



138 S. Brandon St. • Fallbrook CA 92028 • 760-731-9187

**BOARD OF DIRECTORS
REGULAR BOARD MEETING**

**WEDNESDAY
DECEMBER 14, 2016**

6:00 PM

AT

**FPUD
FALLBROOK PUBLIC UTILITY DISTRICT
990 EAST MISSION ROAD
FALLBROOK, CA 92028**



AGENDA
FALLBROOK HEALTHCARE DISTRICT
REGULAR BOARD MEETING

Wednesday, December 14, 2016, 6:00 p.m.
Fallbrook Public Utilities District, 990 E. Mission Rd., Fallbrook

A. CALL MEETING TO ORDER – PLEDGE OF ALLEGIANCE

B. ELECTION OF OFFICERS OF THE BOARD

- B1. Swearing In of New Board Member: William Leach
- B2. Nomination and Election by the Board
 - President
 - Vice President
 - Secretary
 - Treasurer
- B3. Committee Assignment(s): Standing and Ad Hoc

C. ADDITIONS TO AGENDA

Pursuant to the Brown Act, additions to the Agenda as posted are exceptional, and expressly limited to three specific situations, as set forth in Government Code 54954.2(b): (1) an "emergency" as determined by majority vote of the board; (2) a 2/3 vote of the board finding that an item requires immediate action – and the need for this action arose in time after the agenda was posted or (3) the item was continued from an earlier meeting (no more than 5 days earlier), at which time the item was validly posted on the agenda of the earlier meeting.

D. BOARD MEMBER AND PUBLIC COMMENTS

Opportunity for board members and citizens to speak on items of interest within subject matter jurisdiction of the District. For the record, please state your name. "Request to speak" cards should be filled out in advance and presented to the Board President or the recording secretary. The Board has a policy limiting any speaker to not more than five minutes

E. PRESENTATION

- E1. Dr. Winton and Service on FHD Board
- E2. ACHD District Certification: Sheila Johnston
- E3. North County Fire Protection District/FHDistrict Recognition from Legislators
- E4. Staff Recognition

F. CONSENT ITEMS

- F1. Minutes of October 29, 2016 Board Workshop
- F2. Minutes of November 9, 2016 Regular Board Meeting
- F3. Approval of October 2016 Financial Statements

G. REPORTS

- G1. Finance Committee – Director Salmon and Mroz
- G2. Community Healthcare Programs Committee – Directors Mroz and Abbott
- G3. Gov't and Community Relations Committee – Directors Tinker and Salmon
- G4. Facilities Committee – Director Tinker and Winton
- G5. Long Range Planning Committee – Directors Salmon and Winton
- G6. Executive Director – Bobbi Palmer
- G7. General Counsel – Blaise Jackson

H. DISCUSSION/ACTION ITEMS

- H1. FY 2015-2016 Independent Auditor's Report – Fechter & Company Certified Public Accountants
- H2. Extension of Real Estate Listing Agreement – Cushman/Wakefield – Travis Ives
- H3. Resolution No. 415 to Change Name of District to (Attachment)
 - 1. Fallbrook Regional Health District
 - 2. Fallbrook Township Health District
- H4. Mission/Vision
- H5. A+ Urgent Care Extended Hours Contract Services

I. ITEMS FOR SUBSEQUENT MEETINGS

- I1. Other Director/Staff discussion items
 - I1a. Item(s) for future board agendas
 - I1b. Announcements of upcoming events:
 - NCCCHI meeting – 1st Wednesday, January 4th
 - Woman of Wellness – Thursday, January 5th 6pm, Fallbrook Library
 - Fallbrook Chamber of Commerce “Chamber Member Expo” – Wednesday, January 18th 4:30-7:30pm, Pala Mesa Resort, 2001 Old Highway 395
- I2. Next Regular Board meeting – Wednesday, January 11, 2017, Fallbrook Public Utility District Board Room

J. CLOSED SESSION

- J1. CONFERENCE WITH REAL ESTATE NEGOTIATOR REGARDING SALE OF REAL PROPERTY PER GOVT CODE 54956.8 -Conference shall include Price and Terms.
District Negotiator: Travis Ives
APN #s 105-811-01 and 103-246-51. (Former Hospital Property – 624 Elder Street/138 Brandon Road)”

K. RETURN TO OPEN SESSION

L. ADJOURNMENT

NOTE: This agenda posted at the Fallbrook Healthcare District Administration Office on Friday, December 9, 2016. The American with Disabilities Act provides that no qualified individual with a disability shall be excluded from participation in, or denied the benefits of District business. If you need assistance to participate in this meeting, please contact the District office 24 hours prior to the meeting at 760-731-9187.



ELECTION OF OFFICERS OF THE BOARD

MEMO TO Board of Directors

Re: Committee Assignments and Recommendations

From: Bobbi Palmer, MBA, MSW

1. Finance Committee of the Whole- Standing Committee, Monthly
2. Strategic Planning & Facilities Committee- Ad Hoc, Twice a Year or Quarterly
3. Government/Public Relations & Community Relations – Ad Hoc
4. No Community Programs Committee as it is a function of Operations

PRESENTATION



Fallbrook Health District Receives District Certification

(November 11, 2016) Association of California Healthcare Districts (ACHD) is pleased to report Fallbrook Health District has achieved designation as a Certified Healthcare District.

As public agencies, California's Healthcare Districts have well-defined legal obligations for conducting business in a transparent and responsible manner. To be designated as a Certified Healthcare District, a District must demonstrate compliance with Best Practices in Governance as defined by ACHD. Compliance areas include transparency, ethics, reporting, purchasing, conflict of interest, requesting public funds, and executive compensation. These Best Practice criteria address the obligations that Healthcare Districts have with respect to conducting business in manner that is transparent to the public being served.

"Fallbrook Health District's Board of Directors and staff are very pleased to be recognized as an ACHD certified organization," says Bobbi Palmer, Executive Director of Fallbrook Health District. "Conducting business in a manner that is open and transparent is a core tenet of our District."

California Healthcare Districts respond to the specialized health needs of California communities. Voters created 79 Healthcare Districts to fulfill health local care needs. Of these, 54 serve the state's rural areas. Healthcare Districts provide access to essential health services and are directly accountable at the community level. As a result, tens of millions of Californians have been able to access care that would otherwise be out of reach.

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Association of California Healthcare Districts

The Association of California Healthcare Districts (ACHD) represents Healthcare Districts throughout the state. The Association serves the diverse needs of California's Healthcare Districts by enhancing public awareness, training and educating its members and advocating for legislation and regulatory policies that allow Healthcare Districts to deliver the best possible health services to Californians. Learn more at www.achd.org.

CONSENT ITEMS



**MINUTES
FALLBROOK HEALTHCARE DISTRICT
BOARD WORKSHOP**

Saturday, October 29, 2016, 8:00 a.m. to 1:00 p.m.
Fallbrook Healthcare District, Board Room, 138 S. Brandon Rd., Fallbrook

A. CALL MEETING TO ORDER

President Gordon Tinker called the meeting to order at 8:07 a.m.
Present: Directors Tinker, Mroz, Salmon, Winton and Abbott
Also present: Executive Director Bobbi Palmer and Pamela Knox

B. DISCUSSION ITEMS

B1. Urgent Care Services: Long-Range Plan

Discussion: There was discussion regarding Fallbrook Urgent Care (Timothy Coen, M.D.) and A+ Urgent Care, both entities having responded to the District's RFPs for urgent care services. Discussion included the difference between private practice and urgent care. Concern was expressed regarding Dr. Coen providing both private practice and operating urgent care services. In addition, there was discussion regarding both entities and their acceptance of insurance, including Medi-Cal, as well as the importance of the District providing support for services not available otherwise. Legal Counsel reminded the Board that the support for A+ was based on the extended hours urgent care only, not for private physician practice. Counsel also noted that the Board's original intent was to provide support for Extended hours care for a finite period of time, given the close of the hospital, and the resulting need in the community for extended hours urgent care services. There was discussion about A+ Urgent Care and their apparent reluctance to respond to data requests from the Board. There was a question regarding whether there were any other entities interested in providing urgent care services in Fallbrook. In early 2015, Palomar Health had expressed some interest in providing 24-hour urgent care services, but the projected costs exceeded \$1 million annually.

Conclusions: Legal Counsel was directed to reach out to Dr. Kimes (owner of A+ Urgent Care) to discuss the following: 1) assurance of providing only urgent care services; 2) what service level can be provided without support; 3) an immediate need for updated financial/utilization data. Also to advise A+ that any additional support would be for a limited time period, and would require ongoing specific review of financial and utilization data/statistics.

**B2. Review of 2016 to-date Related to Community Health
What is FHD's Plan of Action for Long-Term Planning?**

Discussion: Executive Director Bobbi Palmer reviewed the areas of focus for Community Health from the Long Range Planning Committee and what the District has done to meet the needs to date. She asked Dr. Winton to discuss ExeRXcise is Medicine. He said this is a world-wide program emphasizing the significant health benefits of exercise.

Conclusions: Bobbi Palmer said this will be included in our focus for 2017-18 along with the Blue Zone concept. Working with our schools will be an essential part of our strategy.

B3. CentraForce – Current Data and Future Goals & Objectives

Community Health Contracts and Direction for Funding 2017-18

Discussion: Bobbi Palmer directed attention to the last four pages of this section. She reviewed the overview of CentraForce services noting that the sample is for Austin, TX. Our report is specific to our area. She said she has requested that Behavioral Health be included in the data CentraForce provides since this is recognized as a significant need in our community.

B4. Mission/Vision/Values Redesign

Discussion: The current Mission/Vision and Values had been included for review and discussion. Related to our health and wellness goals and community health programs, there was considerable discussion regarding accurate measuring of data and program results.

Recommendation: Further discussion with CentraForce regarding their methodology and measuring results was recommended if we continue to work with CentraForce Health. It was also recommended that working with students and colleges could provide assistance in accurately measuring data.

B5. Board Committees and Realignment

Discussion: It was noted that Dr. Winton did not file for a new term on the FHD Board and William Leach was the only candidate who filed for that position. He will be appointed to the Board at the December 14, 2016 regular board meeting. Barbara Mroz chose to file for a new term and she was unopposed and will be appointed to a new term. A list of current committees of the Board was reviewed and discussed for possible realignment.

Executive Director Bobbi Palmer said at her prior healthcare district, they had a Finance Committee of the whole. All board members served on the Finance Committee so that all members of the board could speak to the finances of the District. In addition, it shared the responsibility among all board members. Ms. Palmer asked if the Long-Range Planning Committee is still necessary. It was suggested that the name be changed to Strategic Planning/Facilities (joining two existing committees and perhaps not be a standing committee, but rather ad hoc) and meet as another committee of the whole either twice a year or quarterly if needed. The members of the Board agreed that the Governmental and Public Relations/Community Relations Committee would continue as is, meeting on an as-needed basis. Regarding the Community Programs Committee, it was discussed that its purpose is more a function of operations and would not be a standing committee. It was noted we have also hired a community engagement consultant. Further thought and discussion will be needed as we move into research and development related to community health. Discussion moved to Community Health Grants and appropriate reporting, which Bobbi will share with the Board.

Recommendations: Staff will draft a list of Board Committees prior to members being appointed to committees in December.

B6. Charting Our Course for the Future

- **Sunken Cost of Hospital Building Maintenance while FHD has awaited sale.**
Discussion: Bobbi Palmer reviewed the monthly expenses related to the hospital since July 2015. The Board is aware of the expenses related to the upkeep of the facility prior to its sale and recognizes too that upkeep is necessary.
- **Snapshot of tours provided and results**
Discussion: Blaise Jackson updated the Board regarding tours for the possible sale of the facility and the results. There was discussion regarding broadening the reach to additional potential buyers.
- **Possible suggested uses**
Discussion: With the thought that the facility might be used for a different purpose, perhaps education might be another use...possibly educating/training health providers. There was discussion regarding some type of behavioral health facility. Dr. Nick Yphantides is now the San Diego County Chief Medical Officer. It was suggested Travis might contact him to ask if they would have interest in the building.
- **Expiration of Current Broker Contract**
Discussion: There was discussion that the current broker's contract expires at the end of this year. There was agreement that he has done a good job and he is not at fault that the facility has not been sold. There was discussion regarding renewing his contract. He will not be paid unless the sale is accomplished. Legal Counsel said the Health & Safety Code requires that the District sell at fair market value. Further discussion ensued.
- **JPA NCFPD**
Discussion: Fallbrook Healthcare District (FHD) recently signed a Joint Powers Agreement with North County Fire Protection District. This will allow joint efforts between the parties. Our Executive Director and a Battalion Chief are meeting to coordinate an EMS Navigational System.
- **JPA Palomar Health**
Discussion: FHD had previously entered into a Joint Powers Agreement with Palomar Health. There had been discussion about whether there is value in renegotiating a new JPA with Palomar Health. Being separate Districts, we should not provide services in their District and vice versa. We can contract with them for needed services under a JPA. Discussion ensued regarding use of a MOU for needed services rather than pursuing another JPA. Further discussion was related to a history of JPAs with both Tri-City and Palomar Districts.

Recommendation: The Board was in agreement that when needed services are identified, FHD can propose an MOU with either Palomar or Tri-City Districts depending on the area of need.

How do we Chart our Course for the Future Use of the Hospital building?
This has been discussed throughout this workshop.

B7 RFPs Update (See copies in packet)

Discussion: Multiple RFPs had been published in recent months, copies of which were in the workshop packet. The most recent RFP was for bookkeeping services as the District has used a temporary employee for that function during 2016. Another RFP had been for a Medical Equipment Liquidator Company. Centurion responded to the RFP along with a San Diego company. The company from San Diego did not have as much interest in the equipment so Centurion will be the company to auction/sell the equipment. There was discussion about the RFP for Commercial Real Estate Brokerage/Land Use Consulting Services. Since there had been prior discussion regarding bringing outpatient dialysis services to our community, this RFP was published to have a local representative looking at potential properties. Zoning changes might be required and a local representative would be advantageous. Roy Moosa of Sun Realty responded to the RFP.

B8 Recommendations for Discussion/Action Items at November 9, 2016 Regular Board Meeting

It was noted that Legal Counsel will bring any Discussion/Action items to the next board meeting in November.

C. ADJOURNMENT

There being no further business, the meeting was adjourned at 12:54 p.m.

Gordon Tinker President

Stephen Abbott, Secretary

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial statements. This includes not only sales and purchases but also expenses, income, and any other financial activity.

The second part of the document provides a detailed explanation of the accounting cycle. It outlines the ten steps involved in the process, from identifying the accounting entity to preparing financial statements. Each step is described in detail, including the necessary documents and procedures to follow.

The third part of the document discusses the various methods used to record transactions. It compares the double-entry system with the single-entry system, highlighting the advantages and disadvantages of each. It also explains how to use T-accounts to organize and summarize the data.

The fourth part of the document focuses on the preparation of financial statements. It explains how to calculate the net income or loss for a period and how to prepare the balance sheet, income statement, and statement of cash flows. It also discusses the importance of reconciling the books and ensuring that the accounts are in balance.

The fifth part of the document discusses the role of the accountant in the business. It explains how the accountant provides valuable information to the management and the owners of the business, helping them to make informed decisions about the future of the company.



**MINUTES
FALLBROOK HEALTHCARE DISTRICT
REGULAR BOARD MEETING**

**Wednesday, November 9, 2016, 6:00 p.m.
Fallbrook Public Utilities District, 990 E. Mission Rd., Fallbrook**

A. CALL MEETING TO ORDER – PLEDGE OF ALLEGIANCE

President Gordon Tinker called the meeting to order at 6:12 p.m.

Board members present: Gordon Tinker, Barbara Mroz, Dr. Frank Winton and Stephen Abbott. Director Howard Salmon was out of town and unable to teleconference.

Also present: Executive Director Bobbi Palmer, Legal Counsel Blaise Jackson and Accountant Kathy Bogle.

President Tinker led the Pledge of Allegiance.

B. ADDITIONS TO AGENDA

There were no additions to the agenda.

C. BOARD MEMBER AND PUBLIC COMMENTS

There were no requests for comments.

D. PRESENTATION

D1. Community Health Systems Inc.: Jack E. Johns Fallbrook Family Health Center
A framed photograph of all of the volunteers at the 2016 Prostate Cancer Screening Event held at the Jack E. Johns Fallbrook Family Health Center in September was presented to Jack Johns. Mr. Johns is CEO of CHS, Inc.CA, which operates several health centers in Southern California (including the Fallbrook Family Health Center). Fallbrook Healthcare District chose to recognize Mr. Johns for his many years of providing health services and working collaboratively with Fallbrook Healthcare District. Mr. Johns provided a brief update, noting that their patient care visits increased to 30,000 annually and now includes behavioral health services. Mr. Johns' wife, Mary, and members of his staff in attendance were also introduced.

E. CONSENT ITEMS

E1. Minutes of October 12, 2016 Regular Board Meeting

E2. Approval of September 2016 Financial Statements

Discussion: There was no request by any Director to pull an item for discussion.

Action: Director Mroz moved and Director Abbott seconded to approve the consent items as presented. Motion carried (4-0).

F. REPORTS

F1. Finance Committee – Director Salmon and Mroz

In the absence of Chairman Salmon, Finance Committee member Barbara Mroz provided the Finance Committee report. She reviewed the Financial Statements and the LAIF and Cal-Trust accounts. (See attached)

F2. Community Healthcare Programs Committee – Directors Mroz and Abbott

Director Mroz said at the November Woman of Wellness (WOW) event and Acupuncturist Randall Wegener presented "Healing the Modern Woman with Ancient Medicine" and answered many questions from the audience. No event will take place in December; the next event is scheduled for January 5, 2017.

