



525 Veterans Blvd.  
Redwood City, CA 94063

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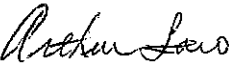

[www.sequoiahealthcaredistrict.com](http://www.sequoiahealthcaredistrict.com)

**A G E N D A**  
**SEQUOIA HEALTHCARE DISTRICT**  
**BOARD OF DIRECTORS MEETING**  
**4:30, Wednesday, October 5, 2016**  
**Conference Room, 525 Veterans Boulevard, Redwood City, CA 94063**

1. Call To Order And Roll Call
2. Public Comment On Non-Agenda Items\*
- ACTION 3. Consent Calendar - President Faro
  - a. Approve June 1, 2016 Regular Meeting Minutes
  - b. Accept May, June, July and August 2016 Financial Statements
4. CEO/Staff Reports
  - a. CEO Report - Mr. Michelson
  - b. Healthy Schools - Ms. Kurtzman
  - c. HeartSafe - Mr. Nielsen
- ACTION 5. New Business
  - a. Accept The District's Annual Audit For The Period Ending June 30, 2016  
As Prepared By The CPA Firm Vavrinek, Trine, Day - Mr. Gharaibeh & Mr. Christian
  - ACTION b. Consider Sponsorship Support For CDA Cares In The Amount Of  
\$10,000 - Dr. Carliza Marcos
  - ACTION c. Consider Grant Request From The Magical Bridge Playground For \$600,000  
Payable Over Two Years - Ms. Jill Asher and Chris Beth
  - ACTION d. Consider Agreement From The Law Offices Of Mark D. Hudak To  
Provide Legal Services To The District - Mr. Michelson
  - ACTION e. Director Requests For Future Agenda Items Per Board Policy 8.3 -  
President Faro
- ACTION 6. Adjourn to Closed Session For The Purposes Of:
  - a. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION  
Consideration of initiation of litigation pursuant to Government Code Section  
54956.9(d)(4) - One potential case
  - b. Under Government Code Sections 54957 and 54957.6 for the following  
purposes:  
PUBLIC EMPLOYEE PERFORMANCE EVALUATION (54957)  
Title: Chief Executive Officer of Sequoia Healthcare District  
CONFERENCE WITH LABOR NEGOTIATOR (54957.6)  
Agency Designated Representative: Arthur Faro, Board President &  
Kathleen Kane, Vice President  
Unrepresented Employee: Chief Executive Officer, Sequoia Healthcare District

Continued

- ACTION 7. Reconvene To Open Session: Announce Any Reportable Actions Taken In Closed Session
- ACTION 8. Adjourn.  
The Next Regular Meeting Of The Board Of Directors Of Sequoia Healthcare District Is Scheduled For 4:30 PM, Wednesday, December 7, 2016, District Conference Room, 525 Veterans Blvd., Redwood City, CA 94063

  
Arthur Faro  
Board President 

\*Public comment will be taken for each agenda item prior to the board's consideration on that item.

Any writings or documents provided to a majority of the Board of Directors regarding any item on this agenda will be made available for public inspection at the District office, 525 Veterans Blvd., Redwood City, CA, during normal business hours. Please telephone 650-421-2155 to arrange an appointment.

If you are an individual with a disability and need an accommodation to participate in this meeting, please contact Sequoia Healthcare District at least 48-hours in advance at 650-421-2155.

**MINUTES OF REGULAR MEETING  
BOARD OF DIRECTORS  
SEQUOIA HEALTHCARE DISTRICT  
June 1, 2016**

**Conference Room, 525 Veterans Boulevard  
Redwood City, CA 94063**

**Directors Present**

Director Faro  
Director Griffin  
Director Hickey  
Director Kane arrived 5:05 PM  
Director Shefren

**Directors Excused**

**Also Present**

Mr. Michelson, CEO  
Mr. Hudak, Legal Counsel  
Ms. Johnson, Recorder

**1. Call to Order**

President Faro called the meeting to order at 4:30 PM.

**2. Public Comment/Non-Agenda Items**

Mathew Reeves of Redwood City 2020 thanked the Board for their continued support of the Safe Routes to School Program.

Director Hickey disagreed with a statement posted on the District's website that the District returns 100% of tax revenue to the community through grants and health related service programs, adding that the Board needs to be open regarding the actual distribution of tax money.

**3.a. - 3.c. Consent Calendar**

**Motion:** To approve the Consent Calendar.

**By:** Director Shefren

**Seconded by:** Director Griffin

**Vote:** 4-0

**Motion Passed**

**4. CEO & Staff Reports**

CEO Report: In addition to Mr. Michelson written report, he updated the Board on Ravenswood dental services, Samaritan House food pharmacy and Sequoia Village's expansion northward.

Healthy Schools: Ms. Kurtzman announced that Jennifer Barrett resigned on May 4<sup>th</sup> due to family commitments and that Wellness Coordinator, Mindy Shelton, is moving to the position of Assistant Principal in San Carlos. She will not look into filling either position until after the summer. Ms. Kurtzman thanked for the Board for their continued support of the Healthy School and Community Grants programs.

HeartSafe program: Mr. Nielsen reported that an additional 750 community members have been trained in CPR since the April board meeting. Also, a choking baby was saved by his mom who had completed the District's Friends and Family CPR training a few weeks prior to the choking incident.

**5.a. Consider Adoption of Resolution 16-1 Determining Date and Adopting Provisions for the 2016 Sequoia Healthcare District General Election**

Mr. Hudak noted that this resolution carries forward the policies of the Board regarding this year's election and provides the County Elections Department with all required information.

**Motion:** To approve Resolution 16-1

**By:** Director Shefren

**Seconded by:** Director Griffin

**Roll Call Vote:** 4-0-0-1 Director Kane had not yet arrived.

**Motion Passed**

#### 5.b. Report on San Mateo Medical Center Projects

Dr. CJ Kunnappilly, CEO of San Mateo Medical Center, updated the Board on the Ron Robinson Clinic in South County. A geriatric focused team is now in place and the clinic, which is open 2 days a week, has had 156 clinic visits and provided 25 home visits to District patients.

Staff has also been hired for the Community Care Transitions Program at SMMC and it is projecting to see up to 25 District patients monthly.

Director Kane arrived.

#### 5.c. Presentation: The Magical Bridge Playground

Ms. Jill Asher and Ms. Olenka Villarreal, founders of the Magical Bridge Foundation, began with a video overview of the Magical Bridge playground in Palo Alto. The playground, opened in April 2015, is being touted as the nation's most inclusive and innovative playground, designed to provide play experiences that improve the physical, social, emotional and mental health of everyone in the community. While municipal playgrounds must be ADA compliant for wheelchair access, many members of the population who may be autistic, visually or hearing impaired, physically limited or the elderly are being overlooked.

Chris Beth, Director of Redwood City Parks and Recreation Dept. told the Board that Redwood City has set aside \$2 million for an upgrade to the outdated playground at Red Morton Park and the location would be an excellent site for our community's first Magical Bridge playground.

The Board may consider a grant request at a future meeting.

#### 5.d. Consider Adoption of the Proposed Budget for Fiscal Year Ending June 30, 2017

Mr. Michelson anticipates revenue to be approximately \$15 million for 2016-17 due to increases of \$900,000 in tax revenue and \$1.2 million in pension income. Significant increases under expenses are \$150,000 in election costs, \$1.2 million in pension expense and \$813,000 for 70 Strong. Additionally, grants and programs increase by \$900,000 in keeping with our policy of spending 100% of current tax income on current grants and programs.

**Motion:** To approve the proposed budget for fiscal year ending June 30, 2017 with the caveat that the time period under which 100% of tax revenue needs to be spent on grants and programs be expanded to allow staff additional flexibility in going beyond the current fiscal year.

**By:** Director Shefren

**Seconded by:** Director Kane

**Vote:** 4-1 with Director Hickey opposed

**Motion Passed**

#### 5.e. Director Requests for Future Agenda Items

President Faro asked if any Director had an agenda item request. There were none.

#### 6. Adjourn to Closed Session

Adjourn to Closed Session For The Purposes Of:

- a. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION  
GOVERNMENT CODE §54956.9(a)

Name of case: *In the matter of The Stuart Lindsay Testamentary Trust*,  
San Mateo Superior Court Probate Action No. 81126.

- b. Under Government Code Sections 54957 and 54957.6 for the following purpose:  
PUBLIC EMPLOYEE PERFORMANCE EVALUATION (54957)  
Title: Chief Executive Officer of Sequoia Healthcare District  
CONFERENCE WITH LABOR NEGOTIATOR (54957.6)  
Agency Designated Representative: Arthur Faro, Board President & Kathleen Kane, Vice President  
Unrepresented Employee: Chief Executive Officer of Sequoia Healthcare District

**7. Reconvene to Open Session**

Reconvene to Open Session. There was no reportable action taken in closed session.

**8. Adjourn**

**Motion:** At 6:20 PM adjourn meeting.

**By:** Director Kane

**Seconded by:** Director Griffin

**All in favor**

**Motion Passed**

The next regular meeting of the Board of Directors of Sequoia Healthcare District is scheduled for 4:30 PM, Wednesday, October 5, 2016, District Conference Room, 525 Veterans Blvd., Redwood City, CA.

Respectfully Submitted,

Kim Griffin  
Secretary

**SEQUOIA HEALTHCARE DISTRICT**  
**Balance Sheet**  
**Fiscal Year 2015-16**

Agenda Item No. 3.b  
Board of Directors Meeting  
10/5/16

	July	August	September	October	November	December	January	February	March	April	May	June
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash (WF-MMA)	\$ 4,002,935.68	\$ 3,013,356.17	\$ 2,363,719.68	\$ 2,164,010.97	\$ 1,764,241.61	\$ 5,724,629.13	\$ 5,475,347.14	\$ 3,975,962.73	\$ 3,676,463.12	\$ 6,817,084.17	\$ 6,667,944.06	\$ 5,268,704.54
Cash (WF)	101,745.13	129,000.08	183,730.79	534,534.44	510,483.49	997,282.37	819,172.39	224,231.84	217,089.19	109,700.71	20,458.40	312,406.79
Cash from Investments	1,199,310.70	1,199,310.70	1,199,310.70	1,199,310.70	1,199,310.70	1,199,310.70	1,199,309.70	1,199,309.70	1,199,309.70	1,199,309.70	1,199,309.70	1,199,309.70
Cash Equivalents	9,055,146.51	9,057,465.51	9,090,408.51	9,088,109.51	9,090,459.51	9,082,247.51	9,135,293.51	9,148,167.51	9,182,713.51	9,195,935.51	9,195,368.51	9,242,245.51
Accounts Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	183,891.99
Total Current Assets	14,359,138.02	13,399,132.46	12,837,169.68	12,985,965.62	12,564,495.31	17,003,469.71	16,629,122.74	14,547,671.78	14,275,575.52	17,322,030.09	17,083,080.67	16,206,558.53
<b>Other Assets</b>												
Prepaid Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36,542.46
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	431,615.00
												468,157.46
<b>Property, Plant &amp; Equipment</b>												
Land	138,927.00	138,927.00	138,927.00	138,927.00	138,927.00	138,927.00	138,927.00	138,927.00	138,927.00	138,927.00	138,927.00	138,927.00
Land Improvements	144,158.05	144,158.05	144,158.05	144,158.05	144,158.05	144,158.05	144,158.05	144,158.05	144,158.05	144,158.05	144,158.05	144,158.05
Buildings	1,249,382.30	1,249,382.30	1,249,382.30	1,249,382.30	1,249,382.30	1,249,382.30	1,249,382.30	1,249,382.30	1,249,382.30	1,249,382.30	1,249,382.30	1,249,382.30
Building Improvements	527,129.57	527,129.57	527,129.57	527,129.57	527,129.57	527,129.57	527,129.57	527,129.57	527,129.57	527,129.57	527,129.57	527,129.57
Tenant Improvements	215,113.29	215,113.29	215,113.29	215,113.29	215,113.29	215,113.29	215,113.29	215,113.29	215,113.29	215,113.29	215,113.29	215,113.29
Improvements-Classroom	85,690.44	85,690.44	85,690.44	83,410.44	83,410.44	83,410.44	83,410.44	83,410.44	83,410.44	83,410.44	83,410.44	83,410.44
Equipment	68,615.18	68,615.18	68,615.18	68,615.18	68,615.18	68,615.18	68,615.18	68,615.18	68,615.18	68,615.18	68,615.18	68,615.18
Furniture	28,259.91	28,259.91	28,259.91	28,259.91	28,259.91	28,259.91	28,259.91	28,259.91	28,259.91	28,259.91	28,259.91	28,259.91
Accumulated Depreciation	(1,735,856.21)	(1,742,796.54)	(1,749,736.87)	(1,756,677.20)	(1,763,617.53)	(1,770,557.86)	(1,777,498.19)	(1,784,438.52)	(1,791,378.85)	(1,798,319.18)	(1,805,259.51)	(1,812,199.84)
Net Property/Plant/Equipment	721,419.53	714,479.20	707,538.87	698,318.54	691,378.21	684,437.88	677,497.55	670,557.22	663,616.89	656,676.56	649,736.23	642,795.90
Total Assets	15,080,557.55	14,113,611.66	13,544,708.55	13,684,284.16	13,255,873.52	17,687,907.59	17,306,620.29	15,218,229.00	14,939,192.41	17,978,706.65	17,732,816.90	16,849,354.43
<b>LIABILITIES &amp; FUND BALANCE</b>												
<b>Current Liabilities</b>												
Accounts Payable	4,350.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	\$ 3,750.00
Deposit Payable	3,165.00	3,165.00	3,165.00	3,165.00	3,165.00	3,165.00	3,165.00	3,165.00	3,165.00	3,165.00	3,165.00	3,165.00
Grants Payable	1,112,837.40	812,500.00	800,000.00	800,000.00	800,000.00	800,000.00	82,500.00	62,500.00	0.00	0.00	0.00	1,835,910.00
Accrued Payroll	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,693.16
Total Current Liabilities	1,120,352.40	815,665.00	803,165.00	803,165.00	803,165.00	803,165.00	85,665.00	65,665.00	3,165.00	3,165.00	3,165.00	1,848,518.16
<b>Fund Balances</b>												
Invested in Capital Assets	725,194.42	725,194.42	725,194.42	725,194.42	725,194.42	725,194.42	725,194.42	725,194.42	725,194.42	725,194.42	725,194.42	725,194.42
Fund Balance	13,927,676.42	13,927,676.42	13,927,676.42	13,927,676.42	13,927,676.42	13,927,676.42	13,927,676.42	13,927,676.42	13,927,676.42	13,927,676.42	13,927,676.42	13,927,676.42
Net Surplus/Loss	(692,665.69)	(1,354,924.18)	(1,911,327.29)	(1,771,751.68)	(2,200,162.32)	2,231,871.75	2,568,084.46	530,727.17	283,156.58	3,322,670.82	3,076,781.07	816,122.90
Total Fund Balance	13,960,205.15	13,297,946.66	12,741,543.55	12,881,119.16	12,452,708.52	16,884,742.59	17,220,955.30	15,183,598.01	14,936,027.42	17,975,541.66	17,729,651.91	15,468,993.74
Total Liabilities & Fund Balance	15,080,557.55	14,113,611.66	13,544,708.55	13,684,284.16	13,255,873.52	17,687,907.59	17,306,620.30	15,249,263.01	14,939,192.42	17,978,706.66	17,732,816.91	17,317,511.90

