Del Puerto Health Care District

Financial Statements and Supplementary Information

Years Ended June 30, 2025 and 2024

WIPFLI

Independent Auditor's Report

Board of Directors
Del Puerto Health Care District
Patterson, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Del Puerto Health Care District (the "District"), which comprise the statements of net position as of June 30, 2025 and 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2025 and 2024, and the changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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.

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms."

Auditor's Responsibility 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 auditor's report that includes our opinion. 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 GAAS and *Government Auditing Standards* 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 GAAS and *Government Auditing Standards,* 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 a management's discussion and analysis on pages 4 through 8, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms."

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the schedule of expenditures of federal awards is 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 January 27, 2026, 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 solely 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 the effectiveness of District's 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.

Wipfli LLP

Wipfli LLP

January 27, 2026

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms."

Del Puerto Health Care District

Management's Discussion and Analysis

Years Ended June 30, 2025, 2024, and 2022

Our discussion and analysis of the financial performance of Del Puerto Health Care District (the "District") provides an overview of the District's financial activities for the fiscal years ended June 30, 2025, 2024, and 2023. Please read it in conjunction with the District's financial statements, which begin on page 10.

Financial Highlights

- The District's net position increased by $2,075,000 in the past year from $10,983,000 at June 30, 2024, to $13,058,000 at June 30, 2025. In the prior year, the District's net position increased by $2,692,000 from $8,291,000 at June 30, 2023, to $10,983,000 at June 30, 2024.

- Gross patient revenue increased 1% from $15,131,000 in fiscal year 2024 to $15,176,000 in fiscal year 2025. In the prior year, gross patient revenue increased 9% from $13,850,000 in fiscal year 2023 to $15,131,000 in fiscal year 2024.

- Revenue deductions decreased 7% in the past year from $7,132,000 to $6,647,000. In the prior year, revenue deductions increased 10% from $6,508,000 in fiscal year 2023 to $7,132,000 in fiscal year 2024.

- Operating expenses increased 14% in the past year from $7,960,000 in fiscal year 2024 to $9,057,000 in fiscal year 2025. In the prior year, operating expenses increased 14% from $6,988,000 in fiscal year 2023 to $7,960,000 in fiscal year 2024.

Using This Annual Report

The District's financial statements consist of three statements—statements of net position; statements of revenues, expenses, and changes in net position; and statements of cash flows. These financial statements and related notes to the financial statements provide information about the activities of the District, including resources held by the District.

The Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position

The District's financial statements begin on page 10. One of the most important questions asked about the District's finances is, "Is the District as a whole better or worse off as a result of the year's activities?" The statements of net position and statements of revenues, expenses, and changes in net position report information about the District's resources and its activities in a way that helps answer this question. These statements include all assets and liabilities measured using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The two statements referred to above report the District's net position and its changes. The District's net position—the difference between assets and liabilities—is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are indicators of whether its financial health is improving or deteriorating. Readers should also consider other nonfinancial factors, such as changes in the District's patient base, measures of quality of service it provides to the community, and local economic factors to assess the overall health of the District.

The Statements of Cash Flows

The final required statement is the statement of cash flows. This statement reports cash receipts, cash payments, and changes in cash balances resulting from operating, investing, and financing activities. It provides answers to such questions as, "Where did cash come from?", "What was cash used for?", and "What was the change in cash balances during the reporting period?"

The District's Net Position

The District's net position is the difference between the assets and liabilities reported in the statements of net position on pages 9 and 10.

Condensed Statements of Net Position (In Thousands)

June 30,	2025	2024	2023	2025-2024 Change	2024-2023 Change
Assets:					
Other assets	$ 19,659	$ 8,315	$ 5,613	$ 11,344	$ 2,702
Capital assets	5,712	5,109	4,961	603	148
Total assets	$ 25,371	$13,424	$ 10,574	$ 11,947	$ 2,850
Liabilities:					
Other liabilities	$ 976	$ 844	$ 556	$ 132	$ 288
Long-term liabilities	11,128	1,301	1,371	9,827	(70)
Total liabilities	12,104	2,145	1,927	9,959	218
Deferred inflows of resources - leases	208	295	356	(87)	(61)
Net position:					
Net investment in capital assets	4,411	3,738	3,522	673	216
Restricted for debt service	10,023	123	123	9,900	-
Unrestricted	(1,376)	7,122	4,646	(8,498)	2,476
Total net position	13,058	10,983	8,291	2,075	2,692
TOTAL LIABILITIES AND NET POSITION	$ 25,371	$13,424	$ 10,574	$ 11,947	$ 2,850

Condensed Statements of Revenues, Expenses, and Changes in Net Position (In Thousands):

Years Ended June 30,	2025	2024	2023	2025-2024 Change	2024-2023 Change
Operating revenue:					
Gross patient service revenue	$ 15,176	$ 15,131	$ 13,850	$ 45	$ 1,281
Contractual adjustments	(6,647)	(7,132)	(6,508)	485	(624)
Provision for bad debts	(352)	(686)	(901)	334	215
Net patient service revenue	8,176	7,312	6,441	864	871
Other operating revenue	24	119	48	(95)	71
Total operating revenue	8,201	7,432	6,489	769	943
Operating expenses:					
Salaries and wages	4,571	3,851	3,341	720	510
Employee benefits	1,152	949	866	203	83
Professional fees	601	566	579	35	(13)
Purchased services	751	657	637	94	20
Supplies	190	217	175	(27)	42
Utilities	82	79	75	3	4
Rental and lease	5	3	5	2	(2)
Insurance	432	408	347	24	61
Repairs and maintenance	147	104	122	43	(18)
Depreciation	366	345	346	21	(1)
Other	760	781	495	(21)	286
Total operating expenses	9,057	7,960	6,988	1,097	972
Loss from operations	(856)	(528)	(499)	(328)	(29)
Nonoperating revenue - Net	2,931	3,221	2,022	(290)	1,199
Increase in net position	2,075	2,692	1,523	(617)	1,169
Net position - At beginning of year	10,983	8,291	6,768	2,692	1,523
Net position - At end of year	$ 13,058	$ 10,983	$ 8,291	$ 2,075	$ 2,692

Operating Revenue And Expenses

Gross patient service revenue increased by $45,000 compared with an decrease of $485,000 in revenue deductions. This change is primarily due to increased patient visits in the Health Clinic. The increase in the revenue deductions is the result of growth in patient service revenue.

