to the leadership role for the two dental surgery centers.

The firewall at CCDSC is almost complete and basically there were no problems and new double doors were also added in the hallway. We have been meeting all of our requirements, passed all accreditations and it is looking good for both dental surgery facilities.

CDSC scheduled 361 patients for April 2017 and completed 235 cases. As of yesterday CDSC was at 277 with four more days to go. CDSC received 462 referrals and Sonny Vasquez, Marketing Director, visited 175 offices in the northern California area.

CCDSC scheduled 302 patients for April 2017 and completed 223 compared to 203 in April 2016. As of yesterday CCDSC was at 196 cases with 4 more days to go. CCDSC received 320 referrals and Sonny Vasquez, Marketing Director visited 135 offices.

The CCDSC staff along with CFHC staff participated in a 5K Vaquero Run here in Atwater. It was part of a fitness and sponsorship that we participated in.

Sonny Vasquez attended the local Chamber of Commerce mixers and is participating with the student transitions from high school to college programs.

Lloyd Weaver asked if the security camera installation through Hoffman Electronics has been completed. Edward Lujano stated that it is completed and has already helped out in a few instances.

OLD BUSINESS / REPORTS

A. Castle Family Health Centers, Inc Report, Exhibit 5

No report.

B. Bloss Board Member Report

Kory Billings reported that on May 19, 2017 he had an opportunity to meet with Sheila Johnston and Amber King from ACHD. With the changes going on between the entity and the ALPHA Fund they are trying to refocus on what ACHD is going to be doing and how they can help the different organizations which belong to them.

They did not know what services we offered and they are going to have a Wellness event from 10am to 4pm on July 13, 2017 in Sacramento for anyone that wished to attend. Also they want to encourage BMHD to participate in Legislative Days and they have them. They are also looking for board members to serve on their executive committee.

Their annual dues were \$5,600 and they are being reduced to \$3,750.

They were very interested in the services we have and interested in how the partnership worked with CFHC. CFHC participates with the ALPHA Fund that was interesting to see how the relationship using them could help there as well. They also expressed interest more about what we are doing currently using David Thompson and participating in the Little Hoover Commission and some of those items and possibly partnering with us in assisting us through their legislative branch if at all possible.

This was a great meeting and they also stated that we are the only board who has a Trust as a benefactor.

Edward Lujano stated that the Annual Employee Recognition Lunch will be held on Wednesday, June 21, 2017.

NEW BUSINESS

A. Provider Credentialing / Privileging

None.

B. Approval of CCDSC / CDSC Policies & Procedures

None.

C. Approval of FY 2018 Budget, Exhibit 6

Dawnita Castle reported that she had prepared the annual BMHD budget and with David Thompson' assistance the CCDSC / CDSC based on a conservative approach.

She has a detail and summary of the budget and has also included the capital expenditures. It is usually set up as a fixed asset and she added the quotes and capital improvement fund.

David Thompson reported on the CCDSC / CDSC budget. Administrative changes were factored into the budget as well as the regular employee increases, estimated 1% for employee benefits and it does not include any potential savings/costs in re-negotiation the lease in Stockton.

Kory Billings stated that he enjoyed seeing this format for the budget, it appears to be simpler, is an easy visual and easier to understand.

A motion was made / seconded, (Lloyd Weaver / Alfonse Peterson) to approve and accept the FY 2018 Budget in the amount of \$5,221,090 with an anticipated net income in the amount of \$11,141.00, Exhibit 6. Motion carried.

D. Grant to Support Sports School Physicals for the Atwater School Districts, Exhibit 7

Rosalie Heppner commented that BMHD had assisted CFHC last year with sports physicals.

This year, CFHC is requesting a grant in the amount of \$5,000 to assist with the sports physicals for the Atwater School District.

A motion was made / seconded, (Kory Billings / Alfonse Peterson) to approve \$5,000 for sports physicals to CFHC with funds to come out of the special reserve account specifically for these types of grants, Exhibit 7.

AGENDA FOR CLOSED SESSION

Edward Lujano reported that there will be brief discussion under Section 54954 Involving Trade Secrets to update the board on Ms. Freeman negotiations.

There will be a Performance Improvement report under Section 1461 of the Health and Safety Code – Quality Management.

NEXT MEETING DATE

The next Board of Directors Meeting will be held on Thursday, June 29, 2017 at 2:00 p.m. in the Board Room.

The Finance Committee will also meet on Thursday, June 29, 2017 at 1:30 p.m. in the Board Room.

ADJOURNMENT

As there was no further business, the meeting adjourned into closed session at 2:38 pm.

The meeting reconvened into public session at 2:50 pm and adjourned. No action taken.

Respectfully Submitted,

Fily Cale
Executive Assistant

Alfonse Peterson
Board Secretary

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)
FINANCE COMMITTEE MEETING
BOARD ROOM
Thursday, May 25, 2017
1:30 p.m.**

Committee: Edward Lujano, CEO; Dawnita Castle, Interim Chief Financial Officer; Fily Cale, Executive Assistant; Alfonse Peterson, Committee Chair and Glenn Arnold, Committee Member

Others Present: Dorothy Bizzini, Castle Board Chair; Sabrina Cooksey, Director of HR @ 1:37 pm and Kory Billings, Board Vice Chair @ 1:42 pm

Absent: None

CALL TO ORDER

Al Peterson, Committee Chair, called the meeting to order at 1:33 p.m. in the Board Room.

APPROVAL OF AGENDA

A motion was made/seconded, (Glenn Arnold / Edward Lujano) to approve the May 25, 2017 agenda as presented. Motion carried.

PUBLIC COMMENTS

None.

APPROVAL OF FINANCE COMMITTEE MINUTES

A. April 27, 2017 Finance Committee Minutes, Exhibit 1

A correction was made to spell out (YE) year ending.

A motion was made / seconded, (Glenn Arnold / Edward Lujano) to approve and accept the April 27, 2017 Finance Committee Minutes with correction, Exhibit 1. Motion carried.

REVIEW OF DISTRICT FINANCIAL STATEMENTS, EXHIBIT 2

Dawnita Castle provided and reviewed an updated income statement. There was a Denti-Cal Incentive payment that came in for CCDSC and she set up a new revenue account and had to re-write the Income Statement Reports.

For April 2017, BMHD had a total net gain before depreciation in the amount of \$149,201 and a net gain of \$89,614 after depreciation.

A motion was made / seconded, (Edward Lujano / Glenn Arnold) to approve and accept the Review of District Financial Statements as presented, Exhibit 2. Motion carried.

A. Recommendation of FY 2018 Budget, Exhibit 2a

Dawnita Castle presented the FY 2018 Budget. The budget has both a summary and a detail format.

She worked with David Thompson on the budget for both dental surgery centers. CCDSC shows a net income profit in the amount of \$250,000 and CDSC a profit in the amount of \$123,935, both are annual.