SEQUOIA HEALTHCARE DISTRICT  
Income Statements  
Fiscal Year 2015-16

Agenda Item No.3.b  
Board of Directors Meeting  
10/5/16

	July	August	September	October	November	December	January	February	March	April	May	June	Year to Date	Budget 15-16	Variance	
															Amount	Percent
<b>INCOME</b>																
Rental Income	3,703.45	3,850.34	3,850.34	3,850.34	3,850.34	3,850.34	3,850.34	3,850.34	3,850.34	3,850.34	3,850.34	3,850.34	46,057.19	46,200.00	(142.81)	-0.3%
Tax Revenue	26,441.11	17,721.07	0.00	483,304.46	483,056.61	4,807,771.44	718,281.23	0.00	15,930.66	3,299,963.89	18,758.81	1,274,609.25	11,145,838.53	10,100,000.00	1,045,838.53	10.4%
Investment Income	14,747.00	2,319.00	33,306.51	(2,299.00)	2,350.00	(8,212.00)	53,046.00	12,874.00	34,546.00	13,222.00	(567.00)	46,877.00	202,209.51	150,000.00	52,209.51	34.8%
Interest Income	609.78	423.59	364.64	293.07	236.52	400.55	725.16	622.22	505.15	627.55	861.12	768.49	6,437.84	7,700.00	(1,262.16)	-16.4%
Pension Income	0.00	0.00	0.00	0.00	0.00	2,600,000.00	0.00	0.00	0.00	0.00	0.00	0.00	2,600,000.00	2,600,000.00	-	0.0%
ROI-Sequoia Hospital EBIDA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-	-
Total Income	45,501.34	24,314.00	37,521.49	485,148.87	489,493.47	7,403,810.33	775,902.73	17,346.56	54,832.15	3,317,663.78	22,903.27	1,326,105.08	14,000,543.07	12,903,900.00	1,096,643.07	8.5%
<b>EXPENSES</b>																
<b>Administrative Expenses</b>																
Admin. Expense	395.97	687.30	635.52	465.72	401.90	1,510.95	370.85	1,389.91	645.19	664.19	442.85	1,184.61	8,794.96	13,000.00	4,205.04	32.3%
Admin. Payroll	19,919.99	17,344.22	17,344.23	20,136.56	17,773.76	26,654.07	18,885.69	18,570.95	18,535.15	18,535.25	18,535.37	26,133.96	238,369.20	232,000.00	(6,369.20)	-2.7%
Board Health Insurance	2,116.13	4,240.47	2,116.13	2,507.14	12,725.89	927.17	9,537.48	4,239.31	5,049.60	3,538.18	746.47	13,887.48	61,631.45	73,800.00	12,168.55	16.5%
Employee Health Insurance	3,064.28	3,994.81	3,016.40	2,405.76	3,521.16	1,350.18	2,672.29	4,285.66	3,808.63	2,283.49	4,203.65	2,723.21	37,329.52	42,000.00	4,670.48	11.1%
Employee Retirement Benefit	1,634.39	1,565.10	1,332.40	1,467.36	1,353.18	2,029.77	1,355.78	1,358.38	1,358.38	1,358.38	1,358.38	1,903.80	18,075.30	19,000.00	924.70	4.9%
Investment Fees	0.00	0.00	6,977.05	0.00	3,750.00	6,996.09	0.00	3,750.00	0.00	6,991.20	3,750.00	10,788.82	43,003.16	48,000.00	4,996.84	10.4%
Office Supplies/Equip Maint	2,000.18	12.97	1,862.77	647.46	1,398.03	456.17	211.82	302.49	598.26	423.07	2,231.88	653.37	10,798.47	8,000.00	(2,798.47)	-35.0%
Accounting fees	0.00	0.00	0.00	0.00	15,000.00	0.00	6,000.00	0.00	0.00	0.00	0.00	0.00	21,000.00	19,000.00	(2,000.00)	-10.5%
Board Expense	0.00	0.00	238.58	0.00	0.00	0.00	49.32	55.80	77.42	1,135.42	1,427.67	169.86	3,154.07	8,000.00	4,845.93	60.6%
Associations/Membership	0.00	7,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00	300.00	0.00	17,800.00	18,000.00	200.00	1.1%
Communications	0.00	213.10	0.00	14,074.81	11,428.26	94.99	0.00	433.56	198.38	0.00	116.37	370.06	26,929.53	32,000.00	5,070.47	15.8%
Web Site/IT	3,563.67	10,796.43	2,441.83	5,915.53	3,508.00	5,680.54	10,084.00	2,884.00	4,773.14	3,594.00	3,120.00	4,345.00	60,706.14	45,000.00	(15,706.14)	-34.9%
Insurance/D&O	25,090.00	4,483.00	0.00	0.00	(1,000.00)	0.00	0.00	(1,000.00)	0.00	0.00	(1,000.00)	0.00	26,573.00	22,000.00	(4,573.00)	-20.8%
Election Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-	0.00	-
LAFCO fees	0.00	0.00	0.00	0.00	8,198.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,198.00	8,500.00	302.00	3.6%
Legal Fees	5,000.00	2,575.29	1,935.75	1,318.50	1,417.50	897.75	1,417.50	968.00	1,604.00	2,673.00	1,604.00	2,722.00	24,133.29	20,000.00	(4,133.29)	-20.7%
Bank Fees	0.00	0.00	0.00	32.75	0.00	30.00	39.00	0.00	3.00	0.00	0.00	0.00	104.75	100.00	(4.75)	-4.8%
Total Admin. Expenses	62,784.61	53,412.69	37,900.66	48,971.59	79,475.68	46,627.68	50,623.73	37,238.06	36,651.15	51,196.18	36,836.64	64,882.17	606,600.84	608,400.00	1,799.16	0.3%
Pension Plan Expense	0.00	0.00	0.00	0.00	0.00	2,600,000.00	0.00	0.00	0.00	0.00	0.00	0.00	2,600,000.00	2,600,000.00	0.00	0.0%
Total Admin. With Pension Plan	62,784.61	53,412.69	37,900.66	48,971.59	79,475.68	2,646,627.68	50,623.73	37,238.06	36,651.15	51,196.18	36,836.64	64,882.17	3,206,600.84	3,208,400.00	1,799.16	0.1%
<b>Property Expenses</b>																
Maintenance	2,068.23	1,385.10	1,319.73	2,070.30	1,400.00	1,701.32	1,373.68	1,488.00	1,306.96	1,718.38	3,941.52	2,032.63	21,805.85	30,000.00	8,194.15	27.3%
Utilities	589.97	2,306.12	2,862.51	1,925.34	2,298.68	2,994.37	2,071.79	1,384.09	2,892.41	1,773.75	2,699.68	2,825.28	26,623.99	29,000.00	2,376.01	8.2%
Property Insurance	1,616.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,616.00	2,000.00	384.00	19.2%
Depreciation	6,940.33	6,940.33	6,940.33	6,940.33	6,940.33	6,940.33	6,940.33	6,940.33	6,940.33	6,940.33	6,940.33	6,940.33	83,283.96	70,000.00	(13,283.96)	-19.0%
Total Property Expenses	11,214.53	10,631.55	11,122.57	10,935.97	10,639.01	11,636.02	10,385.80	9,812.42	11,139.70	10,432.46	13,581.53	11,798.24	133,329.80	131,000.00	(2,329.80)	-1.8%

SEQUOIA HEALTHCARE DISTRICT  
Income Statements  
Fiscal Year 2015-16

Agenda Item No.3.b  
Board of Directors Meeting  
10/5/16

	July	August	September	October	November	December	January	February	March	April	May	June	Year to Date	Budget 15-16	Variance	
															Amount	Percent
<b>Grant Expenses</b>																
Grant Admin Expenses	632.99	618.56	1,713.53	18,575.37	116.90	1,748.72	303.31	698.00	404.89	715.93	111.40	3,793.63	29,433.23	21,000.00	(8,433.23)	-40.2%
Grant Admin Payroll	6,569.70	5,872.63	5,872.62	6,503.27	5,967.42	8,872.97	6,290.87	6,160.00	6,160.00	6,160.01	6,160.01	9,419.78	80,009.28	79,000.00	(1,009.28)	-1.3%
Children's Health Initiative	0.00	0.00	0.00	0.00	600,000.00	0.00	0.00	600,000.00	0.00	0.00	0.00	0.00	1,200,000.00	1,200,000.00	0.00	0.0%
SFSU Nursing Program	0.00	597,653.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	597,653.00	598,000.00	347.00	0.1%
Samaritan House Grant	226,961.00	0.00	0.00	0.00	174,424.00	2,741.40	174,424.00	0.00	0.00	0.00	0.00	174,424.00	752,974.40	751,000.00	(1,974.40)	-0.3%
Other Grants	10,000.00	0.00	3,000.00	3,764.00	2,750.00	180.00	2,500.00	10,655.00	0.00	6,000.00	21,865.00	0.00	60,714.00	90,000.00	29,286.00	32.5%
San Mateo Medical Ctr. So County	0.00	0.00	0.00	0.00	0.00	234,500.00	0.00	0.00	0.00	0.00	0.00	234,500.00	469,000.00	470,000.00	1,000.00	0.2%
Ravenswood-Belle Haven Clinic	0.00	0.00	0.00	0.00	0.00	0.00	0.00	350,000.00	0.00	0.00	0.00	350,000.00	700,000.00	700,000.00	0.00	0.0%
Community Grants Program	41,200.00	(684.23)	272.00	0.00	0.00	0.00	0.00	41,200.00	7,500.00	0.00	0.00	2,000,000.00	2,089,487.77	1,750,000.00	(339,487.77)	-19.4%
Apple Tree Dental	0.00	0.00	0.00	0.00	0.00	0.00	0.00	250,000.00	0.00	0.00	0.00	250,000.00	500,000.00	500,000.00	0.00	0.0%
Mission Hospice	0.00	0.00	500,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	500,000.00	500,000.00	0.00	0.0%
Total Grant Expenses	285,363.69	603,459.96	510,858.15	28,842.64	783,258.32	248,043.09	183,518.18	1,258,713.00	14,064.89	12,875.94	28,136.41	3,022,137.41	6,979,271.68	6,659,000.00	(320,271.68)	-4.8%
<b>Program Expenses</b>																
Living Healthy	0.00	1,359.46	3,519.71	5,777.62	823.31	9,273.82	386.05	769.34	1,957.10	4,614.37	3,354.16	6,442.88	38,277.82	58,000.00	19,722.18	34.0%
HeartSafe Admin Expense	16,912.00	0.00	740.40	859.21	171.51	316.45	6,217.15	75.00	152.34	75.00	5,478.04	202.25	31,199.35	32,370.00	1,170.65	3.6%
HeartSafe Payroll	5,168.72	4,668.51	4,668.52	4,668.51	4,668.52	7,002.69	4,986.12	4,887.64	4,808.31	4,808.17	4,808.23	6,697.18	61,841.12	62,630.00	788.88	1.3%
HeartSafe Training & Equipment	0.00	60.63	1,805.08	49.02	92.50	0.00	253.09	0.00	0.00	1,019.63	3,819.57	4,559.35	11,658.87	66,000.00	54,341.13	82.3%
School Health Admin	1,124.78	125.00	8,007.35	150.00	2,284.81	8,774.99	1,942.98	1,892.83	3,042.97	18,863.70	7,875.31	7,495.90	61,580.62	57,500.00	(4,080.62)	-7.1%
School Health Payroll	11,705.42	12,854.69	6,684.65	7,834.63	10,182.50	15,707.35	9,904.09	9,361.41	11,048.50	10,726.63	9,682.72	12,169.86	127,862.45	183,852.00	55,989.55	30.5%
School Health Grants	343,893.29	0.00	8,254.00	237,484.07	24,394.17	24,394.17	171,472.83	762,988.15	188,503.78	163,537.46	155,220.41	901,465.67	2,981,608.00	2,981,608.00	0.00	0.0%
Total Program Expenses	378,804.21	19,068.29	33,679.71	256,823.06	42,617.32	65,469.47	195,162.31	779,974.37	209,513.00	203,644.96	190,238.44	939,033.09	3,275,750.41	3,441,960.00	166,209.59	4.8%
<b>Total Expenses</b>	<b>738,167.04</b>	<b>686,572.49</b>	<b>593,561.09</b>	<b>345,573.26</b>	<b>915,990.33</b>	<b>2,971,776.26</b>	<b>439,690.02</b>	<b>2,085,737.85</b>	<b>271,368.74</b>	<b>278,149.54</b>	<b>268,793.02</b>	<b>4,037,850.91</b>	<b>13,594,952.73</b>	<b>13,440,360.00</b>	<b>(154,592.73)</b>	<b>-1.2%</b>
<b>Net Surplus/Loss</b>	<b>(692,665.70)</b>	<b>(662,258.49)</b>	<b>(556,039.60)</b>	<b>139,575.61</b>	<b>(426,496.86)</b>	<b>4,432,034.07</b>	<b>336,212.71</b>	<b>(2,068,391.29)</b>	<b>(216,536.59)</b>	<b>3,039,514.24</b>	<b>(245,889.75)</b>	<b>(2,711,745.83)</b>	<b>367,312.52</b>	<b>(536,460.00)</b>	<b>(903,772.52)</b>	



Agenda Item No. 3.b  
Board of Directors Meeting  
10/5/16

[illegible]

SEQUOIA HEALTHCARE DISTRICT  
Income Statement  
Fiscal Year 2016-17

Agenda Item No.3.b  
Board of Directors Meeting  
10/5/16

													Year to Date	Budget 16-17	Variance	
	July	August	September	October	November	December	January	February	March	April	May	June			Amount	Percent
<b>INCOME</b>																
Rental Income	3,850.34	4,004.36											7,854.70	48,048.00	(40,193.30)	-83.7%
Tax Revenue	0.00	0.00											0.00	11,000,000.00	(11,000,000.00)	-100.0%
Investment Income	4,014.00	(5,446.00)											(1,432.00)	150,000.00	(151,432.00)	-101.0%
Interest Income	651.76	521.48											1,173.24	7,700.00	(6,526.76)	-84.8%
Pension Income	0.00	0.00											0.00	3,800,000.00	(3,800,000.00)	-100.0%
Total Income	8,516.10	(920.16)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,595.94	15,005,748.00	(14,998,152.06)	-99.9%
<b>EXPENSES</b>																
<b>Administrative Expenses</b>																
Admin. Expense	511.35	734.70											1,246.05	12,000.00	10,753.95	89.6%
Admin. Payroll	20,673.20	18,093.25											38,766.45	240,000.00	201,233.55	83.8%
Board Health Insurance	2,712.88	2,747.99											5,460.87	68,000.00	62,539.13	92.0%
Employee Health Insurance	2,985.70	3,780.17											6,765.87	40,000.00	33,234.13	83.1%
Employee Retirement Benefit	1,509.58	1,376.36											2,885.94	21,000.00	18,114.06	86.3%
Investment Fees	0.00	0.00											0.00	46,000.00	46,000.00	100.0%
Office Supplies/Equip Maint	1,144.19	47.53											1,191.72	11,000.00	9,808.28	89.2%
Accounting fees	0.00	0.00											0.00	21,000.00	21,000.00	100.0%
Board Expense	0.00	0.00											0.00	6,500.00	6,500.00	100.0%
Associations/Membership	7,500.00	0.00											7,500.00	18,000.00	10,500.00	58.3%
Communications	0.00	475.00											475.00	30,000.00	29,525.00	98.4%
Web Site/IT	1,700.00	3,145.00											4,845.00	66,000.00	61,155.00	92.7%
Gen'l Liability & D/O insurance	29,191.04	(1,000.00)											28,191.04	29,000.00	808.96	2.8%
Election Fees	0.00	0.00											0.00	150,000.00	150,000.00	100.0%
LAFCO fees	0.00	0.00											0.00	8,500.00	8,500.00	100.0%
Legal Fees	0.00	0.00											0.00	25,000.00	25,000.00	100.0%
Bank Fees	0.00	0.00											0.00	100.00	100.00	100.0%
Total Admin. Expenses	67,927.94	29,400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	97,327.94	792,100.00	694,772.06	87.7%
Pension Plan Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,800,000.00	3,800,000.00	100.0%
Total Admin. With Pension Plan	67,927.94	29,400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	97,327.94	4,592,100.00	4,494,772.06	97.9%
<b>Property Expenses</b>																
Maintenance	1,165.00	944.46											2,109.46	22,500.00	20,390.54	90.6%
Utilities	1,269.07	2,493.86											3,762.93	30,000.00	26,237.07	87.5%
Property Insurance	1,573.72	0.00											1,573.72	2,000.00	426.28	21.3%
Depreciation	6,940.33	6,940.33											13,880.66	73,000.00	59,119.34	81.0%
Total Property Expenses	10,948.12	10,378.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,326.77	127,500.00	106,173.23	83.3%

