



HANFORD | LINDSAY | TULARE | VISALIA

M. GREEN AND COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS

January 16, 2024

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KRISTI WEAVER, CPA

To the Board of Directors
and Management of
Alta Healthcare District
Post Office Box 410
Orosi, California 93647

In planning and performing our audit of the financial statements of the governmental activity and general fund of Alta Healthcare District as of and for the year ended June 30, 2023 in accordance with auditing standards generally accepted in the United States of America, we considered Alta Healthcare District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alta Healthcare District's internal control. Accordingly, we do not express an opinion on the effectiveness of Alta Healthcare District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified a deficiency in internal control that we consider to be material weaknesses.

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. We consider the following deficiency in internal control to be material weakness:

SEGREGATION OF DUTIES

CONDITION

Alta Healthcare employs no administrative personnel and the accounting is performed by an outside independent contractor. Because of the limited number of personnel performing the accounting functions, there is little segregation of duties. Because of the lack of segregation of duties, there are limited controls over cash receipts, accounts receivable, cash disbursements (including payroll), and accounts payable.

Control procedures are those policies and procedures that management has established to provide reasonable assurance District objectives will be achieved. Segregation of duties is a control procedure that reduces the opportunities to allow any one person to be in a position to both perpetrate and conceal errors or irregularities in the normal course of their duties. Lack of duty segregation increases the possibility of material errors or irregularities to occur and not be detected.

SEGREGATION OF DUTIES (continued)

RECOMMENDATION

Continued oversight and participation by the Board of Directors helps to alleviate the lack of controls due to the lack of duty segregation. The Board should at a minimum perform or continue to perform the following:

1. Review monthly bank reconciliations. Actually, control could be increased greatly if the Chairman or Clerk of the Board received the monthly bank statement directly from the bank and reviewed it for errors or irregularities and then forwarded it to the CFO for reconciliation.
2. Continue examination of a listing of the cash disbursements (including payroll) for the month and preferably the actual paid invoices.

This communication is intended solely for the information and use of management, the Board of Directors, and others within Alta Healthcare District, and is not intended to be and should not be, used by anyone other than these specified parties.



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MDB/sas



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To Management and
Board of Directors
Alta Healthcare District
Post Office Box 410
Orosi, California 93647

We have audited the financial statements of the governmental activity and general fund of Alta Healthcare District for the year ended June 30, 2023. Professional standards require that we provide you with information related to our audit and our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated June 22, 2023, our responsibility, as described by professional standards, was to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Accounting principles generally accepted in the United States of America provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to budgetary comparison information which supplements the basic financial statements, was to apply certain limited procedures in accordance with auditing standards generally accepted in the United States of America. However, the RSI was not audited and, because the limited procedures did not provide us with sufficient evidence to express an opinion or provide any assurance, we did not express an opinion or provide any assurance on the RSI.

Planned Scope, Timing of the Audit, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas tested.

Our audit included obtaining an understanding of the entity and its environment, including the system of internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We communicate significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties were encountered during the audit where assistance was needed to overcome the difficulties or if the difficulties led to a modified opinion. We communicated any internal control related matters that were required to be communicated under professional standards.

We conducted our audit at an agreed upon time and issued our report on January 16, 2024. Marla D. Borges, CPA was the engagement partner and was responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Alta Healthcare District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2023. We noted no transactions entered into by Alta Healthcare District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimate of the fair value of investments was made using information provided by third parties. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

- The disclosure of Investments in Note 3 to the financial statements describes the policy adopted by the District regarding investments. In addition, the note breaks down the risks associated with investments as well as the fair value of investments.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Significant Audit Matters (continued)

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 16, 2024

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to budgetary comparison information which is required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Alta Healthcare District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



M. GREEN AND COMPANY LLP
Certified Public Accountants

ALTA HEALTHCARE DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2023

ALTA HEALTHCARE DISTRICT

JUNE 30, 2023

BOARD OF DIRECTORS/ADMINISTRATION

Yvette Botello	Chairperson
Javier Quevedo	Vice-Chairperson
Kathy Grant	Director
Martha Swaim	Director
Margie Davidian	Director

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M. GREEN AND COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors
Alta Healthcare District

Opinions

We have audited the financial statements of the governmental activity and general fund of Alta Healthcare District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activity and general fund of Alta Healthcare District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions.

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Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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.

