

**TEHACHAPI VALLEY HEALTHCARE DISTRICT
BOARD OF DIRECTORS MEETING**

Date: July 16, 2024

Place: Tehachapi Valley Healthcare District Office

116 W F Street

Tehachapi, CA 93561

Time: 10:00am

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Meeting ID: 236 729 275 449

Passcode: Ep5Haq

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Phone Conference ID: 932 899 372#

AGENDA

CALL TO ORDER

I. FLAG SALUTE

II. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

This time is reserved for persons to address the Board of Directors on matters not on the agenda over which the District has jurisdiction. Time is limited to 3 minutes per speaker. The Board of Directors can take no action on your presentation. Any person desiring to speak on an item on the agenda will be given an opportunity to do so prior to the Board of Directors acting on the item.

III. BOARD COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

IV. CONSENT AGENDA

The following items are considered routine and non-controversial by District Staff and may be approved by one motion. If a member of the Board or audience wishes to comment or ask questions on an item, it will be moved to New Business or Reports.

Approval of Minutes

- | | |
|---|-------|
| 1. BOD Meeting Minutes 06/18/24 | Tab 1 |
| 2. Receive and File, Finance Minutes 06/12/24 | Tab 2 |
| 3. Strategic Planning Minutes 05/16/24 | Tab 3 |

V. OLD BUSINESS

- | | |
|---------------------------|-------|
| A. Committee Appointments | Tab 4 |
|---------------------------|-------|

VI. NEW BUSINESS

- | | |
|--|-------|
| A. Finance Restructure | Tab 5 |
| B. Resolution Setting the Place for Regular Meetings | Tab 6 |

POSTED: 07/12/24
By: P. Mendiburu

C. Resolution Approving 2025 Budget

Tab 7

VII. REPORTS

A. Adventist Health Tehachapi Valley Update

B. TVHD CEO Report

Tab 8

VIII. ADJOURNMENT

NOTICE TO THE PUBLIC

PUBLIC COMMENT PERIOD FOR REGULAR MEETINGS

Members of the public may comment on any item on the agenda before the Board takes action on it. The public may also comment on items of interest to the public that is within the subject matter jurisdiction of the Board; provided, however, the Board may not take action on any item not appearing on the agenda unless the action is otherwise authorized by law. Any person addressing the Board will be limited to a maximum of three (3) minutes so that all interested parties have an opportunity to speak.

COPIES OF PUBLIC RECORDS

All writings, materials, and information provided to the Board for their consideration relating to any open session agenda item of the meeting are available for public inspection and copying during regular business hours at the Administration Office of the District at 116 W E St., Tehachapi, California.

COMPLIANCE WITH ADA

This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans with Disabilities Act of 1990 (42 U.S.C. § 12132) and the Ralph M. Brown Act (Cal. Gov't Cod. § 54954.2). Persons requesting a disability related modification or accommodation in order to participate in the meeting, should contact the Executive Office during regular business hours by phone at 661-750-4848, or in person at the District's Administrative Office at 116 W E St., Tehachapi, California.

**TEHACHAPI VALLEY HEALTHCARE DISTRICT
MINUTES OF THE BOARD OF DIRECTORS MEETING
June 18, 2024, 10:00am
116 West F Street, Tehachapi, CA 93561**

I. CALL TO ORDER

President Nixon called the meeting to order at 10:00am.

Directors Present: Lydia Chaney, Mike Nixon, Carl Gehricke, Christine Sherrill

Directors Absent: BreAnne Patterson

Others Present: Peggy Mendiburu, CEO; Scott Nave, Legal Counsel; Lisa Hughes, Business Mgr; Pat Doody, The Loop; Jenny Lavers, Adventist Health

II. FLAG SALUTE

President Nixon led the flag salute.

III. BOARD COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

Director Gehricke asked about moving the meeting to 2:00pm as he and Lisa volunteer at the Salvation Army the morning of Board meetings. Scott commented that the Board moved the meeting for him as he has a 2pm meeting in Mojave. Other members do not want to change the time.

IV. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

No comments.

V. CONSENT AGENDA

A. Approval of Minutes

1. Board Meeting Minutes 05/15/24
2. Receive and File Finance Committee Minutes 05/15/24

Consent agenda items approved. MSA: Gehricke/Chaney;4-0

V. OLD BUSINESS

A. None.

VI. NEW BUSINESS

A. Resolution Calling for Consolidation with the 2024 Election

We have two director terms ending in 2024 and one for 2026 (Moats). Peggy completed paperwork with the district paying the fee for candidates. **MSA: Chaney/Gehricke; 4-0**

B. Resolution of Destruction of Records

The following items were brought forward for destruction:

- Accounts Payable Checks FY2014, 2015, 2016
- Accounts Payable Register, Invoice Logs, and Journals, FY2014, 2015, 2016
- Finance Reconciliations for FY 2014, 2015, 2016
- Finance Journals for FY2014, 2015, 2016

Scott: Terms of destruction are set by statute and can be destroyed; however, there are other documents that must be kept in perpetuity. These Finance documents terms are two years.