SEQUOIA HEALTHCARE DISTRICT  
Income Statement  
Fiscal Year 2016-17

Agenda Item No.3.b  
Board of Directors Meeting  
10/5/16

	July	August	September	October	November	December	January	February	March	April	May	June	Year to Date	Budget 16-17	Variance	
															Amount	Percent
Grant Expenses																
Grant Admin Expenses	501.40	165.92											667.32	45,000.00	44,332.68	98.5%
Grant Admin Payroll	7,049.07	6,116.62											13,165.69	80,000.00	66,834.31	83.5%
SFSU Nursing Program	0.00	0.00											0.00	613,000.00	613,000.00	100.0%
Samaritan House Grant	170,644.00	0.00											170,644.00	683,000.00	512,356.00	75.0%
Other Grants	3,000.00	10,000.00											13,000.00	90,000.00	77,000.00	85.6%
San Mateo Medical Ctr. So County	0.00	0.00											0.00	537,000.00	537,000.00	100.0%
Ravenswood	0.00	0.00											0.00	700,000.00	700,000.00	100.0%
Community Grants Program	0.00	0.00											0.00	2,100,000.00	2,100,000.00	100.0%
Mission Hospice	500,000.00	0.00											500,000.00	500,000.00	0.00	0.0%
PFS-Sequoia 70	100,000.00	0.00											100,000.00	813,000.00	713,000.00	87.7%
Oral Health Coalition	0.00	0.00											0.00	50,000.00	50,000.00	100.0%
TBD Program or Grant Expense	0.00	0.00											0.00	1,100,510.00	1,100,510.00	100.0%
Total Grant Expenses	781,194.47	16,282.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	797,477.01	7,311,510.00	6,514,032.99	89.1%
Program Expenses																
Living Healthy	0.00	2,063.03											2,063.03	58,000.00	55,936.97	96.4%
HeartSafe Admin Expense	20,000.00	145.00											20,145.00	39,000.00	18,855.00	48.3%
HeaftSafe Payroll	5,323.43	4,808.24											10,131.67	64,000.00	53,868.33	84.2%
HeaftSafe Training & Equipment	2,033.63	59.28											2,092.91	31,000.00	28,907.09	93.2%
School Health Admin	300.00	425.00											725.00	35,000.00	34,275.00	97.9%
School Health Payroll	7,825.93	8,310.72											16,136.65	160,930.00	144,793.35	90.0%
School Health Grants	333,115.00	26,550.07											359,665.07	3,300,560.00	2,940,894.93	89.1%
Total Program Expenses	368,597.99	42,361.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	408,896.30	3,688,490.00	3,279,593.70	88.9%
Total Expenses	1,228,668.52	98,422.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,325,028.02	15,719,600.00	14,394,571.98	91.6%
Net Surplus/Loss	(1,220,152.42)	(99,342.69)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(1,319,495.11)	(713,852.00)	605,643.11	

### 2016-17 Budget by Month

Income	July	August	Total To Date	Projected To Date	Difference	Budget
Rental Income	3,850.34	4,004.36	7,854.70	7,854.70	0.00	48,048.00
Tax Revenue	0.00	0.00	0.00	50,000.00	(50,000.00)	11,000,000.00
Investment Income	4,014.00	(5,446.00)	(1,432.00)	12,000.00	(13,432.00)	150,000.00
Interest Income	651.76	521.48	1,173.24	1,000.00	173.24	7,700.00
Pension Income	0.00	0.00	0.00	0.00	0.00	3,800,000.00
<b>Total Income</b>	<b>8,516.10</b>	<b>(920.16)</b>	<b>7,595.94</b>	<b>70,854.70</b>	<b>(63,258.76)</b>	<b>15,005,748.00</b>
<b>Expense</b>						
Admin. Expense	511.35	734.70	1,246.05	1,000.00	246.05	12,000.00
Admin. Payroll	20,673.20	18,093.25	38,766.45	40,000.00	(1,233.55)	240,000.00
Board Health Insurance	2,712.88	2,747.99	5,460.87	7,000.00	(1,539.13)	68,000.00
Employee Health Insurance	2,985.70	3,780.17	6,765.87	8,000.00	(1,234.13)	40,000.00
Employee Retirement Benefit	1,509.58	1,376.36	2,885.94	4,000.00	(1,114.06)	21,000.00
Investment Fees	0.00	0.00	0.00	0.00	0.00	46,000.00
Office Supplies/Equip Maint	1,144.19	47.53	1,191.72	2,000.00	(808.28)	11,000.00
Accounting fees	0.00	0.00	0.00	0.00	0.00	21,000.00
Board Expense	0.00	0.00	0.00	0.00	0.00	6,500.00
Associations/Membership	7,500.00	0.00	7,500.00	7,500.00	0.00	18,000.00
Communications	0.00	475.00	475.00	500.00	(25.00)	30,000.00
Web Site/IT	1,700.00	3,145.00	4,845.00	5,000.00	(155.00)	66,000.00
Gen'l Liability & D&O Insurance	29,191.04	(1,000.00)	28,191.04	29,000.00	(808.96)	29,000.00
Election Fees	0.00	0.00	0.00	0.00	0.00	150,000.00
LAFCO fees	0.00	0.00	0.00	0.00	0.00	8,500.00
Legal Fees	0.00	0.00	0.00	5,000.00	(5,000.00)	25,000.00
Bank Fees	0.00	0.00	0.00	0.00	0.00	100.00
Pension	0.00	0.00	0.00	0.00	0.00	3,800,000.00

Property Maintenance	July	August	Total To Date	Projected To Date	Difference	Budget
Maintenance	1,165.00	944.46	2,109.46	3,000.00	(890.54)	22,500.00
Utilities	1,269.07	2,493.86	3,762.93	4,000.00	(237.07)	30,000.00
Property Insurance	1,573.72	0.00	1,573.72	2,000.00	(426.28)	2,000.00
Depreciation	6,940.33	6,940.33	13,880.66	14,000.00	(119.34)	73,000.00

<b>Grants</b>						
Grant Admin Expenses	501.40	165.92	667.32	1,000.00	(332.68)	45,000.00
Grant Admin Payroll	7,049.07	6,116.62	13,165.69	14,000.00	(834.31)	80,000.00
SFSU Nursing Program	0.00	0.00	0.00	0.00	0.00	613,000.00
Samaritan House Grant	170,644.00	0.00	170,644.00	170,644.00	0.00	683,000.00
Other Grants	3,000.00	10,000.00	13,000.00	10,000.00	3,000.00	90,000.00
San Mateo Medical Ctr. So County	0.00	0.00	0.00	0.00	0.00	537,000.00
Ravenswood	0.00	0.00	0.00	0.00	0.00	700,000.00
Community Grants Program	0.00	0.00	0.00	0.00	0.00	2,100,000.00
Mission Hospice	500,000.00	0.00	500,000.00	500,000.00	0.00	500,000.00
PFS-Sequoia 70	100,000.00	0.00	100,000.00	100,000.00	0.00	813,000.00
Oral Health Coalition	0.00	0.00	0.00	0.00	0.00	50,000.00
TBD Program or Grant Expense	0.00	0.00	0.00	0.00	0.00	1,100,510.00

<b>Programs</b>						
Living Healthy	0.00	2,063.03	2,063.03	4,000.00	(1,936.97)	58,000.00
HeartSafe Admin Expense	20,000.00	145.00	20,145.00	20,000.00	145.00	39,000.00
HeartSafe Payroll	5,323.43	4,808.24	10,131.67	11,000.00	(868.33)	64,000.00
HeartSafe Training/Equip	2,033.63	59.28	2,092.91	5,000.00	(2,907.09)	31,000.00
School Health Admin	300.00	425.00	725.00	2,000.00	(1,275.00)	35,000.00
School Health Payroll	7,825.93	8,310.72	16,136.65	24,000.00	(7,863.35)	160,930.00
School Health Grants	333,115.00	26,550.07	359,665.07	400,000.00	(40,334.93)	3,300,560.00
<b>Total Expenses</b>	<b>1,228,668.52</b>	<b>98,422.53</b>	<b>1,327,091.05</b>	<b>1,393,644.00</b>	<b>(66,552.95)</b>	<b>15,719,600.00</b>

**CEO Report: October 2016- Lee Michelson**

1. ACHD: In August and September I attended three meetings with about 20 other representatives from various districts to discuss several important issues including communications, credentialing, legislation reform and our relationship with LAFCO. I have been asked to continue on a committee that will focus on credentialing. I anticipate that meetings will start by or before January. Additionally, I will be attending the ACHD Board retreat on October 6 in San Diego. Board related expenses are paid for by ACHD.
2. LYFT: Since May there have been 122 rides with 61 of them happening in August so the demand is growing. The satisfaction from the participants has been very high with the average waiting time for pick-up around 15 minutes. The cost to the District to-date has been \$882 or about \$7 per ride. There will be a review meeting held in October to discuss possible future plans which may include offering the service at more sites or expanding for doctor visits. A presentation will be made to our Board either in December or February.
3. Oral Health Coalition: The Coalition has completed its planning document and it will be made public at an event at the Sobrato Center in Redwood Shores on October 24. Funds were raised to hire two staff members who will be responsible for overseeing the implementation of the plan. Funds came from Sequoia Healthcare District, Peninsula Healthcare District, First5 San Mateo County and The Health Plan of San Mateo County. The County was also able to draw down additional Federal dollars. We anticipate hiring the two staff members by December 1. The lead position will be a dentist with a public health background.
4. Living Healthy Workshops: We continue to get good participation and have extended our classes to the Belmont Library. Those sessions start on September 30 and last for six weeks. We have a new instructor, Bonnie Scott, who has a Ph.D. in Psychology.
5. LAFCO will be conducting their municipal service review on the two healthcare districts in 2017. As the last review was done prior to my employment, I am unsure as to how they plan to proceed or what will be asked of staff or Board. LAFCO will be hiring a consultant to conduct the review.

6. 70 Strong: Great progress is being made and we should be ready to launch the first week of January. The website is being designed by Purple Binder; a postcard will be sent to 86,000 households in December and we will have our brochure ready for distribution soon. Additionally, ASR has been hired to conduct evaluation and Peninsula Family Service is hiring their management staff for the project.
7. Annual Report: The report is in the final stages of writing and design with the goal of completion by September 23 and distribution to residents by October 14. We are focusing on a few areas including announcing 70 Strong, telling a few stories of residents that have been helped through our grants program, a major section on mental health and a story of a young lawyer whose life was saved by CPR and the use of an AED.
8. Middlefield Junction: I have been asked to serve on the planning committee for the major redevelopment of North Fair Oaks that should lead to a new community center, a new library, housing and ideally a health and wellness center. The location will be directly behind the South County Clinic on Middlefield Road. This is a long-term project with the majority of funding coming from San Mateo County and the City of Redwood City.
9. Board/Staff Retreat in December: The date has been set for Tuesday, December 6 from 9am-1pm. We will use this meeting to kick-off our next strategic plan. Our current one ends in 2017. I have contracted with ASR to do some demographic and health indicator research specific to our region. The data that we have is county-wide and does not necessarily reflect our District. The cost of the data gathering is \$10,000. Their comprehensive report will be sent to the Board prior to our meeting and will be displayed on our website.
10. Other: I have asked the representatives from Samaritan House to come to our December Board meeting to give a progress report. More than 80 people attended the dementia awareness program that we sponsored in partnership with Seniors at Home at the Veterans Memorial Center in Redwood City. We also sponsored a disaster prep presentation by the Red Cross at Little House in Menlo Park.

## Community Involvement: Lee Michelson (9-27-2016)

1. First 5 Commission
  - A. Vice- Chair
  - B. Finance Committee- Chair
2. Redwood City 2020
  - A. Executive Council member
  - B. Fundraising Committee- Chair
3. ACHD
  - A. Board of Directors
  - B. Education Committee member
  - C. Credential Committee member
4. CDA Cares
  - A. Fundraising Chair
5. Oral Health Coalition
  - A. Chair
  - B. Planning Committee Core Team
6. Middlefield Junction
  - A. Planning committee member



Pamela Kurtzman  
Staff Report June-September 2016

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***Activity Summary***

This staff report encompasses four months of program updates since we did not have an August Board meeting.


I will first note that I have decided to hold off on seeking a replacement for Jennifer. Instead, I am utilizing a per diem assistant, Heidi Stamper. Heidi is highly organized and detailed oriented and has been an asset to me on past projects. She also regularly supports Lee with the Healthy Living classes. Heidi will assist me with administrative work 1-2 days per week to relieve me of some of my more time-consuming clerical duties.

Aside from my day-to-day oversight of our Healthy Schools and Grants programs, I have participated in development meetings for 70 Strong and the proposed Magical Bridge Playground. I also assisted with writing our Annual Report and in the planning of the District's next strategic discussions. I briefly explain in this report how I've been giving particular attention and time to better understanding the mental health landscape within our schools and greater community and I've working with Kim Griffin to better understand the mounting school nursing concerns and how we might help address these concerns.

***I. Healthy Schools Initiative Updates:***

- **Wellness Coordinator Action Plans for 2016-17**

Proposed plans were submitted to me in June to demonstrate that our Wellness Coordinators have defined their district's priorities, that they set specific and realistic goals, that they identify and leverage resources, identify potential partnerships, and foresee obstacles and opportunities. The action plans also provide me a baseline to measure their progress toward meeting their goals. Several Health and wellness priorities differ among the districts, but one priority in common to all districts is the desire to address mental health in their schools and support social emotional development of their students. The Coordinators are already making great strides toward implementing their action plans since school started back up including the formation of new committees and partnerships. I invite board members to view the action plans, which I will provide upon request. Please also take a look at the highlights provided for you by the Wellness Coordinators, attached separately, as it is too lengthy to include in this report.

- Data Collection and Evaluation of HSI Impact in supporting Mental Health**  
 We have entered an agreement with Duerr Evaluation Resources to who will engage our partner school districts in a collaborative model of evaluation research that enables school districts to shape the research agenda and assist in collecting data. This work will inform SHD on outcomes and impact of HSI over the past 5 years, specifically related to mental health programs and services. This collaborative model of evaluation research will build capacity at the school site level to collect and use valid and reliable data to assess needs and impact and improve programming for mental health support systems for this initiative and in the future. In addition, Lee and I have met with department heads from County Behavioral Health and Recovery Services to better understanding our community's mental health needs and what potential areas for collaboration may be identified. We have also been in discussions with Dr. Steve Adelsheim from Stanford University about a rapidly expanding adolescent mental health model initiated in Australia called *Headspace*. We are exploring the feasibility of the model, or similar model, locally.
- School Nursing Concerns**  
 There continues to be a tremendous gap between available school nurses and students who need them. Many school districts are forced to rely on expensive nursing agencies to provide temporary relief. Redwood City School District, in particular, is experiencing major challenges in hiring and retaining skilled nurses due in part to the high cost of living in the Bay area relative to what the District can pay their nurses. Kim Griffin and I are exploring both short and long- term options for addressing the school nursing crisis, and will present some initial ideas to the Board at our December meeting.
- HSI parent newsletter**  
 San Carlos and Belmont are about to launch their first quarterly newsletter of the year. The content is consistently engaging and the readership is steadily increasing. Please view these newsletters on our SHD website under HSI.
- 
 Our PE+ program continues to improve and expand each year. This year Adelante became the 11<sup>th</sup> school in the RCSD to welcome PE+ who will provide PE and recess and lunch support to 230 of their grades K-5 students.