The budget was reviewed and discussed with the Finance Committee.

A motion was made / seconded, (Edward Lujano / Glenn Arnold) to recommend review of the FY 2018 Budget to the full Board of Directors, Exhibit 2a. Motion carried.

CCDSC FINANCIAL REPORT, EXHIBIT 3

Dawnita Castle reported that for the month of April 2017 CCDSC saw 223 patients and recorded a net profit in the amount of \$148,822. The net profit includes the Denti-Cal incentive in the amount \$98,200, which is recorded under Other Revenue.

SKDSC FINANCIAL REPORT, EXHIBIT 4

Dawnita Castel reported that SKDSC total expenses for April 2017 were \$21,210.

CDSC FINANCIAL REPORT, EXHIBIT 5

Dawnita Castle reported that for the month of April 2017, CDSC treated 235 patients and recorded a net loss in the amount of \$3,207.

DENTAL CENTERS' COMPARISON, EXHIBIT 6

The Dental Center's Comparison report was reviewed and discussed.

Dawnita Castle reported that the 12- month comparison shows a net income of \$669,962 for CCDSC and a net loss in the amount of \$169,252 for CDSC.

A motion was made / seconded, (Glenn Arnold / Edward Lujano) to approve and accept the CCDSC Financial Report, Exhibit 3; SKDSC Financial Report, Exhibit 4; CDSC Financial Report, Exhibit 5 and Dental Centers' Comparison, Exhibit 6 as presented. Motion carried.

WARRANTS AND PAYROLL

A. April 2017 Payroll, Electronic Payments & Check Register, Exhibit 7

A motion was made/seconded, (Edward Lujano / Glenn Arnold) to approve and accept the April 2017 Total Payroll in the amount \$136,657.15 and Total Accounts Payable in the amount of \$412,398.80 for a total Grand Total Disbursement of \$549,055.95, Exhibit 7. Motion carried.

DISCUSSION

Alfonse Peterson commented that he had reviewed the LPL Financial accounts and they made a little money.

AGENDA FOR CLOSED SESSION

There was no Closed Session item(s) for discussion.

NEXT MEETING DATE/ADJOURNMENT

The next Finance Committee meeting will be held on Thursday, June 29, 2017 at 1:30 pm.

As there was no further business, the meeting adjourned at 1:52 p.m.

Respectfully Submitted,

Fily Cale
Executive Assistant

Alfonse Peterson
Committee Chair

CHIEF FINANCIAL OFFICER REPORT

BMHD had a total net gain before depreciation of \$39,503 for the month compared to a net gain of \$29,219 last year. Expenses include \$21,219 of SKDSC costs.

The May 31, Operating Cash Balance was \$1,881,365 and Days Cash On Hand was 149 Days*. In April the DCH was 162 Days.

* Days Cash on Hand (DCH) = Operating Cash / Average Daily Expense (excluding depreciation). DCH indicates Bloss's ability to cover operating expenses. The Benchmark for Health Centers is a minimum of 90 Days.

Dental Surgery Center Summary :

	CCDSC	SKDSC	CDSC	COMBINED
Net Operating Revenue and Non-Operating	\$298,836	\$0	\$359,974	\$658,810
Operating Expenses	252,140	21,219	352,612	625,971
Net Income (Loss)	46,696	(21,219)	7,362	32,839
BMHCD % Share	100.00%	100.00%	65.00%	N/A
Bloss Share of Net Income (Loss)	\$46,696	(\$21,219)	\$4,785	\$30,262

A summary comparison of operations for the month and the prior year is as follows :

	May-17	May-17	VARIANCE *	%	Y-T-D May-17	Y-T-D VARIANCE *	Y-T-D %
Net Patient Revenue	298,003	277,472	20,531	7.40%	2,868,040	2,562,990	11.90%
Other Operating Revenue	896	4,840	(3,944)	-81.49%	117,529	40,981	186.79%
Total Net Operating Revenue	298,899	282,312	16,587	5.88%	2,985,569	2,603,971	14.65%
Operating Expenses Excluding Depreciation	390,807	396,048	5,241	1.32%	3,993,025	3,964,741	-0.71%
Net Operating Income (Loss) Before Depreciation	(91,908)	(113,736)	21,828	19.19%	(1,007,456)	(1,360,770)	25.96%
Net Non Operating-Gains/Losses	1,275	1,408	(133)	N/A	18,476	215	8493.49%
Gain/Loss on Investments	4,785	(8,186)	(12,971)	158.45%	(106,566)	62,349	270.92%
CDSC Gain/Losses	125,351	149,733	24,382	16.28%	1,941,935	1,570,402	23.66%
All Other Non-Operating Gains/Losses	131,411	142,955	11,544	8.06%	1,853,845	1,632,966	13.53%
Total Net Non-Operating Income: Losses/Gains	39,503	29,219	10,284	35.20%	846,389	272,196	210.95%
Total Net Income (Loss) Before Depreciation	59,917	59,270	647	1.09%	660,766	654,765	0.92%
Depreciation Expense	(20,414)	(30,051)	9,637	-32.07%	185,623	(382,569)	-148.52%
Net Income (Loss) After Depreciation							

* Note: unfavorable variances are indicated by parenthesis ().

Bloss Memorial HealthCare District
 Operations Summary Report
 Eleven Months Ending May 31, 2017

Total CFHC Inc. encounters for the month are 10,687 compared to 9,871 last year, a 8.27% increase.
 CCDSC cases for the month are 9.77 % more than last year.
 CDSC cases for the month are 8.20% more than last year.

Department	May-17	May-17	VARIANCE	%	May-17	May-17	Y-T-D	Y-T-D	Y-T-D	Y-T-D
Castle Clinic	3,723	3,416	307	8.99%	39,278	35,832	3,446			9.62%
Specialty Clinic	771	956	(185)	-19.35%	9,371	10,184	(813)			-7.98%
Bloss Clinic	1,051	1,082	(31)	-2.87%	12,204	11,596	608			5.24%
Winton Clinic	832	653	179	27.41%	8,571	6,525	2,046			31.36%
Urgent Care	309	338	(29)	-8.58%	5,139	4,592	547			11.91%
Lab	1,887	1,843	244	14.85%	19,244	18,363	881			4.80%
Radiology	608	471	137	29.09%	6,320	5,384	936			17.38%
Behavioral Health	223	212	11	5.19%	2,389	2,544	(155)			-6.09%
Adult Day Health Care	505	445	60	13.48%	5,672	5,156	516			10.01%
Optometry	431	329	102	31.00%	5,741	3,825	1,916			50.09%
Ophthalmology	347	326	21	6.44%	3,680	3,231	449			13.90%
TOTAL ENCOUNTERS	10,687	9,871	816	8.27%	117,609	107,232	10,377			9.68%

