

**FALLBROOK REGIONAL HEALTH DISTRICT  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2022**



CPAs | CONSULTANTS | WEALTH ADVISORS

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Fallbrook Regional Health District  
Fallbrook, California

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and major fund of Fallbrook Regional Health District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit 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*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fallbrook Regional Health District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. 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 Fallbrook Regional Health 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 Fallbrook Regional Health District's ability to continue as a going concern for a reasonable period of time.

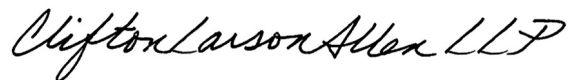
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the budgetary comparison schedule - budgetary basis, identified as Required Supplementary Information (RSI) in the accompanying table of contents 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with 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 basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2023, on our consideration of the Fallbrook Regional Health 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 Fallbrook Regional Health 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 Fallbrook Regional Health District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Carlsbad, California  
March 8, 2023

**FALLBROOK REGIONAL HEALTH DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

The Fallbrook Regional Health District (District) has issued its annual financial report for the fiscal year ended June 30, 2022, in conformity with the format prescribed by the provisions of Government Accounting Standards Board Statement No. 34 (GASB 34). This report, Management's Discussion and Analysis, is an overview of the financial activities for the fiscal year and is an integral part of the accompanying Basic Financial Statements.

**ACCOUNTING METHOD**

The District's operations are accounted for as a Governmental Fund. Governmental Funds focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**THE BASIC FINANCIAL STATEMENTS**

The Basic Financial Statements of the District include both Government-wide financial statements as well as fund based financial statements. Due to the limited number of accounts, these two reporting methods have been combined. The financial statement Government Fund Balance Sheet and Statement of Net Position provides information regarding the financial position of the District, including its capital assets and debts. The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities provides information regarding the revenues received by the District, and the expenses incurred in carrying out the District's programs. The ultimate focus of the income statement is the balance of effective current use of funds and planning for the future, as reflected by the amount of net income generated for the fiscal year. Together with this report, the Basic Financial Statements provide information about the significant events, assumptions, and decisions resulting in the financial performance reflected in those statements.

**FINANCIAL ACTIVITIES & FISCAL YEAR 2021.2022 HIGHLIGHTS**

*Statement of Governmental Fund Balance Sheet and Statement of Net Position*

The District is a government entity operating under the Local Health Care District Law. In 1950, the residents of the area voted to establish the Fallbrook Hospital District (changed to Fallbrook Healthcare District in 1999). In 2017, the District changed its name to the Fallbrook Regional Health District, upon selling the building that once housed the hospital, hospital operations permanently ceased in 2015.

A condensed version of the Statement of Net Position is presented in Table A below and the changes which occurred between Fiscal Year ended 2022 and 2021.

**FALLBROOK REGIONAL HEALTH DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

	<b>TABLE A</b>		
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>CHANGE</u></b>
<b>ASSETS:</b>			
Cash and investments	\$8,621,629	\$8,673,159	(\$51,530)
All other assets	3,058,148	2,901,435	156,713
<b>TOTAL ASSETS</b>	11,679,777	11,574,594	105,183
<b>LIABILITIES:</b>			
Current liabilities	173,360	41,616	131,744
Long-term liabilities	32,902	20,941	11,961
<b>TOTAL LIABILITIES</b>	206,262	62,557	143,705
<b>NET POSITION:</b>			
Net investment in capital assets	2,570,131	2,400,036	170,095
Unrestricted	8,903,384	9,112,001	(208,617)
<b>TOTAL NET POSITION</b>	<b>\$11,473,515</b>	<b>\$11,512,037</b>	<b>(\$38,522)</b>

The increase in Total Assets reflects the investments in the Community Health & Wellness Center and decrease in funding for the Community Health Contract Grants.

*The Statement of Activities*

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

- *Community Health Contract Grant Program* – The District administers a Community Health Contract Grant program, giving a portion of the District's annual property tax revenues to non-profit health-related programs serving residents of the Fallbrook, Bonsall, Rainbow, and De Luz areas of northern San Diego County.
- *Community Collaborative for Health and Wellness* – Representatives of the District's healthcare organizations and interested community members meet to network their programs to identify, develop, and initiate District-sponsored health-related community programs and to address concerns. It also provides an additional education opportunity for guest presentations relative to health, health services, and health conditions, ranging in scope from Alzheimer's and COVID-19 to suicide, drug abuse, and legislative issues impacting health and well-being.

**FALLBROOK REGIONAL HEALTH DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

Table B, below, is a condensed version of the Statement of Activities; it summarizes the District's revenues and expenses and compares Fiscal Year 2022 results to Fiscal Year 2021.

	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>CHANGE</u></b>
<b>EXPENDITURES/EXPENSES</b>			
Community Health Contracts	\$874,950	\$1,227,824	(\$352,874)
Direct care services	153,431	394,893	(241,462)
General and administrative services	859,872	754,062	105,810
Management and maintenance	93,000	64,719	29,181
Other expenditures/expenses			
<b>TOTAL EXPENDITURES/EXPENSES</b>	1,982,153	2,441,498	(459,345)
<b>GENERAL REVENUES</b>			
Property tax revenues	2,123,505	2,013,748	109,757
Investment earnings	(190,064)	50,995	(241,059)
Lease & other income	10,190	42,800	(32,610)
Gain on sale			
<b>TOTAL GENERAL REVENUES</b>	1,943,631	2,107,543	(163,912)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES/ CHANGE IN NET POSITION</b>	(38,522)	(333,955)	295,433
<b>FUND BALANCE/NET POSITION</b>			
<b>BEGINNING OF YEAR</b>	11,512,037	11,845,992	(333,955)
<b>END OF YEAR</b>	<b>\$11,473,515</b>	<b>\$11,512,037</b>	<b>(\$38,522)</b>

The Community Health Contract Grant allocation decreased by \$352,874 for two main reasons. First the amounts requested and provided through the Community Health Contract Grant process vary from year-to-year. Second, the Board made a concerted effort to realign the grant funding percentage to more historic levels, typically between 30-40% of property tax revenue. With the expectation that more funding would be redirected to the launch of services at the Community Health & Wellness Center.