In a new agreement with Superintendent John Baker, RCSD is paying for PE+ head coaches to become certified substitute teachers for the school district. This helps

incentivize coaches and ultimately retain them year after year and allows classroom teachers more prep time for lessons- a need PE+ is finally able to fulfill.

Julie Engberg, continues to work with PE+ to further develop new lessons plans and materials and refine existing curriculum. Working with Mindy Hill, Julie is now training classroom teachers to provide nutrition education in their classrooms in San Carlos School District- something we've hoped to achieve for a long time!

## **II. *Caring Community Grants***

- **2015-16-** Final outcomes have been compiled and are shared with the Board as an extension of this staff report. I will also provide a brief PowerPoint highlighting these outcomes at our October 5<sup>th</sup> meeting.

- **2016-17 updates**

Lee and I visited Hope House- on August 31st. We were surprised and saddened to see how young the clients were. Hope House is seeing a trend toward younger individuals seeking support for addiction.

Lee and I will be visiting Caminar's Bridges to Wellness Program on Sept. 28

Adaptive PE's Active Aging Week kicked off On September 26th and I'll be attending some activities during the week. I can't wait to attend the Motown Exercise Party!

## **III. *Healthy Kids***

- As I reported previously, Medi-Cal expansion for undocumented children kicked in on May 1<sup>st</sup>, which extends Medi-Cal to children in households with incomes up to 266% of FPL regardless of documentation status. There will be a small group of documented HK participants in households with income between 266% and 322%, who must remain in separate local insurance through September 2019, but our funding is no longer needed to support these families.

As the County adapts to the expansions in children's coverage at the federal and state levels, they see a change in the role of the CHI Oversight Committee in guiding their work. The County would still like to maintain an oversight committee but instead of advising on strategic and policy issues related to developing and sustaining universal coverage, SHD role might be in guiding spending of the Healthy Kids Trust Fund that has been built during the past thirteen years. Our next meeting will take place in January 2017, after which time I will provide an update.

## Activity Highlights of Our School Wellness Coordinators August- September 2016

### San Carlos

- PE, Counseling, Psychology, and Science staff engaged in a two day professional development series to learn about using the Second Step curriculum, the Health Huddles curriculum, and the Illuminate assessment and reporting technology. Action plans for PE and Mental Health are being finalized at this time. Crystal Collins, District Nurse, and Mindy are working with other SCSO staff, parents and experts in the field to create more engaging parent education events.
- Cindy Fondacabe will work with the Wellness Director, Mindy Hill, to implement the Physical Fitness Test in 3rd and 4th grades again this year. The Health Huddles curriculum now includes lunchtime and classroom components that will repeat the health messaging in several formats throughout each month.
- Mindy continues to participate in the School Wellness Alliance (SWA) planning group, the San Mateo County Safe Schools group (which is implementing the BIG 5 Emergency Response Procedures), and the San Mateo Office of Education Safe Routes to School coordinators group will host a "Safe Journey's to School" mini-symposium on September 26<sup>th</sup>.
- SCSO is off to a great start this year with the implementation of the Second Step social emotional learning curriculum in our six schools. Having counselors on staff at every school all day every day has enabled them to fully engage with every student to do the first tier preventative work for our mental health program. They designed a classroom climate survey for all teachers to use to assess the needs in their class as they relate to the Habits of Mind (collaboration, communication, creativity, critical thinking, and citizenship). We will begin administering the new custom CHKS module this fall.

### Belmont- Redwood Shores

- Mindy Shelton resigned in June from BRSSD to become the Assistant Principal at Central Middle School In San Carlos. She is replaced by Beth Boldt. Beth has been a teacher for 15 years, having taught in K-8th, middle schools and in elementary schools. Beth is excited to be part of the BRSSD community. Beth is just beginning to "learn the ropes" but will continue working on priorities of the District, particularly around social-emotional learning curriculum, Building a system of Positive Behavior Intervention & Support (PBIS) at all school sites, and Professional development and parent education.
- Our HSI quarterly newsletter will go out in early October 2016 to all families in the district.

### Las Lomas

- **Wellness Committee:** We are looking forward to strengthening our school wellness program this year by actively involving more staff members in the Coordinated School Health program at our schools. In October we have our first formal meeting of the Wellness Committee this school year comprised of administrators, teachers, and school nurses. The committee's first priority will be completing the School Health Index and the Healthy Kids Survey. The data from these surveys will help us to create a formal Wellness Policy and address the health needs of our school district with more objectivity.
- **Nursing Services:** Our plan is to continue to develop protocols for the health services department including health guidelines, and develop more effective ways of communicating student health needs to staff members. Other plans include a campaign for better hydration for both schools with a focus on the middle schoolers. We plan to hold another blood drive in the spring and expand it to include a mini-health fair, with vendors and interactive health presentations for the community and our students. As part of the health fair, we would like to offer Friends and

### Sequoia Union

- Social-Emotional-Mental Health remains a high priority. A SUHSD developed a Task Force consisting of Mental Health school site Coordinators and Karen Li, and lead by Superintendent, James Lianides. \*\* Our 2016 annual Report goes into more detail about this.
- Piloting the Neuroscience of Addiction curriculum at Sequoia High School, Oct, 2016--based on the New Leaf Curriculum: Prevention Education/Craving Identification and Management. The goal is to formulate a 5 day, 50 minute per day curriculum, which can be taught by Life Skills, health, or science teachers. We are partnering

with Dr. Alex Stalcup, founding director of the New Leaf Treatment Center, the Addiction Education Society (a non-profit arm of Franklin Templeton Investments), and TCI (a K-12 publishing company) on this endeavor.

- Hands Only CPR training is ongoing, and has expanded from the initial Freshmen PE model to other grade levels. Have now trained ~6,000 students.
- Concussion Impact testing is ongoing, and is expanding to include all high contact sports at Carlmont and Woodside.
- Continuing with the Quiet Time program at Redwood High, and mindfulness classes/trainings at Sequoia High.

### Woodside Elementary

- **Mental Health:** One of our major priorities this year will be mental health. We are in our fourth year implementing Social, Emotional Learning (SEL). Our goal is to continue the K-8 S.E.L program with additional parent and student educational opportunities. We are piloting a new elective class for middle school students called "Global Citizenship". Global Citizenship is an extension of advisory (S.E.L) class where students learn to "use" and develop their SEL skills. Many of our staff members have participated in the Institute for S.E.L, an intensive summer workshop that allowed us to create an in-house committee of expert teachers. Woodside School would be willing to act as resource/consultant in developing other district's S.E.L programs.
- **Physical Fitness:** Continue all current programs, including Mileage Club, Jump for Heart, Snack and Track, and curriculum on goal setting fitness.
- **Nursing Services:** Nursing services have been increased to 1.5 days per week. We are attempting to expand our Family Life and Nutrition Curriculum (integrate nutrition curriculum with garden activities?). Also, we are exploring resources for drug, alcohol, and nutrition education. Due to time constraints, we are looking for creative ways to provide CPR training for our entire staff. We will continue to offer flu immunizations, TB screenings, and blood pressure screenings, at no cost to staff.

### Menlo Park City

- All four schools within MPCSD have adopted the **Restorative Practices** as outlined by the Institute for Restorative Practices. Karen Junker is the liaison between the Institute and our District. Restorative Practices embody conflict resolution, team building, and at the middle school, serve as a suspension-diversion program. In accordance with this, the counselors at each school site teach **CASEL lessons** to different grade level classes and incorporate Restorative Practices as well as site-specific social-emotional learning (SEL) goals for each school and grade level.
- All District psychologists, counselors, the Wellness Coordinator, and the Director of Student Services will meet to formalize the final draft of our District's student self-harm prevention document called **SPACE: Suicide Prevention and Crisis Evaluation**.
- We have also been coordinating a new approach to gender, as several students within our District have self-identified as transgender. All District psychologists, counselors, and the Wellness Coordinator will be a part of a webinar with the group, **Gender Spectrum**, an organization that consults with schools on how to build capacity for a gender sensitive and inclusive culture within Districts.
- We worked as an entire District to streamline our **504 process** for recommending, evaluating, and supporting students and staff.

### Redwood City

- **Apple Tree Dental:** Our partnership with Apple Tree has started out well. We had screenings last spring at Hoover Community in second grade. Of the 76 children screened 23 were found to have significant dental concerns that require attention as soon as possible. I am working with the Community School Coordinator to arrange for treatment appointments with Apple Tree that will take place at Hoover. Apple Tree is working with us to contact parents of the students that need dental work to arrange appointments where the families can complete the necessary insurance forms and enroll in DentaCal. After the paperwork is completed we will arrange the treatment dates with Apple Tree at Hoover to provide care to these students. The remaining students requiring treatment will be arranged in a second set of treatment dates.
- **School Nurses**

- We had 2 LVN vacancies and 1 new RN position to fill in the school district. We were challenged to fill the position due to our pay scale and what we could offer them. The registered nurse who accepted the position was able to take a significant pay cut from her current job because she was very motivated and interested in switching to the school environment. We have hired one LVN who is a recent program graduate and have contracted with a staffing agency to fill the other LVN vacancy while we recruit and interview for a full time LVN. In general our salary scale is less than what other school districts can offer, which means that nurses turn down positions when we offer them and that current nurses may choose to leave our district for higher pay elsewhere.
- **National Institutes of Health-UCSF Water in Schools Study**  
Dr. Anisha Patel, a pediatrician at the University of California, San Francisco (UCSF), has worked with our district over the past five years on a number of projects to promote students' health and wellness. Dr. Patel has recently received funding from the National Institutes of Health to conduct a study to understand how increasing access to appealing drinking water and promoting its intake impacts students food and beverage intake and health. UCSF randomized the six eligible schools in our district to intervention or control group. Those schools are currently being notified and the study will take place over the next 15-18 months.

### Portola Valley

- **Student wellness:** Some ideas centered around organized activities at lunch such as dance and yoga as well as classroom Project Based Learning activities at different grade levels. Middle school focusing on Nutrition this Fall and Fitness in the spring. In K-3, students focus on a Super Food each month and share this information with the student body. We also talked about a Hydration project so students understand the importance of water and a "create your own trail mix" activity where students have to create a nutrition label. In addition, we focused on student mental health and will continue with the Kindness Challenge in January and possibly Mindfulness Activities.
- **Staff wellness:** Teachers enjoyed the after school yoga classes that we had last year so the Champions are going to explore whether this can continue. We are also planning on doing a staff activity at Soul Cycle and possibly Pedometer Team Challenges amongst the staff if there is interest. Also, arranging Walks and Talks with our staff at lunch or after school to get people moving and connected.
- **Community wellness:** We have two nutritionists coming to each school site in November and in February to focus on healthy snacks and nutrition. Our group discussed a Family Fitness Night as well as "bring your parent to PE day" at each school site. We will also be exploring a "sex education" talk with parents and our nurse Abbe, as this has been a topic that keeps coming up in our community. Finally, we have the **Great Body Shop Health Curriculum** being taught in grades 4-8 at our district and homeroom teachers and science teachers are delivering this curriculum. Parents have been notified of the topics that will be covered and students get this information once a month. Our next Wellness Champions meeting is October 14. We plan on meeting once a month as a team.

## Final Outcomes Caring Community Grants 2015/16

Consistent with my mid-year report of grantee performance, I assessed whether individual programs met their proposed outcomes and also grouped programs together by the type of health problem they intended to affect to evaluate whether the grants, collectively, were effective in addressing the health concern. In the attached spreadsheet, grantees are grouped by one of three SHD priority funding areas then by the type of service they provide. A review of the funding areas:

- Active and Healthy Living- strategic focus is to enhance the overall health of District residents and reduce chronic disease risk by supporting programs that provide opportunities for physical activity, nutrition education and health literacy, and access to nutritious foods
- Preventive Health- strategic focus is to prevent the onset of disease or worsening of chronic diseases amongst District residents by providing access to disease screenings, health education and access to preventive health care services
- Treatment of Priority Health Conditions- strategic focus is to prevent the onset of disease or worsening of chronic diseases amongst District residents by providing access to disease screenings, health education and access to preventive health care services

At final review, I determined whether the programs served at least the number of people they proposed, if they provided the units of service proposed, and if the program met its proposed goals.

### FINANCIAL SUMMARY:

- Total amount funded: \$1, 644.500 (amount approved was (\$1,652,000)
- Number of Grants provided: 34
- Range of grants: \$15,000-\$100,000
- Average size grant: \$48,000
- Range of cost per client: \$49.50- \$20,063
- Average cost per client: \$1,986.32
- Range of cost per unit: \$.47- \$2,610.07

### *Outcome Summary:*

- Total amount funded for grant year = \$1,642,000
- 34 Programs
  - Food security- \$305,000

- At a cost of \$305,000, SHD funds helped provide 617,291 residents with over 1,237,311 hot meals, and approximately 1,200,000 pounds of food, clothing and basic essentials. The cost per unit to serve clients ranged from \$ .47 (hot meal) to \$15.70 (clothing, toiletries, food). Cost per client ranged from \$49.50 to \$1,596.21.
- **Drug and Alcohol-\$160,000**
  - Nearly \$160,000 has been used to help our partners provide comprehensive inpatient and outpatient treatment services for 2,817 youth and adults to recover from drug and alcohol addiction by providing a total of almost 52510 program service units. Cost per client ranges from \$114.20 for basic counseling support to \$6,105.28 for residential treatment.
- **Mental Health (includes social, emotional, behavioral)- \$619,500**
  - Our total investment this year in the area of Treatment of Priority Health Conditions is \$635,000 and is mainly used to support mental and behavioral health and drug and alcohol treatment programs. Funds were also used for mentoring and child advocacy programs.
- **Physical Activity and Safety- \$560,000**
  - Many programs we support through the grants program are a combination of prevention and treatment and we recognize that health concerns are addressed through many different approaches.
  - Safety and exercise programs are grouped together as both are certainly preventive health programs.
  - For this past grants cycle SHD committed \$560,000 to support fitness programs and \$40,000 to provide critical repairs and safety apparatus to assure people are safe in their homes.
  - Over 1,800 residents of all ages have participated in fitness and health education programs during the first half of the current grants cycle.
  - Collectively, these programs have provided nearly 220,000 service units.

The total amount of funding approved by the Board was \$1,652,000. However Jasper Ridge only received partial payment for their Veteran's Program so the actual spending totaled \$1,644,500.

The programs most costly per client are residential housing programs which include **Star-Vista's Daybreak and Corbett Group Homes**. Aside from the cost of housing individuals, these programs provide multiple interventions that require skilled therapists. **Catholic Charities Adult Day Services** and **AFAR's Special Needs Afternoon Program** are also among the most expensive per client as clients are seen on an often daily basis and the cost of their care adds up over the year.

The program types least costly per client are the food subsidy programs that deliver food to residents such as with **Second Harvest**. Second Harvest's Healthy Living for Life program also has the lowest per unit cost, at .47 per pound of food provided, of any programs we funded.

When we look at the costs per unit of service, we see that program types most costly based on units of service continue to be those medical services that require licensed professionals such as nurses and physicians and might also include medications and other supplies. In the case of



**Rebuilding Together**, a unit of service is one home repair project that might have several components to it and that one unit of service might benefit an entire household of people.