Bloss Memorial Health Care District

	May-17	May-17	VARIANCE	%	May-17	May-17	VARIANCE *	%
Central California Dental Surgery Center	236	215	21	9.77%	2,229	1,993	236	11.84%
Childrens Surgery Center	277	256	21	8.20%	2,504	2,880	(376)	-13.06%
Total Surgery Center Visits	513	471	42	8.92%	4,733	4,873	(140)	-2.87%

May-17 Working Days 22 and 1 Holiday
 May-16 Working Days 21 and 1 Holiday

Bloss Memorial HealthCare District
 Operations Summary Report
 Eleven Months Ending May 31, 2017

BMHD FULL TIME EQUIVALENTS SUMMARY :

(See FTE report included in Financial Reports for detail)

	May-17	May-17	VARIANCE	%	Y-T-D May-17	Y-T-D May-17	Y-T-D VARIANCE *	Y-T-D %
EMPLOYEE FTE'S	15.88	12.24	(3.64)	-29.74%	13.42	11.87	(1.55)	-13.06%
CONTRACT FTE'S	4.48	5.78	1.30	22.49%	4.95	5.44	0.49	9.01%
TOTAL FTE'S	20.36	18.02	(2.34)	-12.99%	18.37	17.31	(1.06)	-6.12%

* Note: unfavorable variances above are indicated by parenthesis ().

Full Time Equivalent - Employees for the month are 29.74% more than the prior year with 3.64 more FTE'S

The major (>1 fte) Total Employee FTE increases for the month are comprised primarily of the following :

Department	Cur. Mo. Increase (DECREASE)	YTD Increase (DECREASE)	Reason
CCDSC	3.09	1.48	Addtl RDA & Clerical's
All other departments < 1 fte var	0.54	0.07	Various departments less than 1 fte variance.
	3.64	1.55	Brackets () indicate a decrease (favorable) variance

**MAY PAYROLL, ELECTRONIC PAYMENTS
& CHECK REGISTER**

Bloss Memorial Healthcare District
 Payroll, Accounts Payable and Funds Disbursements - Summary
 Month of May-17

Payroll		\$145,891.65
Total Payroll		<u>\$145,891.65</u>

Accounts Payable:

A/P Checks	Bloss	<u>\$253,073.01</u>	<u>\$253,073.01</u>
Auto Debits		\$145.24	
Electronic Payments to Castle on Payable		<u>\$39,395.65</u>	
Total Auto Debits and Electronic Transfers		<u>\$39,540.89</u>	<u>\$39,540.89</u>
Profeses paid through Payroll system			
Total ACH Pro Fees 1099'S		<u>\$0.00</u>	<u>\$0.00</u>
Electronic Payments - ACH		<u>\$266,372.00</u>	<u>\$266,372.00</u>

Total Accounts Payable			<u>\$558,985.90</u>
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Grand Total Disbursements			<u>\$704,877.55</u>
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BLOSS	Payroll Disbursements for		May-17
	Payroll dated		
Earnings	05/05/17	05/20/17	Total
Regular			-
Overtime			-
Vacation		4,760.00	4,760.00
Sick			-
Holiday			-
Salary	4,125.00	4,125.00	8,250.00
Double Time			-
Call In			-
On Call			-
Other			-
			-
CCDSC Surgery Center	26,288.78	31,271.64	57,560.42
CDSC Surgery Center	30,283.06	33,410.40	63,693.46
			-
Total	60,696.84	73,567.04	134,263.88
			-
Deductions			-
FICA (+)	4,615.54	5,604.58	10,220.12
Insurance (-)	(1,004.39)	(1,001.89)	(2,006.28)
Emp Deduction(-)/Reimb(+)	2,771.30	674.10	3,445.40
Christmas Fund (-)	(995.00)	355.00	(640.00)
Process Fee (+)	430.34	178.19	608.53
			-
Total	5,817.79	5,809.98	11,627.77
			-
			-
Net Payroll	\$ 66,514.63	\$ 79,377.02	145,891.65

