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# 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 19, 2020

**Phone:** (209) 724-4102

**Fax:** (209) 722-9020

Bloss Memorial Healthcare District will hold their next Finance Committee meeting on Thursday, June 25, 2020 at 1:30 pm in the Board Room at 3605 Hospital Road, Atwater, CA 95301.

Bloss Memorial Healthcare District will hold their next **Board of Directors** meeting on Thursday, June 25, 2020 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 24 hours in advance of the meeting of the Board of Directors.

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)**  
**3605 Hospital Road, Atwater, CA 95301**  
**BOARD OF DIRECTORS MEETING**  
**BOARD ROOM**  
**Thursday, June 25, 2020**  
**2:00 pm**

**AGENDA FOR PUBLIC SESSION**

**I. CALL TO ORDER**

**II. ROLL CALL**

**ACTION**

**EXHIBIT**

**III. APPROVAL OF AGENDA**

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**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**

A. Approval of April 30, 2020 Board of Directors Meeting

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1

**VI. FINANCIAL REPORT**

A. Approval of May 28, 2020 Finance Committee Minutes

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2

B. Chief Financial Officer Report

3

C. May Payroll, Electronic Payments & Check Register

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4

**VII. CHIEF EXECUTIVE OFFICER REPORT**

**VIII. OLD BUSINESS**

A. Castle Family Health Centers, Inc Report

5

B. Bloss Board Member Report

C. Request for Proposals (RFP) for Cooling Tower

\*

6

**IX. NEW BUSINESS**

A. CFHC Grant Request for Sports Physicals

\*

7

B. Approval of FYE 2020 Independent Audit RFP's

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8

C. Approval of FYE 2021 Budget

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9

**X. APPOINTMENTS / CEREMONIAL MATTERS**

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**XI. 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 2020.

Section 54954.5 (c); 54956.9 Conference with Legal Counsel for Initiation of

Litigation.  
Section 1461 of the Health and Safety Code – Quality Management.  
Section 54957 Personnel Actions.

## **XII. NEXT MEETING DATE**

## **XIII. 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 24 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.

**Important Notice Regarding COVID-19 Based on guidelines from the California Department of Public Health and the California Governor's Office, in order to minimize the spread of the COVID-19, the Bloss Memorial Healthcare District Board of Directors meeting will be held via video conference. For the Board of Directors who wish to participate in person, social distancing will be observed. Members of the public may listen to the meeting and offer public comment telephonically by calling into (515) 604-9359 and entering Access Code 328959. Please turn your cell phone or other electronic device to non-audible mode or mute.**

**BLOSS MEMORIAL HEALTHCARE DISTRICT (BMHD)  
BOARD OF DIRECTORS MEETING  
BOARD ROOM  
Thursday, April 30, 2020  
2:00 pm**

**THIS MEETING WILL NOT BE PHYSICALLY OPEN TO THE PUBLIC**

**In order to minimize the spread of the COVID-19 virus, this meeting will be conducted pursuant to the provisions of the Governor's Executive Orders N-29-20, which suspended certain requirements of the Brown Act and will not physically be open to the public.**

**CALL TO ORDER**

Kory Billings, Board Chair, called the meeting to order at 2:00 pm.

**ROLL CALL**

Board Members Present: Vivian Passwaters, Board Member, Zone 1; Kory Billings, Chair, Zone 2 Via GoToMeeting; Zone 3 Vacant; Al Peterson, Secretary / Treasurer, Zone 4 and Bob Boesch, Board Member, Zone 5

Others Present: Edward Lujano, CEO; Fily Cale, Executive Assistant; Dawnita Castle, CFO; Jenna Anderson, County Legal Counsel, via GoToMeeting; John Cale, Atwater City Council and Peter Mojarras, CFHC, COO

Absent: None

**APPROVAL OF AGENDA**

**A motion was made / seconded, (Bob Boesch / Vivian Passwaters) to accept and approve the May 28, 2020 agenda as presented. Motion carried.**

**PUBLIC COMMENTS**

Councilman John Cale commented on the Bloss Memorial Building, former Bloss Hospital on Grove Avenue. There has been one police report called in by the maintenance facility supervisor who said that there had been a break in a couple of weeks ago, and they knew who the people were, contact was made with the man, but no contact was made with the woman. There have been other complaints besides the homeless attempting to go in the facility. There is a complaint of hazardous material issues in the trash, this is a deep concern with the City along with people being allowed to get into the facility.

Councilman Cale contacted Board Chair, Kory Billings and asked if he minded giving him a tour of the inside of the facility. There is great historical significance for the City of Atwater and they are very concerned about the appearance of the facility. When they toured the facility, they spoke to staff and asked specifically if they had heard about break-ins and they said that they had. They found boxes of

cereal and cups. He also noticed the amount of potential access of the employees getting out because they are using inappropriate locking measures taken so that the employees cannot get out in case of an emergency. The whole unused side of the building is in horrific shape. During the tour, he looked at it from a number of perspectives as far as safety codes, health codes, fire codes and environmental hazards and he took multiple pictures of specific areas. He is asking the Board of Directors to give their due diligence to correct these issues that he has seen and he is willing to share the photos with the Board of Directors and his thoughts on this. He is asking the Board of Directors to take care of this historic peace of property. He knows the history and is sure the Board of Directors know the history and if they feel they cannot or do not wish to correct this in a manner it should be, let the City of Atwater know and they will come back and take over the property and perform the needed maintenance and maintain it as a valuable site. He has spoken to the Mayor and other City Council Members and they agree that this needs to be done.

Councilman Cale thanked the Board of Directors for their time and consideration and if they wish to contact me, they may contact him via his cell phone or email which located at .org at the City Council.

Kory Billings thanked Councilman Cale.

### **APPROVAL OF MINUTES**

#### **A. April 30, 2020 Board of Directors Meeting, Exhibit 1**

**A motion was made / seconded, (Alfonse Peterson / Vivian Passwaters) to accept and approve the April 30, 2020 Board of Directors Meeting minutes as presented, Exhibit 1. Motion carried.**

### **FINANCIAL REPORT**

#### **A. April 30, 2020 Finance Committee Meeting Minutes, Exhibit 2**

**A motion was made / seconded, (Alfonse Peterson / Bob Boesch) to accept and approve the April 30, 2020 Finance Committee Meeting minutes as presented, Exhibit 2. Motion carried.**

#### **B. Chief Financial Officer Report, Exhibit 3**

Dawnita Castle, CFO, reported that Bloss's cash is doing very well, for April 30, 2020 the Operating Cash Balance was at \$2,577,863 and Days Cash on Hand has increased to 763 days.

Bloss received the Bloss Trust revenue in the amount of \$588,500. For April 2020, BMHD had a net income before depreciation of \$670,534 and a net income gain of \$612,059 after depreciation.

#### **C. April 2020 Payroll, Electronic Payments and Check Register, Exhibit 4**

**A motion was made / seconded, (Alfonse Peterson / Vivian Passwaters) to approve and accept the April 2020 Payroll in the amount of \$9,270.42, Accounts Payable in the amount of \$189,112.02 for a Grant Total Disbursement of \$198,382.44, Exhibit 4. Motion carried.**

## **CHIEF EXECUTIVE OFFICER REPORT**

Edward Lujano reported that he heard from David Thompson, DSCA, and they are opening this week for dental services with one day per week at each facility.

He has been on a couple of calls with the District Hospital Association on what has been going on with COVID-19 in California. Palm Drive Health Care District, Sebastopol, will be dissolving as of July 1, 2020 due to the high costs of operations. Palomar Healthcare District, San Diego, has lost \$6M in revenue since the pandemic and have many people on layoffs. The Mendocino Coast District Hospital, in Fort Bragg, has decided to join Adventist Health of Mendocino. Many District hospitals have always been challenged and now are dissolving or selling their hospital to private organizations.

Edward Lujano heard from the AA organizer, they have been using the front space at the Bloss Site and because of the COVID they have moved their meetings, which are at 6am or 7am across the street to Ralston Park. They are still using the facility for breaks and restrooms.

In looking at challenges for both facilities, here at Castle, it is very hot in administration. The Air Handler went out on the administration side and they are looking at it and will cost approximately \$6,000 to replace the handler to get air back into this section.

At the Bloss facility, the unit did go out in the back in an area that is not used much and we'll need to replace it.

There was a break in about a week ago at the Bloss site and Hoffman Security was able to visually see who the individual was and a police report was put in. The police were not sure how he got in and it turns out he used the double glass doors by the police substation. The doors were locked and he was able to jimmy it at 5am on Monday. A door was broken into that is used by housekeeping but they did not take anything and left the same way. Edward Lujano received a quote from Hoffman Security for a security alarm system for the facility, currently Bloss only has cameras. The alarm system will run \$7,000 and cover the entire facility. There are about 22 entry doors into the facility. The building is vacant in the evenings and weekends. There is a security guard during the day.

BMHD received a \$16,000 Grant for PPE from Westamerica Bank.

## **OLD BUSINESS / REPORTS**

### **A. Castle Family Health Centers, Inc (CFHC) Report, Exhibit 5**

Peter Mojarras stated CFHC has been seeing more homeless at the Bloss facility and staff had brought this to his attention and he had called. They have been in touch with law enforcement when this happens. Unfortunately, there has been a lot of damage to the building and this is how CFHC has identified their access to the building and their concern in that staff walks in on someone at 7:30 am.

CFHC continues to best serve and educate the community through any form of electronic communication and Merced County Public Health. A joint letter was sent out by health care partners about the virus and concerns. Telehealth or telephone visits are available, but much can be missed

and we're letting them know that it is safe to come into the healthcare systems. CFHC will continue to monitor temperature checks and any patients that are identified with any symptoms they will go to the urgent care. How are you going to manage those patients who are asked to remain in their vehicle and not everyone has AC or a functional car, as a community we need to think through these issues. CFHC has seen a 10%-20% increase in patients walking into the facility. Bloss site was identified as a well center and no COVID testing was being done there. Hospitals are also doing elective surgeries.

CFHC is also looking at every financial opportunity that is out there for support. The BMHD \$50,000 for the 3 months has been extremely helpful. We're also looking forward to funding for Look-A-Likes. Peter Mojarras provided a list of expenses for April 2020 which were purchased with the BMHD COVID-19 grant. He thanked the Board of Directors for their continued support.

As of May 27, 2020, Merced County had 273 confirmed cases of COVID-19, 100 were active, 166 recovered, 7 deaths and 38 that were hospitalized.

CFHC has tested 218 community members, 189 tested negative, 21 tested positive.

We are part of a committee that are working on what the schools may be confronted with in the next 3-4 months.

#### B. Bloss Board Member Report

Kory Billings stated that he had received a call last Wednesday informing him that there were lights on in the old part of the Bloss building and it appears that someone may have broken in. He went by and there were no lights on or broken glass.

He received a call from one of the City Councilman who informed him that they were getting PD phone calls and you also have homeless coming into your building. He then received another call last night from the Councilman and asked if he could walk the building for a visual, which they did this morning. Staff took their temperature and they wore their masks.

There were a lot of little concerns that started popping up. While the property was secured, it was not done properly. Chains were put on a door that is marked as an Emergency Exit, as long as these signs are there they doors need to be able to be pushed out to open and the door is chained, if someone is on that side of the building, there is no way to get out. We need to address securing the building the proper way.

There was quite a bit of open doors and flammable and cleaning materials that were available and these items need to be secured. A bucket of old batteries was sitting out in a box of old batteries and there are still areas where the ceiling is caving in.

Councilman Cale did let him know that he had reached out to the Fire Department who has been getting some form of alarm going off inside whether fire or smoke alarm or it could also be a water alarm. In larger cities the fire department gets frustrated and turn around and start charging the landlords. The alarms need to be looked at. Edward Lujano stated that before Day Break closed, they were constantly setting off the alarm because of their cooking and there were complaints from the City of Atwater and the Fire Department. He also noticed that there a lot of areas that were very hot, which speaks to the air conditioning units.

Edward Lujano stated that the officer who came out recently asked if this side of the building was being used and we told him no, he recommended to put up a wall, so that it is not an access point to the employees or anybody. This would keep limited exists to this side of the building. The officer also mentioned the water damage to the floors. He was informed we had a professional company come in and checked for asbestos and striped it all out, there is no mold or asbestos. We have not chosen to put up any new walls as we don't know what we're going to do with the area. The officer also recommended how to wedge the locked door.

Kory Billings stated this needs to be addressed now as we had a lack of deferred maintenance over the years, now we'll need to use funds to get the building cleaned up and secured.

## **NEW BUSINESS**

### **A. Air Treatment Corporation Proposals for Cooling Tower, Exhibit 6**

Edward Lujano proposals of \$27,091.97 and \$31,377.68 both from Air Treatment Corporation for the cooling tower louvers which are corroded. The \$27,091.97 quote is for the project to be completed during the week and the \$31,377.68 is to complete it over the weekend, a three day process. This company is one of the few companies that does services on these older units and if approved they will not be able to come out until the end of June.

He is recommending doing the \$31,377.68 as there would be no AC in the building on Friday, Saturday and Sunday. The operational efficiency right now is at 60% and at its peak it goes up to 84 degrees.

Kory Billings commented that once a dollar number gets too high, it has to go legally go out for bids and the number is \$25,000.

Jenna Anderson, Legal Counsel, will check on the number amount and get back to the Board of Directors. Occasionally there are exceptions to the bidding requirements for emergency type situations and she will confirm this.

**A motion was made / seconded, (Alfonse Peterson / Bob Boesch) to accept the \$31,377.68 bid pending approval of Legal Counsel's legal review, Exhibit 6. Motion carried.**

### **B. Approval of Fixed Annuity, Exhibit 7.**

Kory Billings reported that the Finance Committee had met earlier and this was on the agenda and their recommendation was to Table this item to a later date.

BMDH has the money and at this point do they want to invest it or do they want to utilize it to bring the facilities up to code.

The Investment Committee will also look at the need and make a recommendation.

### **C. Approval of Resolution No. 2020-1 Consolidation of District Election with General Election, Exhibit 8**



Fily Cale reported that she had received notification from the Registrar of Voters that Kory Billings, Zone 2 and Alfonse Peterson, Zone 4 are up for re-election in November. They both expressed an interest in seeking re-election.

She also presented Resolution No. 2020-1 Consolidation of District Election with General Election for approval. This is part of the packet that will need to be forwarded to the Registrar of Voters.

**A motion was made / seconded, (Bob Boesch / Alfonse Peterson) to approve Resolution No. 2020-1 Consolidation of District Election with General Election, Exhibit 8. Motion carried.**

#### D. Securing Facilities

Edward Lujano reported that we'll move forward with acquiring a security system through Hoffman Security, which is within his scope of \$7,000 with \$75 monthly monitoring for the Bloss facility. Clean up and renovation to block half of the old building which is not being used at this time.

**A motion was made / seconded, (Bob Boesch / Vivian Passwaters) to approve the Hoffman Security bid. Motion carried.**

#### APPOINTMENTS / CEREMONIAL MATTERS

No report.

#### AGENDA FOR CLOSED SESSION

There will be a closed session item pursuant to Section 54954.5 (c); 54956.9 Conference with Legal Counsel for Initiation of Litigation.

#### NEXT MEETING DATE

The next Board of Directors Meeting will be held on Thursday, June 25, 2020 at 2:00 p.m. in the Board Room.

The next Finance Committee will also meet on Thursday, June 25, 2020 at 1:30 p.m. in the Board Room.

#### ADJOURNMENT

As there was no further business, the meeting adjourned into Closed Session at 3:04 pm.

The meeting reconvened into public session at 3:09 p.m. No action taken.

Respectfully Submitted,

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Fily Cale  
Executive Assistant

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Alfonse Peterson  
Board Secretary

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)  
FINANCE COMMITTEE MEETING  
BOARD ROOM  
Thursday, May 28, 2020  
1:30 p.m.**

**THIS MEETING WILL NOT BE PHYSICALLY OPEN TO THE PUBLIC**

**In order to minimize the spread of the COVID-19 virus, this meeting will be conducted pursuant to the provisions of the Governor's Executive Orders N-29-20, which suspended certain requirements of the Brown Act and will not be physically open to the public.**

Committee: Edward Lujano, CEO; Dawnita Castle, Chief Financial Officer; Fily Cale, Executive Assistant; Alfonse Peterson, Committee Chair and Kory Billings, Committee Member via GoToMeeting

Others Present: None

Absent: None

**CALL TO ORDER**

Alfonse Peterson, Committee Chair, called the meeting to order at 1:32 p.m. in the Board Room.

**APPROVAL OF AGENDA**

**A motion was made/seconded, (Kory Billings / Edward Lujano) to approve the May 28, 2020 agenda as presented. Motion carried.**

**PUBLIC COMMENTS**

None.

**APPROVAL OF FINANCE COMMITTEE MINUTES**

A. April 30, 2020 Finance Committee Minutes, Exhibit 1

**A motion was made / seconded, (Kory Billings / Edward Lujano) to approve and accept the April 30, 2020 Finance Committee Minutes as presented, Exhibit 1. Motion carried.**

## REVIEW OF DISTRICT FINANCIAL STATEMENTS, EXHIBIT 2

Dawnita Castle, CFO, reported that for April 202, BMHD had a net gain before depreciation of \$670,544 compared to a net gain of \$632,795 last year. Net income after depreciation was a gain of \$612,059, this was due to \$588,500 received from the Bloss Trust.

The Operating Cash Balance was at \$2,577,863 and Days Cash on Hand did increase to 763 days.

### A. Review and Recommendation of Fixed Annuity, Exhibit 2a

Dawnita Castle stated that last month she had been asked to reach out to LPL Financial and see what type of investments they had. In speaking with Michael Muhareb, CFP, he stated that with the market being as volatile as it is right now, he recommends an annuity.

Kory Billings asked if the current investment company that we have is the only one that she ran this idea with. Dawnita Castle replied that it was the one she had been asked to check with, and she can run it by other companies. There are a few things that BMHD can do such as, obviously, letting it sit in the bank, invest in the buildings or invest in cash or in the community.

Alfonse Peterson stated that for an individual to own an annuity with deferred tax would be alright, but we don't need a tax deferral and the maximum we would get on this annuity for the first 3 years would be 2.45%.

Michael Muhareb does want to meet with the Investment Committee.

Kory Billings's concern about the annuity is if something comes up and we need it prior to year 4, and there is a good chance that BMHD will need some money soon. Between both accounts BMHD has close to \$800,000, and is it time to diversify and look at another provider and perhaps put a piece of the puzzle with another provider. He recommends that we speak to Eric Gieling at Ameriprise Financial, also contact BBVA Compass and Westamerica Banks.