The type of service that delivers the most units of service per client is **Second Harvest's Family Harvest** where one UOS is equal to 1 bag of groceries to a family and there are multiple bags of food and multiple families.

In 2015-16, **Ombudsman** and **Planned Parenthood** provided the fewest UOS per client. Although they both saw many clients, the majority of clients were seen only one time (but high impact).

**CLIENT SUMMARY:**

Total Clients Served = 64, 193

Total Residents Served = 31,968

- Number programs serving youth 0-5: 2
- Number programs serving youth 6-18: 11
- Number of programs serving young adults: 15
- Number of programs serving older adults- seniors: 9
- Number of programs serving women only: 2
- Number of programs serving men only: 1

**Client Trends:**

- The age demographic that received the most services were young- middle age adults. Infants and children age 0-5 received the least amount of services.
- **Society of St. Vincent de Paul's Direct Assistance** program served more residents than any other single program (6,905). The programs that served the fewest number of residents are **AFAR's Special Needs Afternoon Program (SNAP)**, and **Star Vista's Daybreak** program. Both these programs offer intensive therapy to a population of high need individuals.

Notably, counseling (social/ emotional support), adult day care services, and domestic violence programs all far exceed the number of clients they proposed to serve. This may demonstrate a growing need for these types of services.

#### UNITS OF SERVICE (UOS) SUMMARY

- Units of Service- all clients = 1, 960, 678
- Units of Service- all residents = 1,675,750
- In total, the grantees provided 1,960,678 UOS to clients. Of these, 1,675,750 were to SHD residents. On average, SHD residents received 18 units of service. The units range from 1 to 2,475.

It is very important to note however, units of service are quantified differently among different programs. For example, one program might define a UOS as one interaction with a client while another might define a UOS as one 8- week program. Furthermore, one UOS might be counted multiple times if it was provided in a group setting such as with Friends of the Veterans Memorial Senior Center's Adaptive PE program.

#### Trends around Units of Service:

The type of service that delivers the most units of service per client is Second Harvest's Family Harvest where one UOS is equal to 1 bag of groceries to a family and there are multiple bags of food and multiple families.

Ombudsman and Planned Parenthood provided the fewest UOS per client. Although they both saw many clients, the majority of clients were seen only one time (but high impact).

Due to the variations in the types of programs offered by our grantees, populations served, and modes of service, it is still challenging achieve consistency among grantees in reporting their data. It is also especially challenging to compare performance outcomes against each non-profit given the wide variation in how they define a unit of service. However, with the support of ASR providing training to grantees on outcomes reporting, we have seen some improvement in how well our grantees are able to quantify the objective they wish to achieve and determine if achievements were a result of their program or other forces. A few agencies appeared to be more consistent in how they collected and measured their data and their outcomes were more reliable and impressive. These organizations include Peninsula Family Service and CORA.

There are many, many strengths to these organizations and I believe that overall, the grantees are doing a good job and are making a considerable positive impact on our community's health. Interestingly, when we look at the \$1,644,500 we provided in grants to the non-profits to support the health of our residents, and then we add up what their cost in serving only our residents, we see that their contribution to our residents was about 6.2 times greater than what we granted them collectively. We spent \$1,644,000 to support just over 64,000 residents whereas collectively, grantees spent \$8,402,000 in serving our residents.

# HeartSafe Program

Activity Summary for June, July, Aug & Sept 2016

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## HeartSafe Regional Task Force Meetings

Attend and participate in regional planning and support.

## AED / CPR Trainings – Over 600 persons trained!

- San Carlos Hometown Days (2 days)
- SHCD Classroom Sessions (8 classes)
- Wider Circle (2 classes)
- Redwood City Parks & Rec employees
- Edgewood Center for Children and Families
- Belmont City Employees (2 classes)
- Menlo Atherton HS Freshmen

## AED / CPR Scheduled Trainings

- Local Realtors
- Jasper Ridge Farm
- Woodside Priory
- San Carlos Adult Center
- Mid Peninsula Regional Open Space
- Active Aging Week Health Fair (2 classes)
- Hearing Loss Assn of San Mateo County
- Six SHCD Classroom Sessions (Adult and Infant)

## New Partnership with Sequoia Hospital

We are pleased to report that the HeartSafe Program has created a new partnership with Sequoia Hospital's Health & Wellness Center. We will jointly sponsor infant-specific CPR training for new parents who have delivered, or are about to deliver, a baby at Sequoia Hospital. These classes are listed on our website so all members of our community can sign up for this training.

## Another High School Screening is Scheduled

I am pleased to report that we are working collectively with the Via Foundation and the Sequoia Union High School District on another all-day student heart screening. The screening date is January 29, 2017 and will be held at Menlo-Atherton High School. More details are forthcoming.

Family & Friends Photographs



**Agenda Item 5.a**  
**Board of Directors Mtg. 10-5-16**

**The Districts Annual Audit will be provided separately**

## **CDA Request to Sequoia Healthcare District Board: October 5**

Request: \$10,000 to support the CDA Cares weekend that will provide free dental services to more than 2,000 low-income patients on April 21-23 at the San Mateo County event center.

Total cost of event: \$180,000 in cash is needed to support the event in addition to more than \$300,000 of in-kind services and equipment/supplies. The dentists and other professionals will all be volunteers.

Other Supporters: a wide range of support is being sought from government agencies, corporations, foundations and individuals. This is a total community effort to serve many individuals that otherwise may not get care.

Patients: it is expected that at least 60% of those participating will come from San Mateo County with a third of those coming from the Sequoia Healthcare District or about 400 patients. The majority of those served will be adults but some will be children.

Dentists: CDA Cares is backed by the two dental societies that serve San Mateo County and outreach is underway to recruit dentists and their staff to donate their time and expertise.

Note: the 2017 event is the first time that this activity will take place in San Mateo County. Data including zip code information on the patients is collected and a report will be made to SHD after the event. In addition there will be representatives from various dental providers with the goal of connecting patients to local dental homes.

CDA Cares is a charitable activity of the California Dental Association.

**Magical Bridge Playground is coming to Red Morton Park in Redwood City**

**Introduction:**

It is official that the MBP will be coming to Red Morton Park with a projected completion date of either late 2017 or early 2018. The City of Redwood City has approved the project that will be managed by RWC Parks and Recreation which will supply the lead gift of \$1.5 million dollars.

**Total cost of the project:**

It is projected that the total cost of the project will be \$3.3 million. In addition to the funds provided by RWC, another \$150,000 has been raised to date leaving a balance to be raised of \$1,650,000. The Magical Bridge Playground Foundation staff is leading the fundraising effort with the goal of securing the remaining funds by December 31, 2016.

**Request of the Sequoia Healthcare District:**

The grant request is for \$600,000 which can be paid over two fiscal years if preferred. The District will have the right to choose to be the official sponsor of a specific area of the Playground and have naming rights.

**Use of the Playground:**

As the playground will be in a public park open to everyone, there will be no restrictions on its usage nor will there be any fees associated with its use. The guesstimate is that at least 50% of its utilization will come from the greater Redwood City area though it is expected that the Playground will be a destination site for residents of other communities. It is also expected that school and pre-school groups will visit often.

Please note that a formal brochure will be available at the October 5<sup>th</sup> Board meeting.

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Mark@mhudaklaw.com

August 26, 2016

**ATTORNEY-CLIENT FEE AGREEMENT**

Mark D. Hudak ("Attorney") and Sequoia Healthcare District ("District" or "Client") hereby agree that Attorney will provide legal services to Client on the terms set forth below.

**1. CONDITIONS**

This Agreement will not take effect, and Attorney will have no obligation to provide legal services, until: (a) Client returns a signed copy of this Agreement and (b) Attorney acknowledges acceptance of representation by counter-signing this Agreement and returning a fully executed copy to Client. Upon satisfaction of these conditions, this Agreement will be deemed to take effect as of October 5, 2016.

**2. SCOPE OF SERVICES AND ATTORNEY'S DUTIES**

Client retains Attorney to provide legal services as outside general counsel to the District. Specific duties shall include, but not be limited to:

- Attend Board meetings and other meetings as requested
- Advise staff on legal matters as requested
- Prepare and review contracts and other agreements
- Advise Board members and staff on compliance with the Brown Act
- Assist with response to requests under the Public Records Act

Attorney will provide those legal services reasonably required to represent Client. Attorney will take reasonable steps to keep Client informed of progress and to respond to Client's inquiries. If a court action is filed, Attorney will represent Client through trial and post-trial motions. A separate written agreement for any litigation matter will be required. Attorney is representing Client only in the matter described above.

**3. CLIENT'S DUTIES**

Client will provide full and accurate information regarding all matters. Further Client agrees to cooperate, to keep Attorney informed of any information or developments which may come to Client's attention, to abide by this Agreement, to pay Attorney's bills on time, and to keep Attorney advised of Client's address, telephone number and whereabouts. Client will assist Attorney by timely providing necessary information and documents. Client agrees to appear at all legal proceedings when Attorney deems it necessary, and generally to cooperate fully with Attorney in all matters related to the preparation and presentation of Client's claims.



#### **4. DEPOSIT**

No deposit is required.

#### **5. LEGAL FEES AND BILLING PRACTICES**

Client agrees to pay by the hour at Attorney's rates as set forth below for all time spent on Client's matter by Attorney and Attorney's legal personnel. Current hourly rates for legal personnel are as follows:

Attorney: \$500 per hour

The rates on this schedule are subject to change on 30 days' written notice to Client and approval by the Chief Executive Officer of the District.

The time charged will include, but is not limited to, the time Attorney spends on telephone calls, e-mails and other electronic communications relating to Client's matter, including calls and e-mails with Client, witnesses, opposing counsel, court personnel or other persons. Time is billed in minimum increments one-tenth (.1) of an hour. Attorney will charge for waiting time in court and elsewhere and for out-of-town travel.

Client shall receive a public agency discount of 10% on all attorney time.

#### **6. COSTS AND OTHER CHARGES**

(a) Attorney will incur various costs and expenses in performing legal services under this Agreement. Client agrees to pay for all costs, disbursements and expenses in addition to the hourly fees. The costs and expenses commonly include, service of process charges, filing fees, court and deposition reporters' fees, translator/interpreter fees, jury fees, notary fees, deposition costs, long distance telephone charges, messenger and other delivery fees, postage, outside photocopying and other reproduction costs, travel costs including parking, mileage, transportation, meals and hotel costs, investigation expenses, consultants' fees, expert witness, professional, mediator, arbitrator and/or special master fees and other similar items. The foregoing external costs and expenses will be charged at Attorney's cost. (1) postage at cost; and (2) computerized legal research at cost.

(b) Out-of-town travel. Client agrees to pay transportation, meals, lodging and all other costs incurred during any necessary out-of-town travel by Attorney and Attorney's personnel.

(c) Experts, Consultants and Investigators. To aid in the preparation or presentation of Client's case, it may become necessary to hire expert witnesses, consultants or investigators. Client agrees to pay such fees and charges. Attorney will select any expert witnesses, consultants or investigators to be hired, and Client will be informed of persons chosen and their charges.

(d) Attorney will obtain Client's consent before incurring any costs in excess of \$2,500.

#### **7. OTHER FEES AND COSTS**

Client understands that if Client's case proceeds to court action or arbitration, the court may award attorney fees as well as some or all of the type of costs enumerated in Paragraph 6

above to the other party or parties. Payment of such attorney fees and costs shall be the sole responsibility of Client. Similarly, other parties may be required to pay some or all of the fees and costs incurred by the Client. Client acknowledges that any such determination does not in and of itself affect the amount of the fees and costs to be paid by Client to Attorney pursuant to this agreement.

## **8. BILLS**

Attorney will send Client periodic bills for fees and costs incurred. Each bill will be payable within 30 days of its mailing date. Client may request a bill at intervals of no less than 30 days. If Client so requests, Attorney will provide one within 10 days. Bills for the fee portion of the bill will include the amount, rate, basis for calculation, or other method of determination of the Attorney's fees. Bills for the cost and expense portion of the bill will clearly identify the costs and expenses incurred and the amount of the costs and expenses. Client agrees to promptly review all bills rendered by Attorney and to promptly communicate any objections, questions, or concerns about their contents.

## **9. CLIENT APPROVAL NECESSARY FOR SETTLEMENT**

Attorney will not make any settlement or compromise of any nature of any of Client's claims without Client's prior approval. Client retains the absolute right to accept or reject any settlement.

## **10. DISCHARGE AND WITHDRAWAL**

Client may discharge Attorney at any time. Attorney may withdraw with Client's consent or for good cause or if permitted under the Rules of Professional Conduct of the State Bar of California and/or applicable law. Among the circumstances under which Attorney may withdraw are: (a) with the consent of Client; (b) Client's conduct renders it unreasonably difficult for the Attorney to carry out the employment effectively; and/or (c) Client fails to pay Attorney's fees or costs as required by this Agreement. Notwithstanding the discharge, Client will remain obligated to pay Attorney at the agreed rates for all services provided and to reimburse Attorney for all costs advanced.

## **11. CONCLUSION OF SERVICES**

When Attorney's services conclude, whether by completing the services covered by this Agreement, or by discharge or withdrawal, all unpaid charges for fees or costs will be due and payable immediately.

Client may have access to Client's case file at Attorney's office at any reasonable time. At the end of the engagement, Client may request the return of Client's case file. If Client has not requested the return of Client's file, and to the extent Attorney has not otherwise delivered it or disposed of it consistent with Client's directions, Attorney will retain the case file for a period of seven (7) years after which Attorney is authorized by this agreement to have the case file destroyed. If Client would like Attorney to maintain Client's case file for more than seven years after the conclusion of Attorney's services for Client on a given matter, a separate written agreement must be made between Attorney and Client, which may provide for Client to bear the cost of maintaining the file. In the event Client requests that Attorney transfer possession of Client's case file to Client or a third party, Attorney is authorized to retain copies of the case file at Attorney's expense. The case file includes Client papers and property as defined in Rule 3-700(D)(1) of the California Rules of Professional Conduct.

## **12. DISCLAIMER OF GUARANTEE AND ESTIMATES**

Nothing in this Agreement and nothing in Attorney's statements to Client will be construed as a promise or guarantee about the outcome of the matter. Attorney makes no such promises or guarantees. Attorney's comments about the outcome of the matter are expressions of opinion only, are neither promises nor guarantees, and will not be construed as promises or guarantees. Any deposits made by Client, or estimate of fees given by Attorney, are not a representation of a flat fee and will not be a limitation on fees or a guarantee that fees and costs will not exceed the amount of the deposit or estimate. Actual fees may vary significantly from estimates given.

## **13. PROFESSIONAL LIABILITY INSURANCE DISCLOSURE**

Pursuant to California Rule of Professional Conduct 3-410, Attorney informs Client that he does have professional liability insurance.

## **14. NO TAX ADVICE**

Attorney has not been retained to provide Client with any tax advice concerning any of the services described in paragraph 2. Any documents prepared by Attorney may have specific tax ramifications. To be sure Client understands and is certain of all the potential tax consequences, Client should consult with tax advisors regarding these matters.

## **15. ENTIRE AGREEMENT**

This Agreement contains the entire agreement of the parties. No other agreement, statement, or promise made on or before the effective date of this Agreement will be binding on the parties.

## **16. SEVERABILITY IN EVENT OF PARTIAL INVALIDITY**

If any provision of this Agreement is held in whole or in part to be unenforceable for any reason, the remainder of that provision and of the entire Agreement will be severable and remain in effect.

## **17. MODIFICATION BY SUBSEQUENT AGREEMENT**

This Agreement may be modified by subsequent agreement of the parties only by an instrument in writing signed by both of them.