RUN DATE: 06/01/17
 RUN TIME: 1120
 RUN USER: COOKS

Castle Family Health Centers AP **LIVE**
 CHECK REGISTER BY DATE

C
 FROM 05/01/17 TO 05/31/17

DATE	CHECK NUM	VENDOR NUM	VENDOR NAME	STATUS	STATUS DATE	AMOUNT	
						ISSUED/ CLEARED	VOIDED/ UNCLAIMED
05/02/17	037138	B0232	LPL FINANCIAL	ISSUED	05/02/17	75000.00	
05/02/17	037139	B0060	GLENN ARNOLD	ISSUED	05/02/17	300.00	
		REMITTED TO: ARNOLD, GLENN					
05/02/17	037140	B0109	KORY BILLINGS	ISSUED	05/02/17	100.00	
05/02/17	037141	B0141	CALIFORNIA STATE CONTROLLER	ISSUED	05/02/17	169.20	
05/02/17	037142	B0225	HOFFMAN SECURITY	ISSUED	05/02/17	558.00	
05/02/17	037143	B0059	LLOYD WEAVER	ISSUED	05/02/17	100.00	
05/02/17	037144	B0232	LPL FINANCIAL	ISSUED	05/02/17	25000.00	
05/02/17	037145	B0017	MERCED COUNTY - CASTLE AIRPORT	ISSUED	05/02/17	6732.63	
05/02/17	037146	B0218	JOHN P. NIEMOTKA	ISSUED	05/02/17	400.00	
		REMITTED TO: OCTANE ADVERTISING & DESIGN					
05/02/17	037147	B0064	PETERSON, ALFONSE	ISSUED	05/02/17	200.00	
05/02/17	037148	B0061	ROSALIE HEPPNER	ISSUED	05/02/17	300.00	
05/02/17	037149	B0056	CARDMEMBER SERVICE-4798510044719140	ISSUED	05/02/17	134.62	
05/04/17	037150	B0084	AMERICHEK	ISSUED	05/04/17	32.00	
05/04/17	037151	B0223	BEVERLY YI ZHANG HONG	ISSUED	05/04/17	2593.60	
05/04/17	037152	B0132	CLARK PEST CONTROL	ISSUED	05/04/17	299.00	
05/04/17	037153	B0059	LLOYD WEAVER	ISSUED	05/04/17	100.00	
05/04/17	037154	B0102	THE HARTFORD	ISSUED	05/04/17	214.65	
05/04/17	037155	B0015	WINTON, WATER & SANITARY DISTRICT	ISSUED	05/04/17	72.80	
05/05/17	037156	B0189	BERLINER COHEN	ISSUED	05/05/17	1025.25	
05/05/17	037157	B0072	BETA HEALTHCARE GROUP	ISSUED	05/05/17	2655.21	
05/05/17	037158	B0153	GEIL ENTERPRISES INC.	ISSUED	05/05/17	2948.40	
05/05/17	037159	B0016	GUARDCO SECURITY SERVICES	ISSUED	05/05/17	2700.00	
05/05/17	037160	K0003	M-D VENTURES	ISSUED	05/05/17	18912.55	
05/05/17	037161	B0133	MERCED/MODESTO COMMERCIAL SWEEPERS	ISSUED	05/05/17	240.00	
05/05/17	037162	B0014	PG&E (4705482162-5)	ISSUED	05/05/17	3871.25	
05/05/17	037163	K0044	PG&E (8300477674-2)	ISSUED	05/05/17	172.64	
05/05/17	037164	K0057	THE GAS COMPANY	ISSUED	05/05/17	14.30	
05/05/17	037165	B0013	WEST COAST GAS CO, INC.	ISSUED	05/05/17	4094.42	
05/10/17	037166	B0233	COMMERCIAL CONSTRUCTION CO.	ISSUED	05/10/17	41098.00	
05/10/17	037167	B0114	ALRENA JANACEK	ISSUED	05/10/17	377.42	
05/10/17	037168	B0189	BERLINER COHEN	ISSUED	05/10/17	3168.00	
05/10/17	037169	K0035	CITY OF PARLIER	ISSUED	05/10/17	158.50	
05/10/17	037170	B0116	DOROTHY BIZZINI	ISSUED	05/10/17	1320.97	
05/10/17	037171	B0120	ED ROSSI	ISSUED	05/10/17	188.71	
05/10/17	037172	B0112	GREGORY FLOYD	ISSUED	05/10/17	377.42	
05/10/17	037173	B0030	HD SUPPLY FACILITIES MAINTENANCE	ISSUED	05/10/17	151.44	
05/10/17	037174	B0043	INSIGHT EMPLOYEE ASSISTANCE PRGRM	ISSUED	05/10/17	65.40	
05/10/17	037175	K0034	JOE S RODRIGUEZ	ISSUED	05/10/17	375.00	
05/10/17	037176	B0115	KAREN BIZZINI	ISSUED	05/10/17	377.42	
05/10/17	037177	B0042	RALPH TEMPLE	ISSUED	05/10/17	1710.00	
05/10/17	037178	B0003	SIMPLEXGRINNELL	ISSUED	05/10/17	2560.52	
05/10/17	037179	K0057	THE GAS COMPANY	ISSUED	05/10/17	14.30	
05/10/17	037180	B0044	TRIPP SECURITY SYSTEMS	ISSUED	05/10/17	20.00	
05/10/17	037181	B0113	UNITED METHODIST CHURCH OF ATWATER	ISSUED	05/10/17	188.71	
05/15/17	037182	B0022	ATWATER PRO GLASS	ISSUED	05/15/17	1709.60	

RUN DATE: 06/01/17
 RUN TIME: 1120
 RUN USER: COOKS

Castle Family Health Centers AP ****LIVE****
 CHECK REGISTER BY DATE

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 FROM 05/01/17 TO 05/31/17

DATE	CHECK NUM	VENDOR NUM	VENDOR NAME	STATUS	STATUS DATE	AMOUNT	
						ISSUED/ CLEARED	VOIDED/ UNCLAIMED
05/15/17	037183	B0037	CARDMEMBER SERVICE-4798510044371793	ISSUED	05/15/17	2444.32	
05/18/17	037184	B0223	BEVERLY YI ZHANG HONG	ISSUED	05/18/17	1801.20	
05/18/17	037185	B0181	CALIFORNIA SPECIAL DISTRICTS ASSOC	ISSUED	05/18/17	40.00	
05/18/17	037186	B0026	MERCED IRRIGATION DISTRICT	ISSUED	05/18/17	15032.22	
05/18/17	037187	B0218	JOHN P. NIEMOTKA	ISSUED	05/18/17	400.00	
			REMITTED TO: OCTANE ADVERTISING & DESIGN				
05/22/17	037188	B0001	CARRIER CORPORATION	ISSUED	05/22/17	4905.00	
05/22/17	037189	B0234	CHAMPION MECHANICAL SERVICES	ISSUED	05/22/17	190.00	
05/22/17	037190	B0027	CITY OF ATWATER (010448-000)	ISSUED	05/22/17	708.18	
05/22/17	037191	B0134	CITY OF ATWATER (020161-000)	ISSUED	05/22/17	617.30	
05/22/17	037192	B0099	EMPLOYMENT DEVELOPMENT DEPT	ISSUED	05/22/17	2478.06	
05/22/17	037193	B0016	GUARDCO SECURITY SERVICES	ISSUED	05/22/17	2970.00	
05/22/17	037194	B0038	KINGS VIEW WEC	ISSUED	05/22/17	2018.00	
05/22/17	037195	B0200	UPS	ISSUED	05/22/17	155.71	
05/25/17	037196	B0199	ANTHEM BLUE CROSS L AND H	ISSUED	05/25/17	1539.49	
05/25/17	037197	B0052	BLUE SHIELD OF CALIFORNIA	ISSUED	05/25/17	205.89	
05/25/17	037198	B0132	CLARK PEST CONTROL	ISSUED	05/25/17	558.00	
05/25/17	037199	B0142	MURPHY AUSTIN ADAM SCHOENFELD LLP	ISSUED	05/25/17	1908.00	
			REMITTED TO: MURPHY AUSTIN ADAMS SCHOENFELD LLP				
05/25/17	037200	B0226	NONSTOP ADMIN. & INS. SRVCS, INC.	ISSUED	05/25/17	8880.00	
05/25/17	037201	B0003	SIMPLEXGRINNELL	ISSUED	05/25/17	783.00	
05/30/17	037202	B0060	GLENN ARNOLD	ISSUED	05/30/17	200.00	
			REMITTED TO: ARNOLD, GLENN				
05/30/17	037203	B0109	KORY BILLINGS	ISSUED	05/30/17	400.00	
05/30/17	037204	B0059	LLOYD WEAVER	ISSUED	05/30/17	200.00	
05/30/17	037205	B0212	JAVIER MENDOZA	ISSUED	05/30/17	105.00	
			REMITTED TO: NATURAL GARDENS				
05/30/17	037206	B0064	PETERSON, ALFONSE	ISSUED	05/30/17	200.00	
05/30/17	037207	B0018	PG&E (0665563335-9)	ISSUED	05/30/17	23.41	
05/30/17	037208	B0021	PG&E (1384254881-3)	ISSUED	05/30/17	526.18	
05/30/17	037209	B0019	PG&E (1832229927-4)	ISSUED	05/30/17	7.84	
05/30/17	037210	B0020	PG&E (1873896591-4)	ISSUED	05/30/17	331.47	
05/30/17	037211	K0044	PG&E (8300477674-2)	ISSUED	05/30/17	157.44	
05/30/17	037212	B0061	ROSALIE HEPPNER	ISSUED	05/30/17	100.00	
05/30/17	037213	B0039	VALERO MARKETING AND SUPPLY CO.	ISSUED	05/30/17	385.37	
TOTAL \$						253073.01	