Total operating expenses increased by $1,097,000 from $7,960,000 in fiscal year 2024 to $9,057,000 in fiscal year 2025. This change is primarily because of an increase in salaries and wages due to higher personnel costs and benefits during the year.

Nonoperating Revenue

For fiscal year 2025, nonoperating revenue consisted primarily of tax revenue. The District received $2,656,000 in tax revenue. During 2024, tax revenue received by the District totaled $3,021,000. In addition, the District received rental income of $113,000 in fiscal year 2025 and $106,000 in fiscal year 2024 and earned $226,000 of investment income in 2025 and $83,000 in 2024.

The District's Cash Flows

Changes in the District's cash flows are consistent with changes in operating revenue and nonoperating revenue and expenses discussed earlier.

Capital Assets and Accumulated Depreciation

As of June 30, 2025 and 2024, the District had $5,712,000 and $5,109,000, invested in capital assets, net of accumulated depreciation. The historical cost and additions to capital assets and the changes in accumulated depreciation are detailed in the following table:

Capital Assets and Accumulated Depreciation (In Thousands):

June 30,	Balance 2024	Additions	Disposals	Transfers and Adjustments	Balance 2025
Land and improvements	$ 739	$ -	$ -	$ -	$ 739
Buildings and leasehold improvements	5,095	-	-	-	5,095
Fixed and moveable equipment	2,271	47	(114)	-	2,204
Subtotal	8,105	47	(114)	-	8,038
Less: Accumulated depreciation	(3,115)	(366)	114	-	(3,367)
Subtotal	4,990	(319)	-	-	4,671
Construction in progress	119	929	(7)	-	1,041
Capital assets - Net	$ 5,109	$ 611	$ (7)	$ -	$ 5,712

	Balance 2023	Additions	Disposals	Transfers and Adjustments	Balance 2024
Land and improvements	$ 739	$ -	$ -	$ -	$ 739
Buildings and leasehold improvements	5,049	-	-	46	5,095
Fixed and moveable equipment	1,857	54	-	360	2,271
Subtotal	7,645	54	-	406	8,105
Less: Accumulated depreciation	(2,770)	(345)	-	-	(3,115)
Subtotal	4,875	(291)	-	406	4,990
Construction in progress	85	439	-	(406)	119
Total	$ 4,960	$ 148	$ -	$ -	$ 5,109

Noncurrent Liabilities

At June 30, 2025, the District's liabilities consisted of USDA notes payable totaling $1,301,000 and revenue bond notes payable of $9,900,000. Of these amounts, $73,000 is due in installments over the next 12-month period.

At June 30, 2024,, the District's liabilities consisted of USDA notes payable totaling $1,370,517. Of that amount, $69,843 was due in 2025.

Contacting the District's Financial Management

This financial report is designed to provide our patients, creditors, and members of our community with a general overview of the District's finances and to show the District's accountability for the money it receives. For questions about this report or for additional financial information, please contact the Administrative Director/Chief Executive Officer at Del Puerto Health Care District, 875 E Street, Patterson, CA 95363.

Del Puerto Health Care District

Statements of Net Position

June 30,	2025	2024
Current assets:		
Cash and cash equivalents:		
Cash	$ 1,350,555	$ 2,265,627
Restricted Cash:		
Reserved for debt service	122,985	122,960
Restricted funds from construction loans	9,900,000	-
Receivables:		
Patient accounts - Net	1,126,187	948,993
Estimated third-party payor settlements	886,033	313,213
Current portion of leases receivable	81,803	87,307
Other receivables	92,067	120,047
Inventory	64,577	37,869
Prepaid expenses	150,074	148,544
Total current assets	13,774,281	4,044,560
Noncurrent assets:		
Board-designated cash and cash equivalents	-	148,655
Board-designated investments	5,759,592	3,913,635
Leases receivable, net of current portion	126,309	208,111
Total noncurrent assets	5,885,901	4,270,401
Capital assets:		
Nondepreciable capital assets	1,778,349	856,959
Depreciable capital assets - Net	3,933,337	4,251,754
Total capital assets - Net	5,711,686	5,108,713
TOTAL ASSETS	$ 25,371,868	$ 13,423,674

Del Puerto Health Care District

Statements of Net Position (Continued)

June 30,	2025	2024
Current liabilities:		
Current portion of long-term debt	$ 72,545	$ 69,843
Accounts payable	369,270	306,160
Deposits held for others	5,000	5,000
Accrued compensation and related liabilities	530,330	463,112
Total current liabilities	977,145	844,115
Noncurrent liabilities:		
Long-term debt - Less current portion	11,128,128	1,300,674
Total liabilities	12,105,273	2,144,789
Deferred inflows of resources - Leases	208,112	295,418
Net position:		
Net investment in capital assets	4,411,013	3,738,196
Restricted for debt service and capital improvements	10,022,985	122,960
Unrestricted	(1,375,515)	7,122,311
Total net position	13,058,483	10,983,467
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 25,371,868	$ 13,423,674

See accompanying notes to financial statements.