- F3. Gov't and Community Relations Committee – Directors Tinker and Salmon
Committee Chair Gordon Tinker noted that Executive Director Bobbi Palmer serves on an ACHD advisory committee which has been meeting with the Little Hoover Commission. This Commission was created in 1962 and has been called into action several times. This time they were called into action to again look at Special Districts in relation to each District's role and relevance. Recently, Ms. Palmer attended and addressed the Little Hoover Commission meeting in Sacramento, providing specific examples of FHD's role and relevance in our communities.
- F4. Facilities Committee – Director Tinker and Winton
Committee Chair Gordon Tinker noted that the Executive Director in her review of contracts had arranged to cut in half the cost of landscaping services.
- F5. Long Range Planning Committee – Directors Salmon and Winton
No report
- F6. Executive Director – Bobbi Palmer
Executive Director Palmer reviewed her report which included various activities and screenings facilitated by the North County Communities Collaborative Health Initiative (NCCCHI). This seven-member collaborative consists of a college, CSUSM, and the following local non-profit organizations: Fallbrook Smiles; Fallbrook Family Health Center; the Senior Center; the Foundation for Senior Care; the Fallbrook Food Pantry and Fallbrook Healthcare District (a special district). The RN students from CSUSM volunteer at these entities or work in conjunction with them to provide health services to agricultural workers and education for students at the local schools. She reviewed community engagements in which FHD participated, e.g. North County Fire Prevention Open House and the Halloween Festival. Lastly, Ms. Palmer reviewed her attendance/participation in events related to legislative advocacy, e.g. Little Hoover Commission – Advisory Committee Hearing in Sacramento and Congressman Hunter's Small Roundtable Community Leaders Forum.
- F7. General Counsel – Blaise Jackson
Legal Counsel Blaise Jackson deferred his comments to Discussion/Action items and Closed Session.

G. DISCUSSION/ACTION ITEMS

- G1. Draft of Compensation Policy for ACHD Certification
The Executive Director said this policy is required for ACHD certification. FHD has applied for this certification, which is valid for three (3) years and represents that the District meets the specific qualifications for certification. (See attached MEMO to Board of Directors.) Twelve healthcare districts have received this certification to date. Legal Counsel drafted the policy (which is attached). Following review, the Board determined to take action.
Action: On motion duly made by Director Abbott, seconded by Director Winton, the Board approved the Compensation Policy for Executive and Key Employees as presented. Motion carried (4-0).
- G2. Extended Hours Urgent Care Support Agreement
Discussion: Dr. Coen had joined the meeting and President Tinker asked him if he wanted to address the Board. He had submitted and redistributed a communication to the Board stating his position regarding urgent care services he continues to provide in the community. Discussion ensued regarding Dr. Coen's providing of both family practice and urgent care services, as well as

discussion regarding service to Medi-Cal and Medi-Cal HMO patients. In addition, there was discussion of the history of the need for emergency/urgent care services caused by the closure of the hospital.

Executive Director Palmer presented a recommendation that the Board consider continuing to provide operational support for the extended hours services provided by A+ Urgent Care, at a monthly cost not to exceed \$10,000.00, to provide extended hours services on Monday – Friday from 5 pm – 7 pm; with Saturday – Sunday and Holidays from 9 am – 2 pm.

Further discussion ensued regarding continuing support for urgent care services and the need for A+ to provide adequate and timely information as requested by the District.

Recommendation: Legal Counsel was directed to draft an agreement and bring it to the next meeting for consideration.

- G3. Medical Liquidation Services – Centurion Service Group
Executive Director Bobbi Palmer said Centurion Service Group (“CSG”) had previously inventoried the equipment of the hospital and also responded to the RFP for Medical Equipment Liquidation. The proposal was included in the meeting packet for consideration.
Action: Director Mroz moved and Director Abbott seconded to approve the proposal received from CSG for liquidation of equipment and move forward with negotiating a contract with CSG . Motion carried (4-0).

- G4. JPA Palomar Health
After meeting with representatives from Palomar Health, it was concluded that the JPA’s intended role was met and there is not a need for the JPA at this time. If a need for services provided by another healthcare district is identified, it can be facilitated through a Memorandum of Understanding (MOU).

Action: It was moved by Director Abbott, seconded by Director Mroz to initiate termination of the JPA with Palomar Health. Motion carried (4-0).

H. ITEMS FOR SUBSEQUENT MEETINGS

- H1. Other Director/Staff discussion items
H1a. Item(s) for future board agendas
No recommendations
H1b. Announcements of upcoming events:
• Fallbrook Christmas Parade – Saturday, December 3, 5:00pm,
Downtown Fallbrook
H2. Next Regular Board meeting – Wednesday, December 14, 2016, Fallbrook
Public Utility District Board Room

I. CLOSED SESSION

- I1. CONFERENCE WITH REAL ESTATE NEGOTIATOR REGARDING SALE OF REAL PROPERTY PER GOVT CODE 54956.8 -Conference shall include Price and Terms.
District Negotiator: Travis Ives
APN #s 105-811-01 and 103-246-51. (Former Hospital Property – 624 Elder Street/138 Brandon Road)”

12. PERSONNEL MATTERS PURSUANT TO GOVERNMENT CODE SECTION 54957 -
Evaluation of Executive Director

The Board adjourned to Closed Session at 7:35 p.m.

J. RETURN TO OPEN SESSION

The Board reconvened into Open Session at 7:53 p.m.

During Closed Session the following action was taken: No action was taken on the Real Estate Matter (11). The Board discussed the performance of the Executive Director in Closed Session (12).

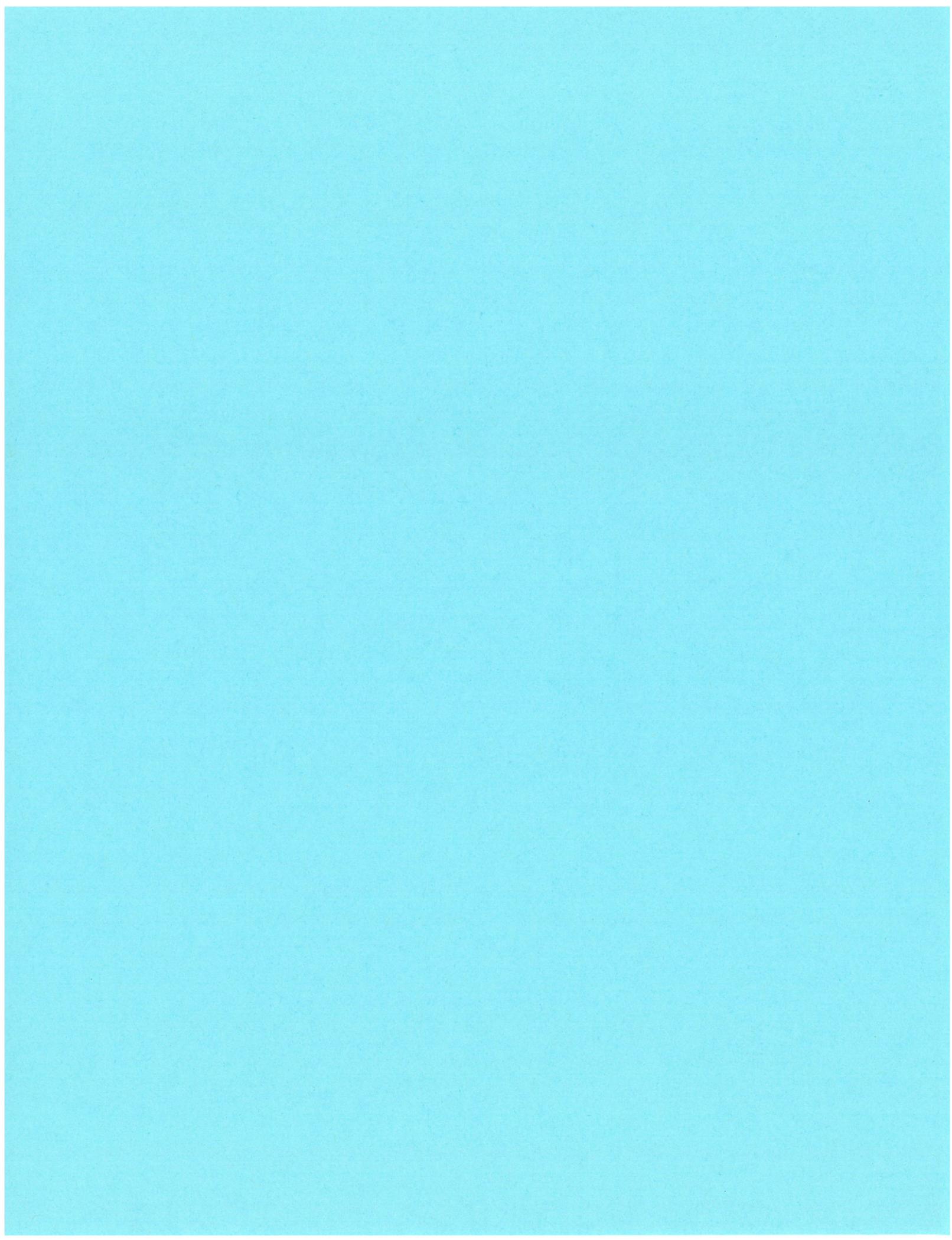
Director Tinker advised that the Board was generally pleased with Ms. Palmer's first year of performance, and made a motion to adjust Ms. Palmer's annual compensation by four (4) percent, effective February 1, 2017. Director Salmon seconded. The motion carried unanimously.

K. ADJOURNMENT

There being no further business, the meeting was adjourned at 7:53 p.m.

Gordon Tinker, President

Stephen Abbott, Secretary



FALLBROOK HEALTHCARE DISTRICT
BALANCE SHEET COMPARISON
Comparison of October 31, 2016 to September 30, 2016

| | Oct 31, 16 | Sep 30, 16 | \$ Change |
|---|----------------------|----------------------|-------------------|
| ASSETS | | | |
| Current Assets | | | |
| Checking/Savings | | | |
| 102.9 · Cal Trust - Contingency Fund | 4,231,368.85 | 4,236,251.14 | (4,882.29) |
| 102.2 · Cash in Bank - New Operating | 143,589.76 | 167,398.63 | (23,808.87) |
| 102.6 · Cash in Bank -LAIF | 1,668,179.17 | 1,510,860.83 | 157,318.34 |
| Total Checking/Savings | 6,043,137.78 | 5,914,510.60 | 128,627.18 |
| Other Current Assets | | | |
| 104 · Prepaid Insurance | 33,169.02 | 36,861.16 | (3,692.14) |
| 110 · Reimbursement Receivable - CHS | 157,981.89 | 157,981.89 | 0.00 |
| 114 · Interest Receivable | 3,686.65 | 5,831.63 | (2,144.98) |
| Total Other Current Assets | 194,837.56 | 200,674.68 | (5,837.12) |
| Total Current Assets | 6,237,975.34 | 6,115,185.28 | 122,790.06 |
| Fixed Assets | | | |
| 120.01 · ALVARADO BLDG | 291,240.00 | 291,240.00 | 0.00 |
| 121 · Equipment | 19,521.65 | 19,521.65 | 0.00 |
| 121.2 · Equipment Depreciation | (19,359.11) | (19,339.31) | (19.80) |
| 122.0 · ASSETS HELD FOR RESALE | | | |
| 122.01 · FALLBROOK HOSPITAL | 4,417,521.00 | 4,417,521.00 | 0.00 |
| 122.02 · WELLNESS CENTER | 291,240.00 | 291,240.00 | 0.00 |
| Total 122.0 · ASSETS HELD FOR RESALE | 4,708,761.00 | 4,708,761.00 | 0.00 |
| Total Fixed Assets | 5,000,163.54 | 5,000,183.34 | (19.80) |
| TOTAL ASSETS | 11,238,138.88 | 11,115,368.62 | 122,770.26 |
| LIABILITIES & EQUITY | | | |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable | | | |
| 140 · Accounts Payable | 32,334.97 | 19,280.50 | 13,054.47 |
| Total Accounts Payable | 32,334.97 | 19,280.50 | 13,054.47 |
| Credit Cards | | | |
| 150.1 · American Express 41007 | 0.00 | 393.56 | (393.56) |
| Total Credit Cards | 0.00 | 393.56 | (393.56) |
| Other Current Liabilities | | | |
| 204 · Accrued Vacation & Sick Leave | 4,456.53 | 4,456.53 | 0.00 |
| 211 · P/R Taxes Payable | 5,541.52 | 5,447.06 | 94.46 |
| 215 · Comm Healthcare Programs Pble | | | |
| 215.24 · District Sponsored Programs | 28,228.42 | 28,416.12 | (187.70) |
| Total 215 · Comm Healthcare Programs ... | 28,228.42 | 28,416.12 | (187.70) |
| Total Other Current Liabilities | 38,226.47 | 38,319.71 | (93.24) |
| Total Current Liabilities | 70,561.44 | 57,993.77 | 12,567.67 |
| Total Liabilities | 70,561.44 | 57,993.77 | 12,567.67 |
| Equity | | | |
| 300 · Unrestricted Fund Balance | 11,468,334.03 | 11,468,334.03 | 0.00 |
| Net Income | (300,756.59) | (410,959.18) | 110,202.59 |
| Total Equity | 11,167,577.44 | 11,057,374.85 | 110,202.59 |
| TOTAL LIABILITIES & EQUITY | 11,238,138.88 | 11,115,368.62 | 122,770.26 |

FALLBROOK HEALTHCARE DISTRICT
Income Statement
For the Month Ended October 31, 2016 and Year to Date

| | <u>Oct 16</u> | <u>Jul - Oc...</u> |
|--|---------------|--------------------|
| Ordinary Income/Expense | | |
| Income | | |
| 400. · District | | |
| 402 · Property tax revenue | 23,343 | 74,601 |
| 403 · Interest / Dividends | 3,687 | 16,705 |
| 406 · Unearned Inc(Loss) - Cal Trust | (8,396) | (20,964) |
| Total 400. · District | <u>18,634</u> | <u>70,341</u> |
| 450. · Properties | | |
| 460 · Lease Income | | |
| 460.01 · A+ Urgent Care | 4,800 | 19,200 |
| Total 460 · Lease Income | <u>4,800</u> | <u>19,200</u> |
| Total 450. · Properties | <u>4,800</u> | <u>19,200</u> |
| Total Income | <u>23,434</u> | <u>89,541</u> |
| Gross Profit | <u>23,434</u> | <u>89,541</u> |
| Expense | | |
| 500 · Administrative Expenses | | |
| 500.10 · Salaries | 17,053 | 68,473 |
| 500.12 · Payroll Taxes | 1,427 | 5,590 |
| 500.14 · W/C Insurance | 136 | 544 |
| 500.15 · Employee Health & Welfare | 773 | 4,003 |
| 500.16 · Board Stipends | 1,600 | 4,600 |
| 500.17 · Education & Conferences | 1,655 | 3,667 |
| 500.18 · Dues & Subscriptions | | 9,093 |
| 500.19 · Insurance - General | 3,556 | 15,227 |
| 500.20 · Independent Accounting Services | 850 | 3,100 |
| 500.21 · Annual Independent Audit | 7,820 | 7,820 |
| 500.23 · General Counsel | 7,945 | 38,343 |
| 500.25 · Office Expense | | |
| 01 · Communications | 338 | 1,453 |
| 02 · I.T. and Website services | 253 | 2,412 |
| 03 · Refreshments | 46 | 2,868 |
| 04 · Office supplies | 355 | 1,871 |
| 05 · Admin fees | 22 | 624 |
| 06 · Independent Contract Services | 2,251 | 10,914 |
| 500.25 · Office Expense - Other | | 18 |
| Total 500.25 · Office Expense | <u>3,266</u> | <u>20,161</u> |
| 500.27 · Depreciation | 20 | 198 |
| 500.29 · Dist Promotions & Publications | 549 | 7,162 |
| 500.32 · Consultant Fees | 1,350 | 19,383 |
| 500.33 · Copier Lease | 750 | 3,350 |
| Total 500 · Administrative Expenses | <u>48,751</u> | <u>210,713</u> |

FALLBROOK HEALTHCARE DISTRICT
Income Statement
For the Month Ended October 31, 2016 and Year to Date

| | <u>Oct 16</u> | <u>Jul - Oc...</u> |
|--|------------------|--------------------|
| 590 · Management & Maintenance | | |
| 590.01 · Building Engineer | 6,682 | 27,674 |
| 590.02 · Gas & Electric | 5,542 | 23,506 |
| 590.03 · Water | 2,407 | 9,983 |
| 590.04 · Waste Management | 162 | 510 |
| 590.05 · Security | 1,100 | 4,400 |
| 590.06 · Landscape - Grounds Environment | 1,600 | 7,550 |
| 590.07 · Custodial Services | 450 | 1,350 |
| 590.08 · Elevator | 173 | 684 |
| 590.09 · Vehicle Expenses | | 112 |
| 590.10 · Maintenance Services & Repairs | | 355 |
| 590.11 · Medical Records Store & Service | 1,516 | 5,866 |
| 590.12 · Fire Alarm System | 330 | 660 |
| Total 590 · Management & Maintenance | <u>19,962</u> | <u>82,650</u> |
| 600 · Community Healthcare Programs | | |
| 600.02 · Fibk Citizens Crime Prevention | | 2,500 |
| 600.59 · Palomar Health Foundation | | 2,500 |
| 600.58 · Michelle's Place | | 5,000 |
| 600.54 · Healthy Adventures Foundation | | 3,000 |
| 600.53 · Jeremiah's Ranch | | 6,000 |
| 600.04 · Boys & Girls Club | | 14,700 |
| 600.07 · Senior Citizens Center | | 15,275 |
| 600.08 · Smiles Project | | 17,500 |
| 600.11 · Palomar Family Coun.Serv. | | 18,500 |
| 600.14 · Fibk Family Health Center | | 21,250 |
| 600.17 · Foundation for Senior Care | | 39,446 |
| 600.18 · Fibk Comm Project - Food Pantry | | 15,000 |
| 600.33 · REINS Therapy | | 15,700 |
| 600.37 · Trauma Intervention Programs | | 4,000 |
| 600.46 · North Inland Comm Prev Program | | 3,206 |
| 600.57 · North County Fire Protect Distr | | 29,839 |
| Total 600 · Community Healthcare Programs | | <u>213,416</u> |
| 800 · District Direct Care Services | | |
| 800.02 · A+ Urgent Care | | 39,000 |
| Total 800 · District Direct Care Services | | <u>39,000</u> |
| Total Expense | <u>68,713</u> | <u>545,780</u> |
| Net Ordinary Income | (45,279) | (456,238) |
| Other Income/Expense | | |
| Other Expense | | |
| 950 · CHS Termination Activities | | |
| 950.04 · Expenses Pd on Behalf of CHS | (155,482) | (155,482) |
| Total 950 · CHS Termination Activities | <u>(155,482)</u> | <u>(155,482)</u> |
| Total Other Expense | <u>(155,482)</u> | <u>(155,482)</u> |
| Net Other Income | <u>155,482</u> | <u>155,482</u> |
| Net Income | <u>110,203</u> | <u>(300,757)</u> |