Bloss Memorial Healthcare District
May-17

Bloss Electronic Transfers

Bloss Auto Debits

Bank Fees	145.24
Total	<u>145.24</u>

Electronic Payments to Castle on Payabl	<u>39,395.65</u>
Total	<u>39,395.65</u>

Grand Total	<u>39,540.89</u>
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RUN DATE: 06/01/17
RUN TIME: 1122
RUN USER: COOKS

Castle Family Health Centers AP **LIVE**
ELECTRONIC PAYMENT NUMBER LIST

PAGE 1

C
FROM D108995 TO D109517

PMT NUM	DATE	VENDOR NUM	VENDOR NAME	STATUS	STATUS DATE	AMOUNT	
						ISSUED	VOIDED
D109035	05/04/17	B0079	ALEJANDRO R. MARQUEZ, DDS INC.	DIRECTD	05/04/17	11670.00	
D109039	05/04/17	B0149	SUNG Y. CHO DDS, INC.	DIRECTD	05/04/17	24448.50	
D109040	05/04/17	B0152	SO YOUNG PARK, DDS INC.	DIRECTD	05/04/17	11737.25	
D109041	05/04/17	B0178	CHRISTOPHER CHIU, D.D.S., INC.	DIRECTD	05/04/17	10490.40	
D109042	05/04/17	B0213	WONIL EDWARD JUNG DDS, INC.	DIRECTD	05/04/17	16700.00	
D109043	05/04/17	B0215	JANICE JAI-YING HUANG, DDS, INC.	DIRECTD	05/04/17	6500.00	
D109044	05/04/17	B0219	KAREN ANN DROSDIK	DIRECTD	05/04/17	10039.00	
D109045	05/04/17	B0220	JOSEPH S. KIM, D.D.S. INC.	DIRECTD	05/04/17	2595.25	
D109046	05/04/17	B0221	CHRISTINA BAEK, DDS, PC	DIRECTD	05/04/17	10500.00	
D109047	05/04/17	B0222	FUTURE HEALTH SERVICES, LLC	DIRECTD	05/04/17	7500.00	
D109049	05/04/17	B0224	PERRY SOLOMON	DIRECTD	05/04/17	5000.00	
D109350	05/18/17	B0079	ALEJANDRO R. MARQUEZ, DDS INC.	DIRECTD	05/18/17	11710.00	
D109351	05/18/17	B0149	SUNG Y. CHO DDS, INC.	DIRECTD	05/18/17	18082.50	
D109352	05/18/17	B0152	SO YOUNG PARK, DDS INC.	DIRECTD	05/18/17	15925.75	
D109353	05/18/17	B0178	CHRISTOPHER CHIU, D.D.S., INC.	DIRECTD	05/18/17	13600.00	
D109355	05/18/17	B0213	WONIL EDWARD JUNG DDS, INC.	DIRECTD	05/18/17	17400.00	
D109357	05/18/17	B0219	KAREN ANN DROSDIK	DIRECTD	05/18/17	11168.20	
D109358	05/18/17	B0220	JOSEPH S. KIM, D.D.S. INC.	DIRECTD	05/18/17	7760.25	
D109359	05/18/17	B0221	CHRISTINA BAEK, DDS, PC	DIRECTD	05/18/17	11100.00	
D109360	05/18/17	B0222	FUTURE HEALTH SERVICES, LLC	DIRECTD	05/18/17	7500.00	
D109517	05/30/17	C0001	OMNI MEDICAL PROPERTIES	DIRECTD	05/30/17	34944.90	
TOTAL \$						266372.00	

CASTLE FAMILY HEALTH CENTERS, INC REPORT

Castle Family Health Centers Inc
 Operations Summary Report
 Eleven Months Ending May 31, 2017

Total encounters for the month are 10,687 compared to 9,871 last year, a 8.27% increase.

Department	May-17	May-16	VARIANCE	%	Y-T-D May-17	Y-T-D May-16	Y-T-D VARIANCE *	Y-T-D %
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May-17 Working Days 22 and 1 Holiday
 May-16 Working Days 21 and 1 Holiday

APPROVAL OF 2017 INDEPENDENT AUDIT

- Blomberg & Griffin Accountancy Corporation – year ended June 30, 2017
- Blomberg & Griffin Accountancy Corporation – year ended June 30, 2017 and the years ending June 30, 2018 and 2019
- David Bruner, CPA – year ended June 30, 2017
- JWT & Associates, LLP – year ended June 30, 2017



Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDIT PROPOSAL
(Single Year Engagement)

Dawnita Castle
Bloss Memorial Healthcare District
3605 Hospital Road,
Atwater CA 95301

May 16, 2017

Dear Mrs. Castle:

Thank you for the opportunity to submit the following proposal to serve as independent auditor for the Bloss Memorial Healthcare District.

We propose to conduct an audit of the financial statements of the Bloss Memorial Healthcare District for the year ended June 30, 2017.

We will plan and perform the audit in accordance with generally accepted auditing standards and will include tests of the accounting records and other procedures considered necessary under the circumstances. If our audit report is other than unqualified, we will fully discuss the reason with Bloss Memorial Healthcare District CFO prior to presentation of the report. If during the audit we become aware of significant deficiencies in the design or operation of internal controls or of ways management practices can be improved, we will communicate such information to the Bloss Memorial Healthcare District Board of Directors in a separate letter.

We propose to begin the audit for the year ended June 30, 2017 as soon as the Bloss Memorial Healthcare District records are available. Setup, pre-list and certain other procedures would begin on notification of the contract. Fieldwork would begin soon after award notification. Our anticipated Audit report completion date is on or before September 30, 2016.

Our fee for the above services is based on hourly rates ranging from \$40 to \$95 per hour with maximum fee not to exceed \$6,950 for the audit year ended June 30, 2017.

Bloss Memorial Healthcare District-Audit Proposal (Single year engagement)-Page 2

Our main office is located in Stockton, California since 1974 providing accounting, tax and audit services for over 40 years. Experienced staff includes 1 CPA and 1 CPA candidate, 3 support staff and 2 clerical personnel. Audit experience includes over 40 years of primarily various governmental agencies and health care organizations.

This audit proposal is for a financial audit and the above fees include our entire out of pocket expenses including up to 8 bound copies of the audit report. Additional copies are available at \$5 each.