Director Gehricke commented on having old records microfiche. Scott and Peggy responded on the cost and how labor intensive it is. The job is usually outsourced.

MSA: Chaney/Sherrill; 4-0

C. Committee Appointments

Tabled to July 16, 2024 meeting.

VII. REPORTS

A. Adventist Health Tehachapi Valley Update (Jenny Lavers)

- Thank you to those that attended the five year celebration of the opening of the hospital. We recognized those who have a history with the hospital.
- Clinical Update: Services are being expanded and focus is on giving 5 star care.
- Adventist is going live with the solar project. Peggy to reach out to Jenny regarding any plan changes for solar.

B. TVHD Report (Peggy Mendiburu)

- Attached.

VIII. CLOSED SESSION

None

X. CLOSED SESSION REPORT

None

XI. ADJOURNMENT

President Nixon adjourned the meeting at 10:25am

Lydia Chaney, Secretary
July 16, 2024

TEHACHAPI VALLEY HEALTHCARE DISTRICT
FINANCE COMMITTEE MINUTES
JUNE 10, 2024
116 W F Street
Tehachapi, CA 93561
12:30 PM

Board Members Present: Carl Gehricke, Lydia Chaney

Staff Present: Peggy Mendiburu, CEO, Lisa Hughes, Business Manager, and Ryan Dalmas

Transcribed by: Lisa Hughes

Approval: _____ Date: _____

I. CALL TO ORDER

Director Lydia Chaney called the Finance Committee Meeting to order at 12:30pm

II. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

None

III. APPROVAL OF MINUTES

May 15, 2024, minutes approved. **MSA: Gericke/Chaney**

IV. REPORTS

A. Finance Reports

Committee reviewed finance report for May 2024.

B. American Express

Committee reviewed American Express for May 2024.

C. Petty Cash

Reviewed May 2024 petty cash with no comments.

V. OLD BUSINESS

A. 20111 W. Valley Blvd.

CEO working on Cameras for around the building. Getting quotes for paint, flooring. New Gardner and Pest Control for Facility.

B. Taxhachapi, CPA & 6Pence Bookkeeping

Ryan Dalmas, and Julia are making the adjustments for the Year End to be completed for FY2024.

C. The committee decided to present Warrior Pantry in the Fall when school is in.

VI. BOARD COMMENTS ON BUSINESS NOT APPEARING ON THE AGENDA

None.

VII. ADJOURNMENT

Meeting adjourned at 12:56pm

TEHACHAPI VALLEY HEALTHCARE DISTRICT
Strategic Planning Committee - Special
May 16, 2024
116 West F Street
Tehachapi, CA 93561
12:30pm

Board Members Present: Mike Nixon, Lydia Chaney
Staff Present: Peggy Mendiburu, CEO, Lisa Hughes
Guests: No guests/public: Sarai Diaz, TVRPD; Corey Torres, TVRPD
Transcribed by: Peggy Mendiburu

Approval: _____ Date: _____

I. CALL TO ORDER

Mike Nixon called the meeting to order at 12:30pm

II. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

None

III. APPROVAL OF MINUTES

Approved 04/14/24 Strategic minutes: **MSA: Chaney/Mendiburu**

IV. NEW BUSINESS

A. Sponsor Request from Tehachapi Parks and Recreations – Movies in the Park

Peggy presented a request of \$5,000 sponsorship for Movies in the Park.

Sarai summarized the sponsorship:

- The \$5000 covers five movies that are free to the public. There are four scheduled for Meadow Park and one for Central Park. Benefits to the District is advertisement, logo on 5K shirts, and chance to promote at the events.

MSA: Nixon/Chaney to bring to the May Board meeting for consideration.

V. OLD BUSINESS

VI. Use of 116 West E Street Update

- A. We are obtaining paint and flooring quotes and working on advertising the space.
Waiting on sign change estimate.

VII. CEO Report (attached)

Peggy provided updates regarding the District (attached).

VIII. BOARD COMMENTS ON BUSINESS NOT APPEARING ON THE AGENDA

None.