Kory Billings asked if BMHD does want to invest this money because there has been discussion about bringing the buildings up to par and it may be time to say we're not going to invest this \$500,000 and utilize it in the facilities. The money BMHD receives from tax revenue would be well in utilized to do that as this is money that is very specific on how we can use it, and who we answer to and when we use it. However, on what he has seen in the last several week or two there is a lot that has to be happening especially at the Bloss site.

Dawnita Castle stated that BMHD does have property tax revenue still available and BMHD is receiving about \$300,000 a year.

It was recommended that to hold off, have an Investment Committee meeting and have a recommendation made to the full Board of Directors on how to utilize funds.

This item will be Tabled.

**A motion was made / seconded, (Kory Billings / Edward Lujano) to approve and accept the Review of District Financial Statements, Exhibit 2 and to Table the Review and Recommendation of Fixed Annuity, Exhibit 2a. Motion carried.**

**SKDSC FINANCIAL REPORT, EXHIBIT 3**

Dawnita Castle reported that for April 2020, SKDSC expenses did increase. The rent was to be decreased and waived in May 2020 and there was some confusion with DSCA bookkeeper and the half rent for April has not been received and it will be received. It usually offsets the expense, which is why the increase. Next month we may see a decrease by quite a bit.

Expenses for SKDSC for April were \$20,268.

**A motion was made / seconded, (Kory Billings / Edward Lujano) to approve and accept SKDSC Financial Report, Exhibit 3 as presented. Motion carried.**

**WARRANTS AND PAYROLL**

A. April 2020 Payroll, Electronic Payments & Check Register, Exhibit 4

**A motion was made/seconded, (Kory Billings / Edward Lujano) to approve and accept the April 2020 Total Payroll in the amount \$9,270.42 and Total Accounts Payable in the amount of \$189,112.02 for a total Grand Total Disbursement of \$198,382.44, Exhibit 4. Motion carried.**

**DISCUSSION**

None.

**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, May 28, 2020 at 1:30 pm.

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

Respectfully Submitted,

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Fily Cale  
Executive Assistant

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Alfonse Peterson  
Committee Chair

CHIEF FINANCIAL OFFICER REPORT

BMHD had a total net gain before depreciation of \$61,309 for the month compared to a net gain of \$31,860 last year. Net income after depreciation was a gain of \$2,824

Expenses include \$10,580 of SKDSC costs.

The May 31, Operating Cash Balance was \$2,708,555 and Days Cash On Hand increased to 935 Days\*. In April the DCH was 763 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.

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

	May-20	May-19	VARIANCE *	%	Y-T-D May-20	Y-T-D May-19	Y-T-D VARIANCE *	Y-T-D %
Net Patient Revenue	0	0	0	NA	0	(44,688)	44,688	-100.00%
Other Operating Revenue	28	30,300	(30,272)	-99.91%	111,739	54,210	57,529	106.12%
Total Net Operating Revenue	28	30,300	(30,272)	-99.91%	111,739	9,522	102,217	1073.48%
Operating Expenses Excluding Depreciation	90,049	135,210	45,161	33.40%	1,188,097	1,573,429	385,332	24.49%
Net Operating Income (Loss) Before Depreciation	(90,021)	(104,910)	14,889	14.19%	(1,076,358)	(1,563,907)	487,549	31.18%
Net Non Operating-Gains/Losses								
Gain/Loss on Investments	31,161	(19,590)	50,751	-259.07%	19,527	(7,323)	26,850	-366.65%
All Other Non-Operating Gains/Losses	120,169	156,360	36,191	23.15%	2,250,432	2,291,840	(41,408)	-1.81%
Total Net Non-Operating Income: Losses/Gains	151,330	136,770	(14,560)	-10.65%	2,269,959	2,284,517	(14,558)	-0.64%
Total Net Income (Loss) Before Depreciation	61,309	31,860	29,449	92.43%	1,193,601	720,610	472,991	65.64%
Depreciation Expense	58,485	57,030	1,455	2.55%	578,928	544,616	34,312	6.30%
Net Income (Loss) After Depreciation	2,824	(25,170)	27,994	-111.22%	614,673	175,994	438,679	249.26%

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

Bloss Memorial HealthCare District  
 Operations Summary Report  
 Eleven Months Ending May 31, 2020

**BMHD FULL TIME EQUIVALENTS SUMMARY :**

(See FTE report included in Financial Reports for detail)

	May-20	May-19	VARIANCE	%	Y-T-D May-20	Y-T-D May-19	Y-T-D VARIANCE *	Y-T-D %
EMPLOYEE FTE'S	1.00	0.30	(0.70)	-233.33%	0.95	0.36	(0.59)	-163.89%
CONTRACT FTE'S	3.25	3.76	0.51	13.56%	3.75	3.77	0.02	0.53%
<b>TOTAL FTE'S</b>	<b>4.25</b>	<b>4.06</b>	<b>(0.19)</b>	<b>-4.68%</b>	<b>4.70</b>	<b>4.13</b>	<b>(0.57)</b>	<b>-13.80%</b>

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

Full Time Equivalent - Employees for the month are 233.33% more than the prior year with 0.70 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
Administration	(0.70)	(0.58)	
All other departments < 1 fte var	0.00	0.00	Various departments less than 1 fte variance.
	(0.70)	(0.58)	Brackets ( ) indicate a decrease (favorable) variance

BLOSS MEMORIAL HEALTHCARE DISTRICT, A PUBLIC ENTITY,  
 DETAIL BALANCE SHEET  
 PRIOR MONTH COMPARISON  
 MAY 2020

	CURRENT MO. MAY 2020	PRIOR MONTH APR 2020	\$ CHANGE	% CHANGE	PRIOR YEAR MAY 2019
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ASSETS

CURRENT ASSETS

CASH AND EQUIVALENTS

CASH - GENERAL CHECKING	1,291,534	1,672,688	(381,154)	(22.79)%	1,416,725
CDSC CASH - NEW GENERAL CHK	1,613	1,670	(57)	(3.41)%	3,809
CDSC CASH - GENERAL CHECKING	5,304	3,380	1,924	56.93%	297,143
CCDS-GENERAL CHECKING	2,155	2,169	(14)	(0.65)%	954
CCDSC-GENERAL CHECKING	17,163	12,759	4,404	34.51%	274,773
CASH - PAYROLL ACCOUNT	13,279	1,500	11,779	785.23%	10,000
CASH - LAIF SAVINGS ACCOUNT	1,098,290	604,352	493,937	81.73%	319,177
LAIF - FUNDED DEPRECIATION	302,590	296,460	6,131	2.07%	181,320
CASH-BBVA MONEY MARKET ACCOUNT	509,246	508,802	444	0.09%	500,146
MARKETABLE SECURITIES CAP IMP	580,955	560,812	20,143	3.59%	548,260
MARKETABLE SECURITIES GRANTS	320,364	309,346	11,018	3.56%	301,968
TOTAL CASH AND EQUIVALENTS	4,142,491	3,973,937	168,554	4.24%	3,854,274

PATIENT ACCOUNTS RECEIVABLE

ALLOWANCES

TOTAL ALLOWANCES	0	0	0	0.00%	0
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OTHER RECEIVABLES

DSCA RECEIVABLE	31,099	21,500	9,599	44.65%	419
RENT RECEIVABLE	17,189	15,483	1,706	11.02%	600
PROPERTY TAX RECEIVABLE	0	96,135	(96,135)	(100.00)%	8,196
DSCA CAPTIAL NOTE RECEIVABLE	200,000	200,000	0	0.00%	200,000
DSCA ATWATER NOTE RECEIVABLE	1,750,000	1,750,000	0	0.00%	1,750,000
DSCA STOCKTON NOTE RECEIVABLE	200,000	200,000	0	0.00%	200,000

ALLOWANCES FOR OTHER RECEIVABLES

NET OTHER ACCOUNTS RECEIVABLE	2,198,288	2,283,118	(84,830)	(3.72)%	2,159,215
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INVENTORY

PREPAID EXPENSES AND DEPOSITS

PREPAID INSURANCE	2,649	5,299	(2,649)	(50.00)%	12,279
PREPAID EXPENSE - SYSTEM	1,897	1,897	0	0.00%	0



BLOSS MEMORIAL HEALTHCARE DISTRICT, A PUBLIC ENTITY  
 DETAIL BALANCE SHEET  
 PRIOR MONTH COMPARISON  
 MAY 2020

	CURRENT MO. MAY 2020	PRIOR MONTH APR 2020	\$ CHANGE	% CHANGE	PRIOR YEAR MAY 2019
PREPAID EXPENSE - MANUAL	684	1,368	(684)	(50.00)%	6,862
TOTAL PREPAID EXPENSES AND DEPOSITS	5,231	8,564	(3,333)	(38.92)%	19,141
TOTAL CURRENT ASSETS	6,346,010	6,265,619	80,391	1.28%	6,032,630
NON-CURRENT ASSETS					
PROPERTY, PLANT, AND EQUIPMENT					
LAND	2,205,996	2,205,996	0	0.00%	2,205,996
LAND IMPROVEMENTS	51,615	51,615	0	0.00%	51,615
BUILDING AND IMPROVEMENTS	21,823,951	21,823,951	0	0.00%	21,770,098
CASTLE BUILDING AND IMPROVEMEN	1,353,689	1,353,689	0	0.00%	1,140,489
SKDSC BUILDING AND IMPROVEMENT	20,705	20,705	0	0.00%	0
BLOSS REMODLE	832,986	832,986	0	0.00%	832,986
CASTLE REMODEL-EAST WING FY 03	126,551	126,551	0	0.00%	126,551
PRKNG LOT & IMPROVEMENTS	138,713	138,713	0	0.00%	48,034
EQUIPMENT - FIXED	1,236,869	1,236,869	0	0.00%	1,236,869
COMMUNICATION LINES FY 03	452,829	452,829	0	0.00%	452,829
SKDSC EQUIPMENT-FIXED	66,746	66,746	0	0.00%	66,746
LEASEHOLD IMPROVEMENTS	17,063	17,063	0	0.00%	17,063
SKDSC LEASEHOLD IMPROVEMENTS	90,895	90,895	0	0.00%	72,713
EQUIPMENT - MAJOR MOVABLE	4,638,963	4,638,963	0	0.00%	4,609,198
MEDITECH HARDWARE	223,353	223,353	0	0.00%	223,353
MEDITECH IMPLEMENTATION COSTS	222,216	222,216	0	0.00%	222,216
EQUIPMENT - MINOR	456,194	456,194	0	0.00%	456,194
MEDITECH SOFTWARE	277,372	277,372	0	0.00%	277,372
TOTAL PROPERTY PLANT AND EQUIPMENT	34,236,707	34,236,707	0	0.00%	33,810,322
ACCUMULATED DEPRECIATION					
ACCUM DEPREC - LAND IMPROVMNTS	(127,256)	(126,129)	(1,127)	0.89%	(118,269)
ACCUM DEPREC - BLDGS & IMPROV	(9,877,045)	(9,825,566)	(51,479)	0.52%	(9,255,181)
SKDSC DEPREC-BLDGS & IMPROV	(5,176)	(4,601)	(575)	12.50%	0
ACCUM DEPREC - FIXED EQUIP	(2,021,544)	(2,019,815)	(1,728)	0.09%	(1,996,177)
SKDSC ACCUM DEPREC-FIXED EQUIP	(1,833)	(1,733)	(101)	5.80%	(627)
ACCUM DEPREC - LEASEHOLD IMPRV	(56,695)	(55,306)	(1,389)	2.51%	(43,907)
SKDSCACCUM DEPREC-LEASH IMPROV	(35,727)	(35,421)	(306)	0.86%	(31,188)
ACCUM DEPREC - MAJOR MOVE EQPT	(4,480,542)	(4,478,541)	(2,001)	0.04%	(4,498,602)
ACCUM DEPREC - MINOR EQUIPMENT	(575,455)	(575,455)	0	0.00%	(575,455)
TOTAL ACCUMULATED DEPRECIATION	(17,181,272)	(17,122,566)	(58,706)	0.34%	(16,519,404)
NET PROPERTY, PLANT, AND EQUIPMENT	17,055,435	17,114,141	(58,706)	(0.34)%	17,290,918

BLOSS MEMORIAL HEALTHCARE DISTRICT, A PUBLIC ENTITY  
 DETAIL BALANCE SHEET  
 PRIOR MONTH COMPARISON  
 MAY 2020

	CURRENT MO. MAY 2020	PRIOR MONTH APR 2020	\$ CHANGE	% CHANGE	PRIOR YEAR MAY 2019
ASSETS LIMITED AS TO USE					
CASH - UNG GOODWIN TRUST	141,439	141,439	0	0.00%	166,173
TOTAL RESTRICTED ASSETS	<u>141,439</u>	<u>141,439</u>	<u>0</u>	<u>0.00%</u>	<u>166,173</u>
OTHER ASSETS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL ASSETS LIMITED AS TO USE	17,196,874	17,255,580	(58,706)	(0.34)%	17,457,091
TOTAL ASSETS	<u>23,542,884</u>	<u>23,521,199</u>	<u>21,685</u>	<u>0.09%</u>	<u>23,489,720</u>
LIABILITIES AND FUND BALANCES					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE					
ACCOUNTS PAYABLE - VENDORS	20,407	27,067	6,660	(24.61)%	33,442
ACCOUNTS PAYABLE - ACCRUALS	23,332	16,703	(6,629)	39.68%	20,980
ACCOUNTS PAYABLE - OTHER	18,409	19,909	1,500	(7.53)%	104,084
CASTLE INC PAYABLE	18,176	18,961	786	(4.14)%	22,236
DSCA PAYABLE	23,371	17,114	(6,257)	36.56%	543,234
TOTAL ACCOUNTS PAYABLE	<u>103,695</u>	<u>99,755</u>	<u>(3,939)</u>	<u>3.95%</u>	<u>723,975</u>
ACCRUED PAYROLL					
ACCRUED SALARY AND WAGES	4,167	4,167	0	0.00%	4,542
ACCRUED VACATION	21,493	23,329	1,836	(7.87)%	41,972
FICA PAYABLE	319	319	0	0.00%	347
PENSION PLAN ACCRUAL	4,400	4,000	(400)	10.00%	5,323
OTHER PAYROLL PAYABLES	94	94	0	0.00%	94
TOTAL ACCRUED PAYROLL	<u>30,472</u>	<u>31,908</u>	<u>1,436</u>	<u>(4.50)%</u>	<u>52,278</u>
OTHER CURRENT LIABILITIES	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
INTERCORPORATE TRANSFERS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

RUN DATE: 06/18/20  
 RUN TIME: 1559  
 RUN USER: DAMEDA

Castle Family Health Centers GL \*\*LIVE\*\*

PAGE 4

BLOSS MEMORIAL HEALTHCARE DISTRICT, A PUBLIC ENTITY.  
 DETAIL BALANCE SHEET  
 PRIOR MONTH COMPARISON  
 MAY 2020

	CURRENT MO. MAY 2020	PRIOR MONTH APR 2020	\$ CHANGE	% CHANGE	PRIOR YEAR MAY 2019
TOTAL CURRENT LIABILITIES	134,167	131,663	(2,503)	1.90%	776,253
LONG TERM LIABILITIES					
TOTAL LIABILITIES	134,167	131,663	(2,503)	1.90%	776,253
FUND BALANCES					
UNG GOODWIN TRUST	141,439	141,439	0	0.00%	166,173
SBA PPE FUND	16,358	0	(16,358)		0
TOTAL RESTRICTED FUND BALANCE	157,797	141,439	(16,358)	11.57%	166,173
UNRESTRICTED FUND BALANCE					
CAPITAL - BMHCD	2,317,403	2,317,403	0	0.00%	2,052,456
DONATED CAPITAL	20,318,844	20,318,844	0	0.00%	20,318,844
CURRENT YR NET INCOME (LOSS)	614,673	611,849	(2,824)	0.46%	175,994
TOTAL FUND BALANCE	23,408,718	23,389,536	(19,182)	0.08%	22,713,467
TOTAL LIABILITIES AND FUND BALANCES	23,542,884	23,521,199	(21,685)	0.09%	23,489,720

BLOSS MEMORIAL HEALTHCARE DISTRICT  
 SUMMARY INCOME STATEMENT  
 PRIOR YEAR COMPARISON  
 MAY 2020

	MAY 2020 ACTUAL	MAY 2019 ACTUAL	\$ VARIANCE	% VARIANCE	MAY 2020 YTD ACTUAL	MAY 2019 YTD ACTUAL	\$ VARIANCE	% VARIANCE
PATIENT SERVICES REVENUE								
DEDUCTIONS FROM REVENUE								
DENTAL SURGERY RD	0	0	0.00	0%	0	44,688	44,688	100.00%
TOTAL DEDUCTIONS FROM REVENUE	0	0	0.00	0%	0	44,688	44,688	100.00%
NET PATIENT REVENUE	0	0	0.00	0%	0	(44,688)	44,688	(100.00)%
OTHER REVENUE	28	30,300	(30,271.65)	(100)%	111,739	54,210	57,529	106.12%
TOTAL NET OPERATING REVENUE	28	30,300	(30,271.65)	(100)%	111,739	9,521	102,217	1,073.58%
OPERATING EXPENSES								
SALARIES AND WAGES	6,497	11,994	5,496.22	46%	73,723	113,280	39,558	34.92%
EMPLOYEE BENEFITS	531	14,126	13,594.62	96%	17,666	52,722	35,056	66.49%
PROFESSIONAL FEES	1,740	2,458	718.11	29%	22,747	69,271	46,531	67.17%
SUPPLIES	370	112	(257.88)	(230)%	9,671	9,316	(355)	(3.81)%
PURCHASED SERVICES	35,672	42,208	6,535.99	16%	479,735	574,176	94,442	16.45%
DEPRECIATION	58,706	57,098	(1,607.82)	(3)%	637,634	601,714	(35,920)	(5.97)%
RENTS AND LEASES	9,599	19,102	9,503.49	50%	115,137	210,029	94,892	45.18%
UTILITIES	29,664	31,508	1,843.84	6%	350,290	376,719	26,429	7.02%
INSURANCE	4,635	8,758	4,122.95	47%	56,143	79,804	23,661	29.65%
OTHER EXPENSES	1,121	4,878	3,757.08	77%	4,282	31,008	26,726	86.19%
TOTAL OPERATING EXPENSE	148,534	192,240	43,706.60	23%	1,767,025	2,118,045	351,020	16.57%
NET INCOME FROM OPERATIONS	(148,506)	(161,940)	13,434.95	(8)%	(1,655,286)	(2,108,524)	453,237	(21.50)%
NON-OPERATING REVENUE	201,330	156,361	44,969.11	29%	2,501,296	2,347,891	153,404	6.53%
NON-OPERATING EXPENSE	50,000	19,590	(30,409.78)	(155)%	231,336	63,374	(167,962)	(265.03)%
NET NON-OPERATING INCOME	151,330	136,770	14,559.33	11%	2,269,959	2,284,518	(14,558)	(0.64)%
NET INCOME	2,824	(25,170)	27,994.28	(111)%	614,673	175,994	438,679	249.26%