We will need the cooperation and assistance of Bloss Memorial Healthcare District personnel to successfully complete the audit. Such assistance will include obtaining copies of documents, contracts, invoices, etc., various audit inquiries and assistance with preparation of the audit confirmations and other standard auditing procedures.

We agree to respond promptly to successor auditor inquiries, and the audit report shall be delivered on or before September 30, 2017.

Should the District need additional services, our fee assisting will be billed at the rate of \$95 per hour in addition to the audit fee discussed above. Such additional fees, if any, shall be discussed with the District in advance of providing such services.

Should you need any additional information regarding this proposal please call John direct at (209) 466-3894.

Respectfully Submitted,



John E. Blomberg, CPA
Blomberg & Griffin Accountancy Corporation

Approved By:

Signature

Dated



Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDIT PROPOSAL
(Three Year Engagement)

To The Board of Directors
Bloss Memorial Healthcare District
3605 Hospital Road,
Atwater CA 95301

May 12, 2016

Dear Directors:

Thank you for the opportunity to submit the following proposal to serve as independent auditor for the Bloss Memorial Healthcare District.

We propose to conduct an audit of the financial statements of the Bloss Memorial Healthcare District for the year ended June 30, 2017 and the years ending June 30, 2018 and 2019.

We will plan and perform the audit in accordance with generally accepted auditing standards and will include tests of the accounting records and other procedures considered necessary under the circumstances. If our audit report is other than unqualified, we will fully discuss the reason with Bloss Memorial Healthcare District CFO prior to presentation of the report. If during the audit we become aware of significant deficiencies in the design or operation of internal controls or of ways management practices can be improved, we will communicate such information to the Bloss Memorial Healthcare District Board of Directors in a separate letter.

We propose to begin the audit for the year ended June 30, 2017 as soon as the Bloss Memorial Healthcare District records are available. Setup, pre-list and certain other procedures would begin on notification of the contract. Fieldwork would begin soon after award notification. Our anticipated Audit report completion date is on or before September 30, 2017.

Our fee for the above services is based on hourly rates ranging from \$40 to \$95 per hour with maximum fee not to exceed \$6,950 for the audit year ended June 30, 2017, \$6,750 for the audit year ended June 30, 2018 and \$6,500 for the audit year ended June 30, 2019.

Bloss Memorial Healthcare District-Audit Proposal (Three year engagement)–Page 2

Our main office is located in Stockton, California since 1974 providing accounting, tax and audit services for over 40 years. Experienced staff includes 1 CPA and 1 CPA candidate, 3 support staff and 2 clerical personnel. Audit experience includes over 40 years of primarily various governmental agencies and health care organizations.

This audit proposal is for a financial audit and the above fees include our entire out of pocket expenses including up to 8 bound copies of the audit report. Additional copies are available at \$5 each.

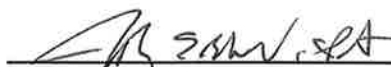
We will need the cooperation and assistance of Bloss Memorial Healthcare District personnel to successfully complete the audit. Such assistance will include obtaining copies of documents, contracts, invoices, etc., various audit inquiries and assistance with preparation of the audit confirmations and other standard auditing procedures.

We agree to respond promptly to successor auditor inquiries, and the audit report shall be delivered on or before September 30, 2017.

Should the District need additional services, our fee assisting will be billed at the rate of \$95 per hour in addition to the audit fee discussed above. Such additional fees, if any, shall be discussed with the District in advance of providing such services.

Should you need any additional information regarding this proposal please call John direct at (209) 466-3894.

Respectfully Submitted,



John E. Blomberg, CPA
Blomberg & Griffin Accountancy Corporation

Approved By:

Signature

Dated

Proposal for Independent Audit Services
and
Comprehensive Cost Bid

Bloss Memorial Healthcare District

Fiscal year ending June 30, 2017

TITLE PAGE

RFP Subject Independent Audit Services
for Bloss Memorial Healthcare District

Name of Proposer David D. Bruner CPA, Inc.

Address 3183 Collins Drive, Suite A
Merced, CA 95348

Telephone Number (209) 384-3343

Name of Contact Person Mr. David D. Bruner

Date June 9, 2017

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DAVID D. BRUNER, CPA
ACCOUNTANCY CORPORATION

3183 COLLINS DR STE A
MERCED, CA 95348

PHONE: (209) 384-3343
FAX: (209) 384-3353
DAVIDBRUNERCPA@YAHOO.COM

June 9, 2017

Ms. Dawnita Castle
Bloss Memorial Healthcare District

Dear Ms. Castle:

David D. Bruner CPA, Inc. is pleased to respond to your request for a proposal to provide auditing services for Bloss Memorial Healthcare District (the District) for the year ending June 30, 2017. In this proposal, we present the auditing services proposed and the members of my engagement team.

Through our work with Castle Family Health Centers, Inc. and Bloss Memorial Healthcare District in the past, we have experience with Federal Qualified Health Center programs.

To fully appreciate our qualification to serve your District we encourage a thorough reading of our proposal. We are genuinely interested in serving you and we are confident you will find our services to be of the highest professional standards in terms of quality, competence, and effectiveness.

Understanding of the Work to be Done

The purpose of our examination will be to express an opinion on the fair presentation of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in conformity with generally accepted accounting principles.

We will provide an "in-relation-to" report on the combining of individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the general purpose financial statements.

We will provide an "in-relation-to" report on those schedules based on the auditing procedures applied during the audit of the financial statements.

We will audit the compliance of Bloss Memorial Healthcare District with the type of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

Our examination will be conducted in accordance with generally accepted auditing standards, which will include reviews of the system of internal control, and tests of transactions to the extent we believe necessary. Accordingly, we will not include a detailed audit of transactions to the extent which would be required if intended to disclose defalcations or other irregularities, although their discovery may result.

The audit examination will be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards, provisions of the Single Audit Act Amendments of 1996 and the provisions of the U.S. Office of Management and Budget Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations.

We will issue the following reports in connection with our audit:

- 1) Annual audit of financial statements.

In addition, we will review and report on the following:

- 1.) Federal single-audit requirements and reports, if required.

Our company has the qualifications, experience and training to perform the services requested in a timely manner, no later than the dates specified in this proposal.

This proposal is firm and irrevocable for 30 days from the date of this letter.

Sincerely,

A handwritten signature in cursive script that reads "David D. Bruner CPA, Inc.".

David D. Bruner CPA, Inc.
Merced, California

TECHNICAL PROPOSAL

Affirmation of Independence

In all matters relating to the audit work, David D. Bruner CPA, Inc. and its individual auditors, whether government or public are free from personal or external impairments to independence. David D. Bruner CPA, Inc. shall be organizationally independent, and will maintain an independent attitude and appearance, in accordance with generally accepted auditing standards as defined by the U.S. General Accounting Office, Government Auditing Standards. We are independent of all of the component units of the Bloss Memorial Healthcare District.