FALLBROOK HEALTHCARE DISTRICT

Profit & Loss Actual vs Budget

July 1 thru September 30, 2016

| | Jul - Oc... | Budget | \$ Over ... |
|--|----------------|----------------|-----------------|
| Ordinary Income/Expense | | | |
| Income | | | |
| 400. · District | | | |
| 402 · Property tax revenue | 74,601 | 53,771 | 20,830 |
| 403 · Interest / Dividends | 16,705 | 12,911 | 3,794 |
| 406 · Unearned Inc(Loss) - Cal Trust | (20,964) | 0 | (20,964) |
| Total 400. · District | 70,341 | 66,682 | 3,659 |
| 450. · Properties | | | |
| 460 · Lease Income | | | |
| 460.01 · A+ Urgent Care | 19,200 | 19,200 | 0 |
| Total 460 · Lease Income | 19,200 | 19,200 | 0 |
| Total 450. · Properties | 19,200 | 19,200 | 0 |
| Total Income | 89,541 | 85,882 | 3,659 |
| Gross Profit | 89,541 | 85,882 | 3,659 |
| Expense | | | |
| 500 · Administrative Expenses | | | |
| 500.10 · Salaries | 68,473 | 72,132 | (3,659) |
| 500.12 · Payroll Taxes | 5,590 | 8,400 | (2,810) |
| 500.14 · W/C Insurance | 544 | 383 | 161 |
| 500.15 · Employee Health & Welfare | 4,003 | 6,120 | (2,117) |
| 500.16 · Board Stipends | 4,600 | 8,800 | (4,200) |
| 500.17 · Education & Conferences | 3,667 | 5,000 | (1,333) |
| 500.18 · Dues & Subscriptions | 9,093 | 9,273 | (180) |
| 500.19 · Insurance - General | 15,227 | 15,000 | 227 |
| 500.20 · Independent Accounting Servi... | 3,100 | 3,400 | (300) |
| 500.21 · Annual Independent Audit | 7,820 | 8,500 | (680) |
| 500.23 · General Counsel | 38,343 | 41,667 | (3,324) |
| 500.25 · Office Expense | | | |
| 01 · Communications | 1,453 | 1,800 | (347) |
| 02 · I.T. and Website services | 2,412 | 1,433 | 979 |
| 03 · Refreshments | 2,868 | 1,467 | 1,402 |
| 04 · Office supplies | 1,871 | 5,333 | (3,462) |
| 05 · Admin fees | 624 | | |
| 06 · Independent Contract Services | 10,914 | 12,104 | (1,190) |
| 500.25 · Office Expense - Other | 18 | 0 | 18 |
| Total 500.25 · Office Expense | 20,161 | 22,137 | (1,976) |
| 500.27 · Depreciation | 198 | 554 | (356) |
| 500.29 · Dist Promotions & Publications | 7,162 | 4,750 | 2,412 |
| 500.32 · Consultant Fees | 19,383 | 9,950 | 9,433 |
| 500.33 · Copier Lease | 3,350 | 2,000 | 1,350 |
| 500.85 · Calif Mandated Reimbursement | 0 | (3,333) | 3,333 |
| 580.01 · General Election | 0 | 40,000 | (40,000) |
| Total 500 · Administrative Expenses | 210,713 | 254,732 | (44,019) |

FALLBROOK HEALTHCARE DISTRICT

Profit & Loss Actual vs Budget

July 1 thru September 30, 2016

| | Jul - Oc... | Budget | \$ Over ... |
|---|------------------|------------------|------------------|
| 590 · Management & Maintenance | | | |
| 590.01 · Building Engineer | 27,674 | 28,167 | (492) |
| 590.02 · Gas & Electric | 23,506 | 31,400 | (7,894) |
| 590.03 · Water | 9,983 | 8,000 | 1,983 |
| 590.04 · Waste Management | 510 | 500 | 10 |
| 590.05 · Security | 4,400 | 4,500 | (100) |
| 590.06 · Landscape - Grounds Environ... | 7,550 | 10,833 | (3,283) |
| 590.07 · Custodial Services | 1,350 | 500 | 850 |
| 590.08 · Elevator | 684 | 667 | 17 |
| 590.09 · Vehicle Expenses | 112 | 500 | (388) |
| 590.10 · Maintenance Services & Repairs | 355 | 7,050 | (6,695) |
| 590.11 · Medical Records Store & Servi... | 5,866 | 0 | 5,866 |
| 590.12 · Fire Alarm System | 660 | | |
| Total 590 · Management & Maintenance | 82,650 | 92,117 | (9,466) |
| 600 · Community Healthcare Programs | | | |
| 600.02 · Fibk Citizens Crime Prevention | 2,500 | 2,500 | 0 |
| 600.59 · Palomar Health Foundation | 2,500 | 2,500 | 0 |
| 600.58 · Michelle's Place | 5,000 | 5,000 | 0 |
| 600.54 · Healthy Adventures Foundation | 3,000 | 3,000 | 0 |
| 600.53 · Jeremiah's Ranch | 6,000 | 6,000 | 0 |
| 600.04 · Boys & Girls Club | 14,700 | 14,700 | 0 |
| 600.07 · Senior Citizens Center | 15,275 | 15,275 | 0 |
| 600.08 · Smiles Project | 17,500 | 17,500 | 0 |
| 600.11 · Palomar Family Coun.Serv. | 18,500 | 18,500 | 0 |
| 600.14 · Fibk Family Health Center | 21,250 | 21,250 | 0 |
| 600.17 · Foundation for Senior Care | 39,446 | 39,446 | 0 |
| 600.18 · Fibk Comm Project - Food Pan... | 15,000 | 15,000 | 0 |
| 600.33 · REINS Therapy | 15,700 | 15,700 | 0 |
| 600.37 · Trauma Intervention Programs | 4,000 | 4,000 | 0 |
| 600.46 · North Inland Comm Prev Progr... | 3,206 | 3,206 | 0 |
| 600.57 · North County Fire Protect Distr | 29,839 | 29,839 | 0 |
| Total 600 · Community Healthcare Progra... | 213,416 | 213,416 | 0 |
| 800 · District Direct Care Services | | | |
| 800.02 · A+ Urgent Care | 39,000 | 0 | 39,000 |
| Total 800 · District Direct Care Services | 39,000 | 0 | 39,000 |
| Total Expense | 545,780 | 560,265 | (14,485) |
| Net Ordinary Income | (456,238) | (474,383) | 18,144 |
| Other Income/Expense | | | |
| Other Expense | | | |
| 950 · CHS Termination Activities | | | |
| 950.04 · Expenses Pd on Behalf of CHS | (155,482) | 0 | (155,482) |
| Total 950 · CHS Termination Activities | (155,482) | 0 | (155,482) |
| Total Other Expense | (155,482) | 0 | (155,482) |
| Net Other Income | 155,482 | 0 | 155,482 |
| Net Income | (300,757) | (474,383) | 173,626 |

11/22/16

FALLBROOK HEALTHCARE DISTRICT
Transaction Detail by Account - 402 Property Tax Revenue
July 1, 2016 to October 31, 2016

| Type | Date | Name | Amount | Balance |
|-----------------------------------|----------|-------------------------|------------------|------------------|
| 400. · District | | | | |
| 402 · Property tax revenue | | | | |
| Deposit | 07/20/16 | San Diego County-pro... | 13,064.78 | 13,064.78 |
| Deposit | 08/10/16 | San Diego County-pro... | 28,616.73 | 41,681.51 |
| Deposit | 09/07/16 | San Diego County-pro... | 9,576.71 | 51,258.22 |
| Deposit | 10/04/16 | San Diego County-pro... | 23,342.78 | 74,601.00 |
| Total 402 · Property tax revenue | | | 74,601.00 | 74,601.00 |
| Total 400. · District | | | 74,601.00 | 74,601.00 |
| TOTAL | | | 74,601.00 | 74,601.00 |

**FALLBROOK HEALTHCARE DISTRICT
Profit & Loss Budget Overview
July 2016 through June 2017**

| | Jul 16 | Aug 16 | Sep 16 | Oct 16 | Nov 16 | Dec 16 | Jan 17 | Feb 17 | Mar 17 | Apr 17 | May 17 | Jun 17 | TOTAL Jul '16 - Ju... |
|--|------------------|-----------------|-----------------|-----------------|------------------|----------------|----------------|------------------|-----------------|----------------|----------------|-----------------|--------------------------|
| Ordinary Income/Expense | | | | | | | | | | | | | |
| Income | | | | | | | | | | | | | |
| 400 · District | | | | | | | | | | | | | |
| 402 · Property tax revenue | 13,065 | 12,100 | 15,100 | 13,506 | 75,399 | 633,527 | 253,274 | 42,453 | 45,983 | 388,488 | 184,194 | 22,910 | 1,700,000 |
| 403 · Interest / Dividends | 3,841 | 3,925 | 2,044 | 3,100 | 2,663 | 5,116 | 5,230 | 2,693 | 3,815 | 2,690 | 2,731 | 2,151 | 40,000 |
| Total 400 · District | 16,906 | 16,025 | 17,144 | 16,606 | 78,062 | 638,643 | 258,505 | 45,146 | 49,798 | 391,178 | 186,926 | 25,061 | 1,740,000 |
| 450 · Properties | | | | | | | | | | | | | |
| 460 · Lease Income | | | | | | | | | | | | | |
| 460.01 · A+ Urgent Care | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 57,600 |
| Total 460 · Lease Income | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 57,600 |
| Total 450 · Properties | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 57,600 |
| Total Income | 21,706 | 20,825 | 21,944 | 21,406 | 82,862 | 643,443 | 263,305 | 49,946 | 54,598 | 395,978 | 191,726 | 29,861 | 1,797,600 |
| Gross Profit | 21,706 | 20,825 | 21,944 | 21,406 | 82,862 | 643,443 | 263,305 | 49,946 | 54,598 | 395,978 | 191,726 | 29,861 | 1,797,600 |
| Expense | | | | | | | | | | | | | |
| 500 · Administrative Expenses | | | | | | | | | | | | | |
| 500.10 · Salaries | 16,533 | 18,533 | 18,533 | 18,533 | 20,533 | 20,533 | 20,533 | 20,533 | 20,910 | 20,910 | 20,910 | 21,006 | 238,000 |
| 500.12 · Payroll Taxes | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 25,200 |
| 500.14 · W/C Insurance | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 1,150 |
| 500.15 · Employee Health & Welfare | 1,530 | 1,530 | 1,530 | 1,530 | 1,530 | 1,530 | 1,530 | 1,530 | 1,530 | 1,530 | 1,530 | 1,530 | 18,360 |
| 500.16 · Board Stipends | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 26,400 |
| 500.17 · Education & Conferences | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 15,000 |
| 500.18 · Dues & Subscriptions | 7,500 | 591 | 591 | 591 | 591 | 591 | 591 | 590 | 591 | 591 | 591 | 591 | 14,000 |
| 500.19 · Insurance - General | 3,750 | 3,750 | 3,750 | 3,750 | 3,750 | 3,750 | 3,750 | 3,750 | 3,750 | 3,750 | 3,750 | 3,750 | 45,000 |
| 500.20 · Independent Accounting Services | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 10,200 |
| 500.21 · Annual Independent Audit | 0 | 0 | 0 | 8,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,500 |
| 500.23 · General Counsel | 10,417 | 10,417 | 10,417 | 10,417 | 10,417 | 10,417 | 10,417 | 10,417 | 10,417 | 10,417 | 10,417 | 10,417 | 125,000 |
| 500.25 · Office Expense | | | | | | | | | | | | | |
| 01 · Communications | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 5,400 |
| 02 · I.T. and Website services | 933 | 250 | 250 | 0 | 250 | 217 | 0 | 0 | 250 | 0 | 250 | 0 | 2,400 |
| 03 · Refreshments | 367 | 367 | 367 | 367 | 367 | 367 | 367 | 367 | 367 | 367 | 367 | 367 | 4,400 |
| 04 · Office supplies | 1,333 | 1,333 | 1,333 | 1,333 | 1,333 | 1,333 | 1,333 | 1,333 | 1,333 | 1,333 | 1,333 | 1,333 | 16,000 |
| 06 · Independent Contract Services | 2,176 | 2,176 | 2,176 | 5,576 | 5,556 | 5,506 | 5,506 | 5,506 | 5,406 | 5,404 | 5,506 | 5,506 | 56,000 |
| Total 500.25 · Office Expense | 5,259 | 4,576 | 4,576 | 7,726 | 7,956 | 7,873 | 7,656 | 7,656 | 7,806 | 7,554 | 7,906 | 7,656 | 84,200 |
| 500.27 · Depreciation | 138 | 138 | 138 | 138 | 138 | 138 | 138 | 138 | 138 | 138 | 138 | 138 | 1,661 |
| 500.29 · Dist Promotions & Publications | 4,000 | 250 | 250 | 250 | 100 | 100 | 100 | 100 | 200 | 250 | 250 | 150 | 6,000 |
| 500.32 · Consultant Fees | 8,000 | 650 | 650 | 650 | 650 | 650 | 650 | 650 | 650 | 600 | 600 | 600 | 15,000 |
| 500.33 · Copier Lease | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 |
| 500.85 · Calif Mandated Reimbursement | (833) | (833) | (833) | (833) | (833) | (833) | (833) | (833) | (833) | (833) | (833) | (833) | (10,000) |
| 580.01 · General Election | 0 | 0 | 0 | 40,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 40,000 |
| Total 500 · Administrative Expenses | 63,290 | 46,598 | 46,598 | 98,248 | 51,828 | 51,745 | 51,528 | 51,527 | 52,155 | 51,903 | 52,255 | 52,001 | 669,671 |
| 590 · Management & Maintenance | | | | | | | | | | | | | |
| 590.01 · Building Engineer | 7,042 | 7,042 | 7,042 | 7,042 | 7,042 | 7,042 | 7,042 | 7,042 | 7,042 | 7,042 | 7,042 | 7,042 | 84,500 |
| 590.02 · Gas & Electric | 7,850 | 7,850 | 7,850 | 7,850 | 7,850 | 7,850 | 7,850 | 7,850 | 7,850 | 7,850 | 7,850 | 7,850 | 94,200 |
| 590.03 · Water | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 24,000 |
| 590.04 · Waste Management | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 1,500 |
| 590.05 · Security | 1,125 | 1,125 | 1,125 | 1,125 | 1,125 | 1,125 | 1,125 | 1,125 | 1,125 | 1,125 | 1,125 | 1,125 | 13,500 |
| 590.06 · Landscape - Grounds Environment | 2,708 | 2,708 | 2,708 | 2,708 | 2,708 | 2,708 | 2,708 | 2,708 | 2,708 | 2,708 | 2,708 | 2,708 | 32,500 |
| 590.07 · Custodial Services | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 1,500 |
| 590.08 · Elevator | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 2,000 |
| 590.09 · Vehicle Expenses | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 1,500 |
| 590.10 · Maintenance Services & Repairs | 1,763 | 1,763 | 1,763 | 1,763 | 1,763 | 1,763 | 1,763 | 1,763 | 1,763 | 1,763 | 1,763 | 1,763 | 21,150 |
| Total 590 · Management & Maintenance | 23,029 | 23,029 | 23,029 | 23,029 | 23,029 | 23,029 | 23,029 | 23,029 | 23,029 | 23,029 | 23,029 | 23,029 | 276,350 |
| 600 · Community Healthcare Programs | | | | | | | | | | | | | |
| 600.02 · Fibk Citizens Crime Prevention | 2,500 | 0 | 0 | 0 | 2,500 | 0 | 0 | 3,000 | 0 | 0 | 0 | 0 | 8,000 |
| 600.59 · Palomar Health Foundation | 2,500 | 0 | 0 | 0 | 2,500 | 0 | 0 | 2,500 | 0 | 0 | 2,500 | 0 | 10,000 |
| 600.58 · Michelle's Place | 5,000 | 0 | 0 | 0 | 5,000 | 0 | 0 | 2,500 | 0 | 0 | 2,500 | 0 | 15,000 |
| 600.54 · Healthy Adventures Foundation | 3,000 | 0 | 0 | 0 | 0 | 0 | 0 | 3,000 | 0 | 0 | 3,000 | 0 | 9,000 |
| 600.53 · Jeremiah's Ranch | 6,000 | 0 | 0 | 0 | 6,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12,000 |
| 600.04 · Boys & Girls Club | 14,700 | 0 | 0 | 0 | 7,500 | 0 | 0 | 7,500 | 0 | 0 | 7,500 | 0 | 37,200 |
| 600.07 · Senior Citizens Center | 15,275 | 0 | 0 | 0 | 15,525 | 0 | 0 | 15,525 | 0 | 0 | 15,538 | 0 | 61,863 |
| 600.08 · Smiles Project | 17,500 | 0 | 0 | 0 | 17,500 | 0 | 0 | 17,500 | 0 | 0 | 17,500 | 0 | 70,000 |
| 600.11 · Palomar Family Coun.Serv. | 18,500 | 0 | 0 | 0 | 18,500 | 0 | 0 | 18,500 | 0 | 0 | 18,500 | 0 | 74,000 |
| 600.14 · Fibk Family Health Center | 21,250 | 0 | 0 | 0 | 21,250 | 0 | 0 | 21,250 | 0 | 0 | 21,250 | 0 | 85,000 |
| 600.17 · Foundation for Senior Care | 39,446 | 0 | 0 | 0 | 39,196 | 0 | 0 | 39,197 | 0 | 0 | 12,250 | 0 | 130,089 |
| 600.18 · Fibk Comm Project - FOOD PANTRY | 15,000 | 0 | 0 | 0 | 15,000 | 0 | 0 | 15,000 | 0 | 0 | 15,000 | 0 | 60,000 |
| 600.33 · REINS Therapy | 15,700 | 0 | 0 | 0 | 10,200 | 0 | 0 | 10,200 | 0 | 0 | 10,200 | 0 | 46,300 |
| 600.37 · Trauma Intervention Programs | 4,000 | 0 | 0 | 0 | 0 | 0 | 0 | 4,000 | 0 | 0 | 0 | 0 | 8,000 |
| 600.46 · North Inland Comm Prev Program | 3,206 | 0 | 0 | 0 | 3,206 | 0 | 0 | 3,208 | 0 | 0 | 0 | 0 | 9,620 |
| 600.47 · FUHS - Asperger's Support Ctr | 0 | 0 | 0 | 0 | 3,250 | 0 | 0 | 3,250 | 0 | 0 | 0 | 0 | 6,500 |
| 600.48 · UCSD Eye Mobile for Children | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,500 | 0 | 0 | 0 | 0 | 8,500 |
| 600.57 · North County Fire Protect Distr | 29,839 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 29,839 |
| Total 600 · Community Healthcare Programs | 213,416 | 0 | 0 | 0 | 167,127 | 0 | 0 | 174,630 | 0 | 0 | 125,738 | 0 | 680,911 |
| Total Expense | 299,735 | 69,627 | 69,627 | 121,277 | 241,984 | 74,774 | 74,557 | 249,186 | 75,184 | 74,932 | 201,022 | 75,030 | 1,626,932 |
| Net Ordinary Income | (278,028) | (48,801) | (47,682) | (99,871) | (159,122) | 568,669 | 188,748 | (199,240) | (20,586) | 321,046 | (9,296) | (45,168) | 170,668 |
| Net Income | (278,028) | (48,801) | (47,682) | (99,871) | (159,122) | 568,669 | 188,748 | (199,240) | (20,586) | 321,046 | (9,296) | (45,168) | 170,668 |