NOTE: UNFAVORABLE VARIANCES ARE SHOWN IN PARENTHESES

MAY PAYROLL, ELECTRONIC PAYMENTS  
& CHECK REGISTER

Bloss Memorial Healthcare District  
Payroll, Accounts Payable and Funds Disbursements - Summary  
Month of May-20

Payroll			<u>\$9,158.42</u>
<b>Total Payroll</b>			<u><u>\$9,158.42</u></u>

Accounts Payable:

A/P Checks	Bloss	<u>\$140,630.06</u>	<u>\$140,630.06</u>
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**BLOSS**

Auto Debits		\$58.75	
Electronic Transfer to Laif		\$500,000.00	
Electronic Payments to DSCA		\$0.00	
Total Auto Debits and Electronic Transfers		<u>\$500,058.75</u>	<u>\$500,058.75</u>

Electronic Payments - ACH		<u>\$0.00</u>	<u>\$0.00</u>
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<b>Total Accounts Payable</b>			<u><u>\$640,688.81</u></u>
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<b>Grand Total Disbursements</b>			<u><u>\$649,847.23</u></u>
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<b>BLOSS</b>	<b>Payroll Disbursements for</b>		<b>May-20</b>
	<b>Payroll dated</b>		
<b>Earnings</b>	05/05/20	05/20/20	Total
Regular			-
Overtime			-
Vacation			-
Sick			-
Holiday			-
Salary	4,166.67	4,166.67	8,333.34
Double Time			-
Call In			-
On Call			-
Other			-
			-
<b>Total</b>	<b>4,166.67</b>	<b>4,166.67</b>	<b>8,333.34</b>
			-
<b>Deductions</b>			-
FICA (+)	318.75	318.75	637.50
Insurance (-)			-
Emp Deduction(-)/Reimb(+)			-
Christmas Fund (-)			-
Process Fee (+)	93.79	93.79	187.58
			-
<b>Total</b>	<b>412.54</b>	<b>412.54</b>	<b>825.08</b>
			-
			-
<b>Net Payroll</b>	<b>\$ 4,579.21</b>	<b>\$ 4,579.21</b>	<b>9,158.42</b>

RUN DATE: 05/29/20  
 RUN TIME: 1545  
 RUN USER: COOKS

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

C  
 FROM 05/01/20 TO 05/29/20

DATE	CHECK NUM	VENDOR NUM	VENDOR NAME	STATUS	STATUS DATE	AMOUNT	
						ISSUED/ CLEARED	VOIDED/ UNCLAIMED
05/05/20	038747	B0109	KORY BILLINGS	ISSUED	05/05/20	400.00	
05/05/20	038748	B0132	CLARK PEST CONTROL	ISSUED	05/05/20	480.00	
05/05/20	038749	B0225	HOFFMAN SECURITY	ISSUED	05/05/20	825.40	
05/05/20	038750	K0003	M-D VENTURES	ISSUED	05/05/20	19197.65	
05/05/20	038751	B0133	MERCED COMMERCIAL SWEEPING	ISSUED	05/05/20	240.00	
05/05/20	038752	B0064	PETERSON, ALFONSE	ISSUED	05/05/20	400.00	
05/05/20	038753	B0014	PG&E (4705482162-5)	ISSUED	05/05/20	3621.94	
05/05/20	038754	B0260	ROBERT F. BOESCH	ISSUED	05/05/20	100.00	
05/05/20	038755	B0282	VIVIAN M PASSWATERS	ISSUED	05/05/20	200.00	
05/05/20	038756	B0013	WEST COAST GAS CO, INC.	ISSUED	05/05/20	1105.31	
05/12/20	038757	B0253	JOHNSON CONTROLS FIRE PROTECTION LP	ISSUED	05/12/20	978.07	
05/12/20	038758	B0017	MERCED COUNTY - CASTLE AIRPORT	ISSUED	05/12/20	7014.83	
05/12/20	038759	B0218	JOHN P. NIEMOTKA	ISSUED	05/12/20	400.00	
			REMITTED TO: OCTANE ADVERTISING & DESIGN				
05/19/20	038760	B0054	CASTLE FAMILY HEALTH CENTERS, INC.	ISSUED	05/19/20	50000.00	
05/19/20	038761	B0072	BETA HEALTHCARE GROUP	ISSUED	05/19/20	1897.28	
05/19/20	038762	B0054	CASTLE FAMILY HEALTH CENTERS, INC.	ISSUED	05/19/20	18961.19	
05/19/20	038763	B0027	CITY OF ATWATER PAYMENT CENTER	ISSUED	05/19/20	882.53	
05/19/20	038764	B0134	CITY OF ATWATER PAYMENT CENTER	ISSUED	05/19/20	654.34	
05/19/20	038765	B0016	GUARDCO SECURITY SERVICES	ISSUED	05/19/20	12759.56	
05/19/20	038766	B0025	MERCED IRRIGATION DISTRICT	ISSUED	05/19/20	340.20	
05/19/20	038767	B0026	MERCED IRRIGATION DISTRICT	ISSUED	05/19/20	16363.24	
05/27/20	038768	B0132	CLARK PEST CONTROL	ISSUED	05/27/20	299.00	
05/27/20	038769	B0225	HOFFMAN SECURITY	ISSUED	05/27/20	192.50	
05/27/20	038770	B0133	MERCED COMMERCIAL SWEEPING	ISSUED	05/27/20	240.00	
05/27/20	038771	B0212	JAVIER L MENDOZA	ISSUED	05/27/20	2775.00	
			REMITTED TO: NATURAL GARDENS				
05/27/20	038772	B0056	CARDMEMBER SERVICE-XXXXXXXXXXXX9140	ISSUED	05/27/20	302.02	
TOTAL \$						140630.06	



Bloss Memorial Healthcare District  
May-20

**Bloss Electronic Transfers**

**Bloss Auto Debits**

Bank Fees - Bloss	58.75
<b>Total</b>	<b><u>58.75</u></b>

Electronic Payment to DSCA	0.00
Electronic Transfer to Wells Fargo	0.00
Electronic Transfer to LAIF	500,000.00
<b>Total</b>	<b><u>500,000.00</u></b>

<b>Grand Total</b>	<b><u>500,058.75</u></b>
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CASTLE FAMILY HEALTH CENTERS, INC REPORT

Castle Family Health Centers Inc  
 Operations Summary Report  
 Eleven Months Ending May 31, 2020

Total encounters for the month are 8,854 compared to 12,253 last year 27.74% decrease.

Department	May-20	May-19	VARIANCE	%	Y-T-D May-20	Y-T-D May-19	Y-T-D VARIANCE *	Y-T-D %
Castle Clinic	3,318	5,333	(2,015)	-37.78%	49,408	52,470	(3,062)	-5.84%
Specialty Clinic	927	1,031	(104)	-10.09%	11,297	7,354	3,943	53.62%
Bloss Clinic	753	914	(161)	-17.61%	8,767	9,923	(1,156)	-11.65%
Winton Clinic	997	746	251	33.65%	11,958	7,070	4,888	69.14%
Urgent Care	178	332	(154)	-46.39%	3,565	3,596	(31)	-0.86%
Lab	1,557	2,137	(580)	-27.14%	20,776	21,225	(449)	-2.12%
Radiology	337	774	(437)	-56.46%	6,839	7,320	(481)	-6.57%
Behavioral Health	306	121	185	152.89%	2,050	1,916	134	6.99%
Adult Day Health Care	0	495	(495)	-100.00%	4,638	4,764	(126)	-2.64%
Optometry	229	248	(19)	-7.66%	3,408	3,671	(263)	-7.16%
Ophthalmology	0	0	0	N/A	0	1,505	(1,505)	-100.00%
Winton Dental	252	122	130	106.56%	4,309	147	4,162	2831.29%
<b>TOTAL ENCOUNTERS</b>	<b>8,854</b>	<b>12,253</b>	<b>(3,399)</b>	<b>-27.74%</b>	<b>127,015</b>	<b>120,961</b>	<b>6,054</b>	<b>5.00%</b>

May-20 Working Days 20 & 1 Holiday  
 May-19 Working Days 22 & 1 Holiday

NEW PATIENTS	May-20	May-19	VARIANCE *	%	Y-T-D May-20	Y-T-D May-19	Y-T-D VARIANCE *	Y-T-D %
	285	475	(190)	-40.00%	5,045	4,762	283	5.94%

REQUEST FOR PROPOSALS (RFP) FOR  
COOLING TOWER

Air Treatment Corporation (attached)

Carrier (attached)

\*EMCOR Services Mesa Energy Systems, Inc

\*Johnson Controls

\* Proposals are due Tuesday, June 23, 2020.

Air Treatment and Carrier submitted their proposals prior to packet going out. Should EMCOR and Johnson Controls submit their proposals, I will have them available at the Board meeting if not prior.



To: Bloss Memorial Healthcare District  
Attention: Rick Ramirez, Engineering  
From: Jay Kingston  
**Project Name: Cooling Tower Fill Media**

Date: 5/20/2020  
Proposal # JK20-048  
Revision: #1

We are pleased to submit the following proposal for your consideration on the refurbishment of your existing Baltimore Aircoil Company cooling tower, model number 15296, located at your facility in Atwater, CA. The scope of work is as follows:

**Scope of Work – Fill Media**

- 1) Set-up.
- 2) Remove the existing louver and discard (if required).
- 3) Remove the existing fill media and supports.
- 4) Clean the cold-water basin of residual debris.
- 5) Install new OEM Versacross hanging fill media supports and all attaching hardware.
- 6) Install new OEM Versacross hanging fill media with built-in integral louvers and drift eliminators.
- 7) Clean-up the site and check the operation of the tower.

**Total Price for Labor and Material for One (1) Tower**

**\$27,091.97**

**Please Note:**

- Freight is FOB Factory (freight allowed to first destination)
- Taxes are included in this proposal.
- Price is valid 30 days from date on proposal.
- Lead time is 3 – 4 weeks after receipt of order.
- Pricing is based on a standard M – F work week.
- Should there be a cancellation after material is ordered, there will be a 50% re-stocking fee.
- Disposal bins, if required, are not included and are the responsibility of the customer.
- Permits, if required, are not included in this proposal.
- See attached page for remainder of quotation terms and conditions.

**Air Treatment Field Personnel Safety/Training:**

All tower repairs will be performed or supervised by Air Treatment's specialized field staff. Our crew has received the most factory and safety training of any cooling tower repair company in California. Our field crews have participated in the following safety and repair/service trainings classes.

**Safety:**

- OSHA 30-hour safety class
- Confined Space Access class
- Fall Protection Class
- Weekly Tailgate safety meeting

**Service Training:**

- Crew members receive extensive hands on assembly line experience at the BAC factory plant in Madera, CA.

**Field Operation:**

- Pre site inspection before the beginning of every project.
- Each Air Treatment Crew operates out of custom designed work truck equipped with all necessary tools and materials.

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Thank you for the opportunity to offer the equipment and services listed above. We look forward to working with you on this project. If you should require additional information, please do not hesitate to call.

Sincerely,

*Jay Kingston*

Jay Kingston  
Aftermarket Sales  
AIR TREATMENT CORPORATION | 3213 Ramos Circle, Sacramento, CA 95827  
Cell: 415.827.7717 | Office: 916.362.4678  
[jkingston@airtreatment.com](mailto:jkingston@airtreatment.com) | [www.airtreatment.com](http://www.airtreatment.com)

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## TERMS & CONDITIONS OF SALE

Air Treatment Corporation (hereinafter designated as Seller) hereby accepts your order with the condition that this acceptance by us is expressly made conditional on assent by you to all terms and conditions set forth below, notwithstanding that they may be in addition to or different from those contained in your order or acknowledgment. Acceptance by you of any of the material covered by this order or failure to give notice of objections to any terms set forth herein within ten (10) days of the date hereof, shall be deemed to be assent by you to these terms and conditions. It is understood and agreed that the terms and conditions contained herein constitute the complete and exclusive statement of all such terms, and supersedes all prior communications between the parties, oral or written, as relates to the equipment described on your purchase order. Where any terms herein are contrary to or inconsistent with any terms contained in your purchase order, these terms and conditions shall control. If any item in this agreement is deemed unenforceable, all other items shall remain in force and effect.

**PAYMENT TERMS:** 1% 10 Days/ Net 30 are available upon approval of credit. Acceptance of Purchase Orders does not guarantee payment terms as stated until approved by the Credit Dept. We retain the right to revise all credit terms until said equipment has been shipped. Purchaser agrees to accept responsibility for payment of equipment whether or not payment has been made to purchaser on the project. Should payment not be made in accordance with Seller's payment terms, purchaser agrees to pay to Seller a one and one-half percent (1 ½%) per month service charge on any unpaid balance due. Any retention for start-up should reflect the actual cost of start-up and not a percentage of the invoice. Prior consent from the Seller is required. No other retention shall be acceptable. No rights of lien are waived.

**ACCEPTANCE:** This quotation is offered for acceptance for a period of 30 days, subject to extension on upon written agreement of Seller in writing. This quotation is subject to revision on notice. In those instances where the Manufacturer reserves order acceptance prerogative, final acceptance shall be so governed.]

**PLANS AND SPECIFICATIONS:** All equipment and/or materials are sold in accordance with manufacturers' specifications and/or approved submittal data and not necessarily in accordance with "Plans and Specifications." Seller is a vendor only and is not bound to the contractor under any provisions of general contract provisions including payment terms, retention "hold," delay, arbitration and/or cancellations provisions. On plan and specification work, any reference to plans and specifications shall pertain alone to the technical portions of such plans and specifications, including the approved submittals, the latter of which shall determine ultimate responsibility and scope of Seller's obligations. Seller makes no representation as to design, application and/or fitness for a particular purpose.

**LEAD TIMES, DELAY:** Shipment lead times reflect current production schedules based upon current release to production. Seller shall not be responsible to purchaser (or ultimate user) for delays in delivery due to acts of God, strikes, fires, accidents, unavailability of equipment and/or materials, or any other causes beyond Seller's control. In the event of any such delay occasioned by such events, the date of delivery shall be extended for a length of time reasonably equivalent to the period of the delay, and with no penalty to Seller.

**DAMAGES DISCLAIMER:** No provision for liquidated, incidental or consequential damages in the event of any breach of this contract by the Seller shall apply to this sale, and any provision for liquidated, incidental or consequential damages shall be of no force and effect unless specifically agreed to by the Seller in writing signed by an officer of the corporation. Seller will not accept any back charge without its consent. Seller shall not be liable to purchaser for costs, damages, expenses or consequential damages arising out of, or resulting from, the purchase or use of equipment and/or materials, or claims made under Manufacturer's written Limited Warranty.

**DELIVERY:** All shipping information is approximate, and shipping dates are based on prompt receipt of all necessary information at Manufacturers' plant. Deliveries shall be made FOB manufacturers' factory. Title and risk of loss shall pass to the Buyer at FOB point. Buyer agrees to accept delivery of any part or all of the manufactured material upon completion of same and failure of the Buyer to furnish Seller shipping instructions shall in no way alter the terms of the payment of Seller's invoice. Seller shall not be responsible for any storage for any reason unless agreed to in writing before such action is deemed necessary. Where an allowance for freight is included, only the first destination will be allowed. In no event shall Seller be liable for special or consequential damages due to delay.

**REQUIRED DELIVERY SCHEDULE:** Seller and Purchaser agree that for a "required delivery schedule" to be binding upon Seller or Seller's source of supply, a separate written confirmation to purchaser, confirming the required delivery schedule, must be provided to be binding on either Seller or Seller's source of supply.

**CLAIMS:** Buyer shall notify Seller in writing, within (10) days of delivery if equipment is defective or nonconforming. Seller shall have the option of reinspection before allowing or rejecting the Buyer's claim. Failure to make such claim within ten (10) days of delivery shall constitute acceptance. Expenses incurred in connection with claims for which the Seller is not liable will be paid by Buyer. Any claim for corrective work done upon the equipment covered hereunder must be approved beforehand, in writing, and signed by an officer of the Seller. Defects that do not impair the operation or performance of the goods provided shall not be cause for rejection by the Buyer.

**CHANGES, CANCELLATIONS, RETURNS:** Notice from the buyer to suspend work, delay delivery or terminate this order shall entitle Seller to payment from the Buyer for all costs, direct and indirect, incurred by the Seller on the balance of the order to the date of receipt of such notice, and which, in the event of cancellation of such order, shall result in payment to Seller of an amount not less than 15% of the face amount of the order. Any return for goods and equipment must be authorized by the Seller or Seller's source of supply and may be subject to restocking and/or other incidental charges. All orders placed on hold must be the subject of written amendment to the purchase order, and must detail the parties' agreement regarding storage arrangements and costs.

**TAXES:** Purchaser agrees to pay all sales, excise or other taxes, which may be applicable to the sale of the equipment and/or materials.

**WARRANTY:** It is understood and agreed that the only warranty the subject of this order shall be the Manufacturer's written Warranty in effect at the time of shipment, and as specifically relates to such equipment the subject of this order, and which Seller shall supply to Buyer. Buyer acknowledges there are no implied or expressed warranties by Seller, other than those of the Manufacturer, and in no case will the amount of the warranty or liability exceed the amount of the order. Seller accepts no consequential liability of any nature, and in no case will Seller be liable for damages beyond the purchase price of the defective items. Further, Buyer agrees to defend, indemnify and hold harmless Seller, from and against any and all Claims of Damage(s), Expense(s) Cost(s) or Consequential Damages alleged or claimed by virtue of the equipment. Buyer agrees that in the event of an alleged Warranty Claim made, either through Buyer or Buyer's customer, or otherwise, which in truth and fact turns out to be a Non-Warranty item and is attributable to the acts of others, failure to maintain equipment, or other reasons not the fault of the Manufacturer or Seller, that Seller and/or Manufacturer shall be reimbursed in full by Buyer for all expenses incurred in ascertaining the alleged Warranty Claim, including all legal costs and fees incurred.

**DISPUTES, ATTORNEY'S FEES:** In the event Seller is compelled to bring any action to enforce any part of these Terms and Conditions including, but not limited to, any action to collect monies due hereunder, purchaser agrees to pay Seller's reasonable attorney's fees and costs. In any proceeding to enforce these Terms and Conditions, the law of the State of California shall control, and venue shall be deemed proper only in any court of competent jurisdiction in the County of Orange, California.