Affirmation of Licensing

David D. Bruner is a licensed Certified Public Accountant in good standing with the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Description of David D. Bruner CPA, Inc.

David D. Bruner CPA, Inc. is a regional public accounting and management-consulting company located in Merced, California. The services we provide include a wide range of auditing, accounting, tax, and consulting services to clients throughout California and the West Coast.

Our company was founded on the principle of providing excellent service and going the extra mile for our clients. We are active in civic affairs and the local business and professional community. We have a wide range of experience in tax, accounting, auditing, and management consulting. Our clients range from small sole proprietorships to large companies. Our firm has established a niche in several key industries:

Construction / Real Estate

Health Care

Government / Non-Profit

Professional Practices

Our firm's services can be grouped into four areas:

Audit Services

Accounting and Reporting

Compilation Services

Review Services

Tax Planning and Compliance

Management Consulting Services

Understanding of the Scope of the Services Provided Financial Audit

The examination of the financial statements of the Bloss Memorial Healthcare District for the fiscal year ending June 30, 2016 will be for the primary purpose of expressing an opinion on its financial statements.

The examination will be performed in accordance with generally accepted governmental auditing standards as stated in Statement on Auditing Standards published by the American Institute of Certified Public Accountants, U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Government Auditing Standards published by the U.S. General Accounting Office, and the Single Audit Act Amendments of 1996 and its provisions. Accordingly, we will test the accounting records of the Nonprofit and perform other auditing procedures by methods and to the extent we deem appropriate for the purpose of expressing an opinion on the financial statements. An examination based on selective testing is subject to the inherent risk that material errors or irregularities if they exist may not be detected. If conditions are discovered which lead to the belief that material errors, defalcations or other irregularities may exist, or if any other circumstances are encountered that require extended services, we will promptly advise the appropriate District officials. No extended services will be performed unless they are authorized in the contractual agreement or in an amendment to the agreement.

Compliance Audit

Our compliance audit examinations will be performed in accordance with generally accepted auditing standards, We will select necessary procedures to test compliance and enable us to comment regarding compliance with the provisions of any and all Federal and State Statutes, Ordinances, Charter, Administrative Code, rule and regulations.

Single Audit

Our single audit will be performed in accordance with the Single Audit Act Amendments of 1996 and its provisions and amendments since. We will select necessary procedures to test compliance and enable us to comment on the federal program grants received in the fiscal year ending June 30, 2016.

Qualifications of Audit Team

The audit team assembled by our company is very qualified to perform this engagement.

David D. Bruner, Engagement Leader

David D. Bruner, founding member and president of the company, has twenty four years of public accounting experience. He has an extensive background in the audits of local governments, special districts and nonprofit organizations. He graduated from California State University, Stanislaus with a Bachelor of Science in Business Administration / Accounting and Finance. He also graduated from Golden Gate University with his Masters in Taxation and Graduate Certificate in Estate Planning. He will be starting the MBA program at Northwestern University in the fall of 2014. He has been involved in the audits of the Cities of Chowchilla, Gustine, and Merced, and the audits of other governmental agencies such as Planada Community Services District, Le Grand High School District, and Bloss Memorial Health Care District. He has also been involved in the HUD audits of numerous apartment complexes in Stanislaus and San Joaquin counties. He has been involved in the audits of the American Red Cross of Merced and Mariposa Counties, Elks Lodge BPOE 1240, Merced Chamber of Commerce, Atwater Chamber of Commerce, Independent Construction Contractors of America, California Chapter, Turlock Christian School and numerous other nonprofits.

Mr. Bruner is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. Recent continuing professional education courses include *Planning for an Audit of a State or Local Government; Solving Complex Single Audit Issues for Government; and Governmental Accounting and Auditing Update 2014-15.*

Christa L. Bruner, Manager

Ms. Bruner, a staff accountant has seven years of public accounting experience. She has a degree in Interdisciplinary Studies with a Concentration in Mathematics from Texas A&M University. She has also completed 10 classes of a 16-class MBA program at the University of Houston in Houston,

Texas. Ms. Bruner has been involved in the audits of Bloss Memorial Healthcare District and Central California Dental SurgiCenter. She is currently in the process of completing her governmental continuing education requirements.

Sandra Tollefson, Staff Accountant

Ms. Tollefson is a staff accountant with two years of public accounting experience. She is working on a degree in Business Administration with an emphasis in Accounting. She has worked in the private and public accounting sectors. She is currently in the process of completing her governmental continuing education requirements.

Harold M. Bruner, Staff Accountant

Mr. Bruner is a staff accountant with six years of public accounting experience. He has worked in the private and public accounting sectors. He has been involved in the audits of various governmental and nonprofit organizations. He has experience in running and operating businesses. He is currently working on his governmental continuing education.

Continuing Education Program

The firm maintains a continuing education program to make sure the staff meets all governmental continuing education requirements. It is expected that each year, each staff person's governmental accounting experience and expertise increases.

Staffing Commitment

The firm is committed to committing and maintaining the staffing necessary to successfully complete the engagement in the time specified in this proposal. We anticipate the possibility of hiring one additional part time staff accountant for this engagement.

Specific Audit Approach

Our audit approach will include an audit work plan that breaks the audit process into segments that include the following:

- 1) Planning
- 2) Preliminary review of internal control
- 3) Tests of internal control

- 4) Performance of audit field work
- 5) Preparation of audit reports

A comprehensive audit work plan below identifies the level of staff and hours assigned to each segment of the engagement. We will use both statistical and non-statistical sampling and we will use our professional judgment to determine which method of sampling will be used. We anticipate the use of EDP software in the engagement.

Analytical review will be used in the planning stage of the audit process to determine the nature and extent of the audit tests and procedures and analytical review procedures will be used as audit tests to evaluate the reasonableness of information on the financial reports. There are various methods of analytical review including:

- 1) Comparison with prior year information
- 2) Comparison with budget information
- 3) Ratio analysis
- 4) Relationship analysis
- 5) Comparison to expected results

Any significant variances will be documented and discussed with the appropriate personnel for explanation. Additional audit procedures may be required as a result of analytical review.

Our approach to understanding the internal control structure will begin with a review of the organizational structure as identified in organizational charts and similar documents. We will identify management information systems, computer programs, accounting systems and other related information

Interviews will be conducted with individuals identified in the preliminary analysis of the internal control structure. From the information obtained through this approach, tests of internal controls will be developed.

The audit approach to determine laws and regulations will be obtained from various sources that we will review to determine the nature and scope of our audit tests. Minutes of the Bloss Memorial Healthcare District meetings, grant documents, Catalog of Federal Domestic Assistance Programs and if necessary contact with the Oversight Agency for Single Audit Compliance Issues.