Del Puerto Health Care District

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30,	2025	2024
Operating revenue:		
Net patient service revenue	$ 8,176,597	$ 7,312,395
Other operating revenue	24,962	119,438
Total operating revenue	8,201,559	7,431,833
Operating expenses:		
Salaries and wages	4,570,464	3,850,700
Employee benefits	1,151,855	948,565
Professional fees	601,323	565,748
Purchased services	750,615	656,933
Supplies	190,346	216,709
Utilities	82,437	79,131
Rental and lease	5,343	2,702
Insurance	432,426	407,798
Repairs and maintenance	147,041	103,586
Depreciation	365,524	344,984
Other	759,830	783,248
Total operating expenses	9,057,204	7,960,104
Loss from operations	(855,645)	(528,271)
Nonoperating revenue (expenses):		
Property taxes	2,656,144	3,020,623
Rental income	113,386	106,178
Grants	4,528	10,294
Investment income	227,060	82,609
Interest expense	(33,303)	(18,674)
Unrealized gain on investments	-	35,435
Other	(37,154)	(15,896)
Total nonoperating revenue - Net	2,930,661	3,220,569
Increase in net position	2,075,016	2,692,298
Net position - Beginning of year	10,983,467	8,291,169
Net position - End of year	$ 13,058,483	$ 10,983,467

See accompanying notes to financial statements.

Del Puerto Health Care District

Statements of Cash Flows

Years Ended June 30,	2025	2024
Cash flows from operating activities:		
Receipts from and on behalf of patients	$ 7,426,583	$ 7,144,035
Receipts (payments) of other operating revenue	29,069	119,438
Payments to employees	(5,655,101)	(4,708,318)
Payments to suppliers	(2,934,489)	(2,688,943)
Net cash used in operating activities	(1,133,938)	(133,788)
Cash flows from noncapital financing activities:		
Property taxes received	2,680,017	3,012,742
Other nonoperating expense	(70,431)	(5,602)
Net cash provided by noncapital financing activities	2,609,586	3,007,140
Cash flows from capital and related financing activities:		
Principal payments on long-term debt	(69,844)	(68,096)
Proceeds from long-term debt	9,900,000	-
Interest payments on long-term debt	(56,936)	(50,452)
Purchase of capital assets	(968,497)	(492,949)
Net cash provided by (used in) capital and related financing activities	8,804,723	(611,497)
Cash flows from investing activities:		
Net (purchase) sale of investments	(1,845,957)	(1,800,076)
Gain on sale for investments	37,805	-
Interest received	250,693	114,387
Rental income received	113,386	106,178
Net cash used in investing activities	(1,444,073)	(1,579,511)
Net change in cash and cash equivalents	8,836,298	682,344
Cash and cash equivalents - Beginning of year	2,537,242	1,854,898
Cash and cash equivalents - End of year	$ 11,373,540	$ 2,537,242
Reconciliation of total cash:		
Cash and cash equivalents	$ 1,350,555	$ 2,265,627
Restricted cash and cash equivalents	10,022,985	122,960
Board-designated cash and cash equivalents	-	148,655
Total cash and cash equivalents	$ 11,373,540	$ 2,537,242

Del Puerto Health Care District

Statements of Cash Flows (Continued)

Years Ended June 30,	2025	2024
Reconciliation of loss from operations to net cash used in operating activities:		
Loss from operations	$ (855,645)	$ (528,271)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	365,524	344,984
Provision for uncollectible accounts	352,256	686,393
Change in assets and liabilities:		
Receivables:		
Patient accounts	(529,450)	(1,086,482)
Estimated third-party payor settlements	(572,820)	(251,372)
Taxes and other	4,107	483,101
Inventory	(26,708)	26,878
Prepaid expenses	(1,530)	(95,174)
Accounts payable	63,110	195,208
Accrued compensation and related liabilities	67,218	90,947
Total adjustments	(278,293)	394,483
Net cash used in operating activities	$ (1,133,938)	$ (133,788)

See accompanying notes to financial statements.

Del Puerto Health Care District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Reporting Entity

Del Puerto Health Care District (the "District") is a public entity organized under the Local Health Care District Law as set forth in the Health and Safety Code of the State of California. The District operates a federally designated rural health clinic (RHC), providing physician and related healthcare services, and an advanced life support ambulance service for the community of Patterson and the surrounding area. As a political subdivision of the State of California, the District is generally not subject to federal or state income taxes. The Board of Directors consists of five residents of the District elected or appointed to four-year terms.

The District provides healthcare services to patients in western Stanislaus County, California. The services provided include adult, pediatric, and industrial health services, as well as healthcare education, diabetes education for the public, laceration treatment, and asthmatic treatment programs. The ambulance service offers 24-hour emergency medical services, as well as event standby services. As part of the future growth plan, the District purchased a building in June 2016, which it currently operates and leases to 75% healthcare-related tenants (physical therapy and orthodontics) until such time as it may be needed for operational purposes.

Basis of Accounting

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body in the United States for establishing governmental accounting and financial reporting principles.

The District uses enterprise fund accounting. Revenue and expenses are recognized on the accrual basis using the economic resources measurement focus.

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying financial statements in conformity with GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The District considers significant accounting estimates to be those that require more significant judgments and include the valuation of accounts receivable, including contractual allowances and provision for uncollectible accounts, and the estimated third-party payor settlements.

Note 1: Summary of Significant Accounting Policies (Continued)

Cash Equivalents

The District considers cash and investments with an original maturity of three months or less to be cash equivalents.

Board-Designated Cash and Cash Equivalents

Noncurrent cash and cash equivalents include designated assets set aside by the Board of Directors for certain debt agreements over which the Board of Directors retains control and which it may, at its discretion, use for other purposes.

Board-designated investments

Board-designated investments include Board-designated assets to be used for future capital improvements over which the Board retains control and may, at its discretion, use for other purposes.