## **18. EFFECTIVE DATE**

This Agreement will govern all legal services performed by Attorney on behalf of Client commencing with the date Attorney first performed services. The date at the beginning of this Agreement is for reference only. Even if this Agreement does not take effect, Client will be obligated to pay Attorney the reasonable value of any services Attorney may have performed for Client.

**THE PARTIES HAVE READ AND UNDERSTOOD THE FOREGOING TERMS AND  
AGREE TO THEM AS OF THE DATE ATTORNEY FIRST PROVIDED SERVICES.  
CLIENT WILL RECEIVE A FULLY EXECUTED COPY OF THIS AGREEMENT.**

DATED: \_\_\_\_\_

SEQUOIA HEALTHCARE DISTRICT

By: \_\_\_\_\_

Its: \_\_\_\_\_  
CLIENT

DATED: \_\_\_\_\_

LAW OFFICES OF MARK D. HUDAK

By: \_\_\_\_\_  
ATTORNEY

**SEQUOIA HEALTHCARE DISTRICT**

**Annual Financial Report**

**For the Year Ended**

**June 30, 2016**

# SEQUOIA HEALTHCARE DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Sequoia Healthcare District  
Redwood City, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Sequoia Healthcare District (District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, in 2016, the District adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, General Fund budgetary comparison information, schedule of changes in Net Pension Liability and schedule of Pension Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Proprietary Fund and all funds budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Proprietary Fund and all funds budgetary comparison information are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Proprietary Fund and all funds budgetary comparison information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 09, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Vavrinek, Trine, Day & Co. LLP*

Palo Alto, California  
September 27, 2016

# **SEQUOIA HEALTHCARE DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016**

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### **INTRODUCTION**

This report presents Management's analysis of Sequoia Healthcare District's (District) financial condition and activities as of and for the year ending June 30, 2016. Management's Discussion and Analysis ("MDA") is intended to serve as an introduction to the District's basic financial statements. This document has been prepared based on reporting requirements included in Statement No. 34 of the Governmental Accounting Standards Board (GASB).

This information should be read in conjunction with the District's audited financial statements.

The information in the MDA includes the following elements:

- Organization and Business
- Overview of Basic Financial Statements
- Financial Analysis
- Capital Assets
- Economic Factors and Future Plans
- Request for Information

### **ORGANIZATION AND BUSINESS**

Sequoia Healthcare District is a governmental entity legally constituted as a special district under California law, and is located in Redwood City, California. Sequoia Healthcare District identifies local healthcare needs and collaboratively develops solutions. District tax revenues are used for programs and activities designed to achieve health, wellness and disease prevention in southern San Mateo County. Communities in the District include Redwood City, San Carlos, Belmont, Woodside, Atherton, Portola Valley and parts of Menlo Park, San Mateo and Foster City.

### **OVERVIEW OF BASIC FINANCIAL STATEMENTS**

The District's basic financial statements comprise the Government-Wide Statement of Net Position and Statement of Activities; the Governmental Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance; and the Proprietary Fund Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Assets, and Statement of Cash Flows; and the Notes to the Financial Statements.

#### ***Government-Wide Financial Statements***

Government-Wide Financial Statements utilize the economic resources measurement focus using the full accrual basis of accounting similar to commercial enterprises. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

For the current year the only difference between the Government-Wide Financial Statements and the Fund Financial Statements is the classification within the fund balances. Under GASB 34 board assigned reserves of fund balances are considered unrestricted. The Fund Financial Statements reduce the unrestricted portion of the fund balance by the amounts assigned for specific purposes by the District. Therefore, the following discussion and analysis will generally be equally applicable to the Government-Wide and Fund Financial Statements.

# SEQUOIA HEALTHCARE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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### ***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds - not the District as a whole.

***Governmental Funds*** - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

***Proprietary Funds*** - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

### ***THE DISTRICT AS A TRUSTEE***

#### ***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for pensions. The District's fiduciary activities are reported in the *Statements of Fiduciary Net Position and Statement of Revenues, Expenses, and Changes in Fund Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

# SEQUOIA HEALTHCARE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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### FINANCIAL ANALYSIS

#### *Financial Highlights*

- The government-wide total assets and deferred outflows of the District exceeded the total liabilities and deferred inflows by \$15.0 million (net position) (Table 1).
- Net Position increased by \$352,000 (Table 2).

#### *Financial Position*

During the year, the District's net position increased by \$352,000. The net position includes \$14.4 million in unrestricted funds.

Tables 1 and 2 provide summarized Government-Wide comparative information reported by Fund statement classifications. The functional expenses are detailed on the Statement of Activities and consist of grants to the Community non-profit organizations and General Administration expenses.

#### *Net Position*

**Table 1**  
**Comparative Statement of Net Position**  
**(in thousands)**

	2015-2016	2014-2015	Dollar Change	Percent Change
Current and Other Assets	\$ 43,602	\$ 40,190	\$ 3,412	8.49%
Capital Assets - Net	643	728	(85)	-11.68%
<b>Total Assets</b>	<u>44,245</u>	<u>40,918</u>	<u>3,327</u>	8.13%
Deferred Outflows from Pension Activities	<u>2,600</u>	<u>2,600</u>	<u>-</u>	
Liabilities	<u>28,395</u>	<u>25,420</u>	<u>2,975</u>	11.70%
Deferred Inflows from Pension Activities	<u>3,445</u>	<u>3,445</u>	<u>-</u>	
Invested in Capital Assets	640	725	(85)	-11.72%
Unrestricted	14,365	13,928	437	3.14%
<b>Total Net Position</b>	<u>\$ 15,005</u>	<u>\$ 14,653</u>	<u>\$ 352</u>	2.40%

# SEQUOIA HEALTHCARE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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### *Results of Operations*

The following table shows changes in the District's net position for the year. The net position classifications are on the fund basis showing the Board Assignments.

**Table 2**  
**Comparative Statement of Activities**  
**(in thousands)**

	2015-2016	2014-2015	Dollar Change	Percent Change
Revenues				
EBIDA	\$ -	\$ 352	\$ (352)	-100.00%
Lease Income	46	44	2	4.55%
Tax	11,146	10,009	1,137	11.36%
Investment	195	118	77	65.25%
Pension Reimbursement	1,146	1,146	-	0.00%
Total Revenues	<u>12,533</u>	<u>11,669</u>	<u>864</u>	7.40%
Expenditures				
Administrative	704	748	(44)	-5.88%
Pension	1,146	1,146	-	0.00%
Property	146	136	10	7.35%
Grant	6,909	6,277	632	10.07%
Program	3,276	3,013	263	8.73%
Total Expenditures	<u>12,181</u>	<u>11,320</u>	<u>861</u>	7.61%
Change in Net Position	352	349	3	
Net Position Beginning of Year	<u>14,653</u>	<u>14,304</u>	<u>349</u>	2.44%
Net Position End of Year	<u>\$ 15,005</u>	<u>\$ 14,653</u>	<u>\$ 352</u>	2.40%

The District's total revenues and support of \$12,533,000 for the year and total expenses of \$12,181 resulted in an increase of \$352,000.

The District's revenues and support are currently generated from three main categories: tax income (the District is apportioned a fraction of the 1 percent property Ad Valorem tax collected by the County of San Mateo), interest earned from investments, and a profit sharing arrangement with Sequoia Hospital. Revenues also include pension income of \$2.6 million, which is reimbursed by Dignity Health for funding of Sequoia Healthcare District's Employee Pension Plan. Note that an expense offset for the same amount is included on the expenses; therefore, pension activity has no bottom line impact.

# **SEQUOIA HEALTHCARE DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2016**

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The increase in operational expenses is due to activity in each of the following expense categories:

- Administrative: The pension expense is offset by pension income, which results in no bottom line impact.
- Grants and Programs: Grants and programs comprised the majority of the District's expenses for the year. The District supports various health care programs in the local community. Of all the grants, five represent the majority of the expense. They include:
  1. Children's Health Initiative (CHI). San Mateo County created CHI for the provision of health insurance for children throughout the County who would otherwise not have access to care. The funds provided by Sequoia Healthcare District as a partner in this program are earmarked for District residents enrolled in the Children's Health Initiative insurance plan.
  2. Samaritan House. The purpose of this grant is to financially support Samaritan House Medical Clinic in Redwood City to provide clinical services for the medically underserved.
  3. Community Grants Program. Sequoia Healthcare District allocates funds to support qualified agencies, programs, and services that improve the health status of Sequoia Healthcare District residents. Under the law, Sequoia Healthcare District may provide assistance to health care programs, services, facilities, and activities at any location within or without the District for the benefit of the District and the people served by the District and to nonprofit provider groups and clinics functioning in the community in order to provide for adequate health services to communities served by the District. (California Health & Safety Code Sections 31212(j) and 32126.5).
  4. San Mateo Medical Center's Fair Oaks Medical Clinic for the purpose of covering expenses related to a new geriatric clinic and for a transition from hospital to home program.
  5. Ravenswood Health Center for clinic services for both medical and dental.

In addition to providing grants, Sequoia Healthcare District operates three signature programs and employs staff to oversee the management of these programs. The three programs are:

- HeartSafe which provides lifesaving equipment including AEDs, Code Blue Towers and Lucas Devices throughout our District at sites such as schools, parks and libraries as well as arranges for instruction of teachers, government employees and others in CPR. Also offers heart screenings at area high schools.
- Healthy School Initiative which offers a comprehensive school health model to area school districts providing resources related to school nursing, wellness programs, improved nutritional programs, increased physical education and fitness as well as mental health services.
- Living Healthy Workshops offer a 7-week education program covering nutrition, stress management and other topics.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report in the required supplementary section.

Significant revenues were related to our property taxes. Taxes were above the anticipated amounts by \$1,137,000 due to the increase in property values within the County of San Mateo.

# **SEQUOIA HEALTHCARE DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016**

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### **CAPITAL ASSETS**

During fiscal 2016, there were no major capital additions.

### **ECONOMIC FACTORS AND FUTURE PLANS**

The Sequoia Healthcare District will continue to obtain revenues from property tax and may also share income over expenses from Sequoia Hospital. As a result, we anticipate a steady stream of income that will allow us to provide a minimum of \$10 million a year in community support in the years ahead without having to significantly reduce current reserves.

### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances and demonstrate the District's accountability for the monies it receives. If you have any questions about this report or need additional information, please contact Sequoia Healthcare District, 525 Veterans Blvd. Redwood City, CA 94063.

# SEQUOIA HEALTHCARE DISTRICT

## STATEMENT OF NET POSITION JUNE 30, 2016

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 6,122,108	\$ -	\$ 6,122,108
Investments	9,887,494	-	9,887,494
Taxes Receivable	220,285	-	220,285
Prepaid Expenses	468,157	-	468,157
Dignity Health Pension Reimbursement	26,904,000	-	26,904,000
Capital Assets - Net	-	642,795	642,795
<b>Total Assets</b>	<b>43,602,044</b>	<b>642,795</b>	<b>44,244,839</b>
<b>Deferred Outflows</b>			
Deferred Outflows from Pension Activities	2,600,000	-	2,600,000
<b>Liabilities</b>			
Accounts Payable	12,374	-	12,374
Accrued Payroll	5,693	-	5,693
Grants Payable	2,314,767	-	2,314,767
Deposit Payable	-	3,165	3,165
Pension Liability	26,059,000	-	26,059,000
<b>Total Liabilities</b>	<b>28,391,834</b>	<b>3,165</b>	<b>28,394,999</b>
<b>Deferred Inflows</b>			
Deferred Inflows from Pension Activities	3,445,000	-	3,445,000
<b>Net Position</b>			
Net Investment in Capital Assets	-	639,630	639,630
Unrestricted	14,365,210	-	14,365,210
<b>Total Net Position</b>	<b>\$ 14,365,210</b>	<b>\$ 639,630</b>	<b>\$ 15,004,840</b>

The accompanying notes are an integral part of these financial statements.



# SEQUOIA HEALTHCARE DISTRICT

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>						
Grant Expenses:						
Grants to Community Non-Profit Organizations	\$ 6,908,887	\$ -	\$ -	\$ (6,908,887)	\$ -	\$ (6,908,887)
Grant Administration	109,442	-	-	(109,442)	-	(109,442)
General Administration:						
Administrative Services	344,923	-	-	(344,923)	-	(344,923)
Insurance	144,714	-	-	(144,714)	-	(144,714)
Investment and Banking Fees	43,108	-	-	(43,108)	-	(43,108)
Legal	24,133	-	-	(24,133)	-	(24,133)
Office Supplies and Maintenance	10,827	-	-	(10,827)	-	(10,827)
Pension Expense	38,000	-	38,000	-	-	-
Public Relations	26,930	-	-	(26,930)	-	(26,930)
Other Outgo	3,275,750	-	-	(3,275,750)	-	(3,275,750)
<b>Total Governmental Activities</b>	<b>10,926,714</b>	<b>-</b>	<b>38,000</b>	<b>(10,888,714)</b>	<b>-</b>	<b>(10,888,714)</b>
<b>Business Type Activities:</b>						
Leasing	146,429	46,057	-	-	(100,372)	(100,372)
<b>Total Business Activities</b>	<b>146,429</b>	<b>46,057</b>	<b>-</b>	<b>-</b>	<b>(100,372)</b>	<b>(100,372)</b>
<b>Total Primary Government</b>	<b>\$ 11,073,143</b>	<b>\$ 46,057</b>	<b>\$ 38,000</b>	<b>(10,888,714)</b>	<b>(100,372)</b>	<b>(10,989,086)</b>
General Revenues:						
Property Taxes				11,145,838	-	11,145,838
Interest and Investment Earnings				195,218	-	195,218
Internal Transfers				(14,808)	14,808	-
<b>Subtotal - General Revenue</b>				<b>11,326,248</b>	<b>14,808</b>	<b>11,341,056</b>
<b>Change in Net Position</b>				<b>437,534</b>	<b>(85,564)</b>	<b>351,970</b>
<b>Net Position - Beginning of Year</b>				<b>13,927,676</b>	<b>725,194</b>	<b>14,652,870</b>
<b>Net Position - End of Year</b>				<b>\$ 14,365,210</b>	<b>\$ 639,630</b>	<b>\$ 15,004,840</b>

The accompanying notes are an integral part of these financial statements.

# SEQUOIA HEALTHCARE DISTRICT

## GOVERNMENTAL FUND BALANCE SHEET JUNE 30, 2016

	<u>General Fund</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 6,122,108
Investments	9,887,494
Taxes Receivable	220,285
Prepaid Expenses	468,157
Total Assets	<u>\$ 16,698,044</u>
<b>Liabilities</b>	
Accounts Payable	\$ 12,374
Accrued Payroll	5,693
Grants Payable	2,314,767
Total Liabilities	<u>2,332,834</u>
<b>Fund Balance</b>	
Assigned for Construction	4,300,000
Unassigned	10,065,210
Total Fund Balance	<u>14,365,210</u>
Total Liabilities and Fund Balance	<u>\$ 16,698,044</u>
 <b>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:</b>	
<b>Total Fund Balance - Governmental Funds</b>	<b>\$ 14,365,210</b>
Pension liability, deferred outflows and deferred inflows related to pensions	(26,904,000)
Reimbursement receivable from Dignity Health for pensions	26,904,000
<b>Total Net Position - Governmental Activities</b>	<b><u>\$ 14,365,210</u></b>

The accompanying notes are an integral part of these financial statements.