IX. ADJOURNMENT

Meeting adjourned at 1:31pm

Current Committees and Director Placement:

- Finance Committee: Lydia Chaney, Carl Gehricke (meets monthly at 12:30pm)
- Strategic Planning Committee: Lydia Chaney, Mike Nixon (meets monthly at 12:30pm)
- Community Outreach Committee: Vacancy Steele, Lydia Chaney (meets quarterly)

July 16 2024, Board of Directors Meeting

TO: Board of Directors

FR: Peggy Mendiburu, CEO

RE: Outsource Finance Services

I am recommending outsourcing finance and payroll functions, which would require the elimination of the business manager position if approved by the board.

I have had two contractors come in, one for QuickBooks setup and training for the business manager, and the other for an internal audit. Both of their summaries are attached. My observations and recommendations are as follows:

- Since affiliation in 2016, the District has shrunk from approximately 200 staff to two. The finance tasks take significantly less time than before especially since moving to QuickBooks. I am estimating ten hours per week.
- Cost of the business manager position is \$85,000 per year (pay and benefits). Outsourcing would cost \$20,000 to \$25,000 for a savings of approximately \$65,000 per year. I am also looking at running payroll through QuickBooks, which would be a \$5500 savings per year in comparison to the current vendor.
- I have reached out to several small districts. Several have responded that they have outsourced finances and payroll and are very happy with the decision.
- As a District, our primary responsibility is to act in the best interests of the community.

Thank you for your consideration.



Contract Summary Review

Tehachapi Valley Health Care District

The original contract between Tehachapi Valley Health Care District (“District”) and 6Pence Bookkeeping began in December 2023. The scope of which was for 6Pence Bookkeeping to provide training on Quickbooks due to a software conversion from their previous accounting software solution. The scope of work was adjusted to include assistance with the “clean -up” of the current fiscal year records for accuracy.

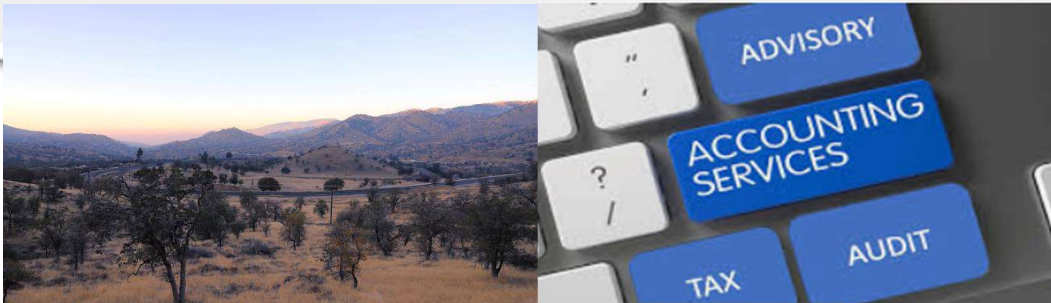
The reason for the change in scope is largely due to the discovery that the District’s accounting data was not being kept solely in the original accounting software program. Further examination of the processes and procedures that were being utilized revealed that there was duplication of data being processed through other software resources, such as Excel. These processes not only left the accuracy of the data vulnerable to error and difficult to audit, it also significantly increased the amount of time necessary to perform the accounting duties needed by the District.

It is my opinion that the change in software has removed the need for any extra efforts in the tracking of data, which will substantially cut down the number of hours relating to the bookkeeping. I would also suggest that District adjust their procedures for copying/storage of documents as well as payment of vendor invoices. There are various secure digital storage options available and utilizing electronic payments for vendors would reduce the need for paper checks, envelopes & postage further reducing costs in supplies & labor hours.

Dated: July 7, 2024

By: Julia Pence, CB 6Pence Bookkeeping, LLC

Tehachapi CPA



AUDITOR'S REPORT

Management & Board of Directors
Tehachapi Valley Healthcare District

We performed an internal audit of Tehachapi Valley Healthcare District (the District) for the fiscal year ending June 30, 2024. This internal audit assignment was conducted in accordance with approved Consulting Agreement executed on April 17, 2024.

Purpose

The purpose of our audit was to determine the effectiveness of the District's financial operations.

Scope

The scope of our audit included reviewing the District's compliance with accounting principles generally accepted in the United States of America for the fiscal year ended June 30, 2024.

Methodology

We conducted our audit in conformance with the Institute of Internal Auditors (IIA) International Standards of the Professional Practice of Internal Auditing, unless otherwise stated in this report. These standards require that the internal audit activity be independent and internal auditors be objective in performing their work. The Standards also require internal auditors perform their engagements with proficiency and due professional care; that the

internal audit function be subject to a program of quality assurance; and that the results of engagements are communicated. Audit work was conducted based on inquiry, observation, confirmation, reperformance, and included verification of supporting documentation and identified processes.