Patient Accounts Receivable and Credit Policy

Patient accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from local residents, most of whom are insured under third-party payor agreements. The District bills third-party payors on the patients' behalf, or, if a patient is uninsured, the patient is billed directly. Once claims are settled with the primary payor, any secondary payor is billed, and patients are billed for copay and deductible amounts that are the patients' responsibility. Payments on patient accounts receivable are applied to the specific claim identified on the remittance advice or statement. The District does not have a policy to charge interest on past due accounts. Patient accounts receivable are recorded in the accompanying statements of net position net of contractual adjustments and an allowance for doubtful accounts, which reflects management's estimate of the amounts that will not be collected. Management provides for contractual adjustments under terms of third-party reimbursement agreements through a reduction of gross patient service revenue and a credit to patient accounts receivable.

In addition, management provides for probable uncollectible amounts, primarily for uninsured patients and amounts patients are personally responsible for, through a reduction of gross revenue and a credit to a valuation allowance.

In evaluating the collectibility of patient accounts receivable, the District analyzes past results and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for uncollectible accounts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

Note 1: Summary of Significant Accounting Policies (Continued)

Patient Accounts Receivable and Credit Policy (Continued)

Specifically, for receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely.

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the District records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Lease Receivable

The District is a lessor in multiple noncancelable leases. The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the District's incremental borrowing rate. The District uses the incremental borrowing rate based on the information available at the commencement date for all leases. The District's incremental borrowing rate is the same rate used for the determination of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

New Accounting Pronouncements

GASB Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users byupdating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for comensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The adoption of this statement was retroactively applied, resulting in no effect on 2025 and 2024 net position.

Note 1: Summary of Significant Accounting Policies (Continued)

Inventories

Inventories consist of pharmaceutical, medical-surgical, and other supplies and are valued at the lower of cost or net realizable value, determined on the average-cost method.

Capital Assets and Equipment

Property and equipment acquisitions are recorded at cost if purchased or, if donated, at acquisition value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method.

Depreciation and amortization have been computed using the straight-line method over the following estimated useful service lives:

Land improvements	10 to 15 years
Buildings and improvements	10 to 40 years
Fixed and major moveable equipment	3 to 15 years
IT equipment and software	3 to 10 years

Deferred Inflows of Resources

Lease-related amounts are recognized at the inception of leases in which the District is the lessor. A deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Net Position

Net position is reported in three categories:

Net investment in capital assets: This category consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build, acquire, or improve those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the construction, acquisition, or improvement of those assets or the related debt are also included in this category.

Restricted for debt service: This category consists of noncapital assets whose use is restricted, reduced by liabilities and deferred inflows of resources related to those assets. Net position is reported as restricted when limitations are imposed on its use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position (Continued)

Unrestricted: This category consists of the remaining net position that does not meet the definition of the two preceding categories, including amounts the Board has designated for specific purposes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, at the discretion of the District and in compliance with provisions outlined as such.

Operating Revenue and Expenses

The District's statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with providing healthcare services, the District's principal activity. Nonexchange revenue, including grants, property taxes, and contributions received for purposes other than capital asset acquisition, is reported as nonoperating revenue. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs.

Net Patient Service Revenue

The District recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. Certain third-party payor reimbursement agreements are subject to audit and retrospective adjustments. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The provision for uncollectible accounts is offset by recoveries that are received on prior-year bad debts from patient payments.

Grants and Contributions

The District receives grants, as well as contributions. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or capital purposes. Amounts that are unrestricted or are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue (expenses).

Note 2: Cash, Cash Equivalents, and Investments

Deposits:

As of June 30, 2025 and 2024, the District had deposits invested in various financial institutions in the form of operating cash and cash equivalents amounted to $11,250,555 and $2,414,282, respectively. All of these funds were held in deposits, which are collateralized in accordance with the California Government Code (CGC), except for $250,000 per federally insured institution.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The risk that, in the event of a bank failure, the District's deposits might not be recovered. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 for demand deposits and an additional $250,000 for time deposits. The entire balance held at the bank is subject to the collateralization agreement in addition to the FDIC coverage.

Under the provisions of the CGC, California banks and savings and loan associations are required to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure District 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. The pledged securities are held by the pledging financial institution's trust department in the name of the District.

Cash and cash equivalent consisted of the following as of June 30:

	2025	2024
Demand deposits	$ 11,373,200	$ 2,536,902
Cash on hand	340	340
Total cash and cash equivalents	$ 11,373,540	$ 2,537,242

The composition of cash and cash equivalents consisted of the following as of June 30:

	2025	2024
Current:		
Unrestricted cash and cash equivalents	$ 1,350,555	$ 2,265,627
Restricted for debt service	122,985	122,960
Restricted funds from construction loans	9,900,000	-
Noncurrent:		
Board-designated cash and cash equivalents	-	148,655
Total cash and cash equivalents	$ 11,373,540	$ 2,537,242

Note 2: Cash, Cash Equivalents, and Investments (Continued)

Restricted for Debt Service: Under the terms of the U.S. Department of Agriculture (USDA) Rural Development loan, the District is required to maintain a separate debt service reserve fund equal to an average annual loan installment, which will be accumulated at the rate of one-tenth of the monthly payment until the required level is met.

Restricted funds from Construction Loans: Amounts received from issuance of revenue bonds in 2025 restricted for future capital improvements.

Board-designated Cash and Cash Equivalents: This is a board designated holding account for mitigation fees.

Board-designated Investments:

Fair Value Measurements – The following is a description of the valuation methodology used for assets measured at fair value.

U.S. Treasury notes and mutual funds are valued at the closing price for identical assets traded on active markets.

Corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the District believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The District is a participant in the Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The LAIF is not a registered investment company with the U.S. Securities and Exchange Commission. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The LAIF investment is not subject to fair value measurement.