Our approach to audit sampling will depend on the purpose of the testing. In test of controls, the size of the sample will depend on the risk assessment and will range from 25 to 60. We will define the population to be tested, and select a representative sample using several methods including random, haphazard and systematic selection. We will use our professional judgment in determining the appropriate method.

BLOSS MEMORIAL HEALTHCARE DISTRICT
AUDIT WORK PLAN

<u>Task</u>	<u>Assign To / Hours</u>	<u>Timing</u>
Appointment as auditors		June
Preparation of Audit Plan	Leader, staff / 30	July 1 to June 15
Petty Cash Counts	Leader, staff / 8	June 30
Review authoritative literature	Audit Team / 30	Throughout the audit
Meetings with city staff or city representatives	Leader, staff / 25	July/August/September
Preliminary review and assessment of accounting and administrative internal controls to determine nature, timing, and extent of audit tests and procedures	Leader, staff / 70	July
Tests of transaction for compliance with controls	Leader, staff / 80	August 15 to August 31
Preparation of detailed audit programs	Leader, staff / 32.50	August 15 to September 5
Perform audit tests:		
Verification tests		
Test of transactions		
Confirmations		
Compliance tests for federal and state grants	Leader, staff / 149	August 1 to September 15
Preparation of audit report	Leader, staff / 40	Sept 15 to Sept 30

This proposed audit work plan timetable is dependent on the trial balance, general ledger, financial statements and other related accounting records being available to us by August 15, 2016.

AUDIT AGREEMENT UNDERSTANDING

David D. Bruner CPA, Inc. clearly understands that the term of the audit agreement would be for a one (1) year period with the option of additional years at the District desire.

Follow-up Proposal

David D. Bruner CPA, Inc. will review prior years management comments that were presented to the District to see whether they have been effectively implemented into the accounting and administrative systems of Bloss Memorial Healthcare District.

Peer Review Report

Our practice has completed its first peer review. The report is attached. Our last peer review was February 1, 2016. It is in the process of being completed and is not available for review.

Prior Engagement

Bloss Memorial Healthcare District , Atwater, CA - 2011 rotated to new auditor after 3 years. Going out to bid this year.

Audit of General-Purpose Financial Statements for the year ended June 30, 2003, 2004, 2005, 2008, 2009, and 2010.

\$7,250

210 hours – 160 hours David D. Bruner
50 hours Christa L. Bruner

Contact – Dawnita Castle, CFO (209) 381-2000 extension 607

COMPREHENSIVE COST BID

Name of Firm: David D. Bruner CPA, Inc.

Certification: David D. Bruner is president of the firm and is authorized to represent the company, submit a bid, and sign a contract with Bloss Memorial Healthcare District.

Total all-inclusive costs for the fiscal year 2017 engagement \$7,995

We give the district the option to add additional years to the proposal.

Total all-inclusive costs for the fiscal year 2018 engagement \$7,995

Total all-inclusive costs for the fiscal year 2019 engagement \$7,995

JWT & Associates, LLP

Advisory Assurance Tax

1111 East Herndon Avenue, Suite 211, Fresno, California 93720
Voice: (559) 431-7708 Fax: (559) 431-7685

June 9, 2017

Bloss Memorial Healthcare District
Atwater, California

Re: Annual Financial Audit Engagement Letter

We are pleased to confirm our understanding of the services we are to provide for Bloss Memorial Healthcare District (the District) for the year ended June 30, 2017. We will audit the balance sheet of the District as of June 30, 2017 and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended.

Our audit will be made in accordance with U.S. generally accepted auditing standards and will include tests of the accounting records of the District and other procedures we consider necessary to enable us to express an unmodified opinion that the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. If our opinion is other than unmodified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit, we will not issue a report as a result of the respective year and engagement.

Our procedures will include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with customers, creditors, and financial institutions. Also, we will request written representations from your attorneys as part of the engagement, and they may bill you for responding to that inquiry. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, not absolute, assurance about whether the financial statements are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and may not be detected by us.

The District's management is responsible for establishing and maintaining a sound system of internal controls, which is the best means of preventing or detecting errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

By your signature below, you acknowledge that you are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the District that involves management, employees who have significant roles in internal control, and others where the fraud could have a material impact on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the District complies with applicable laws and regulations. You agree that you will confirm your understanding of your responsibilities as defined in this letter to us in your management representation letter.

Our audit will include obtaining an understanding of your internal controls, sufficient to plan the audit and to determine the nature, timing and extent of audit procedures to be performed. Our audit is not specifically designed to provide assurance on internal controls and cannot be relied on to disclose reporting conditions; that are significant deficiencies in the design or operation of the internal controls. However, during the audit, if we become aware of such reportable conditions or ways that we believe management practices can be improved, we will communicate them to you in a separate letter.

We understand that you will provide us with the basic information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, but the responsibility for the financial statements remains with you. This management responsibility includes: (a) establishing and maintaining adequate records and related internal control policies and procedures, (b) selecting and applying accounting principles, (c) safeguarding assets, and (d) identifying and ensuring that the entity complies with applicable laws and regulations applicable to its activities.

Management is also responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements, resulting from errors or fraud, aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, management is responsible for: (a) the design and implementation of programs and controls to prevent and detect fraud, (b) for informing us about any fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements, and (c) for informing us about allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, short sellers, or others.

It is also our understanding that management has designated qualified individuals with the necessary expertise, preferably within senior management, to be responsible and accountable for overseeing all services performed as part of this engagement, including all non-audit services. We understand that your employees will locate any documents or invoices selected by us for testing.

By your signature below, you acknowledge that management agrees to evaluate the adequacy of, and accept responsibility for, the results of all the services performed as part of this agreement.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Our fee is based on the amount of time required to perform the audit at various levels of those with client responsibility. We estimate that our fee for this audit service will be \$8,000 for the year ended June 30, 2017. Invoices will be rendered periodically and are payable upon presentation. We would be willing to offer an option to engage JWT & Associates, LLP for the June 30, 2018 and 2019 audits at the same fee as above, \$8,000 per year.

All travel and out-of-pocket expenses will be billed separately.

We will notify you immediately of any circumstances we encounter that could significantly affect these fees. Whenever possible, we will attempt to use the District's personnel to assist in the preparation of schedules and analyses of accounts. This effort helps to reduce time requirements and facilitate the timely conclusion of the audit.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of appropriate level of management, either orally or in writing.

If the foregoing is in accordance with your understanding, please indicate your agreement by signing the final page of this letter and returning it to us. If you have any questions, please let us know.

We appreciate the opportunity to be your certified public accountants and look forward to working with you and your staff.

Very truly yours,

JWT & Associates, LLP

RESPONSE:

This letter correctly sets forth the understanding of the Bloss Memorial Healthcare District:

Signature: _____

Print name: _____

Title: _____

Date: _____