Quick and efficient implementation of audit recommendations/suggestions and observations further enhances the value of an audit. To assist in this process, we have identified four core categories for the classification of recommendations/suggestions and observations:

- 1) Compliance – Functioning in accordance with governing laws, regulations, policies, and other authoritative guidance.
- 2) Cost Reduction – Appropriately minimizing costs of District operations.
- 3) Efficiency – Performing effectively without duplication of effort or waste of time, material, or money on unnecessary activities.
- 4) Risk Reduction – Appropriately using techniques which mitigate or minimize operational or control risks.

Inherent Limitations in Any System of Internal Control

Due to inherent limitations in any system of controls, errors or irregularities may nevertheless occur and not be detected. Specific examples include, but are not limited to, resource constraints, carelessness, distraction, management override, poor judgment, and circumvention by collusion. Additionally, there is the possibility that the procedures may become inadequate due to changes in conditions and compliance with the procedures may deteriorate. Accordingly, our audit would not necessarily disclose all weaknesses in the Districts' operating procedures, accounting practices, and compliance with District policy.

Management Responsibilities in Terms of Governance, Risk, and Controls

Management is responsible for the establishment and maintenance of effective systems of governance to:

- Promote appropriate ethics and values within the District.
- Ensure effective organizational performance, management, and accountability.
- Communicate risk and control information to appropriate areas within the District.

In addition, management is responsible for the establishment and maintenance of an effective system of internal control and risk management. The objectives of the system of internal control are to provide management with reasonable, but not absolute, assurance that:

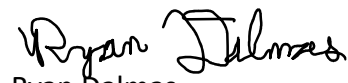
- Objectives are achieved.
- Financial and operational information is reliable.
- Operations and programs are efficient and effective.
- Assets are safeguarded.
- Laws, regulations, policies, procedures, and contracts are complied with as required.

- Risks are identified, appropriate risk responses selected, communicated, and managed.

The principal safeguard against fraud, misstatement, and/or irregularities is an effective system of internal control. However, due to limitations in any system of internal control, the prevention and detection of fraud is management's responsibility. Management is also responsible for implementing corrective actions to address process and control deficiencies.

Summary

This report includes our internal audit suggested improvements and observations looking at possible ways in which controls and operations could be improved to overcome identified weaknesses in control and increase the adequacy, efficiency, and effectiveness of controls based on the risk identified. The matters raised in this report are only those which have come to our attention arising from our audit that we believe should be brought to the attention of your Board. We have concluded that management of the District has satisfactorily established and maintained an effective process for governance, risk, and internal control in the areas examined with the exception of the suggested improvements and observations listed below. Each suggested improvement and observation is explained with the goal of avoiding future audit findings. This report is intended for the information and use of management, others within the District, and the Board of Directors. We would like to thank the District for their time and assistance on this engagement.


Ryan Dalmas
Senior Accountant
July 8, 2024

District Suggested Improvements & Observations For Fiscal Year Ended June 30, 2024

Suggested Improvements:

Suggestions for improvement are for issues that the auditor considers not to be of an immediate serious nature and/or for issues which the District is able to correct at the time of the audit. Unlike formal audit findings, written District responses are not required for these issues. Our suggestions are outlined below:

1. Statement of Net Position Accounts

We noted that the fiscal year 2023 Trial Balance provided to us out of Healthland did not agree to the ending statement of net position balances on the audited financial statements. We recommend that the District request/post AJEs from the external auditor if their books do not agree to the audited financials. Furthermore, we recommend that the District implement a “soft close” and “hard close” during their year-end procedures to ensure that final financial statement balances are correct in case of any proposed external audit adjustments.

Value added: *Compliance, Efficiency, Risk Reduction*

2. Capital Assets

We noted that the most recent depreciation schedule on the District shared drive was for fiscal year 2022 and that reliance was placed on the external auditor to provide/calculate depreciation figures. We recommend that the District update their depreciation schedule when there are any capital asset acquisitions or deletions and utilize this schedule to post depreciation.

Value added: *Compliance, Risk Reduction*

3. Capital Assets

We noted that the District’s depreciation schedule contained obsolete items including some that were related to the old hospital. We recommend that the District review its schedule at least annually for accuracy and completeness.

Value added: *Compliance, Risk Reduction*

4. Payroll

We noted that the District does not record a monthly payroll accrual nor a year-end payroll accrual. We recommend that the District accrue payroll expenses at least annually to ensure accurate financial records for management and the Board to utilize.

Value added: *Compliance, Risk Reduction*

5. Long Term Debt

We noted that the debt schedule was not updated for fiscal year 2024 as principal and interest payments became due. We recommend that the District update supporting schedules for internal analysis, external reporting and auditing.