Note 2: Cash, Cash Equivalents, and Investments (Continued)

The following tables set forth by level, within the fair value hierarchy, the District's assets measured at fair value on a recurring basis as of June 30:

	2025			
	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total
Assets not subject to fair value measurement:				
Prime Fund	$ 5,206,793	$ -	$ -	$ 5,206,793
LAIF	552,799	-	-	552,799
Total assets not subject to fair value measurement	5,759,592	-	-	5,759,592
Total Board-designated investments	$ 5,759,592	$ -	$ -	$ 5,759,592

	2024			
	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total
Corporate Bonds	$ -	$ 517,818	$ -	$ 517,818
US Treasury Notes	165,759	-	-	165,759
Mutual Fund	114,151	-	-	114,151
Total assets measured at fair value measurement	279,910	517,818	-	797,728
Assets not subject to fair value:				
Cash Equivalents	4,054	-	-	4,054
Prime Fund	2,583,659	-	-	2,583,659
LAIF	528,194	-	-	528,194
Total assets not subject to fair value measurement	3,115,907	-	-	3,115,907
Total Board-designated investments	$ 3,395,817	$ 517,818	$ -	$ 3,913,635

Note 2: Cash, Cash Equivalents, and Investments (Continued)

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits its investment portfolio to the Local Agency Investment Guidelines promulgated by the California Debt & Investment Advisory Commission with the following exceptions:

- Equity mutual fund investments may not exceed 20% of the total portfolio.
- At least 75% of equity investments must be U.S. equities; the remaining 25% may be international.
- At least 75% of equity investments must be large cap growth or value; the remaining 25% may be invested in small cap or mid cap.
- All equity investments are not to exceed 25% in any one mutual fund.

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 assignment of a rating by a nationally recognized statistical rating organization. The District has an investment policy that limits its investment choices by credit rating. LAIF is not rated.

Concentration of Credit Risk - The California Government Code limits the purchase of certain investments to defined percentages of the investment portfolio.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to the transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's investment policy does not limit the exposure to custodial credit risk for investments. All investments are held by the District's agent in the District's name and, therefore, are not exposed to custodial risk.

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. One of the ways that the District manages its exposure to interest rate risk is 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.

Note 2: Cash, Cash Equivalents, and Investments (Continued)

The table below identifies the investment types that are authorized for the District by the CGC. The table also identifies certain provisions of the CGC that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the CGC.

Authorized investment type:	Maximum maturity:	Maximum percentage of portfolio:*	Maximum investment in one issuer:
Local agency bonds	5 years	None	None
U.S. Treasury obligations	5 years	None	None
U.S. agency securities	5 years	None	None
Banker's acceptances	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 value	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
LAIF	N/A	None	None
JPA pools (other investment pools)	N/A	None	None

* Excluding amounts held by bond trustee that are not subject to CGC restrictions.

Note 3: Reimbursement Arrangements With Third-Party Payors

The District has agreements with third-party payors that provide for payments to the District at amounts different from established rates. A summary of the basis of reimbursement from major third-party payors by enterprise operation is as follows:

Health Center

Medicare - The District's health center is designated as a RHC. Under this designation, ambulatory patient care and professional services provided by physicians and other clinicians are paid for on a cost-reimbursement methodology, subject to a maximum rate per visit that is updated annually based on the Medicare Economic Index.

Medi-Cal - Fee-for-service and managed-care patient encounters are reimbursed based on prospectively determined fee schedules per eligible visit.

Others - The District's health center has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes fee for service, discounts from established charges, and others.

Ambulance

Medicare - Emergency medical transport services are provided to Medicare beneficiaries at a fee-for-service rate. The rate is predetermined by the government and pays a set rate per transport plus mileage.

Medi-Cal - The District provides services to both fee-for-service and managed-care beneficiaries. Fee-for-service transports are later settled through the Ground Emergency Medical Transport (GEMT) supplemental reimbursement, which pays 50% of uncompensated cost. Medi-Cal transports provided to managed-care beneficiaries are not eligible for the GEMT program.

Others - The District's ambulance service does not contract or enter into payment agreements with any commercial insurance carriers, health maintenance organizations, or preferred provider organizations. However, most commercial insurance pays the amount it has independently determined as reasonable. The District must pursue reimbursement from the third-party payor or bill the patient for the balance.

Accounting for Contractual Arrangements

The District is reimbursed for health center cost items by submission of annual cost reports with the respective Medicare Administrative Contractor (MAC). Estimated provisions to approximate the final expected settlements after audit or review are included in the accompanying financial statements. The District's cost reports have been final settled through 2022.

Note 3: Reimbursement Arrangements With Third-Party Payors (Continued)

Under State of California Department of Health Center Services (DHCS) regulations, RHC's are reimbursed on an interim basis for certain visits insured under Medi-Cal managed care plans. An annual reconciliation is required for Medi-Cal taking into account total visits, the final PPS rate, and interim payments received. The 2021 reconciliation remains open to adjudication and final audit by DHCS. The District has recorded estimated receivables as third-party payor settlements in the accompanying statements of net position.

Compliance

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and billing regulations.

Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayment for patient services previously billed. While no significant regulatory inquiries have been made of the District, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

The Centers for Medicare and Medicaid Services (CMS) uses recovery audit contractors (RAC) to search for potentially inaccurate Medicare payments. RACs search for potentially inaccurate Medicare payments that might have been made to healthcare providers and were not detected through existing CMS program integrity efforts. Once a RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. The District will then have the opportunity to appeal the adjustment before final settlement of the claim is made.

The District's policy is to adjust revenue for decreases in reimbursement from the RAC reviews when these amounts are estimable and to adjust revenue for increases in reimbursement from the RAC reviews when the increase in reimbursement is agreed on. As of June 30, 2025, the District had not been notified of any potential reimbursement adjustments.