Local Agency Investment Fund
 P.O. Box 942809
 Sacramento, CA 94209-0001
 (916) 653-3001

www.treasurer.ca.gov/pmia-laif/laif.asp
 November 29,
 2016

FALLBROOK HEALTHCARE DISTRICT

ADMINISTRATOR
 P.O. BOX 2587
 FALLBROOK, CA 92088

PMIA Average Monthly Yields

Account Number:

// Tran Type Definitions

October 2016 Statement

| Effective Date | Transaction Date | Tran Type | Confirm Number | Authorized Caller | Amount |
|----------------|------------------|-----------|----------------|-------------------|------------|
| 10/14/2016 | 10/13/2016 | QRD | 1518198 | SYSTEM | 2,318.34 |
| 10/21/2016 | 10/20/2016 | RD | 1519116 | BOBBI PALMER | 155,000.00 |

Account Summary

| | | | |
|-------------------|------------|--------------------|--------------|
| Total Deposit: | 157,318.34 | Beginning Balance: | 1,510,860.83 |
| Total Withdrawal: | 0.00 | Ending Balance: | 1,668,179.17 |



FALLBROOK HEALTHCARE DISTRICT
STATEMENT FOR PERIOD
October 01, 2016 - October 31, 2016

CalTrust Medium Term Fund - FALLBROOK HEALTHCARE DIST

| Date | Transaction | Shares | Price Per Share | Amount | Average Cost NAV | Average Cost Amount | Realized Gain/Loss* |
|------------|--------------------------------------|--------------------|-----------------|---------------------|------------------|---------------------|---------------------|
| 09/30/2016 | BALANCE FORWARD | 419,430.806 | 10.10 | 4,236,251.14 | 10.05197062 | 4,216,106.14 | |
| 10/03/2016 | INCOME DISTRIBUTION - SEPTEMBER | 347.850 | 10.10 | 3,513.29 | 10.05201043 | 3,513.29 | 0.00 |
| 10/31/2016 | UNREALIZED GAIN (LOSS) | 0.000 | | -8,395.58 | | 0.00 | |
| 10/31/2016 | ENDING BALANCE | <u>419,778.656</u> | 10.08 | <u>4,231,368.85</u> | | <u>4,219,619.43</u> | |
| | INCOME DISTRIBUTION PAID - SEPTEMBER | | | 0.00 | | | |
| | INCOME ACCRUAL - OCTOBER | | | 3,686.65 | | | |
| | CUMULATIVE UNREALIZED GAIN (LOSS) | | | 11,749.42 | | | |

* Please note that this information should not be construed as tax advice and it is recommended that you consult with a tax professional regarding your account.

For Inquiries About Your Account, Contact:

Nottingham Investment Administration
116 South Franklin Street
Rocky Mount, NC 27804
Attention: CalTRUST Shareholder Services
Phone: 800.773.3863
Fax: 252-972-1908
Email: caltrustsupport@ncfunds.com

FALLBROOK HEALTHCARE DISTRICT
FALLBROOK HEALTHCARE DIST
ATTN: BOBBI A PALMER
138 SOUTH BRANDON ROAD
FALLBROOK CA 92028

REPORTS

REPORTS

Executive Director – Bobbi Palmer

To: Board of Directors
Fallbrook Healthcare District
From: Bobbi Palmer, MBA, MSW
Executive Director
Re: Monthly Report
Date: December 9, 2016

Community Health and Screenings

North County Collaborative Community Health Initiative, NCCCHI and Community Collaborative for Health and Wellness

- Fallbrook Food Pantry
- San Diego Food Bank
- Fallbrook Unified Elementary School district
- GANAS Mentoring Program
- Foundation for Senior Care
- Hines Nursery; Agricultural Worker Program
- North Coastal Public Health, Fallbrook

Community Engagement

- Age Well San Diego sponsored by the County of San Diego; Health and Human Services Agency; Listening forum to Identify Senior Needs in Fallbrook
- 2016-2017 Communication Plan; Erica Holloway: Ongoing Outreach and Press Releases
- 2016 Christmas Parade; Board of Director and Staff participation; FHD/North County Fire Ambulance

Legislative Advocacy; Little Hoover Commission, State of California

See attached document which includes testimonial and summary on November 16th. It does not contain commission conclusions or final recommendations. The Commissioners are scheduled to submit their opinion in early spring of 2017.

Media Opportunities and Press

1. Ribbon cutting and Photo Opportunity for North County Fire Department Ambulance; Operated in collaboration with Fallbrook Healthcare District
2. FHD awards \$680,000.00 for Low and Fixed Income Populations; at www.fallbrookhealth.org
3. Association of California Healthcare Districts; ACHD at www.achd.org
 - "Fallbrook Healthcare District Awards \$680K in Affordable Health Contracts"
 - "Fallbrook Senior Center Wellness Programs Earns Honor"
 - "Fallbrook Health District Receives District Certification"

Financial Management - Fallbrook Healthcare District Independent Auditor's Report; refer to Discussion/Action

REPORTS

Legislative Communication

ABOUT DISTRICTS

What makes *Special Districts* so special?

For over 100 years, local service agencies known as special districts have kept our lights on, kept the water flowing and provided access to a multitude of services that enhance our communities.

California's Special Districts are much more than local service providers. They provide vital services like water and energy, fire protection and public safety, treatment of waste water, and garbage removal and much more.

They safeguard our communities, they work arduously to keep our families healthy, and they help our state thrive.



Local Accountability

As the most local form of government, Special Districts are directly accountable to their voters and their ratepayer through:

- Boards that are elected directly by the districts' voters
- Direct accountability to their voters and their ratepayers
- Requirements to submit annual financial and compensation reports to the State Controller
- Meeting requirements mandated by state laws pertaining to public meetings, bonded debt, record keeping, and elections



Sustainability

With over 2,000 Special Districts in California, these local agencies play a critical role in protecting our natural resources and the environment through:

- Land Conservation
- Water Recycling
- Preserving Open Space
- Renewable Energy Projects



Specialized Solutions

Special Districts are focused on improving the execution of these specialized services by:

- Creating Alternative Fuels
- Developing Water Conservation Technologies
- Fostering Solutions for Conservation of Natural Resources
- Supporting Technologies to Improve Efficiencies of Services



Infrastructure

In addition to delivering crucial services, Special Districts oversee a wide array of public works projects including:

- Road Maintenance and Street Lighting
- Levee Repairs and Water Storage Systems
- Water Treatment and Recycling Facilities
- Harbor, Ports, and Airports

© Districts Make the Difference 2016



California Special Districts Association
Districts Stronger Together

1112 I Street, Suite 200
 Sacramento, CA 95814
 Tel: 1-877-924-2732
 info@districtsmakethedifference.org

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial statements. This includes not only sales and purchases but also expenses, income, and transfers between accounts.

The second part of the document provides a detailed explanation of the accounting cycle. It outlines the ten steps involved in the process, from identifying the accounting entity to preparing financial statements. Each step is described in detail, including the necessary documents and procedures to follow.

The third part of the document discusses the various methods used to record transactions. It compares the double-entry system with the single-entry system, highlighting the advantages and disadvantages of each. It also explains how to use T-accounts to organize and summarize the data.

The fourth part of the document covers the process of adjusting the accounts. It explains why adjustments are necessary and how they are made. It discusses the different types of adjustments, such as accruals, deferrals, and depreciation, and provides examples of how to record them.

The fifth part of the document discusses the preparation of financial statements. It explains how to use the adjusted trial balance to prepare the income statement, balance sheet, and statement of owner's equity. It also discusses the importance of comparing the results of the current period with those of the previous period.

The sixth part of the document discusses the closing process. It explains how to close the temporary accounts (revenues, expenses, and owner's drawings) to the permanent accounts (retained earnings and owner's capital). It also discusses the importance of reversing entries and how they are used to correct errors.

The seventh part of the document discusses the use of accounting software. It explains how to set up a new company in the software and how to enter transactions. It also discusses the various features and functions of the software, such as generating financial statements and performing audits.

The eighth part of the document discusses the importance of internal controls. It explains how to design and implement controls to prevent errors and fraud. It discusses the different types of controls, such as segregation of duties, authorization, and physical controls, and provides examples of how to use them.

The ninth part of the document discusses the importance of ethics in accounting. It explains how to identify and avoid conflicts of interest and how to report any wrongdoing. It also discusses the importance of maintaining confidentiality and the consequences of unethical behavior.

The tenth part of the document discusses the future of accounting. It explains how technology is changing the way accounting is done and how accountants are adapting to these changes. It also discusses the importance of continuing education and staying up-to-date on the latest developments in the field.



State of California

LITTLE HOOVER COMMISSION

December 1, 2016

Carole D'Elia
Executive Director

TO: Commissioners

FROM: Carole D'Elia
Executive Director

SUBJECT: Summary of November 16, 2016 Advisory Committee Meeting on Special Districts

Thank you to everyone who participated in the November 16, 2016, advisory committee meeting on the Little Hoover Commission's study of special districts in California. The Little Hoover Commission is reviewing California's vast network of more than 4,700 special districts. State government has oversight responsibilities for the formation of new districts and the operations of existing local and regional districts which operate airports, harbors, cemeteries, hospitals, libraries and parks, while also providing fire-fighting and paramedic services, flood control and water delivery throughout California.

The November 16, 2016, advisory committee meeting focused on how healthcare districts are rethinking their roles and relevance in an era that has favored preventative care over traditional hospital care – the original reason for the existence of California healthcare districts. Specifically, the advisory meeting provided Commissioners additional background to consider questions that have swirled for several years among Capitol legislative committees, local grand juries, Local Agency Formation Commissions (LAFCOs) and healthcare analysts:

- If a healthcare district does not operate or own a hospital should it continue to exist?
- If a healthcare district primarily channels its property tax allocations to other entities as healthcare grants, might this better be done by county health departments or other local governments?
- Do critics who maintain that healthcare districts without hospitals should be dissolved have too narrow a focus and lack understanding of shifts in the healthcare landscape?

This document is intended to summarize the discussion by the participants. It will be distributed to the Commissioners to inform them of the points raised by the participants. This document does not contain Commission conclusions or final recommendations. Please let us know if we have misconstrued a topic of discussion or omitted an important point made during the meeting.

The Changing Healthcare Landscape

Commissioners learned from both the advisory committee meeting and the Commission's earlier August hearing that in the changing healthcare landscape many healthcare districts are

evolving, particularly those that do not own and operate hospitals. In his opening remarks, Commissioner David Beier described how market forces have separated some services from hospitals as part of the Affordable Care Act's shift toward more preventative care. In turn, many hospitals now have more beds than they need.

Commissioner Beier also noted that he has observed that as overall Medicaid spending goes down subsidies go away and funding for safety net hospitals decreases. He said that funding seems to decrease regardless of action taken at the federal level. He then asked, "How are healthcare districts continuing?"

A representative for the Association of California Healthcare Districts (ACHD) reported that ACHD has working groups made up of executives and trustees from different areas of California to discuss these changes and look at solutions to implement at the special district level. She added that ACHD would support increased oversight and accountability from Local Agency Formation Commissions (LAFCOs) to ensure that healthcare districts are being reviewed correctly and consistently. ACHD also is looking to increase transparency of its own boards, and engage members of local communities to better educate their residents on services the healthcare districts provide.

When asked why the association had made a shift toward greater transparency, the ACHD representative cited legislative concerns expressed during the 2015-16 session. Another ACHD representative added that transparency means different things to different people and that for ACHD, transparency is a broad term that applies to all of its activities and services. He also asserted that ACHD needs to do a better job informing the public and district residents of healthcare district accomplishments and missions, emphasizing their work in areas where private sector healthcare is unable to make a profit.

He went on to report that with the future of ACA-era healthcare up in the air, the landscape is highly uncertain. If an attempt is made to remove ACA in its entirety it will be overwhelming to localities, while a loss of federal matching funds could be catastrophic. He added that healthcare districts will continue to be important if the worst happens, and that historically, healthcare districts are more flexible than other healthcare providers.

What Makes Healthcare Districts Special Compared to Counties?

Commissioner Beier described a phenomenon of "mission creep" that comes over agencies defending their turf and asked what makes healthcare districts special compared to county government. Is it their financials, management or governance? An ACHD representative responded that because healthcare districts manage healthcare alone, they are more flexible than cities or counties that must balance many services beyond healthcare.

Commissioner Beier posed the question a different way and asked: if you developed a healthcare system from scratch could it best be done by a county? The ACHD representative responded that as of now, counties don't appear to want more responsibility over healthcare. A representative from Sequoia Healthcare District added to this sentiment, contending that many healthcare districts currently serve citizens neglected by their counties.

The ACHD representative said the point about where healthcare districts fit in locally isn't simply that counties are sometimes poor healthcare providers, but that local and regional healthcare operates in

components often independent of one another. He contended that counties also are strapped for funding across the board and have numerous responsibilities beyond healthcare alone. If healthcare districts were to go away or be dissolved into county operations there is no guarantee that property taxes currently allocated to healthcare districts would go to county healthcare, he said. The ACHD representative reiterated that healthcare districts don't have the competitive tensions and warring interests that counties do, and he worried that dissolving them in favor of county-provided care could leave healthcare out in the cold.

A representative from the California Special Districts Association (CSDA) noted that much of what counties do is mandated by the state. Some counties perform well, and others do not. In many cases where counties have not performed well in providing healthcare, voters created a healthcare special district. He also noted the important role of local voters when decades after they create a healthcare district they face the question of selling a hospital. Local voters make that decision because districts must put the question on the ballot.

Commissioner Beier asked if it would be better to consolidate healthcare authority under a county government umbrella. A Sequoia Healthcare District representative said voters might agree if counties had adequate funds, that is, the property taxes now controlled by healthcare districts. He said that in his county, LAFCO has recommended that the county's two major healthcare districts (neither of which have hospitals) should be consolidated into one, or short of that, dissolved. But no action has taken place. He argued that Sequoia Healthcare District should not exist, as it has closed its hospital and become a "philanthropic organization."

A Grossmont Healthcare District representative addressed Commissioner Beier's comment about "mission creep." He said it raises the question of whether it is better that healthcare be divided among many organizations within a county or be in a single system "where it can get lost, which is what I worry about."

What if Healthcare Districts Went Away?

Meeting participants said that districts that sell their hospitals often evolve to remain active and relevant in their communities. A representative from Fallbrook Healthcare District reported that seven to nine districts statewide recently lost their hospitals, and that Fallbrook, in particular, lost its hospital as she arrived there earlier this year. In that situation Fallbrook leased its hospital to an outside company, which during its contract chose to cease operations and close the 47-bed hospital. While this caused a lot of unrest and frustration in the community, Fallbrook continues to operate as a healthcare district. She reported that constituents have continued to support the healthcare district, which has shifted its focus to "prevent the preventable" through services and grants. She said she believes that Fallbrook Healthcare District knows best where to invest local dollars for a "wellness umbrella." She said Fallbrook Healthcare District officials believe that without their district it is hard to say what services would still be provided locally.