Value added: *Compliance, Risk Reduction*

6. Tracing Testing

We tested 25 transactions per our attributes for correct accounting treatment noting that 4 of our samples required correction for amount, 2 samples required an adjusting journal entry for improvements that were originally expensed that should have been capitalized and 3 samples that were coded to the incorrect account. We recommend that the District review its financial accounts as part of their month-end close procedures to ensure accurate account classification and train staff on which accounts to use for various activity.

Value added: *Compliance, Efficiency*

7. Vouching Testing

We tested 25 transactions per our attributes for correct accounting treatment noting that 2 of our samples required correction for amount, 3 samples required an adjusting journal entry for purchases that were originally expensed that should have been capitalized and 6 samples that were coded to the incorrect account. We recommend that the District review its financial accounts as part of their month-end close procedures to ensure accurate account classification and train staff on which accounts to use for various activity.

Value added: *Compliance, Efficiency*

8. Journal Entry Approvals

We noted that there is not currently a formal review process for journal entries made in QuickBooks Online. We recommend that management include an electronic approval trail to show that there is proper oversight for journal entries.

Value added: *Compliance, Risk Reduction*

9. External Auditor Firm &/or Partner Rotation

We noted that the District has engaged Rick Jackson as the Partner on their external audit for the last 6 fiscal years (FY 2018 to FY 2023). We recommend that the District update and monitor their "Audit Firm & Partner Rotation Schedule" spreadsheet (created by us) to remain in compliance with Government Code section 12410.6(b) which does not allow a local agency to have the same audit partner perform audit services for more than 6 consecutive fiscal years. The District has requested a different partner for the FY 2024 external audit from JWT & Associates, LLP.

Value added: *Compliance, Cost Reduction, Risk Reduction*

Observations:

Observations are significant details that the auditor notices while in performance of the audit that may be important to the reader. They can be positive in nature; commending the District for taking initiative. They could also be negative in nature; however, if negative, they are not considered to be as significant as suggested improvements and written responses are not required. Our observations are outlined below:

1. Source Document Stamp & Approval Signatures

We tested transactions for appropriate supporting documents and management authorization without exception during our testing procedures.

Value added: *Compliance, Risk Reduction*

2. Bank Reconciliations

We recommend that the District have a monthly record (electronic or physical signatures) showing the preparer, reviewer and dates completed of bank reconciliations for District cash accounts pertaining to the prior month. Best business practice for the District would be to have their reconciliations completed and reviewed within a week of month-end to ensure discrepancies are resolved in a timely manner before monthly meetings are held.

Value added: *Efficiency, Risk Reduction*

3. Policies & Procedures

We noted there was duplicate documents and/or non-current versions of various District policies. We recommend that the District organize their shared drive to make policies, procedures and desk guides more accessible. Additionally, the District should refer to the California Special District Association's sample policy handbook when needing to update policy.

Value added: *Compliance, Risk Reduction*

RESOLUTION NO.____

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF TEHACHAPI VALLEY HEALTHCARE
DISTRICT SETTING THE PLACE FOR REGULAR
MEETINGS**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEHACHAPI
VALLEY HEALTHCARE DISTRICT** that the Board of Directors of Tehachapi Valley
Healthcare District shall hold regular meetings on the third Tuesday of each month at 10:00am
at the District's administrative office located at 116 West F Street, Tehachapi, CA 93561

PASSED, APPROVED, AND ADOPTED on the 16th day of July 2024

President

ATTEST

Secretary

RESOLUTION NO. 9

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
TEHACHAPI VALLEY HEALTHCARE DISTRICT
AFFIRMING THE DISTRICT'S INVESTMENT POLICY
AND APPROVING A BUDGET FOR THE FISCAL YEAR
COMMENCING JULY 1, 2024**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF TEHACHAPI
VALLEY HEALTHCARE DISTRICT** as follows:

1. Investment Policy.

The District's investment policy, Board Policy 4.00, is affirmed.

2. Budget.

The District's budget attached hereto as Exhibit "A", and incorporated herein by reference, is approved for the fiscal year commencing July 1, 2024.

PASSED, APPROVED AND ADOPTED on _____.