To: Bloss Memorial Healthcare District  
Attention: Rick Ramirez, Engineering  
From: Jay Kingston  
**Project Name: Cooling Tower Fill Media**

Date: 5/20/2020  
Proposal # JK20-048.1  
Revision: #1

We are pleased to submit the following proposal for your consideration on the refurbishment of your existing Baltimore Aircoil Company cooling tower, model number 15296, located at your facility in Atwater, CA. The scope of work is as follows:

**Scope of Work – Fill Media**

- 1) Set-up.
- 2) Remove the existing louver and discard (if required).
- 3) Remove the existing fill media and supports.
- 4) Clean the cold-water basin of residual debris.
- 5) Install new OEM Versacross hanging fill media supports and all attaching hardware.
- 6) Install new OEM Versacross hanging fill media with built-in integral louvers and drift eliminators.
- 7) Clean-up the site and check the operation of the tower.

**Total Price for Labor and Material for One (1) Tower**

**\$31,377.68**

**Please Note:**

- Freight is FOB Factory (freight allowed to first destination)
- Taxes are included in this proposal.
- Price is valid 30 days from date on proposal.
- Lead time is 3 – 4 weeks after receipt of order.
- Pricing is based on a 3 day weekend, Friday thru Sunday or Saturday thru Monday.
- Should there be a cancellation after material is ordered, there will be a 50% re-stocking fee.
- Disposal bins, if required, are not included and are the responsibility of the customer.
- Permits, if required, are not included in this proposal.
- See attached page for remainder of quotation terms and conditions.

**Air Treatment Field Personnel Safety/Training:**

All tower repairs will be performed or supervised by Air Treatment's specialized field staff. Our crew has received the most factory and safety training of any cooling tower repair company in California. Our field crews have participated in the following safety and repair/service trainings classes.

**Safety:**

- OSHA 30-hour safety class
- Confined Space Access class
- Fall Protection Class
- Weekly Tailgate safety meeting

**Service Training:**

- Crew members receive extensive hands on assembly line experience at the BAC factory plant in Madera, CA.

**Field Operation:**

- Pre site inspection before the beginning of every project.
- Each Air Treatment Crew operates out of custom designed work truck equipped with all necessary tools and materials.

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Thank you for the opportunity to offer the equipment and services listed above. We look forward to working with you on this project. If you should require additional information, please do not hesitate to call.

Sincerely,

*Jay Kingston*

Jay Kingston  
Aftermarket Sales  
AIR TREATMENT CORPORATION | 3213 Ramos Circle, Sacramento, CA 95827  
Cell: 415.827.7717 | Office: 916.362.4678  
[jkingston@airtreatment.com](mailto:jkingston@airtreatment.com) | [www.airtreatment.com](http://www.airtreatment.com)

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**WARRANTY:** It is understood and agreed that the only warranty the subject of this order shall be the Manufacturer's written Warranty in effect at the time of shipment, and as specifically relates to such equipment the subject of this order, and which Seller shall supply to Buyer. Buyer acknowledges there are no implied or expressed warranties by Seller, other than those of the Manufacturer, and in no case will the amount of the warranty or liability exceed the amount of the order. Seller accepts no consequential liability of any nature, and in no case will Seller be liable for damages beyond the purchase price of the defective items. Further, Buyer agrees to defend, indemnify and hold harmless Seller, from and against any and all Claims of Damage(s), Expense(s) Cost(s) or Consequential Damages alleged or claimed by virtue of the equipment. Buyer agrees that in the event of an alleged Warranty Claim made, either through Buyer or Buyer's customer, or otherwise, which in truth and fact turns out to be a Non-Warranty item and is attributable to the acts of others, failure to maintain equipment, or other reasons not the fault of the Manufacturer or Seller, that Seller and/or Manufacturer shall be reimbursed in full by Buyer for all expenses incurred in ascertaining the alleged Warranty Claim, including all legal costs and fees incurred.

**DISPUTES, ATTORNEY'S FEES:** In the event Seller is compelled to bring any action to enforce any part of these Terms and Conditions including, but not limited to, any action to collect monies due hereunder, purchaser agrees to pay Seller's reasonable attorney's fees and costs. In any proceeding to enforce these Terms and Conditions, the law of the State of California shall control, and venue shall be deemed proper only in any court of competent jurisdiction in the County of Orange, California.





Address 1170 W. National Drive, Suite 50  
 Sacramento CA 95834  
 Phone 209-252-2481  
 Fax 860-622-0499  
 E-mail jed.thompson@carrier.com

Contact Name Rick Ramirez  
 Account BLOSS MEMORIAL HEALTH CARE DIST  
 Phone 2097260279  
 Site Address 3605 Hospital Rd  
 Atwater, CA, 95301-5173

Estimate Date 06/15/2020  
 Quote Number 00536439

Job Description Cooling Tower Fill Media Replacement

**Scope of Work**

Carrier is pleased to present the following proposal for the Cooling Tower Fill Media Replacement RFP at Bloss Memorial Hospital.

- Please see the following scope of work:
- Check in with site contact
- Lock out and tag out any necessary electrical connections
- Set up and remove existing louver
- Remove existing fill media and supports
- Clean cold water basin
- Install new OEM fill media supports and hardware
- Install new OEM with built in louvers and drift eliminators
- Run and verify proper operation
- Clean up job site

\*Includes two (2) operational maintenance visits during the 1<sup>st</sup> year to include the cooling tower only.

**Exclusions / Clarifications**

This quote does not include the waste disposal and labor performed outside normal business hours unless otherwise noted. The quoted price does include any sales, excise, or similar taxes that apply.

Excludes permits if required, disposal of existing cooling tower fill media. Excludes anything additional that is not listed above.

**Total Quoted Price**

**Total Price for Scope of Work including applicable taxes:** \$49,800.00

This proposal is valid for 30 days from the date of proposal. Carrier's terms and conditions will govern in lieu of any other terms and conditions contained in any resulting Purchase, Order, Contract, Agreement, etc. Carrier would like to thank you for the continuing opportunity to be of service.

Sincerely,

Jed Thompson

Carrier Commercial Service

\_\_\_\_\_

\_\_\_\_\_

Title

\_\_\_\_\_

Customer Acceptance (signature) Date

\_\_\_\_\_

Purchase Order

The attached Terms & Conditions shall govern.

**CARRIER CORPORATION**  
**TERMS AND CONDITIONS OF SALE – EQUIPMENT AND/OR SERVICE**

**1. PAYMENT AND TAXES** - Payment shall be made net 30 days from date of invoice. Carrier reserves the right to require cash payment or other alternative method of payment prior to shipment or completion of work if Carrier determines, in its sole discretion, that Customer or Customer's assignee's financial condition at any time does not justify continuance of the net 30 days payment term. In addition to the price, Customer shall pay Carrier any taxes or government charges arising from this Agreement. If Customer claims that any such taxes or government charges do not apply to the transactions governed by this Agreement, Customer shall provide Carrier with acceptable tax exemption certificates or other applicable documents. All past due invoices will accrue interest at the lesser of 1% per month or the maximum amount allowable by law.

**2. EXTRAS** - Equipment, parts or labor in addition to those specified in this Agreement will be provided upon receipt of Customer's written authorization, paid for as an extra at Carrier's prevailing labor rates and equipment/parts charges, and subject to the terms of this Agreement.

**3. RETURNS** - No items will be accepted for return without prior written authorization. Returned goods may be subject to a restocking charge. Special order and non-stock items cannot be returned.

**4. SHIPMENT** - All shipments shall be F.O.B. shipping point, freight prepaid and allowed to the job site. Shipment dates quoted are approximate. Carrier does not guarantee a particular date for shipment or delivery.

**5. PARTIAL SHIPMENT** - Carrier shall have the right to ship any portion of the equipment, goods or other materials included in this Agreement and invoice Customer for such partial shipment.

**6. DELAYS** - Carrier shall not be liable for delays in manufacturing, shipping or delivery by causes beyond the control and without the fault or negligence of Carrier, including but not restricted to acts of God, acts of a public enemy, acts of government, acts of terrorism, fires, floods, epidemics, quarantine restrictions, freight embargoes, supplier delays, strikes, or labor difficulties (collectively "Force Majeure Events"). Carrier agrees to notify Customer in writing as soon as practicable of the causes of such delay. In the event that any materials or equipment to be provided by Carrier under this Agreement become permanently unavailable as a result of a Force Majeure Event, Carrier shall be excused from furnishing such materials or equipment.

**7. WARRANTY** - Carrier warrants that all equipment manufactured by Carrier Corporation and all Carrier equipment, parts or components supplied hereunder will be free from defects in material and workmanship. Carrier shall at its option repair or replace, F.O.B. point of sale, any equipment, part or component sold by Carrier and determined to be defective within one (1) year from the date of initial operation or eighteen (18) months from date of shipment, whichever is earlier. Carrier does not warrant products not manufactured by Carrier Corporation, but it does pass on to Customer any transferrable manufacturer warranties for those products. Carrier warrants that all service provided by Carrier hereunder shall be performed in a workmanlike manner. In the event any such service is determined to be defective within ninety (90) days of completion of that service, Carrier shall at its option re-perform or issue a credit for such service. Carrier's obligation to repair or replace any defective equipment, parts or components during the warranty period shall be Customer's exclusive remedy. Carrier shall not be responsible for labor charges for removal or reinstallation of defective equipment, parts or components, for charges for transportation, handling and shipping or refrigerant loss, or for repairs or replacement of such equipment, parts

or components, required as a consequence of faulty installation, misapplication, vandalism, abuse, exposure to chemicals, improper servicing, unauthorized alteration or improper operation by persons other than Carrier. THIS WARRANTY IS GIVEN IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED OR STATUTORY INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

**8. WORKING HOURS** - All services performed under this Agreement, including but not limited to, major repairs, are to be provided during Carrier's normal working hours unless otherwise agreed.

**9. CUSTOMER RESPONSIBILITIES (Service Contracts only) -** Customer shall:

- Provide safe and reasonable equipment access and a safe work environment.
- Permit access to Customer's site, and use of building services including but not limited to: water, elevators, receiving dock facilities, electrical service and local telephone service.
- Keep areas adjacent to equipment free of extraneous material, move any stock, fixtures, walls or partitions that may be necessary to perform the specified service.
- Promptly notify Carrier of any unusual operating conditions.
- Upon agreement of a timely mutual schedule, allow Carrier to stop and start equipment necessary to perform service.
- Provide adequate water treatment.
- Provide the daily routine equipment operation (if not part of this Agreement) including availability of routine equipment log readings.
- Where Carrier's remote monitoring service is provided, provide and maintain a telephone line with long distance direct dial and answer capability.
- Operate the equipment properly and in accordance with instructions.
- Promptly address any issues that arise related to mold, fungi, mildew or bacteria.
- Identify and label any asbestos containing material that may be present. The customer will provide, in writing, prior to the start of a job, a signed statement regarding the absence or presence of asbestos for any job where the building or the equipment to be serviced is older than 1981. Should this document state that no asbestos is present, the customer will also provide in writing the method used to determine the absence of asbestos.

**10. EXCLUSIONS** - Carrier is not responsible for items not normally subject to mechanical maintenance including but not limited to: duct work, casings, cabinets, fixtures, structural supports, grillage, water piping, steam piping, drain piping, cooling tower fill, boiler tubes, boiler refractory, disconnect switches and circuit breakers. Carrier is not responsible for repairs, replacements, alterations, additions, adjustments, repairs by others, unscheduled calls or emergency calls, any of which may be necessitated by negligent operation, abuse, misuse, prior improper maintenance, vandalism, obsolescence, building system design, damage due to freezing weather, chemical/electrochemical attack, corrosion, erosion, deterioration due to unusual wear and tear, any damage related to the presence of mold, fungi, mildew, or bacteria, damage caused by power reductions or failures or any other cause beyond Carrier's control. Carrier shall not be required to perform tests, install any items of equipment or make

modifications that may be recommended or directed by insurance companies, government, state, municipal or other authority. However, in the event any such recommendations occur, Carrier, at its option, may submit a proposal for Customer's consideration in addition to this Agreement. Carrier shall not be required to repair or replace equipment that has not been properly maintained.

**11. EQUIPMENT CONDITION & RECOMMENDED SERVICE (Service Contracts only)** - Upon the initial scheduled operating and/or initial annual stop inspection, should Carrier determine the need for repairs or replacement, Carrier will provide Customer in writing an 'equipment condition' report including recommendations for corrections and the price for repairs in addition to this Agreement. In the event Carrier recommends certain services (that are not included herein or upon initial inspection) and if Customer does not elect to have such services properly performed in a timely fashion, Carrier shall not be responsible for any equipment or control failures, operability or any long-term damage that may result. Carrier at its option will either continue to maintain equipment and/or controls to the best of its ability, without any responsibility, or remove such equipment from this Agreement, adjusting the price accordingly.

**12. PROPRIETARY RIGHTS (Service Contracts only)** - During the term of this Agreement and in combination with certain services, Carrier may elect to install, attach to Customer equipment, or provide portable devices (hardware and/or software) that shall remain the personal proprietary property of Carrier. No devices installed, attached to real property or portable device(s) shall become a fixture of the Customer locations. Customer shall not acquire any interest, title or equity in any hardware, software, processes, and other intellectual or proprietary rights to devices that are used in connection with providing service on Customer equipment.

**13. DATA RIGHTS (Service Contracts only)** - Customer hereby grants and agrees to grant to Carrier a worldwide, non-exclusive, non-terminable, irrevocable, perpetual, paid-up, royalty free license to any Source Data, with the right to sub-license to its affiliates and suppliers for (i) Carrier's performance of services pursuant to this Agreement, (ii) the improvement of Carrier services, and Carrier's Analytics Platform; (iii) improving product performance, operation, reliability, and maintainability; (iv) to create, compile, and/or use datasets and/or statistics for the purposes of benchmarking, development of best practices, product improvement; (v) the provision of services to third parties, (vi) research, statistical, and marketing purposes, and/or (vii) in support of Carrier agreements.

Source Data – shall mean data that is produced directly from a system, or device and received at a collection point or a central server (e.g. a Carrier database, data lake, or third party cloud service).

Analytics Platform – shall mean server algorithms or web interface systems used to (i) interpret, convert, manipulate, or calculate data, (ii) perform data processing, and/or (iii) the delivery of data to Carrier, affiliates or suppliers of Carrier, and/or Customer.

**14. RETURN OF DATA (Service Contracts only)** - Customer understands and acknowledges that the portable devices will collect Source Data that will be stored on and/or transmitted to Carrier's servers and to suppliers or affiliates that are contracted by Carrier and used to transmit, process, extract or store such Source Data for purposes of Carrier's performance of the service in accordance with this Agreement. Once such data and information has been stored and/or transmitted to Carrier's servers, Customer agrees that such data and information shall become part of Carrier's database and therefore subject to the license terms under section 13.

**15. DATA DELIVERY** - During the term of the Agreement Customer shall (i) make reasonable efforts to ensure that the hardware remains

powered on, (ii) avoid intentional action to impede, block or throttle collection and transmission of Source Data by Carrier, and (iii) avoid intentional action to disable, turn off, or remove the hardware without Carrier's express written consent, which consent shall not be unreasonably withheld.

**16. REVERSE ENGINEERING** - Customer shall not extract, decompile or reverse engineer any software included with, incorporated in, or otherwise associated with the hardware and shall not reverse engineer any reports or analytics provided to or received by Customer from Carrier.

**17. WAIVER OF DAMAGES** - Under no circumstances shall Carrier be liable for any incidental, special or consequential damages, including loss of revenue, loss of use of equipment or facilities, or economic damages based on strict liability or negligence.

**18. LIMITATION OF LIABILITY** - Carrier's maximum liability for any reason (except for personal injuries) arising from this Agreement shall not exceed the value of the payments received by Carrier under this Agreement.

**19. CANCELLATION** - Customer may cancel this Agreement only with Carrier's prior written consent, and upon payment of reasonable cancellation charges. Such charges shall take into account costs and expenses incurred, and purchases or contract commitments made by Carrier and all other losses due to the cancellation including a reasonable profit.

**20. CUSTOMER TERMINATION FOR CARRIER NON-PERFORMANCE** - Customer shall have the right to terminate this Agreement for Carrier's non-performance provided Carrier fails to cure such non-performance within thirty (30) days after having been given prior written notice of the non-performance. Upon early termination or expiration of this Agreement, Carrier shall have free access to enter Customer locations to disconnect and remove any Carrier personal proprietary property or devices as well as remove any and all Carrier-owned parts, tools and personal property. Additionally, Customer agrees to pay Carrier for all incurred but unamortized service costs performed by Carrier including overheads and a reasonable profit.

**21. CARRIER TERMINATION** - Carrier reserves the right to discontinue its service any time payments have not been made as agreed or if alterations, additions or repairs are made to equipment during the term of this Agreement by others without prior agreement between Customer and Carrier.

**22. CLAIMS** - Any lawsuits arising from the performance or nonperformance of this Agreement, whether based upon contract, negligence, strict liability or otherwise, shall be brought within one (1) year from the date the claim arose.

**23. GOVERNMENT PROCUREMENTS** - The components, equipment and services provided by Carrier are "commercial items" as defined in Section 2.101 of the Federal Acquisition Regulations ("FAR"), and the prices of such components, equipment and services are based on Carrier's commercial pricing policies and practices (which do not consider any special requirements of U.S. Government cost principles, FAR Part 31, or any similar procurement regulations). As such, Carrier will not agree to provide or certify cost or pricing data, nor will Carrier agree to comply with the Cost Accounting Standards (CAS). In addition, no government procurement regulations, such as FARs or DFARs, shall apply to this Agreement except those regulations expressly accepted in writing by Carrier.

**24. HAZARDOUS MATERIALS** - Carrier is not responsible for the identification, detection, abatement, encapsulating or removal of

asbestos, products or materials containing asbestos, similar hazardous substances, or mold, fungi, mildew, or bacteria. If Carrier encounters any asbestos or other hazardous material while performing this Agreement, Carrier may suspend its work and remove its employees from the project, until such material and any hazards associated with it are abated. The time for Carrier's performance shall be extended accordingly, and Carrier shall be compensated for the delay.

**25. WASTE DISPOSAL** - Customer is wholly responsible for the removal and proper disposal of waste oil, refrigerant and any other material generated during the term of this Agreement.