Management has omitted the management's discussion and analysis section that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

M. Green and Company LLP

Tulare, California
January 16, 2024

ALTA HEALTHCARE DISTRICT

**GOVERNMENTAL FUND BALANCE SHEET
AND STATEMENT OF NET POSITION
JUNE 30, 2023**

<u>ASSETS:</u>	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash and cash equivalents	\$ 447,636	\$ -	\$ 447,636
Investments	878,446	-	878,446
Property taxes receivable	15,674	-	15,674
Prepaid expenses	10,602	-	10,602
Total assets	\$ 1,352,358	\$ -	\$ 1,352,358
<u>LIABILITIES:</u>			
Accounts payable	\$ 4,727	\$ -	\$ 4,727
<u>FUND BALANCE/NET POSITION:</u>			
Fund balance:			
Nonspendable:			
Prepaid expenses	10,602	(10,602)	-
Committed	145,000	(145,000)	-
Unassigned	1,192,029	(1,192,029)	-
Net position:			
Unrestricted	-	1,347,631	1,347,631
Total fund balance/net position	1,347,631	-	1,347,631
Total liabilities and fund balance/net position	\$ 1,352,358	\$ -	\$ 1,352,358

See notes to financial statements.

ALTA HEALTHCARE DISTRICT

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITY YEAR ENDED JUNE 30, 2023

<u>GENERAL REVENUES:</u>	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activity</u>
Property taxes	\$ 665,968	\$ -	\$ 665,968
Dividends	25,882	-	25,882
Interest	1,254	-	1,254
Realized gain on sale of stock	15,498	-	15,498
Unrealized gain on investments	40,597	-	40,597
Miscellaneous revenue	5	-	5
	<hr/>	<hr/>	<hr/>
Total general revenues	749,204	\$ -	749,204
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES:</u>			
Current:			
Healthcare grants	472,698	\$ -	472,698
Board payroll and related expenses	4,002	-	4,002
Legal and professional	51,976	-	51,976
Audit fees	14,000	-	14,000
Insurance	11,186	-	11,186
Office and miscellaneous	10,172	-	10,172
Tax administrative fees	12,974	-	12,974
	<hr/>	<hr/>	<hr/>
Total expenditures	577,008	\$ -	577,008
	<hr/>	<hr/>	<hr/>
Excess revenues	172,196	\$ (172,196)	-
Increase in net position	-	172,196	172,196
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCE/NET POSITION:</u>			
July 1, 2022	1,175,435	-	1,175,435
	<hr/>	<hr/>	<hr/>
June 30, 2023	\$ 1,347,631	\$ -	\$ 1,347,631
	<hr/>	<hr/>	<hr/>

See notes to financial statements.

ALTA HEALTHCARE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 1 – Summary of Significant Accounting Policies

Organization

The Alta Healthcare District is located in Dinuba, California. The District is organized pursuant to the terms of the Local Health Care District Law (California Health & Safety Code, §3200 et seq.), to promote the public health and general medical and health related welfare within the District. From 2002, the District was in Chapter 9 in the United States Bankruptcy Court, Eastern District of California, Fresno Division until closed by court order on October 31, 2015.

Reporting Entity

The District's basic financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District
- exclusion of the organization would render the financial statements incomplete or misleading

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB statements.

Fund Accounting

The accounts of the District are organized on the basis of fund accounting. Under fund accounting, different types of District operations are accounted for in different funds, each with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Resources are allocated to and accounted for in individual funds, based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Since the District does not have any financial resources that are required to be accounted for in other funds, it utilizes only a "General Fund" for its operations.

Measurement Focus, Basis of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible soon enough thereafter to be used to pay liabilities of the current period, usually within sixty days of year-end.

Expenditures are generally recognized when the related fund liability is incurred, except that principal and interest on general long-term debt is recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

ALTA HEALTHCARE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting (continued)

Government wide financial statements of net position and activities are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. General capital asset acquisitions are included with assets of the District as a whole and depreciated over their estimated useful lives, if applicable.

Budgetary Procedures

The District operates under a budget prepared and approved annually by the Board of Directors. The budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by use (salaries and employee benefits, services and supplies, other charges, fixed asset acquisitions and contingencies). Once approved, the Board of Directors may amend the adopted budget when unexpected modifications are required in estimated revenues and expenditures.

Fund Balances

Governmental funds report fund balances in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other government or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. The District did not have any restricted fund balance resources as of June 30, 2023.