President

ATTEST:

Secretary

2025 Proposed Budget

Tehachapi Valley Healthcare District
 Annual Budget FY2025 PROPOSED
 Board Approved:

REVENUE

Tax Revenue	\$	1,225,935
Water Rights	\$	-
101 W E St. Rental Income	\$	60,000
Bad Debt Collections	\$	1,500
Private Pay	\$	-
Interest Income	\$	300,000

Total Revenue	\$	1,587,435
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EXPENSES

Salaries	\$	97,000	with 1 staff
Payroll Taxes	\$	8,000	with 1 staff
Payroll Billing	\$	600	
Staff- Health Ins	\$	50,000	
Active Directors - Health Ins	\$	-	
CALPERS Fees	\$	-	
Bond Financing Fees	\$	-	
Audit Fees	\$	20,000	
Legal Fees	\$	35,000	
Contractor/Consultants	\$	25,000	
Community/Staff Outreach	\$	20,000	
Dues/Subscriptions	\$	8,000	
Continuing Education - Staff	\$	5,000	
Continuing Education - Trustee	\$	3,000	
Trustee Stipends	\$	11,000	
Election Costs	\$	15,000	
Mileage	\$	1,500	
Program Materials & Actvts	\$	2,000	
Supplies	\$	5,000	
Software/IT	\$	30,000	
Postage	\$	1,000	
Advertising & Promotion	\$	5,000	
Repairs & Maintenance	\$	150,000	
Association Fees	\$	-	
Insurance	\$	50,000	
Office Rent	\$	-	
Storage Rent/Equip Lease	\$	8,000	
Telephone	\$	2,500	
Utilities	\$	10,000	
Licenses & Fees	\$	5,000	
Bank/Credit Card Charges	\$	100	

Total Expenses	\$	567,700	7.08% decrease
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Net Revenue	\$	1,587,435
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2025 Proposed Budget

Tehachapi Valley Healthcare District
 Annual Budget FY2025 PROPOSED
 Board Approved:

REVENUE

Tax Revenue	\$	1,225,935
Water Rights	\$	-
101 W E St. Rental Income	\$	60,000
Bad Debt Collections	\$	1,500
Private Pay	\$	-
Interest Income	\$	300,000

Total Revenue	\$	1,587,435
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EXPENSES

Salaries	\$	171,532	with 2 staff
Payroll Taxes	\$	13,052	with 2 staff
Payroll Billing	\$	600	
Staff- Health Ins	\$	50,000	
Active Directors - Health Ins	\$	-	
CALPERS Fees	\$	-	
Bond Financing Fees	\$	-	
Audit Fees	\$	20,000	
Legal Fees	\$	35,000	
Contractor/Consultants	\$	25,000	
Community/Staff Outreach	\$	20,000	
Dues/Subscriptions	\$	8,000	
Continuing Education - Staff	\$	5,000	
Continuing Education - Trustee	\$	3,000	
Trustee Stipends	\$	11,000	
Election Costs	\$	15,000	
Mileage	\$	1,500	
Program Materials & Actvts	\$	2,000	
Supplies	\$	5,000	
Software/IT	\$	30,000	
Postage	\$	1,000	
Advertising & Promotion	\$	5,000	
Repairs & Maintenance	\$	150,000	
Association Fees	\$	-	
Insurance	\$	50,000	
Office Rent	\$	-	
Storage Rent/Equip Lease	\$	8,000	
Telephone	\$	2,500	
Utilities	\$	10,000	
Licenses & Fees	\$	5,000	
Bank/Credit Card Charges	\$	100	

Total Expenses	\$	647,284	5.8% increase
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Net Revenue	\$	1,587,435
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BOARD POLICY 4.00

INVESTMENT POLICY

ARTICLE 1.

4-1.01 ESTABLISHMENT OF BUDGET

- (a) The CEO shall present a proposed budget to the Board prior to June 1 of each year.
- (b) The Board shall approve a budget by September 1 of each year.
- (c) The CEO shall recommend modifications of the budget to the Board if the approved budget is inadequate due to events occurring subsequent to the approval of the budget.
- (d) The CEO shall implement the approved or revised budget. Expenditures shall be made in accordance with the purchasing procedures set forth in these Bylaws.

4-1.02 FINANCIAL REPORTS

- (a) The District shall establish an appropriations limit by July 1 of each year.
- (b) The District shall request the board of supervisors and county auditor to levy and collect *ad valorem* taxes, other taxes and assessments by the third Monday in August of each year.
- (c) An annual or biannual audit shall be filed with the board of supervisors by September 1 of each year.
- (d) An annual financial statement shall be filed with the State Controller by September 1 of each year.
- (e) Voter approved indebtedness shall be reported to the State Controller by October 1 of each year.

4-1.03 GENERAL TAXES

The District shall not levy general taxes.

4-1.04 GENERAL ASSESSMENTS

District may levy assessments for operation and maintenance or to pay for capital improvements in accordance with the law.

ARTICLE 2. INVESTMENTS

4-2.01 GENERAL

The District may invest or deposit monies only as allowed by law. Investments shall be approved by the Board in accordance with the District Law and Government Code.