A Sequoia Healthcare District representative agreed with the Fallbrook assessment, saying voters still play the key role in deciding the roles and responsibilities of a healthcare district, whether there is a hospital or not. He said, from what he has seen, voters still support retaining healthcare districts for local health services.

A representative from Redbud Healthcare District in Lake County reported that recent fires in his area destroyed \$2 billion worth of county property and created great uncertainty for the district's budget which rests on a base of property taxes. He expressed fears that the district may lose or have to roll back its opioid treatment and wellness projects due to property tax shortfalls. He added that Redbud's clinics have capitation – "X dollars for a patient" – and that the district will eat any charges over that capped amount. He closed by surmising that if the property taxes allocated to Redbud went to the county for distribution none of the proceeds might get to the district.

How to Avoid Redundancies in Services Provided by Counties and Special Districts

Commissioner Sidley then asked the local special district representatives how they work with their respective counties to be sure there no redundancies in their collective healthcare work. This is particularly important, she said, if the ACA is eliminated and funding becomes even more competitive. A Fallbrook representative reported that the district works to eliminate redundancies, but some continue due to lack of coordination. She said when she first arrived earlier this year she had to strongly encourage San Diego County to begin sending county public health workers to Fallbrook Healthcare District wellness events, even though these county workers were funded to do this type of work.

A Sequoia Healthcare District representative cited countywide communication and coordination as key. A Peninsula Healthcare District representative reported that his district only does work not being done by the county. The district uses a health needs assessment to determine where needs are and what services are in place. Then district officials determine how they can fill the gaps. This includes seeking out nonprofits, introducing them to county officials and in some cases, providing them seed money. He said Peninsula noticed a rash of teen suicides, contacted local school districts to assess the problem and then provided funding to districts and through Stanford University to assist. "We did that in seven months. Find a problem, find a solution and get it going," he said. He said the fact that Peninsula doesn't run a hospital is a good thing. He said the district would rather be an engine of innovation in government.

Sharing Best Practices to Make Healthcare Districts Better

Commissioner Beier reported that the Commission recently conducted studies on mental health and customer-centric government and heard local agency officials repeatedly say that they look for statewide recommendations to optimize their outcomes. He said everyone told the Commission they want to share best practices, but in reality, he added, collaboration often isn't happening. He said, "There has to be things the Legislature can do to make healthcare districts better. What can we recommend to the Legislature to improve things?"

Chairman Nava added, "If the Legislature were to be helpful [to healthcare districts] what could they do?" He reiterated the Commission's goal to recommend metrics that can be applied universally since outcomes and rules for healthcare districts vary greatly from county to county.

An ACHD representative responded to both questions, acknowledging that there are variances in the effectiveness of healthcare districts. He said ACHD has discussed how to do a needs assessment and evaluate the findings, but hasn't yet accomplished the task. He said the Legislature could help by updating and clarifying statutory language that, since 1945, has defined the roles, responsibilities and practices of districts. He also affirmed ACHD's support of the LAFCO process and said it is important that

LAFCOs use relevant information in their municipal service reviews. The representative cited his disagreement and concern over a growing practice in the Legislature to pass bills that override and circumvent the local LAFCO process.

A representative from the office of Oakland City Supervisor Wilma Chan then spoke, saying, as a former county official, she believes it is hard for counties to do metrics. She said models exist, however, to do them better. She suggested that counties and healthcare districts also might have “room to incorporate results driven-accountability into their grant giving.”

Commissioner Beier acknowledged that healthcare districts have to make difficult choices, but suggested they can easily look to their counterparts in other localities for information on best practices. He said that there doesn’t seem to be very much common sharing of information among the state’s 79 healthcare districts. He suggested starting by asking all 79 districts to volunteer their help and maybe 30 would pitch in to answer a question such as, “What is the best practice on one thing?” He suggested that these districts be asked to pick one practice and evaluate it a year later to show what works and might be replicated on a larger scale.

A Peninsula Healthcare District representative responded, saying districts want to know who is doing best and hear recommendations suited to urban, suburban and rural areas. He said in some cases if it is a “safety net” issue, the Legislature has to decide the best way to do something, perhaps requiring a certain way for counties or healthcare districts to do things. But he also returned to the topic of local control, saying it is often the best way to decide what services exist where.

A representative from Grossmont Healthcare District also replied that Commissioner Beier’s question was hard to answer, given the wide variety of district practices and varying cultures of 58 individual LAFCOs that oversee healthcare districts statewide. “We need LAFCOs in place to push us to be better,” he said. He recommended that LAFCOs receive more resources so that they can better do their jobs.

What Should LAFCOs Decide about Healthcare Districts?

Chairman Nava asked a representative of the California Association of Local Agency Formation Commissions if she thought that LAFCOs are the right place to review metrics and best practices. The CALAFCO representative acknowledged that LAFCO’s municipal service review studies give them experience in advising special districts. She said that while LAFCOs’ primary function is boundary work, they also have capacity to hire consultants with more expertise beyond that work. She said one drawback for healthcare districts and the ability of LAFCOs to oversee them are the 1945 principal acts which established the ability of voters to form healthcare districts: “They are very antiquated and have not evolved with healthcare changes,” the representative said.

An ACHD representative said he believes that local LAFCOs are best suited to advise and recommend options to special districts, including healthcare districts. He said across-the-board and statewide best practice recommendations may not always work at the local level. Localities are better at determining outcomes and what works, he said.

A representative from Sequoia Healthcare District recommended that LAFCOs receive expanded funding from an additional 1 percent share of local property taxes.

A representative from the Senate Governance and Finance Committee said that with only one LAFCO per county, and some of them dealing with regional healthcare districts that cross county lines, comparing best practices on a large scale is difficult. He added that this type of oversight is not really part of LAFCO's core mission. To hold healthcare districts accountable, he said, you need a broad scope which local LAFCOs are too small to have.

A Sequoia Healthcare District representative said that since healthcare districts are locally funded and voters elect board members who hire staff, healthcare districts must first be accountable to their constituents. He said the bottom line responsibility for healthcare districts is to work within their areas and not concern themselves as much with how the work is done elsewhere or how districts in the rest of the state might evaluate them.

A Peninsula representative said he believes that LAFCOs are not the best decision-makers in overseeing healthcare districts. Decisions should be made by people with public health backgrounds. He said he supports the idea of an entity taking a 58-county review of best practices so long as it is conducted by impartial public health professionals. He agreed that we need to aggregate best practices across healthcare districts, get rid of programs that aren't working and focus money and energy on the four or five programs that work best.

How Healthcare District Hospitals Share Information with Counterparts

Commissioner Beier opened a new subject, asking participants how healthcare district hospitals share information with one another about common and often unforeseen issues that some may be dealing with for the first time.

A representative from the District Hospital Leadership Forum (DHLF) responded that special district hospitals within its association submit a tremendous amount of data to the Office of Statewide Health Planning and Development and the Department of Healthcare Services. Such reporting is done annually and disclosed online. She added that district hospitals also provide standardized reports to the Centers for Medicare & Medicaid Services.

A representative from the California Hospital Association (CHA) added that all hospitals statewide do this type of reporting. She said there also are additional voluntary programs that hospitals participate in to provide and share data with one another. All CHA members, she said, participate in CHA Member Groups, in which hospitals send staff to meet with staff from other hospitals to network and share information.

A CHA representative said she often receives questions from member hospitals about how other hospitals are handling issues or problems that may arise. She specifically mentioned that she coordinated between healthcare district hospitals on how to conduct transgender registration, as one example of a recent request.

A Redbud Healthcare District official responded that his district hospital (managed by Adventist Health System) often consults with other hospitals. He said the district belongs to a Northern California regional network set up for hospitals to share best practices. He said he contacted the Feather River Healthcare District for advice during the recent wildfire in Lake County.

The CSDA representative closed the discussion by saying that he sees two key issues within the discussion: metrics for best practices and LAFCO's role regarding whether a district should exist if it has no hospital. He contended that LAFCOs are great for local processes, gathering local input, providing local analysis and giving local voters the final say. He said it is key to remember the role that healthcare districts play in convening and collaborating on needs and information in their communities, and how they can be responsive to local needs. Decisions should remain local, he said, kept in the hands of districts, empowering locals to do what they do best.

Next Steps

This memo will be shared with the Commissioners for their consideration as they determine the direction of the special districts study. If you have anything you would like to add to this summary or if you would like to provide additional information for the special districts study in general, please contact me or Jim Wasserman, deputy director, at (916) 445-2125 or at carole.d'elia@lhc.ca.gov or jim.wasserman@lhc.ca.gov. We hope that Commission staff may continue to draw upon your expertise if there are any points that need to be clarified or to request additional information. Thank you again for your input, participation and time. A list of meeting participants follows:

1. **Ken Cohen**, Executive Director, Association of California Healthcare Districts
2. **Arthur J. Faro**, Board President, Sequoia Healthcare District, San Mateo County
3. **Barbara Glaser**, Senior Legislative Advocate, California Hospital Association
4. **Anton Favorini-Csorba**, Consultant, Senate Government and Finance Committee
5. **Jack Hickey**, Board Member, Sequoia Healthcare District, San Mateo County
6. **Barry Jantz**, Chief Executive Officer, Grossmont Healthcare District, San Diego County
7. **Amber King**, Senior Legislative Advocate, Association of California Healthcare Districts
8. **Sheretta Lane**, Vice President of Finance and Policy, District Hospital Leadership Forum
9. **Misa Lennox**, Associate Consultant, Assembly Local Government Committee
10. **Lee Michelson**, Chief Executive Officer, Sequoia Healthcare District, San Mateo County
11. **Pamela Miller**, Executive Director, California Association of Local Agency Formation Commissions
12. **Kyle Packham**, Advocacy and Public Affairs Director, California Special Districts Association
13. **Bobbi Palmer**, Executive Director, Fallbrook Healthcare District, San Diego County
14. **Mona Palacios**, Executive Officer, Alameda County Local Agency Formation Commission.
15. **Lou Ann Texeira**, Executive Officer, Contra Costa County Local Agency Formation Commission.
16. **Peggy Broussard Wheeler**, Vice President, Rural Healthcare and Governance, California Hospital Association

REPORTS
Communication Only

MARK YOUR CALENDARS!

Following the Sun Upper at the Fallbrook Chamber of Commerce on **Thursday November 10th**, there will be a photo opportunity to see the new ambulance at Fallbrook Healthcare District at 9:30 a.m. in the parking lot at 138 South Brandon Road, Fallbrook, CA 92028.



**Sneak Peek Ambulance Unveiling
Wednesday, November 9th 2016
Advisory Committee Meeting**



New Ambulance Ribbon Cutting Wednesday, November 10th 2016





The Mission of Olivewood Gardens and Learning Center is to empower students and families from diverse backgrounds to be healthy and active citizens through organic gardening, environmental stewardship, and nutrition education.

Classes include site-based garden education and hands-on work in the garden. Cooking for Salud™ is a bilingual English and Spanish parent nutrition education, behavior modification program designed to teach parents how to make healthy changes at home that will improve their families' short and long-term health outcomes.



The community is invited on Monday, November 21st, 2016 from 9:00 to 10:30 a.m. to attend the Community Collaborative for Health and Wellness meeting at the FPUD board room which is located at 990 East Mission Road, Fallbrook CA 92028.

Sponsored by Fallbrook Healthcare District and Fallbrook Smiles Project.



FALLBROOK SMILES PROJECT

WOW learn how healing sticks work

By *Lucette Moramarco* on November 24, 2016



Acupuncturist Randall Wegener explains how acupuncture works. Lucette Moramarco photo

Lucette Moramarco
Staff Writer

A smaller than usual group of women showed up at Fallbrook Library for the Nov. 3 Woman of Wellness (WOW) program to hear from local acupuncturist Randall Wegener, L., Ac., Dipl. Ac., MSTOM, who talked about "Healing the Modern Woman with Ancient Medicine."

While they weren't a large crowd, the ladies were very interested in the subject, asked a lot of questions and learned about the history of acupuncture and how acupuncture and Chinese medicine is treating a number of medical conditions, especially in the area of women's health.

According to Wegener, acupuncture started 4,000 years old. It originated in India, where someone realized that sticking slivers of stone or bone into different parts of the body would warm it. Text books from 2500 B.C. contain details about acupuncture.

Later on in China, it was found that using needles on different parts of the body corresponded to other points of the patient's body. They started using metal for needles to bring a sense of balance back to one's body.

As for his practice, Wegener uses three sizes of metal needles, the longest one being 3" long but all are very thin. Most of the time, he only needs to insert the needles 1/8" or 1/4" deep for them to help the patient. One of his former patients, who was in the audience, verified that the needles do not hurt.

Wegener calls his needles "healing sticks" to avoid distressing patients who are afraid of needles. He can start with acupressure on those who are scared, he added. He also said he can put herbs on the needles to increase their healing power.

He likes to "teach people to understand who they are and how they created their situation." He dialogs with them for the first half hour of their first visit to get to know who they are.

Many times "the problem is we don't breathe, [deeply enough]" he said. Breathing properly is relaxing and beneficial to one's health. Also, "life is simple if we stay out of our way," Wegener said because "perception precedes form", meaning a person's mind determines their outlook which affects the body's functions.

As an example of how some organs reflect one's medical problems, Wegener explained that the condition of the tongue reveals details about the health of various parts of one's body. The tongue of a healthy person should be light pink; the tip of the tongue correlates to the heart while other parts relate to the kidney, liver, lung and spleen.

To identify the source of symptoms, Wegener looks for signs – does the patient’s tongue fit in her mouth and does it have a coating on it? These details tell him the status of the person’s digestive system he explained.

He added that while raw foods are good for the body, cold foods are difficult for the body to digest. The body needs heat to function.

He also said that the spleen transforms food to nourish the blood and sweetness is the flavor of the spleen while salt is the flavor of the kidneys. Cracks in the tongue indicate dryness in the body so the patient needs to drink more fluids and eat moist foods like pears.

Acupuncture also works well in helping people with addictions including smoking, gambling and alcoholism. The treatment involves harmonizing their organs. “It also works great for hot flashes and night sweats,” Wegener said, by balancing heat with cool energy.

The difference between acupuncture and acupressure, he explained is that with acupressure he can only treat one or two points on someone’s body at a time. With acupuncture, he can treat several points at once. It takes at least 10 to 15 minutes to tonify (rebalance) the parts of the body.

He leaves the needles in for at least 30 minutes so his patients can relax and heal. After a while, heat goes out the bottom of the feet he said. This process balances temperature in the body, clearing the heat if too hot or warming it if it is too cold.

Wegener said he also uses the needles to reset muscles; trauma causes muscles to contract. Sticking the needle, or healing stick, into the muscle resets its neurological connection (with the mind) causing the muscle to relax.

When asked about sleep deprivation, Wegener explained that every organ is active for two hours. The liver is active from 1 a.m. to 3 a.m. and is affected by repressed emotion, especially anger, causing a person to wake in the middle of the night.

Built up heat in the heart causes agitation which results in nightmares, which also affects how well one sleeps. He then demonstrated some breathing techniques to help with relaxation.

Other uses of acupuncture are to create a facelift, he said, as well as to help chemotherapy patients clear out heat caused by their treatments. Done two to three times a week, acupuncture can prevent hair loss and nausea.

Acupuncture can be done as a preventative measure to keep the patient from getting sick and build their immune system. Getting stressed out weakens one’s immune system and the healing sticks relieve stress.

The Fallbrook Healthcare District hosts the WOW programs and moderator Barbara Mroz had to end the question and answer period due to lack of time rather than lack of questions as the audience found the topic very interesting. There will not be a WOW program in December, so the next one will be Jan. 5.



*WOW learn how healing sticks work added by **Lucette Moramarco** on November 24, 2016*

View all posts by Lucette Moramarco →

Lucette is an assistant editor, a writer and a photojournalist. She specializes in education, health and nonprofits.

FALLBROOK & BONSAILL VILLAGE NEWS

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Senior Center wellness program earns honor

By [Newsroom](#) on November 26, 2016 · [No Comment](#)



FALLBROOK – The Fallbrook Senior Center wellness program was recently honored as November's healthcare champion for the Fallbrook Healthcare District's "Call to Activity...One Step At A Time" program.

The program was formerly the Fallbrook Hospital wellness program that was provided by the hospital. This fitness program for seniors is provided Monday and Friday from 8:30 a.m. to 9:30 a.m., and Wednesday from 9:30 a.m. to 10:30 a.m.. The class involves stretching, balancing and strengthening exercises to keep seniors moving, socializing and having fun.

For more information, call the senior center at (760) 728-4498.



Phyllis Sweeney, right, special projects manager, receives an award from Senator Anderson's representative Ellie Leavitt which congratulates the Fallbrook Senior Center's wellness exercise program for being honored with the Fallbrook Healthcare District's "Call to Activity...One Step At A Time" November award.

Lucette Moremarco photo

FALLBROOK & BONSALL VILLAGE NEWS

ALSO SERVING THE COMMUNITIES OF DE LUZ, RAINBOW, CAMP PENDLETON, PALA, AND PAUMA

FHD and NCFPD unveil new \$200,000 ambulance

By *Newsroom* on November 26, 2016 · *No Comment*



Fallbrook Healthcare District (FHD) and North County Fire Protection District (NCFPD) recently unveiled a new ambulance co-funded by both districts. The \$200,000 customized vehicle will replace an outdated ambulance. NCFPD operates three total ambulances in the Fallbrook, Bonsall, De Luz and Rainbow areas. "The Fallbrook Healthcare District takes seriously its role in providing quality community health resources to our community," said Bobbi Palmer, executive director of FHD. "We are very pleased to support our partners at the fire district in providing them the very best in medical transportation."