Committed fund balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance – includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by (a) the Board of Directors or (b) an appointed body or official to which the Board of Directors has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed. The District did not have any assigned fund balance resources as of June 30, 2023.

ALTA HEALTHCARE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 1 – Summary of Significant Accounting Policies (continued)

Fund Balances (continued)

Unassigned fund balance – this classification includes the residual fund balance for the General Fund that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, it is the District's policy to use restricted resources first, followed by committed, assigned and unassigned, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Equity Classifications

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The District reports three categories of net position as follows:

Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets. The District did not have any net investment in capital assets as of June 30, 2023.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. The district did not have any restricted net position as of June 30, 2023.

Unrestricted net position – consist of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for the purpose for which both restricted and unrestricted net position are available, management applies restricted net position first, unless a determination is made to use unrestricted net position. The District's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes the decision on a transactional basis at the incurrence of the expenditure.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. These taxes are levied from July 1 through June 30. Taxes are payable in two installments on November 1 and February 1 and are collected December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Tulare bills and collects the taxes for the District.

ALTA HEALTHCARE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 – Cash and Cash Equivalents

Statutes authorize districts to invest cash in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit, banker's acceptances repurchase agreements, insured money market accounts, commercial paper, county investment pools and the State Treasurer's Local Agency Investment Fund.

Cash and cash equivalents at June 30, 2023, were as follows:

Cash in bank	\$	435,289
Wells Fargo Advisors cash		<u>12,347</u>
Total cash and cash equivalents	\$	<u><u>447,636</u></u>

The California Government Code requires California banks and savings and loan associations to collateralize a district's deposits by pledging government securities. The market value of the pledged securities must equal at least 110 percent of a district's deposits. California law also allows financial institutions to collateralize a district's deposits by pledging first trust deed mortgage notes having a value of 150 percent of a district's total deposits. The district may waive collateral requirements for deposits which are fully insured up to \$250,000 by Federal Deposit insurance.

At June 30, 2023, the carrying amount of the District's cash deposits (including amounts in checking accounts, money market accounts and certificates of deposit) was \$447,636 and the bank balances totaled \$458,355. The difference between the bank balances and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$250,000 was covered by Federal Deposit insurance and \$196,008 was uninsured but collateralized (i.e. collateralized with securities held by the pledging financial institution at 110 percent of the deposits, in accordance with the State of California Government Code, deemed to be held in the District's name). Cash held at Wells Fargo Advisors of \$12,347 is uninsured and not collateralized.

NOTE 3 – Investments

The District adopted February 6, 2020, a policy regarding investments with the following four objectives:

1. Maintain the value of current assets and provide future receipts for services and support activities.
2. Maintain a constant funding-support ratio where investment total return is sufficient to provide new funds to keep pace with cost increases and program expansions.
3. Handle short-term volatility within any investment markets while maintaining necessary liquidity at all times.
4. Maintain an appropriate asset allocation based upon a total return policy compatible with flexible spending and potential of positive real returns.

ALTA HEALTHCARE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 3 – Investments (continued)

The District investment policy provides for the following guidelines:

1. A long-term investment horizon with sufficient short-term liquidity.
2. A risk tolerance goal of a reasonable return with short-term liquidity.
3. Expected return that will provide an overall target rate of return of six percent (6 percent).
4. Use a long-term investment of asset class mix to balance risk and rewards allocation.

The District's investment advisor will use a *Moderate Growth* target model to reach the stated target rate of return. The following is a summary of the District's investments in marketable securities at June 30:

	<u>Fair Value</u>
Exchange-traded equity funds	\$ 470,485
Exchange-traded fixed income funds	79,474
Equity mutual funds	133,902
Real estate mutual funds	27,128
Alternatives mutual funds	44,434
Fixed income mutual funds	<u>123,024</u>
Total	<u>\$ 878,447</u>

Disclosures Relating to 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 is to changes in market interest rates.

Disclosures Relating to Credit Risk

Generally, 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.

Concentration of Credit Risk

Investments in any one issuer that represents 5 percent or more of total District investments is as follows:

Ishares U.S. Technology ETF	\$ 63,798
Ishares Core MSCI EAFE ETF	\$ 88,898
Ishares Core S&P Total U.S. Stock Market ETF	\$ 136,291
Ishares Core S&P 500 Index ETF	\$ 54,377
Ishares Edge MSCI USA Quality Factor ETF	\$ 91,442
Ishares MBS MBB ETF	\$ 44,114
Blackrock Total Return Fund	\$ 43,938
Blackrock Event Driven Equity Fund	\$ 44,434
Blackrock Advantage Large Cap Core Fund	\$ 54,831
Blackrock Strategic Income Opportunities Port	\$ 44,022

ALTA HEALTHCARE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 3 – Investments (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by state and 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 percent of the total amount deposited by public agencies. California law also allows financial institutions to secure District deposits by pledging first deed mortgage notes having a value of 150 percent of the secured public deposits.