Note 4: Patient Accounts Receivable

Patient accounts receivable consisted of the following at June 30, 2025:

	Ambulance	Clinic	Total
Receivables from patients and their insurance carriers	$ 1,424,068	$ 656,776	$ 2,080,844
Receivables from Medicare	17,452	16,999	34,451
Receivables from Medi-Cal	21,204	191,933	213,137
Total patient accounts receivable	1,462,724	865,708	2,328,432
Less:			
Allowance for contractual adjustments	(144,716)	(55,272)	(199,988)
Allowance for doubtful accounts	(953,680)	(48,577)	(1,002,257)
Net patient accounts receivable	$ 364,328	$ 761,859	$ 1,126,187

Patient accounts receivable consisted of the following at June 30, 2024:

	Ambulance	Clinic	Total
Receivables from patients and their insurance carriers	$ 663,449	$ 191,932	$ 855,381
Receivables from Medicare	65,229	16,999	82,228
Receivables from Medi-Cal	176,871	656,776	833,647
Total patient accounts receivable	905,549	865,707	1,771,256
Less:			
Allowance for contractual adjustments	(365,514)	(247,521)	(613,035)
Allowance for doubtful accounts	(137,884)	(71,344)	(209,228)
Net patient accounts receivable	$ 402,151	$ 546,842	$ 948,993

Note 5: Leases Receivable

The District entered into a lease agreement with Keystone Flex II Associates, LLC, to rent office space owned by the District. The total lease amount financed through the District at inception was $341,418 using an annual discount rate of 8.0%. According to the terms of the lease, Keystone Flex II Associates, LLC will make monthly payments of $3,636 increasing yearly until the end of 2026 which at that point the sum of total payments to the district will be $448,065. The lease allows for the option to renew the lease for an additional five years with written notice at least 270 days prior to the scheduled expiration date.

The District entered into a lease agreement with Golden Bear PT Partners, LLC, to rent office space owned by the District. The total lease amount financed through the District at inception was $103,714 using an annual discount rate of 8.0%. According to the terms of the lease, Golden Bear PT Partners, LLC will make monthly payments of $3,500 increasing yearly until the end of 2027 which at that point the sum of total payments to the district will be $203,823. The lease allows for the option to renew the lease for an additional two years with written notice at least 180 days prior to the scheduled expiration date.

The District entered into a lease agreement with Golden Bear PT Partners, LLC, to rent office space owned by the District. The total lease amount financed through the District at inception was $146,348 using an annual discount rate of 8.0%. According to the terms of the lease, Golden Bear PT Partners, LLC will make monthly payments of $2,400 increasing yearly until the end of 2026 which at that point the sum of total payments to the district will be $192,063. The lease allows for the option to renew the lease for an additional five years with written notice at least 180 days prior to the scheduled expiration date.

Note 6: Accrued Compensation and Related Liabilities

Employees of the District earn vacation and sick hours at varying rates as provided by the District's employee benefit policies. The District's policy is to permit employees to accumulate paid time-off (PTO). Employees are paid for accumulated PTO benefits, but do not receive payment of accumulated sick leave upon termination or retirement. Accrued vacation liabilities at June 30, 2025 and 2024, were $280,340 and $236,960, respectively, and are included in accrued compensation and related liabilities on the statements of net position.

Note 7: Capital Assets

Capital asset balances and activity for the year ended June 30, 2025, consisted of the following:

	Balance July 1, 2024	Additions	Retirements	Transfers	Balance June 30, 2025
Nondepreciable capital assets:					
Land	$ 738,544	$ -	$ -	$ -	$ 738,544
Construction in progress	118,415	921,390	-	-	1,039,805
Total nondepreciable capital assets	856,959	921,390	-	-	1,778,349
Depreciable capital assets:					
Buildings and leasehold improvements	5,094,977	-	-	-	5,094,977
Equipment	2,271,388	47,107	(113,677)	-	2,204,818
Total depreciable capital assets	7,366,365	47,107	(113,677)	-	7,299,795
Total capital assets before depreciation	8,223,324	968,497	(113,677)	-	9,078,144
Less - Accumulated depreciation	(3,114,611)	(365,524)	113,677	-	(3,366,458)
Capital assets - Net	$ 5,108,713	$ 602,973	$ -	$ -	$ 5,711,686

At June 30, 2025, construction in progress (CIP) consisted of architectural project planning fees for the building project. Cost estimates of the building project are approximately $16.8 million. New Ambulance Operations, District Administration Center, and combined clinic with rural and mental health are currently estimated to be completed in 2028.

Note 7: Capital Assets (Continued)

Capital asset balances and activity for the year ended June 30, 2024, consisted of the following:

	Balance July 1, 2023	Additions	Retirements	Transfers	Balance June 30, 2024
Nondepreciable capital assets:					
Land	$ 738,544	$ -	$ -	$ -	$ 738,544
Construction in progress	86,475	439,139	-	(407,199)	118,415
Total nondepreciable capital assets	825,019	439,139	-	(407,199)	856,959
Depreciable capital assets:					
Buildings and leasehold improvements	5,048,656	-	-	46,321	5,094,977
Equipment	1,856,700	53,810	-	360,878	2,271,388
Total depreciable capital assets	6,905,356	53,810	-	407,199	7,366,365
Total capital assets before depreciation	7,730,375	492,949	-	-	8,223,324
Total accumulated depreciation	(2,769,627)	(344,984)	-	-	(3,114,611)
Capital assets - Net	$ 4,960,748	$ 147,965	$ -	$ -	$ 5,108,713

Note 8: Long-Term Debt

A schedule of changes in the District's long-term debt obligations for 2025 follows:

Direct borrowings:	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
USDA note payable, 3.75% interest, monthly principal/interest payments of $10,060; matures in 2039; secured by property	$ 1,370,517	$ -	$ 69,844	$ 1,300,673	$ 72,545
Revenue bond note payable, 4.39% interest only payments, principal due on March 15, 2028; secured by tax revenue	-	9,900,000	-	9,900,000	-
Totals	$ 1,370,517	$ 9,900,000	$ 69,844	$ 11,200,673	$ 72,545

A schedule of changes in the District's long-term debt obligations for 2024 follows:

Direct borrowings:	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
USDA note payable, 3.75% interest, monthly principal/interest payments of $10,060; matures in 2039; secured by property	$ 1,438,613	$ -	$ 68,096	$ 1,370,517	$ 69,843
Totals	$ 1,438,613	$ -	$ 68,096	$ 1,370,517	$ 69,843

Note 8: Long-Term Debt (Continued)

Scheduled principal and interest payments on long-term debt are as follows:

Years Ending June 30,	Principal	Interest	Total
2026	$ 72,545	$ 434,610	$ 507,155
2027	75,351	45,368	120,719
2028	9,978,152	42,568	10,020,720
2029	81,291	39,429	120,720
2030	84,437	36,283	120,720
2031 - 2035	473,699	129,901	603,600
2036 - 2040	435,183	33,542	468,725
2041 - 2045	15	-	15
Totals	$ 11,200,673	$ 761,701	$ 11,962,374

Note 9: Net Patient Service Revenue

Net patient service revenue consisted of the following for the year ended June 30, 2025:

	Ambulance	Clinic	Total
Gross patient service revenue	$ 10,279,058	$ 4,896,587	$ 15,175,645
Less:			
Contractual allowances	6,039,022	607,770	6,646,792
Provision for uncollectible accounts	256,491	95,765	352,256
Net patient service revenue	$ 3,983,545	$ 4,193,052	$ 8,176,597

Net patient service revenue consisted of the following for the year ended June 30, 2024:

	Ambulance	Clinic	Total
Gross patient service revenue	$ 10,724,343	$ 4,406,344	$ 15,130,687
Less:			
Contractual allowances	6,307,491	824,408	7,131,899
Provision for uncollectible accounts	743,223	(56,830)	686,393
Net patient service revenue	$ 3,673,629	$ 3,638,766	$ 7,312,395

Note 9: Net Patient Service Revenue (Continued)

The following table reflects the percentage of gross patient service revenue by payor source for the year ended June 30, 2025:

	Ambulance	Clinic
Medicare	38.3 %	4.1 %
Medi-Cal	30.2	77.3
Other third-party payors	18.3	18.3
Self-pay	13.2	0.3
Totals	100.0 %	100.0 %

The following table reflects the percentage of gross patient service revenue by payor source for the year ended June 30, 2024:

	Ambulance	Clinic
Medicare	39.0 %	5.6 %
Medi-Cal	33.0	79.0
Other third-party payors	17.8	15.2
Self-pay	10.2	0.2
Totals	100.0 %	100.0 %

Note 10: Property Tax Revenue

The District received approximately 24.46% and 28.90% of its financial support from property taxes in the years ended June 30, 2025 and 2024, respectively. Property taxes are levied by the District and collected by the Stanislaus County Treasurer for operations. Taxes estimated to be collectible are recorded as revenue in the year of the levy. No allowance for doubtful taxes receivable is considered necessary. Taxes levied are recorded as nonoperating revenue and are intended to finance the District's activities of the same fiscal year. Amounts of tax levied are based on assessed property values as of the first day of January for the fiscal year for which the taxes are levied.

The funds used to support operations were $2,656,144 and $3,020,623 for the years ended June 30, 2025 and 2024, respectively.

Note 11: Charity Care

Consistent with the mission of the District, care is provided to patients regardless of their ability to pay, including providing services to those persons who cannot afford health insurance because of inadequate resources or who are underinsured. The District has a sliding scale fee discount program based on the Federal Poverty Scale determined by patient household size and income.

Note 11: Charity Care (Continued)

Healthcare services to patients under government programs, such as Medi-Cal are also considered part of the District's benefit provided to the community, since a substantial portion of such services are reimbursed at amounts that are less than the costs of providing care.

Note 12: Risk Management

Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and medical malpractice. The District carries commercial insurance for these risks of loss. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three years.

Medical Malpractice Claims

The District obtains medical malpractice insurance through BETA Healthcare Group, which offers the District a professional and general liability policy on a claims-made basis, with primary limits of $5,000,000 per claim and an annual aggregate limit of $15,000,000, and a $5,000 deductible.

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with the District. Although there exists the possibility of claims arising from services provided to patients through June 30, 2024, which have not yet been asserted, the District is unable to determine the ultimate cost, if any, of such possible claims and, accordingly, no provision has been made for them. These insurance policies are renewable annually and have been renewed by the insurance carrier for the annual period extending through June 30, 2026.

No liability has been accrued for future coverage of acts, if any, occurring in this or prior years. Also, it is possible that claims may exceed coverage available in any given year.

Note 13: Concentration of Credit Risk

The District grants credit without collateral to its patients and third-party payors. Patient accounts receivable from government agencies represent the only concentrated group of credit risk for the District, and management does not believe there are any credit risks associated with these government agencies. Contracted and other patient accounts receivable consist of various payors, including individuals who are involved in diverse activities, are subject to differing economic conditions, and do not represent any concentrated credit risks to the District. Concentration of patient accounts receivable at June 30, 2025 and 2024, was as follows:

	2025	2024
Medicare	2 %	5 %
Medi-Cal	25	40
Other third-party payors	39	42
Self-pay	34	13
Totals	100 %	100 %

Note 14: Retirement Plans

The District sponsors and administers a 414(h) defined contribution retirement plan covering substantially all of the District's employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The District contributed to the plan at a rate of 4% of eligible compensation, which is defined by the plan. The District's contributions to the plan were $153,470 and $132,029 for the years ended June 30, 2025 and 2024, respectively.