**26. SUPERSEDEURE, ASSIGNMENT and MODIFICATION** - This Agreement contains the complete and exclusive statement of the agreement between the parties and supersedes all previous or contemporaneous, oral or written, statements. Customer may assign this Agreement only with Carrier's prior written consent. No modification to this Agreement shall be binding unless in writing and signed by both parties. Orders shall be binding upon Carrier when accepted in writing by an authorized representative of Carrier. **CARRIER'S ACCEPTANCE OF CUSTOMER'S ORDER IS CONDITIONED UPON CUSTOMER'S ACCEPTANCE OF THE TERMS AND CONDITIONS SET FORTH HEREIN (THIS "AGREEMENT") AND CUSTOMER'S AGREEMENT TO BE BOUND BY AND COMPLY WITH THIS AGREEMENT. THIS AGREEMENT AND ALL REFERENCED ATTACHMENTS CONSTITUTE THE ENTIRE AGREEMENT BETWEEN CARRIER AND CUSTOMER, AND NO AMENDMENT OR MODIFICATION SHALL BE BINDING ON CARRIER UNLESS SIGNED BY AN OFFICER OR AUTHORIZED EMPLOYEE OF CARRIER. THE FAILURE OF CARRIER TO OBJECT TO PROVISIONS CONTAINED IN ANY PURCHASE ORDER OR OTHER DOCUMENT OF CUSTOMER SHALL NOT BE CONSTRUED AS A WAIVER BY CARRIER OF THE TERMS IN THIS AGREEMENT OR AN ACCEPTANCE OF ANY OF CUSTOMER'S PROVISIONS. ANY CONFLICTING OR ADDITIONAL TERMS OR CONDITIONS SET FORTH BY CUSTOMER IN A PURCHASE ORDER OR OTHER DOCUMENT SHALL NOT BE BINDING UPON CARRIER, AND CARRIER HEREBY EXPRESSLY OBJECTS THERETO.**

**27. CUSTOMER CONSENT** - Customer consents and agrees that Carrier may, from time to time, publicize Carrier related projects with Customer, including the value of such projects, in all forms and media for advertising, trade, and any other lawful purposes.

**28. FOR WORK BEING PERFORMED IN CALIFORNIA** - Contractors are required by law to be licensed and regulated by the Contractors' State License Board which has jurisdiction to investigate complaints against contractors if a complaint regarding a patent act or omission is filed within four years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural defects must be filed within 10 years of the date of the alleged violation. Any questions concerning a contractor may be referred to the Registrar, Contractors' State License Board, P.O. Box 26000, Sacramento, California 95826.

**29. INTELLECTUAL PROPERTY** - Notwithstanding anything to the contrary stated herein, Carrier retains ownership of its intellectual property and no license to Carrier's intellectual property is granted except as necessary for Customer to use any deliverables and/or services provided hereunder.

**30. DATA PRIVACY** - Carrier processes personal data in accordance with its privacy notice at Carrier.com. Each party will comply with applicable data privacy laws governing personal information collected and processed under this Agreement, including the California Consumer Privacy Act and the European General Data Protection Regulation, and take all reasonable commercial and legal steps to protect personal data. If Customer provides Carrier with personal data, Customer will ensure that it has the legal right to do so, including notifying the individuals whose personal data it provides to Carrier. Neither party receives personal data under this Agreement for monetary or other valuable consideration.

**31. FACTORY ACCEPTANCE TESTS AND INSPECTIONS** - The nature and extent of factory acceptance tests or factory inspections, including without limitation, the number and identity of participants, locations visited, and activities undertaken, shall be limited to activities directly related to the performance of this Agreement. The tests or inspections will be subject to mutual agreement of the parties, Carrier policy and internal pre-approval requirements, and strictly comply with Customer's policies as well as all applicable laws and regulations including, without limitation, all applicable laws and regulations prohibiting corruption.









**Pablo McHenry**

Associate Sales Engineer, North America  
Building Technologies & Solutions

Johnson Controls  
3451 West Ashlan Ave, Fresno CA United States  
Mobile +1 559 341 9138  
Pablo.McHenry@jci.com www.johnsoncontrols.ae  
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**Steve Jones**

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Johnson Controls  
3451 W. Ashlan Ave, Fresno, CA 93722 United States  
24-Hr Service +1 866 855 5848  
Cell +1 559 417 0212  
Steven.Daniel1.Jones@jci.com  
www.johnsoncontrols.com

CFHC GRANT REQUEST FOR SPORTS PHYSICALS



Castle Family  
Health Centers, Inc.

TO: Bloss Memorial Healthcare District  
FROM: Castle Family Health Centers, Inc.  
DATE: June 25, 2020

Re: Grant to support Sports School Physicals

With the ongoing COVID-19 concerns, Castle Family Health Centers will not be hosting its annual health fair this year. We are receiving many calls regarding the sports physical requests from all the local schools. Castle is moving forward with offering sports physicals primarily through our Urgent Care department and scheduled appointments.

As in the past years, this year again we anticipate an overwhelming need for sports physicals since there are fewer providers in the community willing to do the sports physicals, due to the already overburdened health care needs of the community. As in the past, the cost to the students can range from \$60 to well over \$100 from the private physician groups.

Over the years Castle has offered the sports physical at a significant discount in order to reduce the financial burden on the families who come to Castle. However, with the expected 400 or more students requesting sports physicals again this year, we are again evaluating the cost we incur to provide the physical.

Bloss Memorial Healthcare District is the longest non-profit organization committed to improving the lives of this community; especially the children and elderly of Atwater. Therefore with your compassionate commitment to the children, we would again like to request a grant from Bloss to partner with Castle to continue to provide the sports physicals for the youth of Atwater.

**Request:**

**Castle Family Health Centers would like to request the following grant from Bloss: In order to continue to provide the sports physicals to the youth of the community at \$30 we would like to ask Bloss again for a one time financial support in the amount of \$10,000.00.**

**Thank you for your consideration on this grant.**

APPROVAL OF FYE 2020 INDEPENDENT AUDIT  
(RFPs)

Bloss Memorial Healthcare Name of the Proposer	Address	Mailed On	Amount Yr 2020	Amount Yr 2020, 2021 & 2022
David D Bruner CPA, Inc. 209-384-3343	3183 Collins Drive, Suite A Merced, Ca. 95340	4/28/2020	No Response	
Blomberg & Griffin Accountancy Corporation Certified Public Accountant	1013 North California Street Stockton, Ca 95202 209-466-3894	4/28/2020	\$7,950	\$7,500 2020 \$7,500 2021 \$7,500 2022
David Farnsworth CPA 408-780-2236	231 Dixon Landing Rd #313 Milpitas, CA 95035	4/28/2020	\$10,630	not to exceed \$11,427 for 2020
JWT & Associates, LLP Certified Public Accountant	1111 East Herndon Ave, Suite 211 Fresno, Ca 93720 559-431-7708	4/28/2020	\$7,500	\$7,500 2020 \$7,500 2021 \$7,500 2022
WIPFLI LLP Nick Addleman	505 Fourteenth Street, 5th Floor Oakland, CA 94612	4/28/2020	\$18,000	\$18,000 2020 \$18,500 2021 \$19,000 2022







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 26, 2020

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, 2020.

We will plan and perform the audit in accordance with generally accepted auditing standards and the United States of America and the State Controller's minimum audit requirements for California Special Districts and will include tests of the accounting records and other procedures considered necessary under the circumstances. If our audit report is other than unmodified, 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, 2020 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 18, 2020.

Our fee for the above services is based on hourly rates ranging from \$45 to \$125 per hour with maximum fee not to exceed \$7,950 for the audit year ended June 30, 2020.

**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.

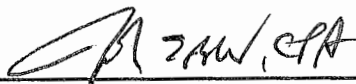
We will need the cooperation and assistance of Bloss Memorial Healthcare District personnel to successfully complete the audit. Such assistance will include obtaining copies of documents, contracts, invoices, etc., various audit inquiries and assistance with preparation of the audit confirmations and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

We agree to respond promptly to successor auditor inquiries, and the audit report shall be delivered on or before September 18, 2020.

Should the District need additional services, our fee assisting will be billed at the rate of \$125 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,



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John E. Blomberg, CPA  
Blomberg & Griffin Accountancy Corporation

Approved By:

---

Signature

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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 26, 2020

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 years ending June 30, 2020 and the years ending June 30, 2021 and 2022.

We will plan and perform the audit in accordance with generally accepted auditing standards and the United States of America and the State Controller's minimum audit requirements for California Special Districts and will include tests of the accounting records and other procedures considered necessary under the circumstances. If our audit report is other than unmodified, 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, 2020 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 18, 2020.

Our fee for the above services is based on hourly rates ranging from \$45 to \$125 per hour with maximum fee not to exceed \$7,500 for the audit year ended June 30,

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

2020, \$7,250 for the audit year ended June 30, 2021 and \$7,000 for the audit year ended June 30, 2022.

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.

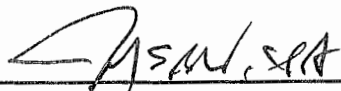
We will need the cooperation and assistance of Bloss Memorial Healthcare District personnel to successfully complete the audit. Such assistance will include obtaining copies of documents, contracts, invoices, etc., various audit inquiries and assistance with preparation of the audit confirmations and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

We agree to respond promptly to successor auditor inquiries, and the audit report shall be delivered on or before September 18, 2020.

Should the District need additional services, our fee assisting will be billed at the rate of \$125 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

DRAFT

To Board of Directors and Management

Bloss Memorial Healthcare District, Atwater, CA

We are pleased to confirm our understanding of the services we are to provide Bloss Memorial Healthcare District for the year ended June 30, 2020. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Bloss Memorial Healthcare District as of and for the year ended June 30, 2020. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Bloss Memorial Healthcare District's 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. As part of our engagement, we will apply certain limited procedures to Bloss Memorial Healthcare District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) RSI Pension

#### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Bloss Memorial Healthcare District and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Bloss Memorial Healthcare District's financial statements. Our report will be addressed to management and the governing board of Bloss Memorial Healthcare District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of 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 on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in

considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Bloss Memorial Healthcare District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

### **Audit Procedures—General**

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. 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Bloss Memorial Healthcare District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

## **Other Services**

We will also assist in preparing the financial statements and related notes of Bloss Memorial Healthcare District in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

## **Management Responsibilities**

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements 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.

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 government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information. Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and

recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

#### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to County and State Auditor Controller; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Blomberg & Griffin A.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to County or State Auditor Controller or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Blomberg & Griffin A.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the County or State Auditor/Controller. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately 08/1/2020 and to issue our reports no later than 09/18/2020. John E. Blomberg is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be as stated in our audit proposal.

We appreciate the opportunity to be of service to "Bloss Memorial Healthcare District and believe this letter accurately summarizes the significant terms of our engagement.

Very truly yours,

Blomberg & Griffin A.C.

Approved by Management:

Approved by Board of Director:





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 26, 2020

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, 2020.

We will plan and perform the audit in accordance with generally accepted auditing standards and the United States of America and the State Controller's minimum audit requirements for California Special Districts and will include tests of the accounting records and other procedures considered necessary under the circumstances. If our audit report is other than unmodified, 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, 2020 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 18, 2020.

Our fee for the above services is based on hourly rates ranging from \$45 to \$125 per hour with maximum fee not to exceed \$7,950 for the audit year ended June 30, 2020.

**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.

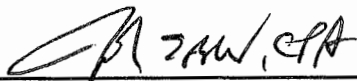
We will need the cooperation and assistance of Bloss Memorial Healthcare District personnel to successfully complete the audit. Such assistance will include obtaining copies of documents, contracts, invoices, etc., various audit inquiries and assistance with preparation of the audit confirmations and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

We agree to respond promptly to successor auditor inquiries, and the audit report shall be delivered on or before September 18, 2020.

Should the District need additional services, our fee assisting will be billed at the rate of \$125 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,



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John E. Blomberg, CPA  
Blomberg & Griffin Accountancy Corporation

Approved By:

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Signature

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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 26, 2020

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 years ending June 30, 2020 and the years ending June 30, 2021 and 2022.

We will plan and perform the audit in accordance with generally accepted auditing standards and the United States of America and the State Controller's minimum audit requirements for California Special Districts and will include tests of the accounting records and other procedures considered necessary under the circumstances. If our audit report is other than unmodified, 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, 2020 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 18, 2020.

Our fee for the above services is based on hourly rates ranging from \$45 to \$125 per hour with maximum fee not to exceed \$7,500 for the audit year ended June 30,

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

2020, \$7,250 for the audit year ended June 30, 2021 and \$7,000 for the audit year ended June 30, 2022.

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.

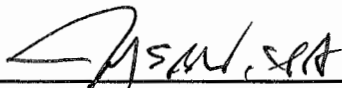
We will need the cooperation and assistance of Bloss Memorial Healthcare District personnel to successfully complete the audit. Such assistance will include obtaining copies of documents, contracts, invoices, etc., various audit inquiries and assistance with preparation of the audit confirmations and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

We agree to respond promptly to successor auditor inquiries, and the audit report shall be delivered on or before September 18, 2020.

Should the District need additional services, our fee assisting will be billed at the rate of \$125 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

DRAFT

To Board of Directors and Management

Bloss Memorial Healthcare District, Atwater, CA

We are pleased to confirm our understanding of the services we are to provide Bloss Memorial Healthcare District for the year ended June 30, 2020. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Bloss Memorial Healthcare District as of and for the year ended June 30, 2020. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Bloss Memorial Healthcare District's 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. As part of our engagement, we will apply certain limited procedures to Bloss Memorial Healthcare District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) RSI Pension

#### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Bloss Memorial Healthcare District and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Bloss Memorial Healthcare District's financial statements. Our report will be addressed to management and the governing board of Bloss Memorial Healthcare District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of 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 on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in

considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Bloss Memorial Healthcare District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

#### **Audit Procedures—General**

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. 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

#### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Bloss Memorial Healthcare District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

## **Other Services**

We will also assist in preparing the financial statements and related notes of Bloss Memorial Healthcare District in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

## **Management Responsibilities**

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements 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.

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 government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information. Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and

recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

#### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to County and State Auditor Controller; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Blomberg & Griffin A.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to County or State Auditor Controller or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Blomberg & Griffin A.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the County or State Auditor/Controller. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately 08/1/2020 and to issue our reports no later than 09/18/2020. John E. Blomberg is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be as stated in our audit proposal.

We appreciate the opportunity to be of service to "Bloss Memorial Healthcare District and believe this letter accurately summarizes the significant terms of our engagement.

Very truly yours,

Blomberg & Griffin A.C.

Approved by Management:

Approved by Board of Director:





# **PROFESSIONAL AUDIT SERVICES PROPOSAL**

## **BLOSS MEMORIAL HEALTHCARE DISTRICT**

**CONTACT: DAVID FARNSWORTH, CPA**

**MAY 27, 2020**

**AUDIT PROPOSAL**  
**BLOSS MEMORIAL HEALTHCARE DISTRICT**

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# EXECUTIVE SUMMARY

*From The*  
**CPA**

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May 27, 2020

Bloss Memorial Healthcare District  
3605 Hospital Road  
Atwater, CA 95301

Dear Members of the Board,

We are honored to present our proposal for performing auditing services for the Bloss Memorial Healthcare District.

As board members and trustees, you assume a heavy burden to ensure that all financial practices of the District are running properly and managed responsibly. We take our role seriously to help carry this burden for you and to ensure that you are protected from unexpected misuse of funds and fraud of any kind.

We have witnessed firsthand the negative impact of loose and unsecured processes and have committed ourselves to providing the very best in financial controls and fraud prevention in government organizations and non-profit agencies such as yours.

The scope of our services includes the following:

1. Audit the financial statements of the Bloss Memorial Healthcare District, to include all applicable footnotes

Our financial audit will look at your current processes and provide recommendations for improvement. We will also provide training in the best fraud prevention practices according to the study 'Report to the Nations' conducted by the Association of Certified Fraud Examiners.

For your immediate benefit, we have attached a special report that outlines the specific steps we take to create a first-class fraud risk management system.

As owner and principal, I am authorized to make representations for and to bind our firm. Should you have any questions, please feel free to contact me via email at david@dfarnsworthcpa.com or via phone at (408) 780-2236. Our mailing address is 11501 Dublin Blvd, #200, Dublin, CA 94568.

Sincerely,

*David Farnsworth, CPA*

David Farnsworth, CPA

## **SCOPE OF SERVICES**

The period covered will be for the fiscal year ending June 30, 2020. It is our understanding the scope of the services will be the following:

1. Audit, the financial statements and submit the audit report
2. Assist, review and provide recommendations to the District
3. Prepare management letter, to include a statement of audit findings and recommendations affecting the financial statements, internal control structure, accounting procedures, accounting systems, legality of actions, and any instances of non-compliance with laws and regulations and any other material matters
4. Present financial audit at monthly board meeting

The financial audit will be performed in accordance with generally accepted accounting standards; generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants; and generally accepted auditing standards.

### **License**

The firm and all key personnel are properly licensed to practice in California.

### **Independence**

David Farnsworth, CPA is independent of the Bloss Memorial Healthcare District as defined by GAAS. David Farnsworth, CPA has not had any professional relationships with the District or its staff.

### **Insurance Requirements**

We will maintain insurance coverage throughout the course of the professional service agreement. Proof of coverage will be sent to the District if desired.

## COST PROPOSAL

In accordance with the request for proposal for audit services issued by Bloss Memorial Healthcare District. We provided our cost proposal.

### Financial Audit

<u>One-Year Engagement</u>	<u>June 30,</u> <u>2020</u>		
Financial Audit	\$ 10,630		
Travel, Admin, and Software Cost*	<u>797</u>		
Total for fiscal year (not-to-exceed)	<u>\$ 11,427</u>		
		<b>Estimated</b>	<b>Hourly</b>
<b>Phase of Audit</b>	<b>Hours</b>	<b>Rate</b>	<b>Total</b>
Planning	12	\$ 150	\$ 1,800
Performing Audit	34	\$ 175	5,950
Conclusion	12	\$ 150	1,800
Financial Statement Preparation and Presentation	<u>8</u>	\$ 135	<u>1,080</u>
Total **	<u>66</u>		<u>\$10,630</u>

\* A 7.5% charge is added for travel, admin, and software cost.

# ABOUT *Our* COMPANY

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## FIRM PROFILE

At David Farnsworth, CPA we solve problems and improve processes. Our goal is to help you improve business operations and have a more transparent District so you can serve your community better. We emphasize education in our Firm to better serve our clients. We require our audit personnel to take 40 CPE pertaining to government accounting, audit, and fraud. Our audits are performed differently as we provide our Clients with fraud prevention techniques and fraud detection techniques to mitigate the likelihood of fraud. Furthermore, during our annual presentation, we will provide a financial analytics section to review the long-term view of the District to better plan for the future.

We are a local Firm with one office located in Dublin, CA. Our industry specialization enables us to keep up to date with all GASB pronouncements, GAAS, GAGAS, and AICPA standard changes. We provide monthly white papers (special reports). The topics range from best practice techniques of business operations, update of GASB pronouncements, fraud risk management, etc. Our Firm runs on Cloud Software and uses Google GSuite, Microsoft Office, and AuditFile Software to upload and save audit working papers. Furthermore, your data will be saved for 7 years. We believe our unique service offering gives our clients a value-added financial audit service. Below are features, advantages, and benefits of our audit services.