4-2.02 BASIC POLICY AND STATEMENT OF OBJECTIVES

In order of importance, the following criteria shall be followed in the investment program:

(a) Safety - Investments shall be made in a manner that ensures the preservation of principal and accrued interest. Diversification in types of investments is required to meet this goal.

(b) Return on Investment - Investments shall be made to produce an acceptable rate of return after first considering safety and liquidity.

(c) Liquidity - Investments shall be made whose maturity date is compatible with cash flow requirements to permit rapid conversion into cash without a substantial loss of value.

4-2.03 PRUDENT PERSON

Investments shall be made as if by a prudent person using the same discretion and intelligence a person would use in managing personal affairs and certainly not for speculation.

4-2.04 AUDITOR

An independent auditor shall perform an annual audit of the District's financial statements.

4-2.05 PERMITTED INVESTMENT

(a) The District may invest monies not required for expenditure during the terms of the investment without first securing further Board approval if the investment is one of the following types:

- (1) Local Agency Investment Fund of the State of California.
- (2) Time certificates of deposits issued by a nationally or state chartered bank or a state or federal association located within the State of California if fully secured by federal insurance or approved collateral at the required percentage of market value.
- (3) United States treasury notes, bonds, bills, or certificates of indebtedness or those for which the full faith and credit of the United States are pledged for payment of principal and interest.

(b) The District may invest monies not required for expenditure during the term of the investment only after securing further Board approval if the investment is one of the following types:

- (1) Bonds issued by the District.

(2) Registered state warrants or treasury notes or bonds of the State of California or by a department board, agency or authority of the State.

(3) Bonds, notes, warrants for other evidences of indebtedness of any local agency within this state.

(4) Obligations issued by banks or cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or in obligations, participation or other instruments of or issued by or fully guaranteed as to principal and interest by the Federal National Mortgage Association; or in guaranteed portions of Small Business Administration notes; or in obligations, participation or other instruments of, or issued by a federal agency, or a United States Government sponsored enterprise.

(5) Repurchase agreements for securities.

(6) Time certificates of deposit issued by a nationally or state chartered bank or a state or federal association located outside of the State of California if secured by federal insurance.

(c) No investment shall be purchased:

(1) On margin;

(2) "Forward" or "in the future";

(3) Based on foreign currency; or

(4) Which are shares of beneficial interest issued by diversified management companies as described in Government Code section 53601(l).

(d) No investment shall be made with a maturity date greater than five years from the date of purchase unless specifically authorized by the Board or as a part of a program no less than three months prior to the date of purchase.

4-2.06 INVESTMENT PROCEDURE

(a) In making investments the District shall observe the limitations contained in the Government Code, including section 53601, and stated herein.

(b) The Board is responsible for selecting the proper mix of investments taking into account limits imposed by law and the need for liquidity. When deposits or investments owned by the District mature or when other monies are available for investment or deposit, the monies may be deposited or invested in the Local Agency Investment Fund or other permitted investments.

(c) Investments shall be held in the name of the District. Investment documents shall be held for safekeeping in the District vault or in a depository approved by the Board. The Board shall execute such documents necessary to provide evidence of the Treasurer's trading authority as set forth herein.

4-2.07 REPORTS

(a) The Treasurer shall present quarterly reports on investments to the CEO and Board. The report shall show: the type of investment, how title is held, institution, date of maturity, amount of deposit, current market value for all securities with a maturity of more than

12 months, rate of interest, the relationship of each investment to this investment policy, information showing that expenditure requirements can be met in the following quarter and specify investments made pursuant to Government Code sections 53601(i), 53601.1 and 53635(i).

(b) The finance committee shall review investments held by the District on or about January 1 and July 1 of each year. The Committee shall make an annual report and recommendation to the Board concerning implementation or changes in this policy.

(c) This investment policy shall be reviewed annually or more often, as necessary.

ARTICLE 3. SAVINGS DEPOSIT AND CHECKING ACCOUNTS

4-3.01 DEPOSITS

(a) The District shall establish one or more deposit accounts with State or national banks or savings associations upon such terms and conditions as may be agreed upon. The Chair and Treasurer shall establish such accounts in the name of the District for general fund and bond interest and redemption fund expenditures.

(b) Upon maturity, investments shall be deposited into the District's checking or savings accounts on the approval of one of the following officers: Chair or Treasurer.

4-3.02 SAFE DEPOSIT BOXES

The CEO may obtain safe deposit boxes at State or national banks or savings associations for use of the District. Two of the following must authorize access: CEO, CFO and a Director.

4-3.03 PETTY CASH ACCOUNT

The Chair and Treasurer shall create and the District shall maintain an imprest fund, known as the petty cash account, in the amount of \$1,000. Disbursements shall be accompanied by paid receipts. The Treasurer shall report to the Board on disbursements from the petty cash account.