# SEQUOIA HEALTHCARE DISTRICT

## GOVERNMENTAL FUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND

#### BALANCES

FOR THE YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>
<b>Revenues</b>	
Tax Revenue	\$ 11,145,838
Investment Income	188,780
Interest Income	6,438
Pension Reimbursement	2,600,000
Total Revenues	<u>13,941,056</u>
<b>Expenditures</b>	
Administrative Services	344,923
Grant Expenses	7,018,329
Insurance	144,714
Investment and Banking Fees	43,108
Legal	24,133
Office Supplies and Maintenance	10,827
Pension Contribution	2,600,000
Other Outgo	3,275,750
Public Relations	26,930
Total Expenditures	<u>13,488,714</u>
Excess of Expenditures Over Revenue	452,342
<b>Transfers Out</b>	<u>(14,808)</u>
Net Change in Fund Balance	437,534
Fund Balance - Beginning of Year	<u>13,927,676</u>
Fund Balance - End of Year	<u><u>\$ 14,365,210</u></u>

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 437,534</b>
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**Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:**

Pension expense is recognized on the government-wide financial statements but only current year's pension contributions are recognized on the governmental funds.	38,000
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The difference between the contributions and actual pension expense reimbursable by Dignity Health is recognized on the government-wide statement of activities.	(38,000)
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<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 437,534</u></u></b>
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The accompanying notes are an integral part of these financial statements.

# SEQUOIA HEALTHCARE DISTRICT

## STATEMENT OF NET POSITION PROPRIETARY FUND JUNE 30, 2016

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	<b>Enterprise Leasing Fund</b>
<b>Assets</b>	
Noncurrent Assets:	
Capital Assets	
Building and Improvements	\$ 1,859,922
Land	138,927
Land Improvements	144,158
Tenant Improvements	215,113
Furniture and Equipment	96,875
Less Accumulated Depreciation	(1,812,200)
Capital Assets - Net	<u>642,795</u>
<b>Liabilities</b>	
Deposits Payable	<u>3,165</u>
<b>Net Position</b>	
Investment in Capital Assets	<u>639,630</u>
Total Net Position	<u><u>\$ 639,630</u></u>

The accompanying notes are an integral part of these financial statements.

# SEQUOIA HEALTHCARE DISTRICT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2016

	<b>Enterprise Leasing Fund</b>
<b>Operating Revenues</b>	
Rental Income	<u>\$ 46,057</u>
<b>Operating Expenses</b>	
Administrative Services	13,099
Depreciation	83,284
Insurance	1,616
Maintenance and Supplies	21,806
Utilities	<u>26,624</u>
Total Operating Expenses	<u>146,429</u>
Operating Loss Before Transfers	(100,372)
<b>Transfers In</b>	<u>14,808</u>
<b>Change in Net Position</b>	(85,564)
<b>Net Position - Beginning</b>	<u>725,194</u>
<b>Net Position - Ending</b>	<u><u>\$ 639,630</u></u>

The accompanying notes are an integral part of these financial statements.

# SEQUOIA HEALTHCARE DISTRICT

## STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2016

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	<b>Enterprise Leasing Fund</b>
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Tenants	\$ 46,057
Cash Paid to Suppliers	(60,865)
Net Cash Used for Operating Activities	(14,808)
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfers from the General Fund	14,808
<b>Net Increase in Cash and Cash Equivalents</b>	-
<b>Cash and Cash Equivalents - Beginning of Year</b>	-
<b>Cash and Cash Equivalents - End of Year</b>	\$ -
<b>Reconciliation of Net Income to Net Cash Provided by Operating Activities</b>	
Loss from Operations	\$ (100,372)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Disposition of Capital Assets	2,280
Depreciation	83,284
Net Cash Used by Operating Activities	\$ (14,808)

The accompanying notes are an integral part of these financial statements.

# SEQUOIA HEALTHCARE DISTRICT

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUND JUNE 30, 2016

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	<b>Pension Trust Fund</b>
<b>Assets</b>	
Money Market Fund	\$ 103,036
Mutual Funds	53,670,039
<b>Total Assets</b>	<u>\$ 53,773,075</u>
 <b>Net Position Restricted for Pensions</b>	 <u>\$ 53,773,075</u>

The accompanying notes are an integral part of these financial statements.

# SEQUOIA HEALTHCARE DISTRICT

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED JUNE 30, 2016

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	<b>Pension Trust Fund</b>
<b>Additions</b>	
Contributions - Employer	\$ 2,600,000
Investment Earnings:	
Net Decrease in Fair Value of Investment	(1,607,307)
Interest and Dividends	1,524,366
Total Investment Earnings	(82,941)
Total Additions	2,517,059
<b>Deductions</b>	
Benefits	6,237,819
Administrative Expenses	108,404
Total Deductions	6,346,223
Net Decrease in Net Position	(3,829,164)
<b>Net Position Restricted for Pensions</b>	
Beginning of Year	57,602,239
End of Year	\$ 53,773,075

The accompanying notes are an integral part of these financial statements.



# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

#### **Reporting Entity**

Sequoia Healthcare District (District), formerly known as Sequoia Hospital District (the Hospital), was established in 1947 in accordance with the provisions of the Health and Safety Code of the State of California. The District is a governmental entity legally constituted as a special district under California law, and is located in Redwood City, California.

The District's primary mission as adopted by the Board is to improve the quality of life for District residents enhancing access to healthcare services and by supporting and encouraging programs and activities designed to achieve health, wellness, and disease prevention.

#### **Basis of Presentation**

The District's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Standards require that the financial statements described below be presented.

**Government-wide Statements:** The Statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall District. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements** Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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**Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting, when applicable.

**Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

**Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

### Major Funds

The District's major governmental and proprietary funds are identified and presented separately in the fund financial statements.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The District may also select other funds it believes should be presented as major funds.

The District reported the following major funds in the accompanying financial statements:

**General Fund** - The general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

**Proprietary Fund** - This enterprise fund accounts for the operation, maintenance and capital improvement projects for the building which are funded by rental income.

**Fiduciary Fund** - Pension Trust Fund is used to account for the assets held by the District under a trust agreement to make payments for pension benefits.

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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### Basis of Accounting - Measurement Focus

**Government-Wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the District and for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

**Fund Financial Statements** Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The District has no non-major funds.

**Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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**Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

**Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

### Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

### Investments

Investments held at June 30, 2016 with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end.

### Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

	Lives of Assets
Land and Building Improvements	15-20
Equipment and Furniture	3-5
Leasehold Improvements	Life of Lease
Improvements to Common Areas	3-5

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### Property Tax Revenue

The District has the authority to collect taxes on property within its political subdivision. Taxes are received from the County of San Mateo, which has responsibility for their collection. The District received approximately 80% in 2016 and 76% in 2015 of its financial support from property taxes. Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments due November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31. The County of San Mateo bills and collects the taxes for the District. Tax revenues are recognized by the District when received.

### Use of Estimates

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

### Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruptions; errors and omissions; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Coverage is provided as follows:

Company Name	Type of Coverage	Limits
BETA Healthcare Group	Comprehensive Liability	\$ 5,000,000
BETA Healthcare Group	D & O Liability	5,000,000
Driver Alliant Insurance Services, Inc.	Property	1,000,000,000
State Compensation Insurance Fund	Workers' Compensation	1,000,000

### Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the District's retirement plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the plan's administrators. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for its pension activities.

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for its pension activities.

### New Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District has implemented the provisions of this Statement as of June 30, 2016.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The District has implemented the provisions of this Statement as of June 30, 2016.

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria. The requirements of the Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, or FY 2016-17. The District has not determined the effect of the statement.

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of the Statement is to address the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated. The Statement is effective for periods beginning after June 15, 2016, or the 2016-2017 fiscal year. The pronouncement is applicable to OPEB plans. The District has not determined the effect of the statement.

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The objective of the Statement is to replace the requirements of GASB Statement No. 45. In addition, the Statement requires governments to report a liability on the face of the financial statements for the OPEB provided and requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The Statement is effective for the periods beginning June 15, 2017, or the 2017-2018 fiscal year. The District has not determined the effect of the statement.

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. This GASB statement is effective with Fiscal Year Ending June 30, 2017. The District has not determined the effect of this Statement.

GASB Statement No. 79 – In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The Statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Statement establishes additional note disclosure requirements for qualifying external investment pools that require measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Both the qualifying external investment pools and their participants are required to disclose information about any limitations or restrictions on participant withdrawals. The Statement is effective for the periods beginning after June 15, 2015, or the 2016-2017 fiscal year, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. The District has not determined the effect of the statement.

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of the Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The Statement is effective for the reporting periods beginning after June 15, 2016, or the 2016-2017 fiscal year. The District has not determined the effect of the statement.

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of the Statement is to improve financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, the Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. The Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The Statement is effective for the reporting periods beginning after December 15, 2016, or the 2017-2018 fiscal year. The District has not determined the effect of the statement.



# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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GASB Statement No. 82 – In March 2016, GASB issued Statement No. 82, Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73. The objective of the Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, the Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Statement is effective for the reporting periods beginning after June 15, 2016, or the 2016-2017 fiscal year. The District has not determined the effect of the statement.

### NOTE 2 – DEPOSITS AND INVESTMENTS

#### Summary of Deposits and Investments

Deposits and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Governmental Activities	\$ 16,009,602
Fiduciary Fund	<u>53,773,075</u>
Total Deposits and Investments	<u><u>\$ 69,782,677</u></u>

Deposits and investments as of June 30, 2016, consist of the following:

Cash on Hand and in Banks	\$ 6,122,108
Investments	9,887,494
Money Market Funds	103,036
Mutual Funds	<u>53,670,039</u>
Total Deposits and Investments	<u><u>\$ 69,782,677</u></u>



# **SEQUOIA HEALTHCARE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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### **Policies and Practices**

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the District's name and places the District ahead of general creditors of the institution.

The District invests in individual investments. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the District employs the Trust Department of a bank as the custodian of certain District managed investments, regardless of their form. The District's investments are carried at fair value, as required by generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

The District considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consist principally of money market accounts and short term certificates of deposit.

The District is in compliance with the Board approved Investment Policy and California Government Code requirements.

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### General Authorizations

Limitations as they relate to interest rate risk and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

### Segmented Time Distribution

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investments by maturity:

Governmental - Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
U.S Treasuries	\$ 1,446,620	\$ 751,027	\$ 330,911	\$ 364,682	\$ -
U.S Agencies	1,971,723	401,132	453,383	1,117,208	-
Municipal Bonds	3,026,174	960,793	905,392	1,159,989	-
Corporate Bonds	3,442,977	1,346,396	799,937	1,296,644	-
Total	<u>\$ 9,887,494</u>	<u>\$ 3,459,348</u>	<u>\$ 2,489,623</u>	<u>\$ 3,938,523</u>	<u>\$ -</u>
Pension - Investment Type					
Money Market Fund	\$ 103,036	\$ 103,036	\$ -	\$ -	\$ -
Mutual Funds	53,670,039	53,670,039	-	-	-
Total	<u>\$ 53,773,075</u>	<u>\$ 53,773,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

### Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

## SEQUOIA HEALTHCARE DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Investment Type	Fair Value	Fair Value Investments Using			Uncategorized
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
U.S Treasuries	\$ 1,446,620	\$ 1,446,620	\$ -	\$ -	\$ -
U.S Agencies	1,971,723	-	1,971,723	-	-
Municipal Bonds	3,026,174	-	3,026,174	-	-
Corporate Bonds	3,442,977	-	3,442,977	-	-
Mutual Funds	103,036	-	103,036	-	-
Money Market Fund	53,670,039	-	-	-	53,670,039
Total	<u>\$ 63,660,569</u>	<u>\$ 1,446,620</u>	<u>\$ 8,543,910</u>	<u>\$ -</u>	<u>\$ 53,670,039</u>

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the Districts' investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Fair Value	Not Rated Or Required To Be Rated	S&P Rating as of Year End		
			AAA	AA+	AA
U.S Treasuries	\$ 1,446,620	\$ 1,446,620	\$ -	\$ -	\$ -
U.S Agencies	1,971,723	-	1,117,208	854,515	-
Municipal Bonds	3,026,174	-	363,724	487,986	1,471,855
Corporate Bonds	3,442,977	-	-	284,551	366,091
Money Market Fund	103,036	103,036	-	-	-
Mutual Funds	53,670,039	53,670,039	-	-	-
Total	<u>\$ 63,660,569</u>	<u>\$ 55,219,695</u>	<u>\$ 1,480,932</u>	<u>\$ 1,627,052</u>	<u>\$ 1,837,946</u>

Investment Type	S&P Rating as of Year End				
	AA-	A+	A	A-	BBB+
U.S Treasuries	\$ -	\$ -	\$ -	\$ -	\$ -
U.S Agencies	-	-	-	-	-
Municipal Bonds	577,159	-	-	125,450	-
Corporate Bonds	826,851	101,501	845,731	837,357	180,895
Money Market Fund	-	-	-	-	-
Mutual Funds	-	-	-	-	-
Total	<u>\$ 1,404,010</u>	<u>\$ 101,501</u>	<u>\$ 845,731</u>	<u>\$ 962,807</u>	<u>\$ 180,895</u>

### Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2016 the total carrying amount was \$6,122,108 with a corresponding bank balance of \$6,793,108. The District's bank balance of \$6,543,108 was exposed to custodial credit risk because it was uninsured but collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### NOTE 3 – COMMITMENTS

The District has approved conditional grants, not yet paid, for various projects. Conditional grants are only recognized when the conditions on which they depend are substantially met. The following grants have been approved but not yet recognized.

The Ravenswood Family Health Center is to receive a \$700,000 grant annually through fiscal year ending June 30, 2017.

The District approved a contract with San Francisco State University to extend the term of the MOU from June 6, 2014 to May 31, 2017 with the following funding commitments: fiscal year 2015-16 \$597,653 has been paid; fiscal year 2016-17 \$627,054.

The San Mateo Medical Center's Fair Oaks Health Center is to receive up to \$429,000 through year ending June 30, 2018.

The Community Care Transitions Program is to receive up to \$917,750 through year ending June 30, 2018. Samaritan House is to receive \$2,049,000 through year ending June 30, 2018.

Mission Hospice is to receive a total of \$1 million: \$500,000 by June 30, 2016 (paid) and \$500,000 by June 30, 2017.

### NOTE 4 – CAPITAL ASSETS

Activity in capital assets for the year ended June 30, 2016 was as follows:

	Beginning Balance June 30, 2015	Current Year Additions	Current Year Deletions	Ending Balance June 30, 2016
Land	\$ 138,927	\$ -	\$ -	\$ 138,927
Land Improvements	144,158	-	-	144,158
Buildings and Improvements	1,862,202	-	2,280	1,859,922
Tenant Improvements	215,113	-	-	215,113
Equipment	68,615	-	-	68,615
Furniture	28,260	-	-	28,260
Total	2,457,275	-	2,280	2,454,995
Less Accumulated Depreciation	1,728,916	83,284	-	1,812,200
Capital Assets - Net	\$ 728,359	\$ (83,284)	\$ 2,280	\$ 642,795

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### NOTE 5 – LEASES (RENTAL INCOME)

In October, 2009, the District rented out a part of its building to a tenant and entered into a long-term lease. The District received rental income of \$3,165 monthly on the first year lease which increases up to \$4,004 monthly at the seventh year.

<u>Fiscal Year Ended</u>	<u>Rental Income</u>
2017	\$ 47,898
2018	4,004
Total	<u>\$ 51,902</u>

### NOTE 6 – PENSION PLAN

Prior to October 1, 1996, the District maintained two pension plans, a defined contribution plan and a defined benefit plan. The defined contribution plan was formed under Internal Revenue Service code section 457(b) and is titled the Master Deferred Compensation Plan. The defined benefit plan is titled the Sequoia Healthcare District Employee Pension Plan.