**Cal State San Marcos
Nursing Students Last Day
November 29th 2016**



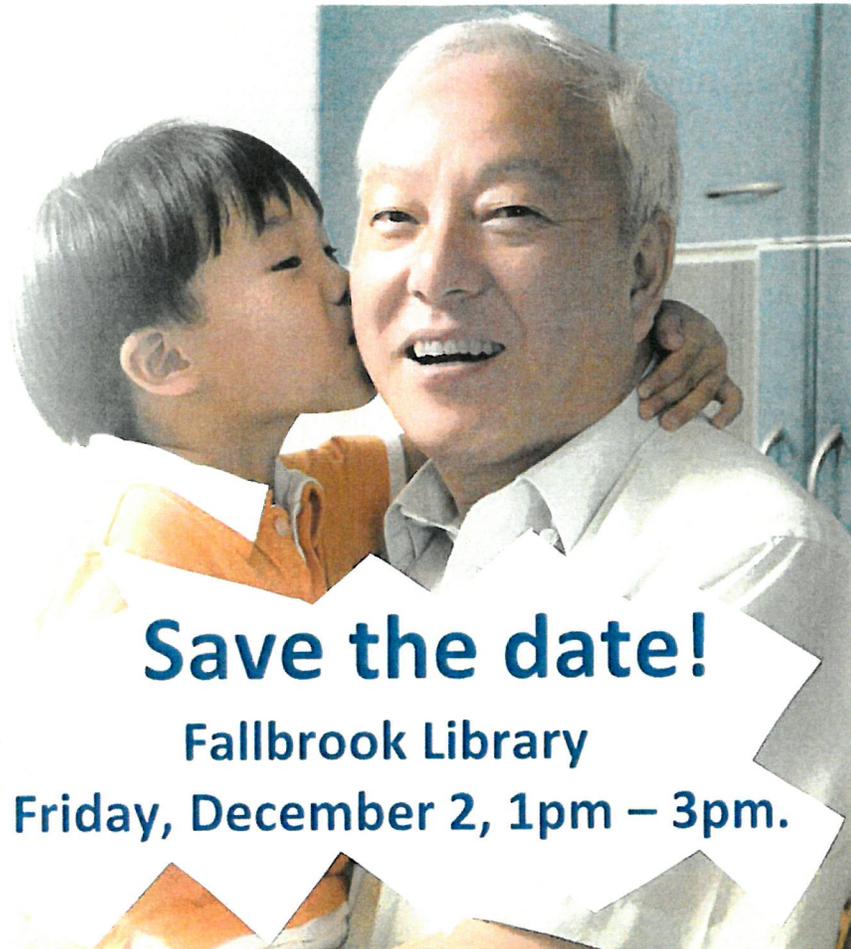
**NCCCHI
Committee helps
with the
celebration.**

Tell us what YOU THINK!

AGE WELL San Diego

The County of San Diego is beginning a five year journey to make the San Diego region a friendly, safe place to grow older. You can help us to decide on priority areas of focus.

Join us for an interactive discussion and light refreshments as we create a vision for an age-friendly community. Come to any of the sessions below to let us know your thoughts!



Save the date!

Fallbrook Library

Friday, December 2, 1pm – 3pm.

Gary and Mary West Senior Wellness Center
1525 Fourth Ave., San Diego 92101
Monday, November 28, 11am-1pm

Ramona Branch Library
1275 Main St., Ramona 92065
Thursday, December 1, 11am-1pm

Kimball Senior Center*
1221 D. Ave., National City 91950
Tuesday, November 29, 3pm-5pm

Fallbrook Branch Library
124 S. Mission Rd., Fallbrook 92028
Friday, December 2, 1pm-3pm

El Cajon Library
201 E. Douglas Ave., El Cajon 92020
Monday, December 12, 3pm-5pm

Registration is not required but is encouraged at
<https://www.surveymonkey.com/r/AgeWell1617> or 844-899-1597

*Spanish language interpretation available



To learn more about *Live Well San Diego*,
visit LiveWellSD.org

For more information or to share written feedback, contact Sally (Sarah) Jackson:
sarah.jackson@sdcountry.ca.gov or 858.495.5525



Fallbrook Healthcare District

Serving Bonsall, De Luz, Fallbrook and Rainbow
Community Health Together

Fallbrook Healthcare District Awards \$680K in Affordable Health Contracts for Low and Fixed Income Populations

Cancer, Diabetes and Hypertension Top Fallbrook Community Health Concerns

FALLBROOK, Calif. (December 1, 2016) --- More than \$680,000 in no-cost health services will benefit low and fixed income residents facing the area's top health concerns, including cancer, diabetes and hypertension, made possible with support from community health contracts awarded this year by the Fallbrook Healthcare District.

The voter-approved special district collects roughly \$1.6 million annually to cover health care provider shortages, uninsured Californians, low-income patients and underserved populations. Since 2000, the district community health contracts have supported more than 270 health programs offering no-cost services for the North San Diego County unincorporated communities of Fallbrook, Bonsall, Rainbow and De Luz. In the last five years the District granted \$2,983,504.

"This year, we fully assessed the health needs of our 57,000 residents in an effort to align our community health contracts with top wellness threats including heart disease, hypertension and diabetes," said Executive Director Bobbi Palmer of the Fallbrook Healthcare District. "Prostate, colorectal and female breast cancer deaths were highest in Fallbrook compared with the rest of San Diego County this year and so, we added Michelle's Place in nearby Temecula to our contracts."

With a largely 55-plus population, several contracts support senior programs offering transportation, health screenings and education as well as nutritious food options, including those delivered to the home. Other health contracts support underserved families and youth by offering dental and eye exams, access to a local food pantry, disability support and mental health services.

In addition to contractual services, Fallbrook Healthcare District directly operates health programs including the Community Collaborative Health & Wellness Committee, Fallbrook Community Healthcare Resource Directory, Healthcare Hero, Woman of Wellness (WOW) and North County Community Collaborative Health Initiative.

For fiscal year 2016-2017, the Fallbrook Healthcare District awarded community health contracts to the following organizations: Boys & Girls Club of North County (\$37,200), Fallbrook Citizens Crime Prevention Committee (\$8,000), Fallbrook Family Health Center (\$85,000), Fallbrook Food Pantry (\$60,000), Fallbrook Senior Center (\$62,138), Fallbrook Smiles Project (\$70,000), Fallbrook Union High School (\$6,500), Foundation for Senior Care (\$130,089), Healthy Adventures (\$9,000), Jeremiah's Ranch (\$12,000), Mental Health Systems - North Inland Community Prevention Program (\$9,620), Michelle's Place (\$15,000), North County Fire Protection District (\$29,839), Palomar Family Counseling (\$74,000), Palomar Health Foundation (\$10,000), REINS (\$46,300), Trauma Intervention Program of San Diego (\$8,000) and UCSD Eye Mobile for Children (\$8,500).

FHD also has provided financial support for urgent care services over the last 2 years.

ABOUT FALLBROOK HEALTHCARE DISTRICT

Fallbrook Healthcare District is a special district covering affordable community health needs in the communities of Fallbrook, Bonsall, De Luz and Rainbow. The roughly \$1.6 million collected in voter-approved taxes supports nearly \$700,000 annually in full spectrum community health programs and services, including health screenings, preventative treatment and urgent care. Learn more about community health needs provided by the district at www.fallbrookhealth.org.

Contact: Erica Holloway

Galvanized Strategies, on behalf of Fallbrook Healthcare District

m. [\(619\) 796-1651](tel:6197961651)

Erica@galvanizedstrategies.com

Fallbrook Healthcare District Awards \$680K in Affordable Health Contracts

English Story Number: MN61607 Clear Time Dec 06, 2016 3:28 PM ET

Overview

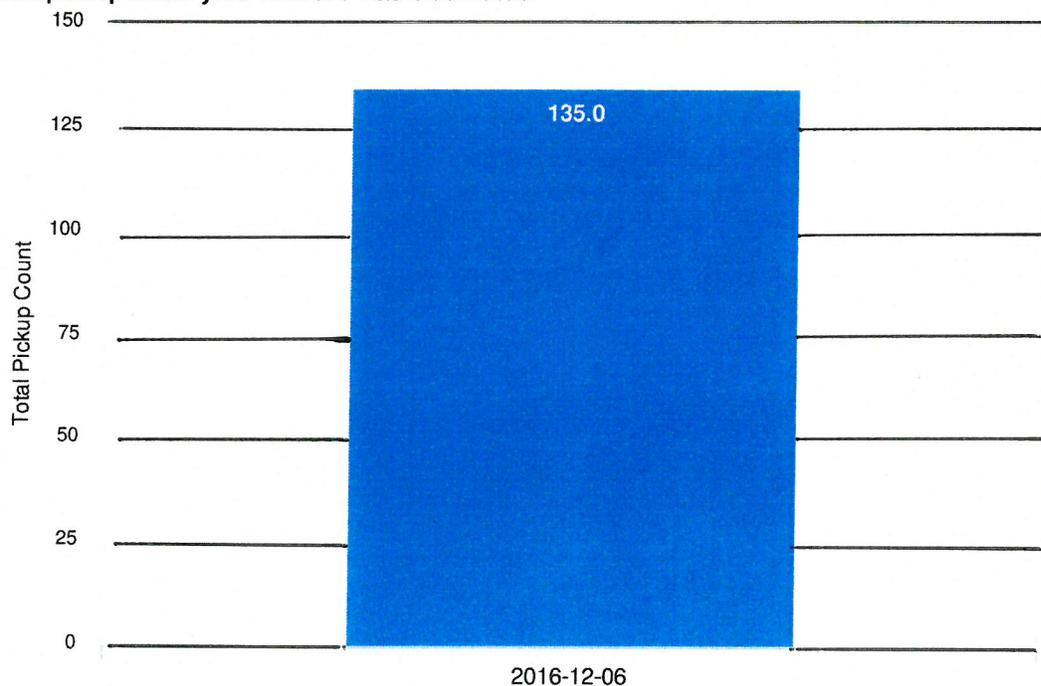
| | | | |
|---------------------|------------|---------------------------------|--------------|
| TOTAL PICKUP | 135 | TOTAL POTENTIAL AUDIENCE | 85.7M |
|---------------------|------------|---------------------------------|--------------|

Exact Match 135 Postings

Exact Match 85.7M Visitors/Day

Total Pickup Over Time

Total pickup since your content was distributed



DISCUSSION/ACTION ITEMS

DISCUSSION/ACTION ITEMS

FY 2015-2016 Independent Auditor's Report
Fechter & Company Certified Public Accountants

MEMO to Board of Directors

From: Executive Director, Bobbi Palmer, MBA, MSW

D1. FY 2015-2016 Independent Auditor's Report- Fichter & Company, CPA

Recommendation from Finance Committee: Approve

FALLBROOK HEATHCARE DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2016

FALLBROOK HEALTHCARE DISTRICT

**Financial Statements
For the Year Ended June 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Fallbrook Healthcare District
Fallbrook, California

Report on Financial Statements

We have audited the accompanying financial statements of the Fallbrook Healthcare District (the "District"), which comprise the statement of net position as of June 30, 2016, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
of the Fallbrook Healthcare District
Fallbrook, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Fechter & Company, Certified Public Accountants

A handwritten signature in cursive script that reads "Fechter & Company, CPAs". The signature is written in dark ink and is positioned above the printed name and date.

Sacramento, CA
November 28, 2016

FALLBROOK HEALTHCARE DISTRICT

Management's Discussion and Analysis For the Year Ended June 30, 2016

The Fallbrook Healthcare District (District) has issued its financial statements for the fiscal year ended June 30, 2016 in conformity with the format prescribed by the provisions of Government Accounting Standards Board Statement No. 34 (GASB 34). This report, Management's Discussion and Analysis, is an overview of the financial activities for the fiscal year and is an integral part of the accompanying Basic Financial Statements.

ACCOUNTING METHOD

The District's operations are accounted for as an Enterprise Fund. Enterprise Funds are used by government agencies to account for operations which are financed and managed in a similar manner to private business enterprises, where the costs and expenses (including depreciation) of providing services to the public on a continuing basis are recovered primarily through user charges. The District receives property tax revenues. The District's revenues and expenses are recognized on a full accrual basis; revenues are recognized in the period incurred. All assets and liabilities associated with the activity of the enterprise are included on the Statement of Net Position.

THE BASIC FINANCIAL STATEMENTS

The District has only one fund, therefore the Basic Financial Statements do not reflect the activities of multiple funds. The Basic Financial Statements include the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position (Income Statement), and Statement of Cash Flows. Together with this report, the Basic Financial Statements provide information about the significant events, assumptions, and decisions resulting in the financial performance reflected in those statements.

The Statement of Net Position provides information regarding the financial position of the District, including its capital assets and debts.

The Statement of Revenues, Expenses, and Changes in Net Position (Income Statement) provides information regarding the revenues received by the District, and the expenses incurred in carrying out the District's programs. The ultimate focus of the income statement is the balance of effective current use of funds and planning for the future, as reflected by the amount of net income generated for the fiscal year.

The Statement of Cash Flows provides information regarding the sources and uses of the cash which flowed into and out of the District as a result of its operations and financing decisions.

FINANCIAL ACTIVITIES & FISCAL YEAR 2016 HIGHLIGHTS

Statement of Net Position

The District is a government entity operating under the Local Health Care District Law. In 1950, the residents of the area voted to establish, build, and operate Fallbrook Hospital. In 1971, the hospital was enlarged to its present 47-bed capacity.

FALLBROOK HEALTHCARE DISTRICT

Management's Discussion and Analysis For the Year Ended June 30, 2016

Since November 1998, the hospital has been leased under a 30-year agreement to Community Health Systems (CHS). The transaction was approved overwhelmingly by over 95% of District voters. A condensed version of the Statement of Net Position is presented in Table A below and the changes which occurred between Fiscal Year ended 2016 and 2015.

TABLE A

| | 2016 | 2015 | Change |
|----------------------------------|----------------------|----------------------|-------------------|
| Assets: | | | |
| Cash and investments | \$ 6,319,945 | \$ 6,276,203 | \$ 43,742 |
| All other assets | 5,208,356 | 5,014,907 | 193,449 |
| Total Assets | <u>11,528,301</u> | <u>11,291,110</u> | <u>237,191</u> |
| Liabilities: | | | |
| Current liabilities | 59,142 | 19,659 | (39,483) |
| Long-term liabilities | 4,457 | 33,059 | 28,602 |
| Total Liabilities | <u>63,599</u> | <u>52,718</u> | <u>(10,881)</u> |
| Net Position: | | | |
| Net investment in capital assets | 291,601 | 293,135 | (1,534) |
| Unrestricted | 11,173,101 | 10,945,257 | 227,844 |
| Total Net Position | <u>\$ 11,464,702</u> | <u>\$ 11,238,392</u> | <u>\$ 226,310</u> |

The \$226,310 increase in Total Net Position reflects the change in net position for the year.

Statement of Revenues, Expenses, and Changes in Net Position

The District's business is comprised of three major segments:

- *Grant Program* – The District administers a grant program, giving a portion of the District's annual property tax revenues to non-profit health-related programs serving residents of the Fallbrook, Bonsall, Rainbow and De Luz areas of northern San Diego County.
- *Community Health Fair* – The purpose of the Fair is to provide health screenings and access to information to residents that are readily accessible in the District for the entire community.
- *Community Collaboratives* – Representatives of the District's healthcare organizations and interested community members meet to network their programs, and identify, develop and initiate District sponsored health related community programs and address concerns. Additional education opportunity for guest presentations relative to health, health services and conditions; ranging in scope from Aids and Alzheimer's to Suicide, Drug Abuse, and Legislative issues impacting health and well-being.

FALLBROOK HEALTHCARE DISTRICT

Management's Discussion and Analysis For the Year Ended June 30, 2016

Table B, below, is a condensed version of the Income Statement; it summarizes the District's revenue and expenses, and compares Fiscal Year 2016 results to Fiscal Year 2015.

TABLE B

| | <u>2016</u> | <u>2015</u> | <u>Change</u> |
|---|-------------------|---------------------|-------------------|
| Revenues: | | | |
| Property tax revenue | \$ 1,693,339 | \$ 1,614,120 | \$ 79,219 |
| Total Revenues | <u>1,693,339</u> | <u>1,614,120</u> | <u>79,219</u> |
| Expenses: | | | |
| Community healthcare programs | 643,231 | 610,000 | (33,231) |
| Direct care services | 294,000 | 148,500 | (145,500) |
| Administrative services | 339,490 | 275,156 | (64,334) |
| Salaries and benefits | 249,556 | 184,695 | (64,861) |
| Management and maintenance | 303,453 | 155,694 | (147,759) |
| Depreciation | 1,661 | 1,661 | - |
| Total Expenses | <u>1,831,391</u> | <u>1,375,706</u> | <u>(455,685)</u> |
| Operating Income | <u>(138,052)</u> | <u>238,414</u> | <u>(376,466)</u> |
| Non-Operating Income (Expenses): | | | |
| Other income | 364,362 | 59,029 | 305,333 |
| Other expenses | - | (714,880) | 714,880 |
| Total Non-Operating Income | <u>364,362</u> | <u>(655,851)</u> | <u>1,020,213</u> |
| Change in Net Position | <u>\$ 226,310</u> | <u>\$ (417,437)</u> | <u>\$ 643,747</u> |

Property taxes drive the District's operations and are its primary source of revenues. The increase of \$79,219 in property taxes reflects the continuing turnaround in the real estate market and the general state of the economy within the District's service area.

Total non-operating income decreased by \$376,466 due to the decrease in investments, as well as the interest earnings available from investments set aside by the District. Additionally, non-operating expenses reflect an increase of \$147,759 due to the management and maintenance of the Hospital Property. Direct Care Services continued in this fiscal year, with an increase of \$145,500 over the previous year.

The Grant Allocation increased by \$33,231 because the amounts requested and provided through the grant process varies from year to year,

Salaries and benefits increased by \$64,861 due to the change of staff, including a new Executive Director, as the District's role and responsibilities in the community have changed.