**Below are Features, Advantages, and Benefits of our Services:**

<b>Features</b>	<b>Advantages</b>	<b>Benefits</b>
Specialize in auditing special districts	Knowledgeable in government accounting and auditing standards	The is performed and compliant with auditing and accounting standards
Effective and efficient auditing	Complete the financial audit within 4 - 10 weeks	The District will have a completed signed audit report within 4 - 10 weeks after the start of the audit
Fraud prevention package	Obtain knowledge in fraud prevention and detection	It provides a platform to assess current controls if they are adequate to fight against fraud
Financial Analysis	Provides a 5 year comparison of key financial accounts	It provides the District with an excellent understanding of how the District is financially performing. These analytics will be presented with the conclusions of the audit at the Board meeting
Monthly reports	Receive one monthly report on fraud prevention, government trends, budgeting, grant management, etc	You'll learn new topics pertaining to management and board tasks as it pertains to financial reporting and planning

## **AUDIT APPROACH**

Our engagements are supervised and managed by our owner. We believe on-going communication is key to understanding your expectations and in return you will know what to expect. We always provide a preliminary list to start the audit process.

### **Audit Planning**

We take a risk-based approach and assess where mistakes could occur. The results of our planning procedures will help us create an audit program. We will do the following:

- Learn financial processes of the District
- Learn the checks and balances (internal controls) of each of the District's processes such as cash receipts, cash disbursements, fixed asset, payroll, etc.
- Read minutes and resolutions - Review general ledger and trial balance
- Analyze unaudited financial statements and compare them to the budget and other information

### **Audit Fieldwork**

The results of our planning procedures will help us create an audit program. As part of the program we will do the following:

- Compare individual invoices to related revenues and expenses –
- Confirm cash with banks, customers, grantors, and vendors
- Review and test reconciliations and other workingpapers
- Perform predictive tests of revenue and expenses (We predict revenues/expenses and compare them to actual revenues/expenses)
- Reconcile payroll records to payroll expenses
- Confirm and test compliance with grant agreements and other contracts, if applicable

### **Audit Concluding Procedures**

- Review audit procedure results and compare them to account balances
- Review any litigation with District legal counsel and Management
- Review for any events that occur after the year-end with management - Propose adjusting journal entries - Prepare financial statements, related notes, supplemental reports, and MD&A.



## **CLIENT REFERENCES**

Below are current relevant clients who can attest to our services and work performed on their behalf. We welcome the Bloss Memorial Healthcare District to contact any of our references listed below.

<b>Clients</b>	<b>Name and Position</b>	<b>Contact Info</b>
Tracy Public Cemetery District	Alma Celaya, District Manager	(209) 835-2930
Elk Grove Consumnes Cemetery District	Johnathan Lambdin, District Manager	(916) 686-5170
Lindsay-Strathmore Public Cemetery District	Brenda Altermatt, Board Secretary	(559) 562-3349
Santa Clara Valley Habitat Agency	Jill Mross, Management Budget Analyst	(408) 779-7266
North County Fire Protection District of Monterey County	Carolina Bravo, Administrative Officer	(831) 633-2578 ext 200

## **ENGAGEMENT LETTER**

May 27, 2020

Bloss Memorial Healthcare District  
3605 Hospital Road  
Atwater, CA 95301

Dear Members of the Board,

We are pleased to confirm our understanding of our engagement to provide services for Bloss Memorial Healthcare District.

### **Scope of Work**

We propose to conduct the audit of the Bloss Memorial Healthcare District financial statements of governmental activities, which collectively comprise Bloss Memorial Healthcare District's basic financial statements as of and for the fiscal year ending June 30, 2020 and the related notes to the financial statements. We require agreement of both management and others responsible for the governance of Bloss Memorial Healthcare District. Kindly signify agreement by signing and returning one copy of this engagement letter.

We will plan and conduct the audit in accordance with generally accepted government auditing standards, and the audit will include tests of the accounting records and other procedures considered necessary under the circumstances. The audit report shall include management's discussion and analysis and required supplemental information (RSI) that will be subjected to the limited auditing procedures generally accepted in the United States of America. We shall provide a report, which does not include an opinion, on internal control related to the financial statements and compliance with the provision of laws, regulations, contracts and grant agreements, noncompliance with which could have a material effect on the financial statements as required by generally accepted auditing standards.

If our audit report is other than unqualified, we will fully discuss the reason with the District 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 Board of Directors in a separate letter.

We propose to begin the financial audit for the fiscal year ending June 30, 2020 as soon as the accounting records are finalized for each fiscal year. Set-up, pre-list and certain other procedures will begin on notification of the contract.

### **Management Responsibilities**

In accordance with our profession's professional standards, we must obtain your agreement as to the scope of your responsibilities in connection with this engagement. It is the District's responsibility to provide an internal control structure, including a control environment, an accounting system and control procedures, which will result in the production of financial statements that fairly present financial position and results of operations in conformity with an acceptable financial reporting framework; in this case Generally Accepted Accounting Principles.

The District is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. It is the District's responsibility to adjust financial statements to correct material misstatements, and for ensuring that the District complies with the laws and regulations applicable to its activities.

It is equally the District's responsibility to provide us with (1) access to all information of which District's management is aware and is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within District's organization or otherwise within District's control from whom we determine it is necessary to obtain audit evidence. It is management's responsibility to make all financial records and related information available to the auditor in a timely fashion. It is also management's responsibility to advise us of events occurring or facts discovered after the date of the financial statements of which management may be aware that may affect financial statements.

Our responsibility is to audit your financial statements in accordance with professional standards. Even though we may produce your financial statements, present you with draft financial statements, assemble your financial statements, and print them on our printers or forward them to you electronically or otherwise assist in preparing them, District's financial statements are inherently District's, since they summarize the transactions recorded in the District's business records.

### **Character and Limitations of an Audit**

Our audit will be performed in accordance with generally accepted government auditing standards. Those standards require that we initially assess the risk that errors, irregularities and illegal acts may cause the financial statements to contain a material misstatement. If in the situation there are errors, we will propose adjusting journal entries to correct the material misstatement.

### **Billing**

Our fee for providing financial audit services is based on hourly rates ranging from \$135/hr. to \$175/hr. with a fee not to exceed \$11,427 for fiscal year ending June 30, 2020.

**AUDIT PROPOSAL**  
**BLOSS MEMORIAL HEALTHCARE DISTRICT**

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**Additional Services**

David Farnsworth, CPA may also provide services as requested by the District. If it should become necessary for David Farnsworth, CPA to render additional services, then such additional services shall be performed only if set forth in an addendum to the contract between the District and David Farnsworth, CPA. Any such work agreed to between the District and David Farnsworth, CPA shall be performed at \$175 / hr.

Should you need additional information regarding this engagement letter, please call us or email us at (408) 780-2236 or david@dfarnsworthcpa.com.

Respectfully Submitted,

*David Farnsworth, CPA*

**David Farnsworth, CPA**

**BLOSS MEMORIAL HEALTHCARE DISTRICT**

_____	_____	_____
<b>First Name</b>	<b>Last Name</b>	<b>Title</b>
_____	_____	
<b>Signature</b>	<b>Date</b>	

## **FRAUD PREVENTION TRAINING OUTLINE**

The following outline provides the high-level topics of the fraud prevention package. The fraud prevention package is presented to the Board and Management after the financial audit is complete. It provides background information on the most recent fraud study conducted by the Association of Certified Fraud Examiners, defines fraud, and gives a general framework on how to fight against fraud within a small to medium sized Special District.

### **OUTLINE**

ACFE Fraud Study 2018	Prevention
Fraud Definition	Detection
Fraud Triangle	Investigation
Planning Phase	Final Thoughts

## **FINANCIAL ANALYTICS**

As mentioned in the transmittal letter, one of your needs as Trustees is to ensure the District is ran and managed responsibly. The financial analytics is a way for the Board to review the finances of the District and spot any irregularities. The financial analytics review assets, liabilities, revenues, and expenses over a period of five years.

## **WHITE PAPER REPORTS**

Our firm writes white papers on various subjects such as internal controls, fraud prevention, etc. These white papers are included in the services we provide. Each publication can be reviewed as they are released at [www.dfarnsworthcpa.com/resource-library/](http://www.dfarnsworthcpa.com/resource-library/)



david **farnsworth** cpa

ACCOUNTING • ADVISORY • ASSURANCE

# White Paper

Education Based Literature

## FRAUD FIGHTING STRATEGIES

Have you ever thought, can fraud happen to me or if it does, what should I do? You're not alone. Fraud is prevalent among all types of organizations. Fraud is a world-wide problem, and it can also be the downfall of an entire organization. Fraudulent behavior by senior management has negatively impacted brands, images, and reputations. Don't let that happen to you. There are controls and governance policies organizations can implement to mitigate the likelihood of fraud. Of course every organization varies in size, product offering, industry, company culture, etc, but there are 5 basic principles any organization can follow to mitigate fraud.



### PRINCIPLE 1: FRAUD RISK MANAGEMENT PROGRAM

#### Written Policy

A fraud risk management program should be in place, including a written policy (or policies) to understand the expectations of senior management and the Board of Directors. This policy or policies are part of your business's corporate governance. Corporate governance can be defined as "the system by which companies are directed and controlled" and "The process by which corporations are made responsive to the rights and wishes of stakeholders." A written policy also provides a clear definition of what is classified as acceptable and unacceptable behavior.



# Principle 1: Fraud Risk Management Program

## **Fraud Communication**

An ongoing awareness program is essential to deliver and communicate the fraud risk management program throughout your organization. An awareness program will convey fraud risk management expectations, and is one key preventive measure to deter fraud from ever occurring.

## **Roles and Responsibilities**

Fraud risk management responsibility should be taken on by every employee, vendor, and stakeholder. The role and responsibility will determine how involved is the person with the program. At

a high level, the board of directors /executives should communicate the importance of the new or ongoing fraud risk policy (or policies). If the board and/or upper management don't think the program is important, the rest of the organization will view it in like manner. Management is responsible for the design and implementation of the program. Staff needs to understand the importance and have a basic understanding of fraud and be aware of 'red flags'. The board and senior management should embed this fraud risk management program to the organization's values and

code of conduct. The organization may consider issuing documents (i.e. letter) to all employees, vendors, and customers. The document should stress the importance of fraud mitigation, vulnerability to fraud, and all stakeholders have the responsibility to support fraud risk management. All stakeholders should be reminded periodically the importance of fraud risk management.

An effective Fraud Risk Management Program serves as an excellent fraud prevention tool. Now that you have a written policy, the next step is to assess fraud exposure.

## PRINCIPLE 2: PERIODIC FRAUD RISK ASSESSMENT

### Key Elements

Generally, an assessment of fraud risk will include the following:

- Identify inherent fraud risk
- Assess likelihood and significance of inherent fraud risk

Respond to reasonably likely & significant inherent and residual fraud risks.



Prior to assessing a fraud risk assessment, choose personnel across multiple departments and have this 'Risk Assessment Team' create the assessment. The team's 1st step is to put themselves in the footsteps of the perpetrator. Try to think of all the various types of fraud from stealing cash and equipment to financial reporting fraud. 2nd step is to think of the chances or the likelihood that the different fraud types can impact your organization. Always remember the fraud triangle, when you are assessing the risk.

The fraud triangle is a concept that fraud perpetrators need an incentive, pressure, and opportunity to commit fraud.

### General Fraud Types

Look out for three general types of fraud: Financial reporting, misappropriation of assets, and corruption. An example of financial reporting fraud can be revenues of a company were recorded too high to reach estimates or inventory was recorded too high to reduce cost of goods sold. Misappropriation of assets is where the employee, vendor, etc steals an intangible/tangible good (i.e. cash, equipment) or when an employee submits a fake invoice for a non-existent vendor. Corruption is defined as the misuse of entrusted power for private gain. Many countries have laws in place to mitigate any private organization or person to influence a politician for their private gain. After you have assessed the risks and the chances of them occurring, you can go onto principle 3.

### DEFINITIONS:

**Inherent Fraud Risk:** The risk fraud will occur when no controls are in place to prevent or detect fraud

**Residual Fraud Risk:** After controls are in place to prevent and detect fraud what is the risk of fraud occurring in the organization.



## PRINCIPLE 4: FRAUD DETECTION TECHNIQUES

Fraud detection is one of the best ways to deter fraud from ever occurring. There are many controls your organization can implement. However, the fraud risk tolerance of an organization will guide upper management on which types and how many controls do they wish to implement.

### Whistle-blower Hot-line

Consider using a 'Whistle-blower hot-line' as a control measure. The whistle-blower hotline is the number one control measure to detect fraud. Given, the whistle-blower hotline should be anonymous. The program should be open for vendors and the public to call and report fraudulent activity. The program should have controls in place to compare the information received and compare results to norms for similar organizations to yours. Also, consider having a third-party independent of the organization to review the effectiveness and compliance with established protocols of the program and law.

### Internal Controls & Technology



When an organization implements internal controls and segregates duties, fraud can be more easily detected. It is much more difficult for the perpetrator to steal, when the posting of accounting records, cash management, and the reconciliation of accounting records of the whole process is completed by different personnel.

Technology tools are available to detect fraud. These tools compare the 'norms' to actual activity. They can

identify the following:

- Hidden relationships among, people, events, and organizations
- Suspicious transactions
- Assess effectiveness of internal controls

As always remember to document your fraud detection techniques, educate the whole organization, and monitor them for effectiveness. Thus, far we have learned a well-rounded fraud risk program needs to be documented and part of the company values/code of conduct, periodic assessment of risks of fraud need to be performed, fraud preventive techniques fight against fraud, and fraud detective techniques tell us when fraud is prevalent in the organization. But what should you do, if you suspect fraud or have evidence of fraud? This question leads us to principle 5.

"Whistle-blower hotline is the number one control measure to detect fraud"

## PRINCIPLE 5: FRAUD INVESTIGATION

### Key Process Topics

If indeed you find someone that has committed fraud or suspect someone of committing fraud, you should have a policy already in place to guide the organization on how to investigate and what should be done. According to the ACFE, each investigation and response system should include a process for the following:



- Categorizing issues
- Confirming the validity of the allegation
- Defining the severity of the allegation
- Escalating the issue or investigation when appropriate
- Referring issues outside the scope of the program
- Conducting the investigation and fact-finding
- Resolving or closing the investigation
- Listing types of confidential information
- Defining how the investigation will be documented

- Managing and retaining documents and information

### Outsource Professional Expertise

Consider when appropriate to reach-out to professionals outside of the organization including lawyers, accountants, fraud investigators, computer forensic specialists, etc. These outside professionals will assist the organization on how to proceed and what the corrective action should be from a legal standpoint or even from a financial standpoint. At the conclusion of the investigation, record the results and implement new controls (preventive & detective) to mitigate the likelihood that the same type of fraud will never victimize your organization ever again.

"You should have a policy already in place to guide the organization on how to investigate and what should be done"



# FINAL THOUGHTS

Fraud may not be a subject anyone wants to deal with, but the fact is most organizations experience fraud at some level. It's important to note preparing and creating a fraud risk management policy is constructive and forward-thinking. Strong organizations exist because management anticipates issues prior to them occurring, and take action to avoid unwanted results. Implementation of a fraud risk man-

agement program should bring a climate where clear, definite, and positive steps are taken to protect employees, management and ensure a positive company culture.

If you would like a more detailed way on how to implement a fraud risk management program, there is much written on the subject. I recommend you start with the book '[Managing the Business Risk of Fraud: A Practical Guide](#)' sponsored by The Institute of Internal

Auditors, The American Institute of Certified Public Accountants, and Association of Certified Fraud Examiners. This book will give you a step by step process and reference material on how to create a fraud risk management program in great detail.

If you would like to discuss further on how we can help, please call us at (408) 780-2236 or email us at david@dfarnsworthcpa.com. Good luck!



# JWT & Associates, LLP

## Advisory Assurance Tax

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

May 11, 2020

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, 2020. We will audit the balance sheet of the District as of June 30, 2020 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 \$7,500 for the year ended June 30, 2020. 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, 2020 and 2021 audits at the same fee as above, \$7,500 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: \_\_\_\_\_







Proposal for

Professional Services

**Bloss Memorial Healthcare District**

**Proposal for Audit and Reimbursement Services**

**June 12, 2020**

**WIPFLI**



June 9, 2020

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

Dear Ms. Castle:

From your mission comes your strength and your vision for how to bring positive change to the world. It's how you make a difference. Anyone you form a relationship with – from members to community leaders – needs to align with your mission, and that includes the firm you choose to meet your audit and reimbursement needs.

You want this firm to be an extension of your team, one you can turn to with questions and for best practices, and not someone who will just do the work and get back to you when it's convenient for them. Communication, responsiveness and a willingness to share – that's what's important in any relationship.

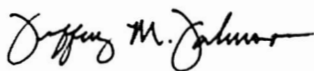
Work with people who are just as passionate about your mission as you are. With Wipfli, your success is our success. Like other accounting firms, we examine records and may uncover weaknesses. But more importantly, we help you fix what we find – strengthening your finances, improving your operating efficiency and putting in place the opportunities we find to help you grow.

In this proposal, you'll learn about our long history of working in healthcare, the skills and experience we bring to the table and why we're best suited to meet your organization's needs. Wipfli currently works with over 600 hospitals (over 230 Critical Access Hospitals), 1,100 medical clinics, 500 long-term care facilities, and 250 dental clinics nationwide. Serving these clients includes a vast array of accounting and consulting services.

As you make your final decision, we'd like to keep the lines of communication open. We welcome feedback from you on this proposal and ask that you call us at 509.232.2498 to discuss any concerns, observations or questions with us before making your final decision.

**We welcome the opportunity to not only meet your audit and reimbursement needs, but also help you further your mission.**

Sincerely,



Jeffrey M. Johnson, Partner  
Wipfli LLP

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# Understanding the firm

## Our Experience

The Wipfli professionals who will be working with Bloss Memorial Healthcare District (BMHD) understand healthcare districts. We have years of experience working with healthcare entities of all sizes and types. They are professionals who understand your operations and add value to the audit process by offering proactive advice on Medicare and Medicaid reimbursement, physician issues, compliance, tax-exempt financing, personnel issues, and information systems consulting and implementation.

We constantly monitor industry developments through our access to the latest industry news and regulatory authorities and share this knowledge internally within our healthcare group. We then keep you updated on the latest reimbursement and compliance issues and information on regional and national healthcare trends through our publications, our Web-based communications, and our training seminars. Furthermore, you can continue to count on our expertise when you need advice on financial reporting, internal controls, enterprise risk assessment, new accounting pronouncements, the latest tax and compliance issues, and information on regional and national healthcare trends.