#### **Deferred Compensation Plan**

The Master Deferred Compensation Plan allowed covered employees to contribute a portion of their pre-tax earnings to the plan. These contributions, deferrals and the earnings on these deferrals remain in the plan, and are not taxable to the participants until they are withdrawn. The assets of the plan are invested in group annuity contracts held by and in the name of a trust established for this purpose and mutual funds, which are subject to stock market risks associated with price changes. The District was not required to make contributions to the plan and all contributions to the plan are made by the employees only.

#### **The Sequoia Healthcare District Pension Plan**

##### ***Plan Description***

The Sequoia Healthcare District Employee Pension Plan, adopted on January 1, 1959, as amended is a defined benefit plan. The plan was last amended on August 19, 1998. The employer made contributions to the plan for the benefit of covered employees, the participants. Effective October 1, 1996 all benefit accruals under the plan were suspended indefinitely, provided however that vesting services credit will be paid for participants who are vested. Benefits are distributed to participants when they retire in accordance with the terms of the plan, based on certain actuarial computations. The liability for this plan was assumed by Sequoia Health Services. The plan cannot be transferred to Sequoia Health Services. The District remains contingently liable for funding of the plan in the event of default by Sequoia Health Services. Benefits are administered by Vanguard Retirement Services.

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### ***Benefits Provided***

Vanguard provides service retirement to plan members, who must be public employees of the District prior to October 1, 1996. Benefits are based on years of credited service, equal to one year of full time employment. Members with ten years of total service are eligible to retire. Normal retirement age is 65 however, members are eligible to retire at age 55 with statutorily reduced benefits.

The Plan provisions and benefits in effect at June 30, 2016, are summarized as follows:

Benefit formula	2% at 65
Benefit vesting schedule	10 years service
Benefit payments	monthly for life
Retirement age	55-65
Monthly benefits, as a percent of eligible compensation	2.00%
Required employee contribution amount	None
	Actuarially
Required employer contribution amount	Determined

### ***Contributions***

Funding contributions for the Plan is determined annually on an actuarial basis as of January 1 by an actuary. The actuarially determined amount is the estimated amount necessary to finance the costs of benefits earned by employees during the service years, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the full amount and there are no employee required contributions. For the year ended June 30, 2016, contributions recognized as part of pension expense were \$2,600,000.

### ***Net Pension Liability***

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2014, using an annual actuarial valuation as of January 1, 2014 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

***Actuarial Assumptions*** – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	January 1, 2014
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	6.95%
Projected Salary Increase	3.00%
Investment Rate of Return	6.75%
Mortality	GM94 Basic Tables
Post Retirement Benefit Increase	N/A



# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### *Discount Rate*

The discount rate used to measure the total pension liability was 6.95%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, the actuary stress tested plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, the Plan would not run out of assets. Therefore, the current 6.95 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, the actuary took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	Long Term Asset Allocation	Geometric Rates of Return (a)
Equities	40%	5.35%
Fixed Income	25%	1.55%
Convertible Securities	15%	3.37%
REITs	5%	4.03%
Global Tactical Asset Allocation	15%	2.57%
Total	100%	

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

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

**Changes in the Net Pension Liability** - The changes in the Net Pension Liability for the Plan is:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balance at June 30, 2015</b>	<u>\$ 84,063,000</u>	<u>\$ 60,642,000</u>	<u>\$ 23,421,000</u>
<b>Changes in the year:</b>			
Service cost	-	-	-
Interest on the total pension liability	5,633,000	-	5,633,000
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	2,600,000	(2,600,000)
Contribution - employee	-	-	-
Net investment income	-	487,000	(487,000)
Administrative expenses	-	(92,000)	92,000
Benefit payments	(6,035,000)	(6,035,000)	-
<b>Net changes</b>	<u>(402,000)</u>	<u>(3,040,000)</u>	<u>2,638,000</u>
<b>Balance at June 30, 2016</b>	<u><u>\$ 83,661,000</u></u>	<u><u>\$ 57,602,000</u></u>	<u><u>\$ 26,059,000</u></u>

### ***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the District's pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>5.95%</u>	<u>6.95%</u>	<u>7.95%</u>
Net Pension Liability	<u>\$ 34,096,000</u>	<u>\$ 26,059,000</u>	<u>\$ 19,178,000</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,600,000	\$ -
Net differences between projected and actual earnings on plan investments	-	(3,445,000)
Total	<u>\$ 2,600,000</u>	<u>\$ (3,445,000)</u>

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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Reported as deferred outflows of resources related to contributions subsequent to the measurement date is \$2,600,000, which will be recognized as a component of pension expense in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Inflows of Resources
2017	\$ (861,000)
2018	(861,000)
2019	(862,000)
	<u>\$ (2,584,000)</u>

### ***Pension Plan Fiduciary Net Position***

The Plan's Fiduciary Net Position is reported on these financial statements.

### ***Amounts due from Dignity Health***

As described above, the District is liable for pensions but seeks reimbursement for the unfunded liability through annual contributions made by Dignity Health to the District. The contributions from Dignity Health are designed to fully fund the pension liability. Therefore, the District recorded a receivable for the net amount resulting from recognizing the pension liability in the amount of \$26,904,000 as of June 30, 2016.

## **NOTE 7 – EMPLOYEE RETIREMENT SYSTEM**

As established by Federal law, all public sector employees who are not members of a retirement system such as the state Public Employee Retirement System must be covered by social security or an alternate plan. The District has elected to use Social Security to cover its five employees. Statutory rates are paid by the employee and the District.

## **NOTE 8 – ECONOMIC RETURN**

Pursuant to the Development Agreement executed on December 7, 2007 with Catholic Healthcare West (now known as Dignity Health), the District is entitled to an economic return on its contribution which equals 50% of annual Sequoia Hospital Operating Earnings Before Interest Expense, Depreciation and Amortization (EBIDA) exceeding an aggregate 9.3% annual Operating EBIDA Margin (the Return Formula). The District shall be entitled to an economic return pursuant to the Return Formula through December 7, 2047.

During the fiscal year ended June 30, 2016, the District did not receive any funds from Dignity Health based on the Return Formula Payable for fiscal year ended June 30, 2015.

## **Required Supplementary Information**

# SEQUOIA HEALTHCARE DISTRICT

## SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY YEAR ENDED JUNE 30, 2016

	Budgetary Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Tax Revenue	\$ 10,100,000	\$ 10,100,000	\$ 11,145,838	\$ 1,045,838
Investment Income	150,000	150,000	188,780	38,780
Interest Income	7,700	7,700	6,438	(1,262)
Pension Income	2,600,000	2,600,000	2,600,000	-
Total Revenues	12,857,700	12,857,700	13,941,056	1,083,356
<b>Expenditures</b>				
Administration Expense	245,000	245,000	234,065	10,935
Board Health Insurance	73,800	73,800	61,631	12,169
Employee Health Insurance	42,000	42,000	38,435	3,565
Employee Retirement Benefit	19,000	19,000	18,075	925
Investment Fees	48,000	48,000	43,003	4,997
Office Supplies/Equipment Maintenance	8,000	8,000	10,827	(2,827)
Accounting Fees	19,000	19,000	21,000	(2,000)
Board Expense	8,000	8,000	3,154	4,846
Association/Membership Fees	18,000	18,000	17,800	200
Communications	32,000	32,000	26,930	5,070
Web Site/IT	45,000	45,000	60,706	(15,706)
Pension Plan Expense	2,600,000	2,600,000	2,600,000	-
Insurance/D&O	22,000	22,000	26,573	(4,573)
LAFCO Fees	8,500	8,500	8,198	302
Legal Fees	20,000	20,000	24,133	(4,133)
Bank Fees	100	100	105	(5)
Grant Expenses	100,000	100,000	109,442	(9,442)
Children's Health Initiative	1,200,000	1,200,000	1,200,000	-
SFSU Nursing Program	598,000	598,000	597,653	347
Samaritan House Medical Clinic	751,000	751,000	752,974	(1,974)
Other Grants	90,000	90,000	60,714	29,286
San Mateo Medical Center	470,000	470,000	469,000	1,000
Ravenswood-Belle Haven Clinic	700,000	700,000	700,000	-
Community Grants Program	1,750,000	1,750,000	2,089,488	(339,488)
Chronic Disease Management	58,000	58,000	39,058	18,942
Apple Tree Dental	500,000	-	500,000	(500,000)
Mission Hospice	500,000	500,000	500,000	-
HeartSafe Program	161,000	161,000	104,752	56,248
School Health Program	3,222,000	3,222,000	3,170,998	51,002
Total Expenditures	13,308,400	12,808,400	13,488,714	(680,314)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(450,700)	49,300	452,342	403,042
<b>Transfer to Proprietary Fund</b>	-	-	(14,808)	(14,808)
<b>Fund Balance - Beginning of Year</b>	13,927,676	13,927,676	13,927,676	-
<b>Fund Balance - End of Year</b>	\$ 13,476,976	\$ 13,976,976	\$ 14,365,210	\$ 388,234

# SEQUOIA HEALTHCARE DISTRICT

## SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY YEAR ENDED JUNE 30, 2016

Prepared for Sequoia Healthcare District Employee Pension Plan Measurement Period	2014-2015	2013-2014
<b>Total Pension Liability</b>		
Service cost	\$ -	\$ -
Interest on total pension liability	5,633,000	5,648,000
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Changes in benefits	-	-
Benefit payments, including refunds of employee contributions	(6,035,000)	(5,706,000)
<b>Net change in total pension liability</b>	<b>(402,000)</b>	<b>(58,000)</b>
<b>Total pension liability - beginning</b>	<b>84,063,000</b>	<b>84,121,000</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 83,661,000</b>	<b>\$ 84,063,000</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 2,600,000	\$ 2,800,000
Net decrease in fair value of investment	-	-
Net investment income	487,000	8,066,000
Benefit payments	(6,035,000)	(5,706,000)
Administrative expenses	(92,000)	(119,000)
<b>Net change in plan fiduciary net position</b>	<b>(3,040,000)</b>	<b>5,041,000</b>
<b>Plan fiduciary net position - beginning</b>	<b>60,642,000</b>	<b>55,601,000</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 57,602,000</b>	<b>\$ 60,642,000</b>
Net pension liability - ending (a)-(b)	<b>\$ 26,059,000</b>	<b>\$ 23,421,000</b>

### Notes to Schedule:

10 years data is not available because this is the second year of implementation of the pension reporting standards.

# SEQUOIA HEALTHCARE DISTRICT

## SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS YEAR ENDED JUNE 30, 2016

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	<b>2016</b>	<b>2015</b>
	<b><u>2016</u></b>	<b><u>2015</u></b>
Actuarially determined contribution	\$ 2,600,000	\$ 2,800,000
Contributions in relation to the actuarially determined contribution	<u>(2,600,000)</u>	<u>(2,800,000)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Covered employee Payroll	 \$ -	 \$ -
 Contribution as a percentage of covered employee payroll	 100%	 100%

## **Supplementary Information**



# SEQUOIA HEALTHCARE DISTRICT

## PROPRIETARY FUND BUDGETARY COMPARISON SCHEDULE YEAR ENDED JUNE 30, 2016

	Budgetary Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Rental Income	\$ 46,200	\$ 46,200	\$ 46,057	\$ (143)
<b>Expenses</b>				
Administration Expense	-	-	13,099	(13,099)
Maintenance - Property	30,000	30,000	21,806	8,194
Utilities	29,000	29,000	26,624	2,376
Insurance - Properties	2,000	2,000	1,616	384
Depreciation	70,000	70,000	83,284	(13,284)
Total Expenses	131,000	131,000	146,429	(15,429)
<b>Deficiency of Revenues Over Expenses</b>	(84,800)	(84,800)	(100,372)	(15,572)
<b>Transfer from General Fund</b>	-	-	14,808	14,808
<b>Net Position - Beginning of Year</b>	725,194	725,194	725,194	-
<b>Net Position - End of Year</b>	\$ 640,394	\$ 640,394	\$ 639,630	\$ (764)

# SEQUOIA HEALTHCARE DISTRICT

## ALL FUND BUDGETARY COMPARISON SCHEDULE YEAR ENDED JUNE 30, 2016

	<b>Budgetary Amounts</b>			<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive (Negative)</b>
<b>Revenues</b>				
Rental Income	\$ 46,200	\$ 46,200	\$ 46,057	\$ (143)
Tax Revenue	10,100,000	10,100,000	11,145,838	1,045,838
Investment Income	150,000	150,000	188,780	38,780
Interest Income	7,700	7,700	6,438	(1,262)
Pension Income	2,600,000	2,600,000	2,600,000	-
Total Revenues	12,903,900	12,903,900	13,987,113	1,083,213
<b>Expenses</b>				
Administration Expense	245,000	245,000	247,164	(2,164)
Board Health Insurance	73,800	73,800	61,631	12,169
Employee Health Insurance	42,000	42,000	38,435	3,565
Employee Retirement Benefit	19,000	19,000	18,075	925
Investment Fees	48,000	48,000	43,003	4,997
Office Supplies/Equipment Maintenance	7,500	8,000	10,827	(2,827)
Accounting Fees	19,000	19,000	21,000	(2,000)
Board Expense	8,000	8,000	3,154	4,846
Association/Membership Fees	18,000	18,000	17,800	200
Communications	32,000	32,000	26,930	5,070
Web Site/IT	45,000	45,000	60,706	(15,706)
Pension Plan Expense	2,600,000	2,600,000	2,600,000	-
Insurance/D&O	22,000	22,000	26,573	(4,573)
LAFCO Fees	8,500	8,500	8,198	302
Legal Fees	20,000	20,000	24,133	(4,133)
Bank Fees	100	100	105	(5)
Grant Expenses	100,000	100,000	109,442	(9,442)
Children's Health Initiative	1,200,000	1,200,000	1,200,000	-
SFSU Nursing Program	598,000	598,000	597,653	347
Samaritan House Medical Clinic	751,000	751,000	752,974	(1,974)
Other Grants	90,000	90,000	60,714	29,286
San Mateo Medical Center	470,000	470,000	469,000	1,000
Ravenswood-Belle Haven Clinic	700,000	700,000	700,000	-
Community Grants Program	1,750,000	1,750,000	2,089,488	(339,488)
Chronic Disease Management	58,000	58,000	39,058	18,942
Apple Tree Dental	500,000	-	500,000	(500,000)
Mission Hospice	500,000	500,000	500,000	-
Maintenance - Property	30,000	30,000	21,806	8,194
Utilities	29,000	29,000	26,624	2,376
Insurance - Properties	2,000	2,000	1,616	384
Depreciation	70,000	70,000	83,284	(13,284)
Heart Safe Program	161,000	161,000	104,752	56,248
School Health Program	3,222,000	3,222,000	3,170,998	51,002
Total Expenditures	13,438,900	12,939,400	13,635,143	(695,743)
<b>Excess (Deficiency) of Revenue Over Expenses</b>	(535,000)	(35,500)	351,970	387,470
<b>Fund Balance - Beginning of Year</b>	14,652,870	14,652,870	14,652,870	-
<b>Fund Balance - End of Year</b>	\$ 14,117,870	\$ 14,617,370	\$ 15,004,840	\$ 387,470

## **Auditor's Report on Internal Control and Compliance**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Sequoia Healthcare District  
Redwood City, California

We have audited the financial statements of the governmental activities, business-type activities, General fund, and the aggregate remaining fund information of Sequoia Healthcare District (District) as of and for the year ended June 30, 2016, which collectively comprise the Sequoia Healthcare District's basic financial statements and have issued our report thereon dated September 27, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sequoia Healthcare District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California  
September 27, 2016

# SEQUOIA HEALTHCARE DISTRICT

## SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2016

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### FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>No</u>
Noncompliance material to financial statements noted?	<u>No</u>

**SEQUOIA HEALTHCARE DISTRICT**

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016**

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None reported.