The District also sponsors and administers an optional 457(b) defined contribution retirement plan that matches employee contributions of up to 6% of their wages at a rate of 50%. The maximum contribution by the District is an additional 3%. The District's contributions become fully vested after five years of continuous service. The District's contributions to this plan were $77,490 and $64,346 for the years ended June 30, 2025 and 2024, respectively.

Note 15: Collective Bargaining Agreement

The District has a collective bargaining agreement covering certain employees within its ambulance services (approximately 25 employees). The contract covering EMTs and paramedics expired on February 28, 2024, and negotiations concluded on July 30, 2024, with the District entering into a four-year contract that includes a 3% annual cost of living adjustment (COLA) for base wages, a 1% increase in employer retirement contributions, establishment of a labor management committee, an increase in the number of hours required for part-time employees to remain active, and restoration of many management rights.

Supplementary Information

Del Puerto Health Care District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Federal Grantor/Program Title	Contract Number	Entity Passed Through	Federal Assistance Listing Number	Federal Expenditures
U.S. Department of Agriculture:				
Rural Development				
Community Facilities Loans and Grants	N/A	Direct	10.766	$ 1,370,517
Total expenditures of federal awards				$ 1,370,517

See Independent Auditor's Report

See accompanying notes to Schedule of Expenditures of Federal Awards.

Del Puerto Health Care District

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Note 1: General

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Del Puerto Health Care District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with requirements of the Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Del Puerto Health Care District, it is not intended to and does not present the financial position, changes in net position or cash flows of Del Puerto Health Care District.

Note 2: Basis of Accounting

Expenditures on the Schedule are reported on the accrual basis of accounting and are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

Del Puerto Health Care District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Sub-Recipients

Del Puerto Health Care District does not have any sub-recipients of federal awards.

Note 5: Balance of Outstanding Loan

Del Puerto Health Care District had an outstanding loan with U.S Department of Agriculture (USDA) as of June 30, 2025, with a balance of $1,300,673. The loan balance outstanding at the beginning of the year was included in the federal expenditures presented in the Schedule. There were no new loans received during the year ended June 30, 2025.

WIPFLI

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
Del Puerto Health Care District
Patterson, California

We have audited, 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, the financial statements of Del Puerto Health Care District, which comprise the statement of net position as of June 30, 2025 and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 27, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Del Puerto Health Care District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Del Puerto Health Care District's internal control. Accordingly, we do not express an opinion on the effectiveness of Del Puerto Health Care District's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms."

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Del Puerto Health Care District's financial statements are free from 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 financial statements. 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*.

Del Puerto Health Care District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Del Puerto Health Care District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Del Puerto Health Care District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Del Puerto Health Care 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 Del Puerto Health Care District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

January 27, 2026

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms."

WIPFLI

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Del Puerto Health Care District
Patterson, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Del Puerto Health Care District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Del Puerto Health Care District's major federal programs for the year ended June 30, 2025. Del Puerto Health Care District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Del Puerto Health Care District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Del Puerto Health Care District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Del Puerto Health Care District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Del Puerto Health Care District's federal programs.

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms.

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Del Puerto Health Care District's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Del Puerto Health Care District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Del Puerto Health Care District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Del Puerto Health Care District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Del Puerto Health Care District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over-compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Wipfli LLP

January 27, 2026

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms.

Del Puerto Health Care District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes ___X___ No
- Significant deficiency(ies) identified? ___X___ Yes _____ None Reported

Noncompliance material to financial statements noted? _____ Yes ___X___ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes ___X___ No
- Significant deficiency(ies) identified? _____ Yes ___X___ None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes ___X___ No

Identification of major programs

AL Number(s)	Federal Program or Cluster
10.766	Community Facilities Loans and Grants

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? ___X___ Yes _____ No

Del Puerto Health Care District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2025

Section II - Financial Statement Findings

Finding Number: 2025-001
Repeat Finding: Yes
Type of Finding: Significant Deficiency
Description: Financial statement preparation and accompanying note disclosures

Criteria: *Government Auditing Standards* considers the inability to report the financial data reliably in accordance with GAAP to be an internal control deficiency.

Condition: The District relies upon the auditor to compile the financial statements and notes. As part of our professional services for the year ended June 30, 2025, Wipfli LLP assisted in drafting the basic financial statements and related notes. This condition is not unusual in an organization of its size.

Cause: The District only prepares a set of full disclosure financial statements on an annual basis and does not maintain the expertise to prepare full disclosure financial statements due to cost and other considerations.

Effect: The completeness of the financial statement disclosures and the accuracy of the overall financial presentation may be negatively impacted, since outside auditors do not have the same comprehensive understanding as its internal finance staff.

Recommendation: We recommend management and those charged with governance continue to evaluate the degree of risk associated with this condition because of cost or other considerations. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

View of Responsible Officials: The CEO and Board of Directors will continue to evaluate the cost versus benefits of having internal financial reporting personnel obtain expertise on financial statement preparation and disclosure requirements. Like many small organizations the District may continue to rely on its external auditors to draft the financial statements, footnotes, and schedule of expenditures of federal awards. The CEO and Finance Accounting Manager review financials with the Finance Committee and present results to the Board of Directors on a monthly basis.

Section III – Federal Award Findings

None.

Del Puerto Health Care District

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2025

Section II - Financial Statement Findings

Finding Number: 2024-001
Repeat Finding: Yes
Type of Finding: Significant Deficiency
Description: Financial statement preparation and accompanying note disclosures

Condition: The District relies upon the auditor to compile the financial statements and notes. As part of our professional services for the year ended June 30, 2024, Wipfli LLP assisted in drafting the basic financial statements and related notes.

Status: Repeated as finding 2025-001

Section III – Federal Award Findings

None.