## Our Expertise

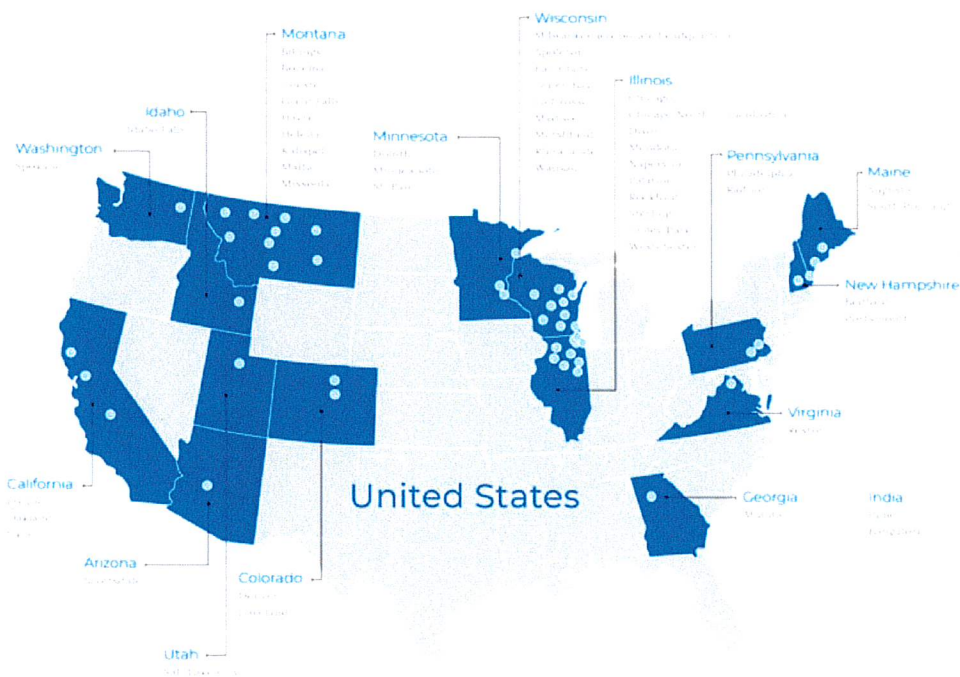
We believe public accounting will continue to change, with new regulations and guidelines that will govern how audits are performed, how financial results are reported, and how auditors are perceived by those charged with governance.

Just as the accounting industry is changing, so too is the healthcare industry. Consumer-driven healthcare, Medicare reform, rising healthcare costs, nursing wage pressures, increased competition among providers, rapidly changing technology, and ever-changing physician practice models are all issues BMHD is or will be facing in the future.

We believe BMHD will be best served to deal with these issues by partnering with Wipfli. In this healthcare environment of rapid change, having a business partner who already knows your industry is valuable. Ways to improve operating and staff efficiency, help develop new policies and procedures and discuss new accounting pronouncements and their impact on your organization.

## Our Dedication

Our size has enabled us to develop an exceptional professional staff dedicated exclusively to our healthcare clients. A team of 150+ healthcare professionals located in various offices across the country, are all available to serve BMHD. Wipfli healthcare professionals receive a significant amount of training, both internally and externally, on issues specific to healthcare. Examples of internal training include audit and accounting, debt financing, audit efficiency, and leadership training. Because of our expertise and training, we are also often asked to lead training and educational sessions for industry groups at both regional and national conferences.



## Our Satisfied Clients

Wipfli provides audit and consulting services for many healthcare clients, including healthcare districts, throughout the country with a large concentration of them on the West Coast and Pacific Northwest. What sets our healthcare practice apart from other firms is our client service.

## Our People

Wipfli professionals are more than certified public accountants and specialists. They are people who joined Wipfli because they enjoy the personal relationships they can develop working with our clients' management and staff. Those Wipfli professionals include registered nurses, certified coders, former health provider administrators, etc. Our healthcare team is keenly in tune with what matters most to our clients—an understanding of their industry, the ability to deliver quality work on time, a positive working relationship, and an impact on their bottom line. Attention to these areas is what sets Wipfli's people apart from the rest. To measure and improve employee satisfaction, we also conduct an annual associate survey and develop action plans to address areas to improve associate engagement. We clearly understand the importance of our associates and recognize the value satisfied associates deliver to our clients.

Our healthcare group includes professionals who want to serve healthcare clients and who spend the majority of their time in this industry. The quality of our people and their commitment to your industry are evident in the attention and dedication they demonstrate during the accounting process. We strive to maintain continuity for the benefit of our clients and our firm, so as not to incur time by either party in ramping up engagement personnel about your business, operations, and other aspects that may be unique to properly serving you. However, our healthcare practice is large enough to introduce additional resources to the engagement team as part of our continuous process improvement philosophy.

Collectively, our healthcare professionals and/or the firm maintain memberships in a variety of professional associations designed to keep Wipfli on the leading edge of healthcare consulting services. Some of these associations include the American Institute of Certified Public Accountants (AICPA), Healthcare Financial Management Association (HFMA), The National CPA Healthcare Advisors Association, Medical Group Management Association (MGMA), National Rural Health Association, National Association of Rural Health Clinics, and other healthcare and senior services associations.



## Our Newsletters, Publications, and Training

Our healthcare practice also publishes a monthly newsletter, Wipfli Health Care Perspective, which consists of in-depth articles on current important topics in the healthcare industry. In addition to Wipfli Health Care Perspective, our healthcare professionals author articles and post them to Wipfli's website at [www.wipfli.com](http://www.wipfli.com).

For the past 15 years, the healthcare professionals at Wipfli have delivered a Critical Access Hospital Knowledge Workshop in Minnesota and Nevada. Many of the individuals included in this proposal, along with other Wipfli professionals, presented at the September 2019 CAH workshop on the following topics:

- Medicare Reimbursement Principles
- 340B Drug Pricing Program Participation and Compliance: Don't Become an HRSA Statistic
- Advanced Strategies for Medicare Reimbursement
- You Get What You Pay For: How to Create Effective Incentives within a Physician Compensation Plan
- Evaluating Strategic Opportunities Using Data from the Medicare Cost Report
- HIPAA Risk Management: Leveraging the Benefits of Health Information Trust Alliance (HITRUST)
- Strategic Pricing
- Post-Acute Strategies for Successful Care Transitions and End-of-Life Care
- Patient Care Redesign: A Journey
- Key Strategies for Meeting the Challenges of New Health Care Business Models
- Executive Dashboard Concepts
- Prioritizing Your IT Investments
- Things That Can Go Wrong with Physician Compensation

In addition to internal resources focused on the healthcare industry, our healthcare accounting and consulting professionals are actively involved in numerous professional and business associations that shape or affect your industry. We capitalize on alliances to bring a national "best practices" approach to our clients.



# Understanding your industry

## Healthcare specialty

When you choose Wipfli, you choose a firm that not only specializes in healthcare organizations but also brings the same passion to furthering your mission that you do.

BMHD is a healthcare district organized by local district law that operates as a political subdivision within the State of California. Currently, BMHD does not provide any healthcare services, however, it supports the local community health center in Atwater, California. The primary source of revenue is donations, rent, local tax revenue, and investment income.

We have identified the following key areas we believe are critical to your selection of an accounting firm:

- A firm that has personnel dedicated to the healthcare industry with the expertise that comes with serving healthcare clients full-time.
- A firm that will be a resource throughout the year for honest, practical advice on audit, accounting, reimbursement, and tax matters.
- A firm that will be proactive in monitoring industry developments, identifying key issues, and communicating those key items to you as they develop.
- A firm that has a proven history and an established record of leadership within the healthcare industry, with a deep understanding of the relationships between healthcare districts and the communities they serve.

Your Wipfli team of professionals is dedicated to healthcare organizations. Our relationship goes beyond the services to continually look for opportunities and efficiencies that could enhance your operations, strengthen internal controls, and contribute to your success.



# Understanding our approach and timeline

## Engagement Approach and Timeline

The Wipfli audit approach emphasizes frequent communications throughout the year, planning well in advance of year-end, and a commitment to providing deliverables in advance of deadlines. Our goal is to have a “no surprises” audit.

Our practice is to allocate appropriate time to planning our audit engagements, which includes discussing your expected role in the audit. Planning conferences are held to establish timelines, discuss risk areas, and obtain a deeper understanding of your operations in order to have an effective and efficient audit. We will work closely with your staff throughout the process, so they will know what we plan to do, why we are doing it, the timing of our work, and the role they will play.

The staffing of our audit includes a significant portion of on-site, day-to-day involvement of our partners and managers. This allows us to address questions as they arise, resulting in a more effective and efficient audit process.

Our overall audit approach is driven by a top-down risk assessment process, which analyzes the business issues faced, how those issues influence financial statement items, and how risks are managed in each of those areas. We do not spend significant time on insignificant account balances or on nonessential audit procedures. A well-planned audit approach provides BMHD with an efficient and effective experience.

We tailor our approach to meet your needs and address the identified risks specific to BMHD. Our audit will:

- Be a productive and cost-effective audit, minimizing your time commitment to the audit process.
- Reduce disruptions to your staff because less time is spent in areas that are insignificant and we have prior history with your organization.
- Use readily available schedules and other data prepared by your staff.
- Focus on continuous improvement.

We will provide a detailed listing of the assistance we expect and will use BMHD's account reconciliations and analyses wherever possible rather than duplicating the work already done in the year-end closing process. We will utilize electronic file downloads from your system and electronic workpapers wherever possible. This efficient process enhances the information we receive from you and reduces the amount of time your staff spends producing information for our audit procedures.

CaseWare is our electronic workpaper and workflow software that allows us to perform paperless audits, thereby reducing the amount of paperwork historically required in the audit process and making the lives of both our clients and our auditors easier. This technology saves the time of preparing similar workpapers year after year. We have created an entire collection of engagement tools and processes that allow us to work and collaborate efficiently at all times. Our tools also help us decrease our turnaround time by minimizing delays in preparation and review. In addition, CaseWare, as well as other organizational tools, data analysis software programs, and various other technology tools and programs assist us throughout the engagement to contribute to our efficient audit model. CaseWare also allows us the ability to review the file off site and keep current with staff progress and answer questions timely.

### Proposed Timeline

Your timeline will drive our process. We will establish a schedule that is convenient for your personnel while meeting the agreed-upon deadlines for deliverables. The following represents an approximate timeline for servicing your needs based on your fiscal year end of June 30 and the assumption that the results of the annual audit would be presented at a board meeting by the end of September.

Engagement Steps	June	July	August	September	October
New Client Transition					
Audit Strategy					
Planning/Interim					
Year-End Fieldwork					
Reporting and Wrap-Up					
Board Meeting					
Ongoing Communication					

The above timetable is an estimate and will be finalized after discussion with management in order to make sure we are meeting your needs.

Although the above schedule identifies just a few months out of the year that we are the most visible, we strive to maintain communication throughout the year through a variety of touch points.

## Management Report

We place a significant priority on providing management and the Board of Directors with key information. Timely and effective communication of the results of our efforts is the key to our effectiveness as a business advisor. Any suggestions we have, including those relating to financial operations and internal control, will be communicated to management as soon as they are identified. Significant suggestions will then be summarized in the management report. At the conclusion of our audit, we will report to your Board of Directors and management team. Our presentation will communicate to you items regarding the audit that are required by our professional standards to be communicated to you and management comments related to significant accounting, operational, or internal control issues identified during the audit engagement.

Our management report also includes a summary of key issues affecting your organization, benchmarks and trends comparing your organization to comparable organizations or data, and updates on the healthcare industry, including reimbursement and regulatory issues.

## Quality Assurance

In order to maintain a high level of quality and fulfill the trust our clients place in us, Wipfli conducts an in-house inspection of sample assurance engagements for each partner to ensure that the firm's quality control standards are being met. We update our internal quality control guidance whenever new auditing requirements are enacted. Wipfli is also subject to an independent peer review every three years under AICPA standards. In our last peer review, Wipfli received an unqualified opinion (see Appendix C for latest peer review report.) Wipfli is also registered with the Public Company Accounting Oversight Board and, accordingly, Wipfli is subject to triennial reviews related to the work we do for public companies.

Wipfli's healthcare practice also maintains a standing Healthcare Audit and Accounting Technical Issues Committee to analyze and ensure compliance with new and/or changing audit, accounting, and financial statement presentation requirements affecting our healthcare clients as they are issued.

## Smooth Transition

We understand the time commitment and at times anxiety that can accompany a change in public accounting firms. As a result, we will work as hard as we can to make the transition to a new audit firm as smooth as possible.

Right from the start of the audit engagement, you can expect Wipfli to understand your industry and provide expert assistance. Our well-planned approach ensures an efficient and effective audit experience.

We first take into consideration any concerns you may have regarding a change of auditors. The decision to change external auditing firms is an important one. It requires careful planning, coordination, and timely communication to ensure minimal disruption of your operations.



Your engagement

team

Our professionals have significant experience in coordinating and conducting accounting firm transitions. We use this extensive experience to tailor an effective approach for your organization and complete a smooth, seamless transition. This proven approach draws on our ability to quickly gain an understanding of your organization, enabling us to complete the transition without making excessive demands on your personnel.

For our initial preliminary audit procedures, we believe that an on-site planning session to discuss not only audit, but reimbursement optimization opportunities is critical for each and every hospital client engagement. We will also during this time, review work papers and arrange a visit with the prior accounting firm so that we can determine what procedures and assistance were previously provided in the past to the hospital. This will allow us to continue to build on these procedures as well as informing management and the staff at the hospital of any planned changes to the audit process. Following the initial meeting, we will supply management and the team with a detailed work plan and timeline for the audit and cost reporting processes as well and provide regular checkpoints for exchange of information prior to the final audit meeting.

#### **Independence**

There are no relationships between Wipfli LLP and BMHD that, in our professional judgment, would reasonably be thought to impair our independence. Annually Wipfli does a review of independence with each client prior to beginning the audit planning.

#### **Conflicts of Interest and Pending Regulatory Action**

There are no known conflicts of interest between Wipfli LLP and BMHD. If at any time a conflict of interest was identified, it would be immediately brought to the attention of management. We are also not aware of any pending regulatory action.

## The Engagement Team

Solving the challenges you face means getting access to a skilled team — trusted advocates who listen to your concerns and provide the support, advice and strategies you need to succeed. Meet your project leaders:



**Jeffrey M. Johnson, CPA**

*Partner*

Jeff is the firm's Western U.S. geographic market leader with more than 25 years of in-depth experience in providing audit, reimbursement and consulting services to a variety of healthcare organizations across the country, providing strategic and financial solutions to hospitals, medical practices and other healthcare providers.



**David Imus, CPA**

*Manager*

David Imus is a manager in Wipfli's Spokane office. David focuses on audit and compliance services, especially for organizations that require single audits. His specialization is performing accounting services for special districts and special-purpose governmental facilities.



**Chris Rogers**

*Senior Accountant*

Chris is a senior accountant for Wipfli's healthcare practice. He focuses primarily on providing audit and accounting services to a variety of healthcare-related clients including critical access hospitals (CAH), rural health clinics (RHC), federally qualified health centers (FQHC), skilled nursing facilities and assisted living facilities.

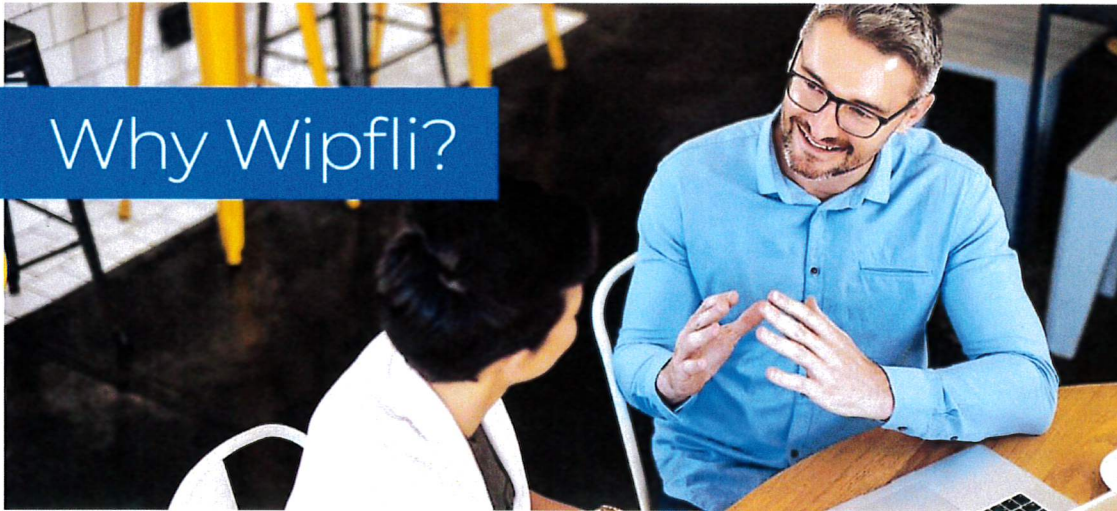


**Anh Chu**

*Staff Accountant*

Anh is a staff accountant working in the San Francisco Bay Area since moving to the United States. Past employment includes six years with State Bank of Vietnam as an analyst and a researcher. Anh passed all four parts of the CPA exam on her first attempt and is working toward obtaining her CPA license.

# Why Wipfli?



## Positioned to better serve you

You're looking for the ideal firm — one that provides the close, personal touch and communication of a regional firm along with the extensive resources and specialized knowledge of a large, national firm. At Wipfli, we pride ourselves on delivering that close level of attention and responsiveness, alongside a wide breadth of capabilities. Whether it's navigating new regulations or implementing technology that can make a true difference to your organization — this means we can grow with you.

## Commitment to the community

Like you, we're passionate about making a difference. On our annual Community Day, we close every office across the U.S. so that hundreds of our associates and partners can volunteer in their communities. Our annual impact is over 5,000 hours of service to more than 80 organizations.

## Wipfli fast facts



19<sup>th</sup>

Largest CPA firm  
in the U.S.  
(Source: Accounting Today)

2,400+

Number of associates



275+

Number of partners

50+

Number of locations  
in the U.S. and India



5,700

Hours volunteered on  
Community Day 2019

82

Organizations served  
on Community Day  
2019



24

Communities  
benefitted on  
Community Day 2019

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## Use of technology

We utilize CaseWare for paperless auditing purposes. This benefit allows engagement personnel to access your file to answer questions expediently. We also use ShareFile to transfer sensitive and/or large documents securely and efficiently.