As of June 30, 2023, the District has not established a deposit or investment policy related to custodial credit risk. All banks holding District funds have pledged securities as collateral. The market value of the securities pledged exceeded 110 percent of the amount on deposit at June 30, 2023.

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB 820 are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.
- Level 2: Inputs to the valuation methodology include:
 - a. Quoted prices for similar assets or liabilities in active markets.
 - b. Quoted prices for identical or similar assets or liabilities in inactive markets.
 - c. Inputs other than quoted prices that are observable for the asset or liability.
 - d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

ALTA HEALTHCARE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 3 – Investments (continued)

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

There have been no changes to the methodologies used at June 30, 2023. Cash and cash equivalents, interest-bearing is carried at cost plus interest received, which approximates fair value. Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the District are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the District are deemed to be actively traded. Like mutual funds, exchange-traded funds are SEC-registered investment companies that offer investors a way to pool their money in a fund that makes investments in stocks, bonds, other assets or some combination of these investments and, in return receive an interest in that investment pool. Exchange-traded fund shares are traded throughout the day on national stock exchanges and at market prices that may or may not be the same as the NAV of the shares.

The following table sets forth, by level within the fair value hierarchy, the District's investments at fair value as of June 30, 2023:

Investment Type	Fair Value Measurements on a Recurring Basis			
	Total	Level 1	Level 2	Level 3
Exchange-traded equity funds	\$ 470,485	\$ 470,485	\$ -	\$ -
Exchange-traded fixed income funds	79,474	79,474	-	-
Equity mutual funds	133,902	133,902	-	-
Real estate mutual funds	27,128	27,128	-	-
Alternatives mutual funds	44,434	44,434	-	-
Fixed income mutual funds	123,024	123,024	-	-
Totals	<u>\$ 878,447</u>	<u>\$ 878,447</u>	<u>\$ -</u>	<u>\$ -</u>

Change in Fair Value of Investments

The District's change in its fair value of investments is computed as follows:

Fair value at end of year	\$ 890,794
Interest and dividends earned	(25,882)
Proceeds of investments sold during fiscal year	(15,498)
Fees	12,328
Fair value at beginning of year	<u>(821,145)</u>
Change in fair value of investments	<u>\$ 40,597</u>

ALTA HEALTHCARE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 4 – Committed Fund Balance

Committed fund balance are commitments to outside third parties. Resources of restricted fund balance and net position are used to fund these commitments before unrestricted resources. At June 30, 2023, committed fund balance was comprised of the following:

Unexpected healthcare needs	\$	100,000
Dinuba Fire Department EMT scholarships		<u>45,000</u>
Total	\$	<u>145,000</u>

NOTE 5 – Subsequent Events

Management has evaluated subsequent events through January 16, 2024, the date the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

ALTA HEALTHCARE DISTRICT
BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2023

<u>GENERAL REVENUES:</u>	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Property taxes	\$ 608,500	\$ 665,968	\$ 57,468
Dividends	15,000	25,882	10,882
Interest	-	1,254	1,254
Realized gain on sale of stock	-	15,498	15,498
Unrealized gain on investments	-	40,597	40,597
Miscellaneous revenue	-	5	5
	<u>623,500</u>	<u>749,204</u>	<u>125,704</u>
<u>EXPENDITURES:</u>			
Current:			
Healthcare grants	553,850	472,698	81,152
Board payroll and related expenses	8,340	4,002	4,338
Legal and professional	97,500	65,976	31,524
Insurance	10,795	11,186	(391)
Office and miscellaneous	16,275	10,172	6,103
Tax administrative fees	10,200	12,974	(2,774)
	<u>696,960</u>	<u>577,008</u>	<u>119,952</u>
Excess revenues (expenditures)	<u>\$ (73,460)</u>	172,196	<u>\$ 245,656</u>
Fund balance, July 1, 2022		<u>1,175,435</u>	
Fund balance, June 30, 2023		<u>\$ 1,347,631</u>	

See independent auditors' report.