4-3.04 ACCOUNTING PRACTICES

(a) The District shall maintain books of account in accordance with generally accepted accounting practices as promulgated by governmental accounting standards board showing the status of monies received and disbursed.

(b) Funds and accounts shall be maintained as necessary to accomplish this purpose, as follows:

- (1) General (may be used for any lawful purpose):
 - (i) Petty cash; and
 - (ii) Other.
- (2) Special (may be used only for specified purposes):

- (i) Bond proceeds (construction);
- (ii) Tax proceeds (bond interest and redemption);
- (iii) Tax proceeds (State project debt).

4-3.05 CHECK REGISTER

(a) A check register showing the check number, payee, amount, the fund upon which it is drawn and the purpose of each check, shall be prepared by the Treasurer, and presented to the Finance Committee at regular meetings. Invoices and other supporting documents will be available for inspection by any Director. The CEO and CFO are authorized to disburse checks in the normal course of business, provided the check register is presented to the Finance Committee at its next regular meeting.

(b) Checks to pay utility bills, postage, emergencies and invoices subject to discount and inter-fund transfers may be disbursed prior to the Finance Committee approval. Such items shall be set forth on a supplemental check register or included on the next regular check register and presented to the Board dependent on timing of actual check delivery.

(c) Checks drawn to pay demands that have been approved by the Board shall be signed by the CEO, CFO, Controller or members of the Board. Two signatures are required on every check drawn.

4-3.06 OTHER

(a) Transactions described herein, including opening or closing checking accounts, shall be accomplished by the designated officer in the name of the District. Action by the Board is required for each transaction unless otherwise indicated herein. Withdrawals shall be supported by receipts indicating the purpose of the withdrawal, the amount and the employee responsible for the withdrawal.

(b) An officer may receive non-negotiable instruments on behalf of the District but such instruments shall be forthwith remitted to the Treasurer for handling.

TVHD CEO REPORT
Peggy Mendiburu
July 2024

District Finances June 2024

- June 2024 financials attached.
- Working on year-end close and audit work should begin in the next three weeks.

District Administration Update

- The Guild insulation project should occur this month. There were issues with registering the project. Cost is \$16K.
- The District sponsored a Golf Tee Box and visors for the Police Foundation golf tournament.
- Working on coordinating volunteers for the community garden. The original idea and agreement with the Humanitarian Group was to provide them growing space. The District has donated time, goods, and money to the project. It is time to go back to the original plan.
- I attended the CSDA General Manager Summit and took away a lot of knowledge and networked with several district managers who provided a wealth of information on how they run their Districts.
- Per request by the Board, I passed the notary test and am waiting on my recertification from the Secretary of State.

Valley Strong

Beginning Balance	37,500.71
Rent Income	2,650.00
Bad Debt Recovery	70.00
Advertising	(1,582.08)
Community Outreach	(3,730.46)
Contractor	(5,200.00)
Employee Benefits	(144.14)
Equipment Rental	(137.69)
Fuel	(15.00)
Health Insurance	(4,437.97)
IT	(3,374.94)
Legal	(1,837.50)
License/Fees	(40.00)
Membership Dues	(100.00)
Office Supplies	(13,141.16)
Outside Training	(365.19)
Postage	(68.00)
Repairs & Maintenance	(4,617.27)
Security	(40.00)
Stipends	(500.00)
Storage	(191.20)
Supplies	(513.00)
Utilities	(1,265.45)
Ending Balance	(1,080.34)

Valley Strong Payroll	
Beginning Balance	65,258.14
Wages	(13,752.69)
Payroll Taxes	(539.90)
Employee Benefits	(400.00)
Payroll Billing	(104.37)
Bank Fees	(15.00)
Ending Balance	50,446.18

Valley Strong Money Market	
Beginning Balance	4,299,591.21
Property Tax Income	60,319.29
Water Rights Income	45,500.00
Interest Income	15,671.44
Third Party Fees	(450.00)
Ending Balance	4,420,631.94

Bank of Sierra Payroll	
Beginning Balance	85,102.81
Year End Closing Entry	(85,087.81)
Bank Fee	(15.00)
Ending Balance	-

LAIF	
Beginning Balance	5,715,865.00
Adj Duplicate Interest	
Recorded in Error	(59,802.36)
Ending Balance	5,656,062.64

Valley Strong Savings	
Beginning Balance	8,691.73
Interest Income	0.36
Ending Balance	8,692.09

Bank Of Sierra	
Beginning Balance	224,572.89
No Activity	
Ending Balance	224,572.89

Total Bank Accounts	10,359,325.40
Petty Cash	588.26
	10,359,913.66