FALLBROOK HEALTHCARE DISTRICT

Management's Discussion and Analysis For the Year Ended June 30, 2016

Administrative services reflect an overall decrease of \$232. The use of temporary office services was discontinued, there was an increase to general counsel in the amount of \$10,676, due to the negotiations with CHS and the contract termination, discontinuance of the use of consultants, and the reduction of inpatient services agreement expenses, SERA, of \$60,000.

A new category of expense to the District in the amount of \$39,500 was Direct Care Services, which was the agreement to assist the A+ Urgent Care facility for a period of time, in order to provide the Community with a medical facility to partially replace the hospital services.

The District also was required to manage and maintain the Hospital buildings, when CHS left the facility, in the amount of \$157,982.

CAPITAL ASSETS

At June 30, 2016, the District had \$310,763 in capital assets and \$19,162 accumulated depreciation resulting in \$291,601 net capital assets.

A summary of the activity and balances in capital assets is presented in Table C below.

TABLE C

| | Balance July 1, 2015 | Additions | Deletions | Balance June 30, 2016 |
|---|----------------------------|-------------------|-------------|--------------------------|
| Capital assets, depreciable: | | | | |
| Buildings and improvements | \$ 291,240 | \$ - | \$ - | \$ 291,240 |
| Furniture and fixtures | 2,375 | - | - | 2,375 |
| Equipment | 17,022 | 126 | - | 17,148 |
| Subtotal | <u>310,637</u> | <u>126</u> | <u>-</u> | <u>310,763</u> |
| Accumulated depreciation | <u>(17,502)</u> | <u>(1,660)</u> | <u>-</u> | <u>(19,162)</u> |
| Capital Assets, Net | <u>\$ 293,135</u> | <u>\$ (1,534)</u> | <u>\$ -</u> | <u>\$ 291,601</u> |

DEBT ADMINISTRATION

The District has no debt.

ECONOMIC OUTLOOK

The Fiscal Year 2016/2017 budget reflects a minimal increase in revenues as property values/taxes are not anticipated to change much. Interest income is projected to decrease, as funds have been reduced through the payment to CHS. Overhead is expected to remain about the same in the coming fiscal year. Capital expenditures are budgeted at \$0

FALLBROOK HEALTHCARE DISTRICT

Management's Discussion and Analysis For the Year Ended June 30, 2016

MAJOR INITIATIVES

COMMUNITY HEALTHCARE PROGRAMS 2015-2016

Throughout fiscal year 2015-2016, the District sponsored and/or collaborated with local agencies and providers to identify, develop, support and/or deliver no-cost programs for prevention, education, treatment or services for the health and well-being of the residents of the community. Highlights of the Community Healthcare Programs were:

- The Community Collaborative Committee met each month for networking, identifying, assessing healthcare concerns and issues, and gaining information and resources to facilitate access to healthcare, and health promoting programs and services.
- The Fallbrook Community Resource Directory was updated, expanded and distributed to providers, service agencies, schools and churches. In its sixth year, over 50,000 directories were printed and made available to citizens. In addition, the Directory is available on the FHD website.
- The "Healthcare Hero" program, in its eighth year, again through nomination by the community at large, recognized two individuals for their exceptional service and commitment to the health and well-being of citizens of the District community.
- Programs and events co-sponsored by the District also included the annual Prostate Screening (PSA) event, the Woman of Wellness, "WOW" educational monthly meeting program, and the annual Health and Fitness Fair. Additionally, the District provided promotional support of "Take Back Day" to safely and appropriately dispose of unused/expired medications, and a BACK TO SCHOOL Health Fair with the Fallbrook Library a detection, education and prevention measure.
- The Community Collaborative Breakfast, an annual event, was presented by the District for the purpose of the FHD Board of Directors to report to the community, to recognize and extend appreciation to those who work with FHD to deliver programs and services. A presentation was made by the District Board addressing "What Happened and What is Next?" in regards to the closure of the hospital.

2015-2016 Grant Program

The biggest Community Healthcare Program undertaken each year by FHD is the Grant Program. Only qualified, non-profit, 501c3, agencies may apply. Those who are awarded funding must meet strict criteria and provide comprehensive financial and service reports periodically throughout the grant year.

The District's focus: Prevention, Education, Treatment, and Ancillary Services

FALLBROOK HEALTHCARE DISTRICT

Management's Discussion and Analysis For the Year Ended June 30, 2016

- Amount requested:
- Amount funded:
- Twenty-one grants awarded:
 - 7 Youth programs
 - 4 Seniors
 - 10 All ages

YOUTH

- Funding for two (2) health and wellness after-school programs provided throughout the elementary and middle school districts.
- Funding for children and youth who do not qualify for Medi-Cal or other public services who suffer from severe mental health disorders.
- Funding to address social and emotional needs of students with Asperger's Syndrome through a designated staff and center.
- Funding to continue a preschool ophthalmic screening and eye care program; inclusive of glasses and/or need treatment and follow-up care for children ages 2 to 6 years.
- Funding to engage youth in proactive prevention of access to and use of alcohol and drugs; and to bring awareness to youth, parents, educators and law enforcement.
- Funding to provide a K-12 Safety Program to educate and inspire students to make life-saving choices regarding drugs and alcohol; car, bicycle, water safety and violence.

SENIORS

- Funding to evaluate and assist senior citizens with healthcare and home safety management through in home evaluations, safety checks and resource availability as well as assessments to help guide seniors to keep them living at home, independently.
- Funding to provide a program for senior and disabled residents and their caregivers that provides a secure and safe environment for activities and respite.
- Funding to provide senior and disabled citizens free transportation to medical and dental appointments, physical therapy, grocery stores and pharmacies which assists also in maintain budgets to ensure that medical care and food are accessible priorities.
- Funding to provide nutrition to needy seniors who have mobility and activities of daily living challenges through a home delivered meal program. Program through which needs can be assessed and referral to support programs can be made as identified.
- Volunteers dispatched through the 911 system at request of emergency responders.

ALL AGES

- Funding to increase access to psychiatric care for persons afflicted with biological brain disorders, behavioral/mental conditions that require medication and/or counseling treatment.
- Funding to provide a wide range of primary care, dental care and prevention services to underserved person of the District population.

FALLBROOK HEALTHCARE DISTRICT

Management's Discussion and Analysis For the Year Ended June 30, 2016

- Funding to support the vision of nutritionally balanced supplemental food to those whose income is below the Federal guideline for poverty level.
- Funding to recruit, train, monitor and schedule the volunteer base that provides assistance with over 200 weekly therapy sessions for children and adults; also to fund Speech Therapy to increase receptive and expressive communication capabilities.
- Funding to facilitate a nutrition/diabetes/health education program at the community clinic and to continue health education and diabetes screening services in district schools as well as for seniors.
- Funding to continue and to expand dental care program for restorative and preventive services; and to screen children in local schools for existing or potential decay.
- Funding to continue development and implementation of community outreach to establish appropriate housing and support programs to provide a quality, safe living environment for special needs citizens.
- Funding to support courier program of transportation of District residents to healthcare provider appointments. Only program that will take persons to appointments out of the immediate Fallbrook community.
- Funding to facilitate Homecare Services for low and moderate income seniors and handicapped individuals to assist them to continue to live within their own homes.
- Funding of program to provide emotional and practical support to victims experiencing a trauma and to first responders.

During the fiscal year 2015-2016, the District received a total of \$684,410 in grant requests and approved distribution of \$600,000 to qualified applicants. This brings the total amount granted by the District since June 1999 to \$7,005,283.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Fallbrook Healthcare District
138 South Brandon Road
Fallbrook, CA 92028
(760) 731-9187 Office
(760) 731-9131 Fax
Email: fallbrookhealthcare@earthlink.net
Website: www.fallbrookhealthcaredistrict.org

FINANCIAL STATEMENTS

**FALLBROOK HEALTHCARE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016**

ASSETS

| | |
|---|------------------------------------|
| Current Assets: | |
| Cash and cash equivalents | \$ 2,081,795 |
| Investments | 4,238,150 |
| Reimbursement receivable | 157,982 |
| Taxes receivable | - |
| Interest receivable | 5,706 |
| Prepaid expenses | <u>44,306</u> |
| Total current assets | <u>6,527,939</u> |
| Non-current assets: | |
| Assets held for resale (Note 10) | 4,708,761 |
| Capital assets, net of accumulated depreciation | <u>291,601</u> |
| Total non-current assets | <u>5,000,362</u> |
| TOTAL ASSETS | <u><u>\$ 11,528,301</u></u> |

LIABILITIES AND NET POSITION

| | |
|---|------------------------------------|
| Current liabilities: | |
| Accrued liabilities | <u>59,142</u> |
| Total current liabilities | <u>59,142</u> |
| Compensated absences | <u>4,457</u> |
| Total liabilities | 63,599 |
| Net Position | |
| Invested in capital assets, net | 291,601 |
| Unrestricted | <u>11,173,101</u> |
| Total net position | <u>11,464,702</u> |
| TOTAL LIABILITIES AND NET POSITION | <u><u>\$ 11,528,301</u></u> |

The accompanying notes are an integral part of these financial statements

**FALLBROOK HEALTHCARE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

| | |
|---|-----------------------------|
| Operating revenues: | |
| Property taxes | \$ 1,693,339 |
| | <u>1,693,339</u> |
| Total operating revenues | <u>1,693,339</u> |
| Operating expenses: | |
| Community healthcare programs | 643,231 |
| Direct care services | 294,000 |
| Administrative services | 339,490 |
| Salaries and benefits | 249,556 |
| Management and maintenance | 303,453 |
| Depreciation | 1,661 |
| | <u>1,831,391</u> |
| Total operating expenses | <u>1,831,391</u> |
| Operating income (loss) | <u>(138,052)</u> |
| Non-operating revenues and (expenses): | |
| Interest and investment income | 75,203 |
| Lease income | 72,847 |
| Termination activities expenses (Note 10) | 216,312 |
| | <u>364,362</u> |
| Total non-operating revenues and (expenses) | <u>364,362</u> |
| Change in net position | 226,310 |
| Beginning net position | <u>11,238,392</u> |
| Ending net position | <u><u>\$ 11,464,702</u></u> |

The accompanying notes are an integral part of these financial statements

**FALLBROOK HEALTHCARE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

| | |
|--|----------------------------|
| Cash flows from operating activities: | |
| Cash received from County of San Diego for property taxes | \$ 1,702,199 |
| Cash payments to vendors for goods and services | (954,302) |
| Cash payments to employees for services | (278,158) |
| Cash payments to grantees for programs | <u>(630,694)</u> |
| Net cash provided by operating activities | <u>(160,955)</u> |
| Cash flows from capital and related financing activities: | |
| Proceeds from lease of property | <u>72,847</u> |
| Net cash provided by (used in) capital and related financing activities | <u>72,847</u> |
| Cash flows from capital and related financing activities: | |
| Post-lease termination settlement activities (Note 10) | <u>58,330</u> |
| Net cash provided by (used in) capital and related financing activities | 131,177 |
| Cash flows from investing activities: | |
| Interest revenue | <u>6,089</u> |
| Net cash provided by investing activities | <u>6,089</u> |
| Net increase (decrease) in cash and cash equivalents | (23,689) |
| Cash and cash equivalents, beginning of year | <u>2,105,485</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 2,081,796</u></u> |
| Reconciliation of operating income (loss) to net cash provided by (used) by operating activities: | |
| Operating income | \$ (138,052) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | |
| Depreciation | 1,661 |
| Changes in operating assets and liabilities: | |
| Tax receivable | 8,860 |
| Prepaid items and deposits | (44,306) |
| Accrued liabilities | 39,483 |
| Compensated absence | <u>(28,602)</u> |
| Net cash provided (used) by operating activities | <u><u>\$ (160,956)</u></u> |

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FALLBROOK HEALTHCARE DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 1: Summary of Significant Accounting Policies

The financial statements of the Fallbrook Healthcare District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as it applies to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

A. Reporting Entity

The District, formerly known as the Fallbrook Hospital District, is organized under the provisions of the Health and Safety Code of the State of California to provide and operate health care facilities in Fallbrook, California, an unincorporated area within the County of San Diego, California (“County”).

B. Basis of Accounting and Measurement Focus

The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

The Statement of Net Position reports separate sections for Deferred Outflows of Resources and Deferred Inflows of Resources, where applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

These financial statements are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents the change in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Operating revenues are those revenues that are generated from property tax only. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

FALLBROOK HEALTHCARE DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 1: Summary of Significant Accounting Policies - continued

C. Investments

Investment Valuation

Highly liquid investments with maturities of one year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

State Investment Pool

The District participates in the Local Agency Investment Fund (LAIF), an investment pool managed by the State of California. LAIF has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. These Structured Notes and Asset-Backed Securities are subject to market risk as a result of changes in interest rates. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments.

CalTrust Investment

The District also participates in CalTrust, which is a pool of diversified marketable bonds; including federal, federal agency, corporate, and California municipal bonds. The bonds are pooled in a Medium Term account and the pool is managed by Nottingham Investment Administration. CalTrust investments are subject to market risk as a result of changes in interest rates.

D. Property Taxes

Property taxes are levied on March 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is March 1. The County of San Diego, California ("County") bills and collects property taxes and remits them to the District according to a payment schedule established by the County.

The County is permitted by State law to levy on properties at 1% of full market value (at time of purchase) and can increase the property tax rate at no more than 2% per year. The District receives a share of this basic tax levy proportionate to what it received during the years 1976-1978.

Property taxes are recognized in the fiscal year for which the taxes have been levied. No allowance for doubtful accounts was considered necessary.

FALLBROOK HEALTHCARE DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2016

Note 1: **Summary of Significant Accounting Policies** - continued

E. **Assets Held for Resale**

The District's assets held for resale are stated at the lower of fair market value or cost. These assets consist of a hospital building and a wellness center building and were acquired as part of the lease termination settlement with Fallbrook Hospital Corporation (Note 10). At June 30, 2016, the balance of assets held for resale was \$4,708,761.

F **Capital Assets**

The District's capital assets are stated at cost. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method, generally 3-10 years. The capitalization threshold is \$500.

G. **Compensated Absences**

It is the District's policy to permit contract employees to accumulate earned but unused vacation leave time. Non-contract employees may accumulate earned but unused vacation leave time up to a maximum of thirty (30) days. All employees may accrue unused sick leave time up to a maximum of thirty (30) days. Upon termination, all employees are entitled to a lump sum payment of 25% of accrued sick leave, not to exceed fifteen (15) days. At June 30, 2016, compensated absences balance was \$4,457.

H. **Net Position**

Net position represents the difference between all other elements in the statement of net position and should be displayed in the following three components:

Net Investment in Capital Assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

At June 30, 2016, the District had no restricted component of net position.

FALLBROOK HEALTHCARE DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 1: **Summary of Significant Accounting Policies** - continued

H. **Net Position** - continued

Use of Restricted and Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted component of net position is available, the District's policy is to apply restricted component of net position first.

I. **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note 2: **Lease Agreement with Fallbrook Hospital Corporation**

Effective November 1, 1998, the District entered into a Lease Agreement ("Agreement") with Fallbrook Hospital Corporation ("Corporation"), a healthcare system located in the County to operate the Fallbrook Hospital for the benefit of District residents. While the hospital license remains in the name of the District, the Corporation has the responsibility of maintaining the license, maintaining the hospital in good condition, maintaining appropriate accreditations and adequate insurance, and providing quarterly status reports to the District. In connection with the Agreement, the District entered into a 30-year Transfer and Lease Agreement with the Corporation, whereby the District's assets and liabilities, except land, investment funds, debt established pursuant to certain loan agreements and the deferred compensation program, were transferred to the Corporation. In November 1998, the District exercised its option to have the Corporation prepay the receivable to the District. Rental income to the District from the Corporation for the remaining term of the Agreement is \$1 per year.

At the end of the Agreement's 30-year term, the Corporation will transfer back to the District all assets and liabilities pursuant to terms substantially identical to those of the Transfer and Lease Agreement.

On March 31, 2015, the District and the Corporation entered into a Lease Termination Settlement Agreement to early terminate the Agreement. See Note 10 for further details.

FALLBROOK HEALTHCARE DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2016

Note 3: **Cash and Cash Equivalents**

The following is a summary of cash and cash equivalents at June 30, 2016:

| | <u>Amount</u> |
|--|---------------------|
| Cash and Cash Equivalents: | |
| Bank deposits | \$ 448,157 |
| LAIF | <u>1,633,638</u> |
| Total Cash and Cash Equivalents | <u>\$ 2,081,795</u> |

A. Cash Deposits

The carrying amount of the District's cash deposits was \$448,157 as of June 30, 2016. Bank balances before reconciling items were \$496,079 at that date, which were fully insured or collateralized with securities held by the pledging financial institutions in the District's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the District's cash by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash is considered to be held in the District's name. The market value of pledged securities must equal at least 110% of the District's cash. California law also allows financial institutions to secure the District's cash by pledging first trust deed mortgage notes having a value of 150% of the District's total cash.

B. Local Agency Investment Funds

The District's deposit with LAIF at June 30, 2016 includes a portion of the pool funds invested in structured notes and asset-backed securities and similar transactions. These investments may include the following:

Structured Notes – Debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend on one or more indices and/or that have imbedded forwards or options.

Asset-Backed Securities – Generally, mortgage-backed securities entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, collateralized mortgage obligations) or credit card receivables.

As of June 30, 2016, the District had \$1,633,638 invested in LAIF, which had invested 0% of the pool investment funds in Structured Notes and Asset-Backed Securities. The reported value of the pool is the same as the fair value of the pool shares.