Wipfli LLP is a multi-discipline professional services firm, with:

- 250+ Partners
- 2400+ Associates
- 48 US Offices
- 2 India Offices
- **ONE FIRM**

Wipfli ranks among the top 20 accounting and business consulting firms in the nation. Wipfli is also a member of Allinial Global, an accounting firm association of legally independent accounting and consulting firms with offices in North America and throughout the world through international members and partnerships.

We enjoy a solid reputation as industry experts and as a trusted business advisor to more than 60,000 clients including: manufacturing companies, construction companies, contractors and developers, real estate companies, health care organizations, financial institutions, insurance companies, nonprofit organizations, units of government, dealerships, and individuals.

The firm serves businesses of various sizes, from large public and private companies, to closely held family-owned businesses. Whether we're helping clients streamline processes, improve performance, leverage the right technology, or increase financial success, we offer innovative, effective, and personalized services to help clients overcome their business challenges today and plan for tomorrow.



## Your investment

Our goal is to provide BMHD with exceptional timely service and valuable advice at reasonable rates. Our fee estimate for years 2020 through 2022 is based on the expectation that your staff will assist in the preparation of audit workpapers and provide assistance during the audit fieldwork. Should unexpected changes or circumstances arise, we will discuss any changes in the scope of the engagement and obtain your approval before proceeding. Any significant additional work outside these estimates would be discussed with management before it is performed and billed.

The following proposed fees are based on the expectation that there are no significant differences in BMHD's operations and financial statements from what has been previously communicated to us. Accounting and auditing pronouncements issued and effective as of the date of this proposal have been considered within the audit fee estimate.

All estimated costs included in this proposal are considered proprietary by Wipfli LLP and, therefore, should not be distributed in any manner to any other organization.

<b>Professional Services</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Annual Financial Statement Audit	\$18,000	\$18,500	\$19,000
Out of pocket expenses (estimated)	\$1,500	\$1,500	\$1,500
Routine calls and email correspondence	Included	Included	Included
Management letter & Presentation of Audit Results	Included	Included	Included
Board presentation	Included	Included	Included

### Changes to the scope

Things happen. We've all been there. But adjusting to change in the best way requires transparency and communication. If there are changes after the engagement begins, we will discuss revisions to the scope with you and obtain your approval before moving forward. Any additional work outside of the above estimates will be discussed with your management before it is performed and billed.

### Standard Hourly Rates

As previously stated above, routine telephone calls throughout the year are included in the proposed fees. However, from time to time, requests for services such as research, other consulting, and/or correspondence between Wipfli and third parties (i.e., Medicare fiscal intermediaries) that may involve more than a ten-minute telephone call may result in additional fees being charged. Fees for other accounting (including account reconciliations prepared by us) and consulting services are based upon the staff level of our professionals providing such services.

### Approval to Proceed Together

If the services and information contained in this proposal are acceptable and you wish to proceed, we will contact your current auditor as required by AICPA guidelines. Pending successful communications with your current audit firm, we will prepare a formal engagement letter for you to sign, which will address the specific scope, responsibilities, and criteria relative to our engagement.

*The information contained in this proposal document is for discussion purposes only and does not constitute a binding contract between you or your organization and Wipfli LLP. If the above services and information are acceptable and you wish to proceed, we will prepare a formal engagement letter for you to sign, which will address the specific scope, responsibilities, and criteria relative to our engagement. The engagement letter will constitute the entirety of the terms and conditions of our arrangement with you.*

# Appendices



## Jeffrey M. Johnson

Partner, CPA

Oakland office  
509 232 2498  
jjohnson@wipfli.com

wipfli.com

**Jeff Johnson** is the firm's Western U.S. geographic market leader with more than 25 years of in-depth experience in providing audit, reimbursement and consulting services to a variety of healthcare organizations across the country. Specifically, he provides strategic and financial solutions to hospitals, medical practices and other healthcare providers through Wipfli's Oakland office. Jeff is a frequent speaker for regional and national healthcare associations on finance, reimbursement and operational matters.

### Specializations

- Hospital audit and cost reporting and reimbursement analysis
- Strategic financial planning
- Hospital/physician integration and physician compensation development and design
- Operational reviews
- Medical practice management/performance reporting
- Fee schedule analysis
- Medicare certified rural health clinic and federally qualified health center development and compliance reviews
- Board governance education
- Financial feasibility studies for facility replacements/renovations, new services and programs
- OMB Circular A-133 audit services

### Professional memberships and activities

- American Institute of Certified Public Accountants (AICPA) – Member
- CPA Licensed – Washington, Idaho, Minnesota, Oregon (including municipal auditor license), Hawaii and Wisconsin
- Medical Group Management Association (MGMA) – Member
- Healthcare Financial Management Association (HFMA) – Member
- National Association of Rural Health Clinics (NARHC) – Member
- National Association of Community Health Centers (NACHC) – Member
- National CPA Health Care Advisors Association (HCAA) – Member

### Certifications

- Certified Public Accountant

### Education

Iowa State University

- Bachelor's degree in accounting

**WIPFLI**



## David Imus

*Manager, CPA*

Spokane office  
509 232 2711  
david.imus@wipfli.com

wipfli.com

**David Imus** is a manager in Wipfli's Spokane office. He has served noncommercial entities for over six years in various industries such as healthcare, nonprofit, higher education and state and local governments. David focuses on audit and compliance services, especially for organizations that require single audits. His specialization is performing accounting services for special districts and special-purpose governmental facilities.

### Specializations

- Yellow Book audits
- Employee benefit audits
- 990 preparation and review
- Uniform Guidance audits
- Financial accounting and reporting
- Government Accounting Standards Board (GASB)-compliant reporting
- Tribal- and Indian Health Service (IHS)-funded facilities

### Past experience

- Senior accountant at CliftonLarsonAllen LLP

### Professional memberships and activities

- American Institute of Certified Public Accountants (AICPA) – Member
- Oregon Society of Certified Public Accountants (OSCPA) – Member
- Washington Society of Certified Public Accountants (WSCPAA) – Member

### Certifications

- Certified Public Accountant

### Education

Eastern Washington University

- Bachelor of arts degree in business administration with an emphasis on professional accounting
- Bachelor of arts degree in economics

**WIPFLI**



## Christopher Rogers

Senior Accountant, CPA

Spokane office

509 893 5443

[christopher.rogers@wipfli.com](mailto:christopher.rogers@wipfli.com)

[wipfli.com](http://wipfli.com)

**Christopher Rogers** is a senior accountant for Wipfli's healthcare practice. He focuses primarily on providing audit and accounting services to a variety of healthcare-related clients including critical access hospitals (CAH), rural health clinics (RHC), federally qualified health centers (FQHC), skilled nursing facilities and assisted living facilities.

Chris's experience and industry focus allow him to maintain a greater understanding of the needs of healthcare organizations. He is dedicated to providing clients with quality audit, accounting, compliance and consulting services.

### Specializations

- Financial statement audits and assurance services for healthcare and nonprofit clients
- Single audits in accordance with OMB's Uniform Guidance
- USDA and HRSA compliance audits
- Financial statement reporting and compilations
- Reporting requirements and audit standards under generally accepted accounting principles (GAAP), Financial Accounting Standards Board (FASB) and Governmental Accounting Standards Board (GASB)

### Past experience

- Performed single audits for nonprofit organizations, governmental entities, school districts, special districts, municipalities and employee benefit trusts
- Performed audits and consulting services for tribal entities and community grant schools
- Prepared comprehensive annual financial reports
- Performed agreed-upon procedures audits
- Reviewed meritorious budget award submissions for Association of School Business Officials (ASBO) International
- Performed reviews of comprehensive annual financial reports for ASBO International's Certificate of Excellence Program
- Performed management advisory services

### Education

Northern Arizona University

- Bachelor of science degree in accounting

Coconino Community College

- Associate of arts degree in business

**WIPFLI**



Anh  
Chu

*Staff Accountant*

Oakland office  
510 403 9307  
[anh.chu@wipfli.com](mailto:anh.chu@wipfli.com)

[wipfli.com](http://wipfli.com)

**Anh Chu** is a staff accountant with experience as an accountant in the San Francisco Bay Area since moving to the United States. She also worked for six years with State Bank of Vietnam as an analyst and a researcher. Anh passed all four parts of the CPA exam on her first attempt and is working toward obtaining her CPA license.

#### Specializations

- Audit and accounting
- Reimbursement cost reporting

#### Past experience

- Accounting assistant at A to Z Tax Services
- Analyst/researcher at State Bank of Vietnam

#### Education

London Metropolitan University – United Kingdom

- Master of arts degree in international business

Foreign Trade University – Vietnam

- Bachelor of science degree in business administration

**WIPFLI**



# Client references

The following are similar organizations to yours that can provide references on the work we've done for them. If you would like additional names and numbers of current clients, we will provide that information upon request.

We offer the following references for you to contact:

Del Puerto Health Care District

Patterson, CA

Karin Hennings, CEO

209.894.8201

Healthcare district audit operating a Rural Health Clinic and Ambulance services

Northern Inyo Healthcare District

Bishop, CA

Genifer Owen, Controller

760.873.2199

Healthcare district audit operating a Critical Access Hospital

Mayer Memorial Hospital District

Fall River Mills, CA

Louis Ward, CEO

530.336.5511 Ext. 1248

Healthcare district audit operating a Critical Access Hospital

# Peer Review Report



## System Review Report

To the Partners of Wipfli LLP  
and the National Peer Review Committee of the AICPA

We have reviewed the system of quality control for the accounting and auditing practice of Wipfli LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based upon our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Wipfli LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Wipfli LLP has received a peer review rating of *pass*.

*Weaver and Tidwell, LLP*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
September 23, 2016

AN INDEPENDENT MEMBER OF  
BAKER TILLY INTERNATIONAL

WEAVER AND TIDWELL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

12221 MERIT DRIVE, SUITE 1400, DALLAS, TX 75251  
P. 972.490.1970 F. 972.702.8321

# Peer Review Report



American Institute of CPAs  
220 Leigh Farm Road  
Durham, NC 27707-8110

December 8, 2016

Rick E Dreher  
Wipfli LLP  
10000 W Innovation Dr Ste 250  
Milwaukee, WI 53226

Dear Mr. Dreher:

It is my pleasure to notify you that on December 8, 2016 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is December 31, 2019. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

A handwritten signature in black ink that reads "Michael Fawley". The signature is written in a cursive style.

Michael Fawley  
Chair—National PRC  
nprc@aicpa.org 919 4024502

cc: Terrence Everett Ford; Daniel T Szidon

Firm Number: 10077210

Review Number 462502

Letter ID: 1131944A

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T: 1 919 402 4502 | F: 1 919 402 4376 | nprc@aicpa.org

APPROVAL OF FYE 2021 BUDGET

BLOSS MEMORIAL HEALTHCARE DISTRICT  
FY 2021 BUDGET

The 2021 Budget Reports attached include both the Summary and Detail Formats.

The FY 2021 Budget reflects a projected accrual Net Profit of \$67,217, which includes Net Non-Operating Revenue of \$2,626,343.

An overview of Budget Development and significant changes is as follows:

**Total Non-Operating Revenues**

Bloss Trust calculated at \$485,000 reflecting the anticipated Year End Distributions for FY 2021. Bloss Trust Revenue is budgeted at actual receipts less \$100,000 of FY 2020, expected to be conservative with the impact on the market due to Covid 19.

Property Tax Revenue is budgeted at the actual receipts of FY 2020 to reflect the tax income earned paid to Bloss Memorial Healthcare District from Merced County for \$393,253.

Interest Income estimated at \$138,122 for Promissory Notes and Working Capital Loan totaling \$2,150,000 at 6.0% simple interest. The agreement is between Bloss and DSCA.

Bloss Memorial Health Care District are property owners to two facilities located in Atwater, California. Rental Income is calculated with the current lease agreements with the annual 2% increase and is budgeted at \$1,459,105.

Total operating expense is estimated at \$2,220,790 for the operations of the two facilities located at the Bloss and Castle site. Total operating expense includes half of the rental costs for Sierra Kings located at 145 S. Newmark Avenue, Parlier, California.

Dental Surgery Centers of America has signed a Commercial Sublease Agreement and will reimburse Bloss half of the facility Rent. DSCA is responsible for Utilities, Alarm, Phone, Yard Maintenance, Bio Hazzard, Technology, Real Property Taxes, Personal Property taxes and Building Maintenance. These items have been exclude from the Bloss budget.

**Operating Expenses**

**Salaries and Benefits**

Total Salaries and Benefits includes the annual increase in compensation and corresponding benefits to obtain Executive Services for \$138,528.

**Professional Fees**

Professional Fees total is \$53,309 for Legal Fees, Auditing, and Other Contacted Services, which include accounting services provided by Castle Family Health Centers, Inc.

**Supplies**

The supply expense estimate is for office supplies used for monthly board meetings and minor building maintenance supplies for the two facilities located at Bloss and Castle.

**Purchased Services**

The majority of expense in purchased services consists of Other Purchased Services for \$600,964. These services include pest control, housekeeping, security services, monitoring, lawn care and building repairs and maintenance services.

**Depreciation**

Depreciation Expense projected on the schedule of existing Assets. Additional depreciation expense of \$200,000 was included in Buildings and Improvements for repairs of the two sites located at Bloss and Castle.

**Utilities**

Operating expense is budgeted in utilities for electricity, gas, water, garbage, and sewer totaling \$387,452.

**Other Operating**

Other operating expense budget is for facility liability insurance, Telephone, Training, and other expense.

**Non-Operating Expense**

Donations in grants for \$107,000 to assist partnering healthcare organizations in providing medical programs to the community.

**Transfer to On-Going Capital Expenditures**

Transfer to On-Going Capital Expenditures are funds for \$100,000 in unforeseen repairs for the two properties owned by Bloss Memorial Health Care District.

**SUMMARY**

**Bloss Memorial Healthcare District, A Public Entity**

**FY 21 BUDGET**

NET PATIENT REVENUE	<u>0</u>
OTHER REVENUE	<u>0</u>
<b>TOTAL NET OPERATING REVENUE</b>	<b><u>0</u></b>
<b>OPERATING EXPENSES</b>	
SALARIES AND WAGES	111,804
EMPLOYEE BENEFITS	26,724
PROFESSIONAL FEES	53,309
SUPPLIES	4,421
PURCHASED SERVICES	600,964
DEPRECIATION	837,634
RENTS AND LEASES	117,492
UTILITIES	387,452
INSURANCE	65,000
OTHER EXPENSE	15,990
<b>TOTAL OPERATING EXPENSE</b>	<b><u>2,220,790</u></b>
<b>NET INCOME FROM OPERATIONS</b>	<b>-2,220,790</b>
NON-OPERATING REVENUE	2,626,343
NON-OPERATING EXPENSE	238,336
<b>NET NON-OPERATING INCOME</b>	<b><u>2,388,007</u></b>
<b>TRANSFERS FOR CAPITAL EXPENDITURES</b>	<b><u>100,000</u></b>
<b>NET INCOME</b>	<b><u><u>67,217</u></u></b>

**DETAILED**  
**Bloss Memorial Healthcare District, A Public Entity**

**FY 21 BUDGET**

**REVENUES**

NET PATIENT REVENUE	0
MISC OTHER OPERATING REVENUE	0
<b>TOTAL OTHER OPERATING REVENUE</b>	<b>0</b>
<b>TOTAL NET OPERATING REVENUE</b>	<b>0</b>
	=====

**EXPENSES**

**SALARIES**

MANAGEMENT AND SUPERVISION	102,000
VACATION EXPENSE	9,804
<b>TOTAL SALARIES</b>	<b>111,804</b>

**BENEFITS**

FICA	8,076
UNEMPLOYMENT INSURANCE	2,604
PENSION PLAN	15,100
WORKERS COMP	944
<b>TOTAL BENEFITS</b>	<b>26,724</b>

<b>TOTAL SALARIES AND BENEFITS</b>	<b>138,528</b>
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**PROFESSIONAL FEES**

CONSULTING & MANAGEMENT	2,787
LEGAL	27,158
ACCOUNTING/AUDIT	10,000
OTHER CONTRACTED SERVICE	13,364
<b>TOTAL PROFESSIONAL FEES</b>	<b>53,309</b>

**SUPPLIES**

FOOD	180
OFFICE SUPPLIES	762



OTHER MINOR EQUIPMENT	290
OTHER NON-MEDICAL SUPPLIES	3,031
FREIGHT ON PURCHASES	128
	<u>30</u>

**TOTAL SUPPLIES** **4,421**

**PURCHASED SERVICES**

REPAIRS AND MAINTENANCE	135,286
MANAGEMENT SERVICES	8,900
OTHER PURCHASED SERVICES	<u>456,778</u>

**TOTAL PURCHASED SERVICES** **600,964**

**DEPRECIATION**

DEPREC-LAND & IMPROVEMENT	8,616
DEPREC-BUILDINGS & IMPROVEMENT	773,424
DEPREC-LEASEHOLD IMPROVEMENT	16,140
DEPREC-EQUIPMENT	<u>39,454</u>

**TOTAL DEPRECIATION** **837,634**

**RENTS AND LEASES**

RENTAL - BUILDING SIERRA KINGS	<u>117,492</u>
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**TOTAL RENTS AND LEASES** **117,492**

**UTILITIES**

ELECTRICITY	291,149
NATURAL GAS	31,574
WATER	24,310
UTILITIES - OTHER	<u>40,419</u>

**TOTAL UTILITIES** **387,452**

**OTHER OPERATING EXPENSES**

INSURANCE	65,000
TAX AND LICENSE	6,670
TRAINING	500
TELEPHONE	2,890
SUBSCRIPTIONS & DUES	4,139

OTHER EXPENSE	1,791
	<hr/>
<b>TOTAL OTHER OPERATING EXPENSE</b>	<b>80,990</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>2,220,790</b>
	<hr/> <hr/>
<b>NET INCOME FROM OPERATIONS</b>	<b>(2,220,790)</b>
 <b>NON-OPERATING REVENUES</b>	
BLOSS TRUST	485,000
GAIN ON INVESTMENTS	150,863
INTEREST INCOME	138,122
PROPERTY TAX REVENUE	393,253
RENTAL INCOME	1,459,105
<b>TOTAL NON-OPERATING REVENUE</b>	<b>2,626,343</b>
 <b>NON-OPERATING EXPENSE</b>	
DONATIONS	107,000
LOSS ON MARKETABLE SECURITY	131,336
	<hr/>
<b>TOTAL NON-OPERATING EXPENSE</b>	<b>238,336</b>
 <b>NET NON-OPERATING INCOME</b>	<b>2,388,007</b>
<b>TRANSFERS FOR CAPITAL EXPENDITURES</b>	<b>100,000</b>
	<hr/> <hr/>
<b>NET INCOME (LOSS)</b>	<b>67,217</b>
	<hr/> <hr/>