FALLBROOK HEALTHCARE DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 4: **Investments**

The District is generally authorized under state statutes to invest in:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidences of deposit at commercial banks and savings and loan institutions
- Prime bankers acceptances
- Prime commercial paper
- Negotiable certificates of deposit
- Repurchase agreements
- Money market funds
- State of California Local Agency Investment Fund
- Medium-term notes

The following is summary of investments at June 30, 2016:

| | <u>Credit Rating</u> | <u>Amount</u> |
|--------------------------|--------------------------|---------------------|
| Investments: | | |
| CalTrust | Not Rated | \$ 4,238,150 |
| Total Investments | | <u>\$ 4,238,150</u> |

Investments held by the District, grouped by maturity date at June 30, 2016, were as follows:

| | <u>Amount</u> |
|--------------------------|---------------------|
| Investments: | |
| CalTrust | \$ 4,238,150 |
| Total Investments | <u>\$ 4,238,150</u> |

FALLBROOK HEALTHCARE DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 5: **Capital Assets**

Capital assets activities for the year ended June 30, 2016, are as follows:

| | Balance July 1, 2015 | Additions | Deletions | Balance June 30, 2016 |
|---|----------------------------|-------------------|-------------|--------------------------|
| Capital assets, depreciable: | | | | |
| Buildings and improvements | \$ 291,240 | \$ - | \$ - | \$ 291,240 |
| Furniture and fixtures | 2,375 | - | - | 2,375 |
| Equipment | 17,022 | 126 | - | 17,148 |
| Subtotal | <u>310,637</u> | <u>126</u> | <u>-</u> | <u>310,763</u> |
| Accumulated depreciation | <u>(17,502)</u> | <u>(1,660)</u> | <u>-</u> | <u>(19,162)</u> |
| Capital Assets, Net | <u>\$ 293,135</u> | <u>\$ (1,534)</u> | <u>\$ -</u> | <u>\$ 291,601</u> |

Note 6: **Commitment and Contingencies**

Earthquake Retrofit

Senate Bill 1953 imposes certain requirements that acute care hospitals would be required to meet within a specified time. These requirements include conducting seismic evaluations. Hospitals determined to pose certain risks shall only be used for non-acute care purposes after January 1, 2008. After January 1, 2030, all hospitals must be in compliance. The District is not liable for compliance with Senate Bill 1953 in accordance with the Agreement with the Fallbrook Hospital Corporation .

Note 7: **Insurance**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries insurance through Special District Risk Management Authority (“SDRMA”). SDRMA is a risk pooling joint powers authority formed under the California Government Code to provide insurance coverage for SDRMA’s member districts. SDRMA purchases excess insurance from commercial carriers to reduce its exposure to large losses.

There were no instances in the past three years where a settlement exceeded the District’s coverage provided through SDRMA.

FALLBROOK HEALTHCARE DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2016

Note 8: **Transfers To/From Fallbrook Hospital Corporation**

All property tax revenues, as they are incrementally collected and paid to the District, will remain with the District and will not be shared, except as allocated by separate resolution. During the fiscal year ended June 30, 2016, no transfers were made to the Corporation.

Cost report settlements for all years prior to the Agreement have been settled.

Note 9: **Defined Contribution Pension Plan**

The District has a Section 408(p) defined contribution pension plan as allowed under the Internal Revenue Code. The plan type sponsored by the District is the Savings Incentive Match Plan for Employees of Small Employers (SIMPLE), which was effective on January 6, 2006. The Plan is a defined contribution retirement plan in which the employer's contribution is nondiscretionary and is based on a formula that is not related to profit. The Plan sponsor guarantees no benefit and bears no investment risk while the Plan participants bear all investment risk and have no guaranteed level of benefits.

Eligible non-contract employees may begin participating in the Pension Plan following a one year probationary employment period. The Administrator may begin participating the first day of the month following the employment date of work. The Plan is entirely funded by District contributions of up to 3% of the participants' gross pay for employees hired on or after March 1, 2006 who contribute up to 3% of their salary to the deferred compensation plan. Participants are fully vested upon joining the plan. Plan provisions and contribution requirements are established and may be amended by the District. Participants are eligible to begin receiving benefits at age 55.

The District's payroll for employees covered by the Plan for the year ended June 30, 2016, was \$76,742. Total employer contributions paid by the District amounted to \$900 or 1.17% of covered payroll.

Funds paid into the Plan by the District are placed in a SIMPLE IRA account at a financial institution determined by the Plan participants. The financial information of the defined contribution pension plan is not in the accompanying financial statements.

Note 10: **Lease Termination Settlement**

The District leased the Fallbrook Hospital to the Fallbrook Hospital Corporation (the "Corporation") pursuant to a 30 year lease (the "Lease") in November 1998, which was set to terminate on its own terms in November 2028. Upon the expected termination of the Lease in 2028, the District was to absorb significant financial responsibilities, including, but not limited to, the repurchase of termination assets, reimbursement of prepaid rent (if any), and the need for working capital to keep the Fallbrook Hospital operating.

In order to ensure that the District had sufficient resources to accommodate the upcoming financial obligations, on December 14, 2011, the District's Board voted unanimously in

FALLBROOK HEALTHCARE DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 10: **Lease Termination Settlement** - continued

favor of creating a lease termination contingency reserve which was expressly dedicated to address those expenses required of the District at the time that the lease with Fallbrook Hospital Corporation was set to end.

However, in December 2013, the District was presented with a Government Code claim (per section 910 of the California Government Code) from the Corporation. The claim was for the District's "refusal" to reimburse the Corporation for its operating losses for several hospital core services. In February 2014, the District issued a *Notice of Rejection of the First Code Claim* to the Corporation and declined to reimburse the core services losses.

Per the Lease, after notifying the District and providing reasonable supporting documentation substantiating the core service losses, the Corporation is allowed to commence the process of closing the core services that are operating at a loss. The District received notice from the Corporation on May 21, 2014, that the Corporation was initiating the process for closing of many of the core services. On September 11, 2014, the District and the Corporation signed the Agreement Regarding Continuation of Services in which the Corporation agreed to continue to provide certain core services through November 17, 2014. The District agreed to pay the Corporation \$711,000 for these services which was actually paid out during the 2014/2015 fiscal year.

Finally, on January 29, 2015, the District and the Corporation signed the *Settlement Agreement/Termination Agreement and Mutual Release* ("Settlement Agreement") in order to terminate the Lease Agreement and Operating Agreement effective March 31, 2015. The District agreed to pay the Corporation \$5 million by February 11, 2015. The Settlement Agreement released the District from the Corporation's previous breach of contract and operating loss coverage claims. It also released the District from any obligations under any repurchase agreements related to "Termination Assets" in the original Lease Agreement in 1998.

The District regained use rights for the Fallbrook Hospital Building, the Wellness Center Building and the Urgent Care Building. At June 30, 2016, the Urgent Care building was being leased to a third party operator. The District is holding the other properties for sale or for lease. The District recorded the \$5 million settlement fee to these repurchased "Termination Assets" as follows:

FALLBROOK HEALTHCARE DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 10: **Lease Termination Settlement** - continued

| Address | Description | Sq. Feet | Allocation % | Termination Fee Allocation* |
|-----------------------------------|----------------------|----------|--------------|-----------------------------|
| Assets Held for Resale: | | | | |
| 624 E. Elder | Fallbrook Hospital | 75,840 | 88.35% | \$ 4,417,520 |
| 138 Brandon | Wellness Center | 5,000 | 5.82% | 291,240 |
| | | 80,840 | 94.18% | 4,708,760 |
| Building and Improvements: | | | | |
| 617 Alvarado | Urgent Care Building | 5,000 | 5.82% | 291,240 |
| | | 85,840 | 100.00% | \$ 5,000,000 |

* Schedule pertains to allocation of settlement payment under Termination and Settlement Agreement and is neither reflective of nor intended to represent the fair market value of the entire real property and improvements thereon.

Note 11: **Subsequent Events**

Subsequent events have been evaluated through November 28, 2016.

**FALLBROOK HEALTHCARE
DISTRICT**

MANAGEMENT REPORT

FOR THE YEAR ENDED JUNE 30, 2016

FALLBROOK HEALTHCARE DISTRICT

Management Report
For the Year Ended June 30, 2016

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Board of Directors of the
Fallbrook Healthcare District
Fallbrook, California

In planning and performing our audit of the financial statements of the Fallbrook Healthcare District for the year ended June 30, 2016, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that errors or irregularities in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We will review the status of these comments during our next audit engagement. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. We thank the District's staff for its cooperation on this audit.

Fechter & Company, Certified Public Accountants



November 28, 2016
Sacramento, CA

FALLBROOK HEALTHCARE DISTRICT
Management Report
For the Year Ended June 30, 2016

The Auditor's Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated September 6, 2016, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the District financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Internal Control Related Matters

In any smaller entity, whether private enterprise or a governmental agency, the lack of segregation of duties can present potential issues in regards to the perpetuation and concealment of fraud. Even with a perfect segregation of duties frauds can be perpetuated and concealed. The District can perform some specific control procedures to help reduce the risk of fraud, however. Some of the controls would include:

- Having someone independent of the bank reconciliation function review the bank statements on a monthly basis. At this District it would mean someone independent of the accounting function reviewing the county reports and multitude of bank accounts and bank reconciliations.
- Examining a budget to actual report on a frequent basis.
- Comparing the financial statements on a detailed level to the prior year on a frequent basis.
- Requiring someone independent of the payroll process review payroll on a bi-weekly basis, checking for accuracy of pay rates, paid time off recorded, etc.

FALLBROOK HEALTHCARE DISTRICT
Management Report
For the Year Ended June 30, 2016

- Verifying that a second person is approving all disbursement activity and that an individual independent of the accounting function is signing checks and asking questions about invoices presented for payment.
- Frequently displaying “professional skepticism” when considering staff responses on District finances.

California Government Code Section 12422.5 requires the State Controller’s office to develop internal control guidelines applicable to each local agency by January 1, 2015. The intent of the legislation is to assist local agencies in establishing a system of internal control to safeguard assets and prevent and detect financial errors and fraud. To this end, the State Controller’s Office has produced a draft of control guidelines for local Agencies. As the District contemplates changes to its system of internal control, we advise in utilizing these guidelines when developing internal procedures to assist with your internal control processes.

The State Controller’s office has defined internal controls into five components that work together in an integrated framework. Their guidelines were adopted from the definitions and descriptions contained in *Internal Control – Integrated Framework*, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The components are:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring Activities

The objective of *control environment* is the set of standards, processes, and structures that provided the basis for carrying out internal control across the entity. The governing board and management establish the “tone at the top” regarding the importance of internal control, including expected standards of conduct which then cascade down through the various levels of the organization and have a strong effect on the overall system of internal control.

A District’s *Risk Assessment* process includes how management identifies risks (including fraud risk) relevant to the preparation and fair presentation of the financial statements in accordance with the District’s applicable financial reporting framework. In addition, this would also involve areas of business and operational risk which could potentially affect the District’s finances on a go-forward basis.

The District’s risk assessment process is an extremely important activity the board and management should undertake. Every organization, public or private, faces business risks on a day to day basis. Identifying those risks and then acting on them in a timely manner may prevent future problems from becoming completely unmanageable.

Management should consistently attempt to identify risks that exist and then present those risks to the board for action. It is impossible for us to identify every potential risk that exists but either way, management and the board should proactively attempt to identify risks that could adversely affect the District’s operations.

FALLBROOK HEALTHCARE DISTRICT
Management Report
For the Year Ended June 30, 2016

Control Activities are in reference to establishing policies and procedures that achieve management directives and respond to identified risks in the internal control system. These are specific procedures designed to perform a secondary review of internal processes that will allow for segregation of duties and a management level review of processed transactions.

Information and Communication are the District's methods of identifying what information is relevant to present to management and the board to assist the District in making the correct decisions. It also is in reference to the District's internal processes of gathering and summarizing that information.

Monitoring involves evaluating the effectiveness of controls on an on-going basis and taking remedial actions when necessary when identified by the other control procedures in place. On-going monitoring activities often are built into the normal recurring activities of a local government and include regular management and supervisory activities.

There is no catch-all for finding all instances of fraud within any entity, whether public or private. One of the key factors in helping prevent fraud is to encourage ethical behavior at all levels of the organization, i.e., "tone at the top". Another key would be to note instances of abnormal behavior of finance or accounting staff when questioned about District financial matters.

The District should remember that they have outside resources available in the case of fraud – they are able to contact District auditor, their attorney, or county auditor-controller should anyone feel there is a chance of fraud or abuse.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements were:

- Accrual and disclosure of compensated absences
- Capital asset lives and depreciation expense

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the District's financial reporting process (that is, cause future financial

FALLBROOK HEALTHCARE DISTRICT
Management Report
For the Year Ended June 30, 2016

statements to be materially misstated). The following audit adjustments, in our judgment, indicate matters that could have a significant effect on the District's financial reporting process:

- Posting of all GASB 34 entries on behalf of the district

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Auditors

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

DISCUSSION/ACTION ITEMS

Extension of Real Estate Listing Agreement – Cushman/Wakefield – Travis Ives

MEMO to Board of Directors

From: Executive Director, Bobbi Palmer, MBA, MSW

D2: Extension of Real Estate Listing Agreement – Cushman/Wakefield, Travis Ives

Recommendation: Approve



4747 Executive Drive, 9th Floor
San Diego, CA 92121
Tel +1 858 452 6500
Fax +1 858 452 3206
cushmanwakefield.com

November 16, 2016

Bobbi Palmer
District Administrator
Fallbrook Healthcare District
138 S. Brandon Rd.
Fallbrook, CA 92028

Re: Listing Agreement Extension
Fallbrook Healthcare District
624 E. Elder St., 138 S. Brandon Rd., 617 Alvarado St.
Fallbrook, CA 92028

Dear Bobbi,

This letter, with acknowledgement below, shall serve as written authorization to renew and extend the "Exclusive Listing and Commission Agreement" between Fallbrook Healthcare District and Cushman & Wakefield of San Diego, Inc., dated November 20, 2015, for the sale of the project known as Fallbrook Hospital.

The parties hereby agree to extend the agreement through June 30, 2017. All other terms and conditions to the agreement shall remain.

Thank you for your confidence in our team. We look forward to continuing to work with you on this assignment.

Sincerely,
Cushman & Wakefield of San Diego, Inc.

Travis Ives
Senior Director
Lic.# 1889097
(858) 334-4041
Travis.Ives@Cushwake.com

Acknowledgement:

By: _____
Fallbrook Healthcare District

Date: _____

By: _____
Cushman & Wakefield of San Diego, Inc.
CA License #01329963

Date: _____

DISCUSSION/ACTION ITEMS

Resolution No. 415 to Change Name of District

MEMO to Board of Directors

From: Executive Director, Bobbi Palmer, MBA, MSW

D3: Resolution #415 to Change Name of District

1. Fallbrook Regional Health District
2. Fallbrook Township Health District

Recommendation: Approve

RESOLUTION NO.

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
FALLBROOK HEALTHCARE DISTRICT TO CHANGE THE NAME OF THE
DISTRICT TO FALLBROOK REGIONAL HEALTH DISTRICT**

WHEREAS, Health & Safety Code Section 32137 provides that a District Board may, by action taken at a meeting, change the name of the District, and,

WHEREAS, the District Board of Directors (“the Board”) recognizes that the changing environment of health care includes a greater emphasis upon prevention and wellness; and,

WHEREAS, the Board is mindful of the fact that its mission applies to communities beyond the town of Fallbrook, including Bonsall, Rainbow, and parts of the DeLuz area of northern San Diego County, such that the District name should reflect that broader commitment; and,

WHEREAS, the Board believes that a change in the District name to reflect both the changes in health care and its regional responsibilities will help further the mission of the District in meeting the needs of the community which it serves,

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE FALLBROOK HEALTHCARE DISTRICT DOES HEREBY FIND, RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

Section 1. That effective _____ 1, 2017, the District shall thereafter be known as the Fallbrook Regional Health District;

Section 2. Staff shall be and is directed to provide all necessary notifications to the County, State, LAFCO, and any other applicable agencies of this name change; and,

Section 3. Staff is hereby authorized to shall take all appropriate steps to complete this name change, including the purchase of updated District stationery and business cards, updating of the District=s web-site and phone listings, obtaining a new District logo, and such other and further steps necessary to adequately publicize the District=s name change herein.

Resolution No. _____
December 14, 2016
Page 2

PASSED, APPROVED AND ADOPTED at a regular meeting of the Board of Directors of the Fallbrook Healthcare District held on the 14th day of December, 2014, by the following roll call vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

_____, President
Board of Directors
Fallbrook Healthcare District

(S E A L)

Attest:

_____, Secretary
Board of Directors
Fallbrook Healthcare District

DISCUSSION/ACTION ITEMS

Mission/Vision

MEMO to Board of Directors

From: Executive Director, Bobbi Palmer, MBA, MSW

D4: Mission and Vision

Recommendation: Approve



Fallbrook Township Health District or Fallbrook Regional Health District

Serving Bonsall, DeLuz, Fallbrook, Rainbow

MISSION

- ❖ Promoting health for the people of the District

VISION

- ❖ Reducing the impact of identified major health issues in our District.
 - Strategic Initiatives 2017-18
 - Pre-Diabetes & Diabetes
 - Hypertension
 - Heart Disease
 - Behavioral Health

VALUES

- ❖ Dedication
- ❖ Efficiency
- ❖ Integrity
- ❖ Objectivity
- ❖ Prudence
- ❖ Respect
- ❖ Transparency

FALLBROOK HEALTH DISTRICT
A Tax Supported Public Agency Serving Northern San Diego County

Revised by Fallbrook Healthcare District Board of Directors on December 14, 2016.

DISCUSSION/ACTION ITEMS

A+ Urgent Care Extended Hours Contract Services

MEMO to Board of Directors

From: Executive Director, Bobbi Palmer, MBA, MSW

D5. Urgent Care Contract Services

Recommendation: Approve