Direct care services decreased by \$241,462 due to the decreased demand for staffing and support for COVID-19 testing and vaccination clinics.

General and administrative services reflect an increase of \$105,810. This increase is related to changes in the District's staffing.



**FALLBROOK REGIONAL HEALTH DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

**CAPITAL ASSETS**

At June 30, 2022, the District had \$2,810,053 in capital assets and \$239,922 accumulated depreciation resulting in \$2,570,131 net capital assets.

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

	<b>TABLE C BALANCE JUNE 30, 2021</b>	<b>ADDITIONS</b>	<b>BALANCE JUNE 30, 2022</b>
Capital assets, not depreciated:			
Land	\$490,291		\$490,291
Construction in Progress		150,732	150,732
	\$490,291	150,732	641,023
Capital assets, being depreciated:			
Buildings and improvements	2,023,373	70,708	2,094,081
Equipment	64,986	9,963	74,949
Subtotal	2,088,359	80,671	2,169,030
Accumulated depreciation	(178,613)	(61,309)	(239,922)
<b>CAPITAL ASSETS, NET</b>	<b>\$2,400,037</b>	<b>\$170,094</b>	<b>\$2,570,131</b>

**ECONOMIC OUTLOOK**

The Fiscal Year 2022/2023 budget reflects a 2% decrease in revenues, as property values/taxes were expected to be reactive from the ongoing financial effects of the COVID-19 pandemic. Capital expenditures are expected to increase in the coming fiscal year, due to renovations and improvements to all District properties. The Community Investment Fund will be used to complete such renovations and improvements.

**MAJOR INITIATIVES - COMMUNITY HEALTH CONTRACT GRANT PROGRAMS 2021-2022**

The Community Health Contracts Grants (CHC) undertaken each year by the District are open for nonprofit 501(c)(3) agencies. Those who are awarded CHCs must meet strict criteria and provide both comprehensive financial and service reports quarterly that demonstrate measurable outcomes.

**FALLBROOK REGIONAL HEALTH DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

The District's focus: Services using the Social Determinants of Health as an organizing paradigm; with interest in unmet needs identified from our Catalyst Community Needs Assessment Report.

- Amount requested: \$1,187,915.28
- Amount funded: \$975,485.73, which include funds (\$183,511.06) to North County Fire Protection District per existing grant agreements.
- 12 Nonprofit organizations were funded, for 20 programs – see descriptions below.
  - 6 Youth Focused
  - 3 General Community Health & Wellbeing
  - 7 Senior Citizen Focused
  - 4 Special Population Services

<b>Youth Programming</b>	
<b>Boys &amp; Girls Club of North County, Summer Water Safety Program:</b>	<b>\$15,000.00</b>
Aims to inspire and enable youth members, from ages 5 to 18, on how to be safe around water and realize their full potential as productive, caring and responsible citizens.	
<b>Boys &amp; Girls Club of North County, Triple Play:</b>	<b>\$36,103.05</b>
Allows youths ages 5 to 14 to learn skills such as living a full productive life in good health, engaging in positive social behaviors, to forming good habits and setting goals throughout their lives.	
<b>D'Vine Path, Life I Can, Healthy Lifestyle:</b>	<b>\$21,900.00</b>
This program provides a dynamic program for adults with autism, developmental delays and/or learning disabilities providing vocational and life skills development in viticulture, hospitality & the arts.	
<b>Fallbrook Land Conservancy, Save our Forest Environmental Education:</b>	<b>\$11,035.50</b>
Offers an environmental education program for all fourth and 5th grade students at are Elementary schools. Students learn about native plants, water conservation, and community volunteerism, culminating with a field trip to one of the FLC preserves to participate in a habitat restoration project.	
<b>Palomar Family Counseling Service, Healthy Bodies, Healthy Minds:</b>	<b>\$44,624.70</b>
This program addresses health disparities of childhood obesity and behavioral health through prevention and treatment: parent workshops, presentations on healthy lifestyles, individual counseling, and counseling services and parenting classes at the Wellness Center.	
<b>Palomar Family Counseling Service, Grandparents Raising Grandchildren:</b>	<b>\$15,185.50</b>
The goal of the service is to increase knowledge, support, and sense of community for Fallbrook area grandparents raising their grandchildren.	

**FALLBROOK REGIONAL HEALTH DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

<b>Community Health &amp; Fitness</b>	
<b>Champions for Health, Project Access San Diego:</b>	<b>\$32,000.00</b>
Champions for Health will facilitate specialty healthcare for a minimum of 40 low-income, uninsured patients through Project Access, and provide intensive care management for patients within the Fallbrook Regional Health District.	
<b>Fallbrook Food Pantry, Alleviating Hunger in the Greater Fallbrook Area:</b>	<b>\$77,500.00</b>
Provides an adequate and nutritious supply of food to any individuals in the community who are in need.	
<b>Fallbrook Land Conservancy, Preserve and Trail Walkability Enhancement:</b>	<b>\$11,035.50</b>
Improve and maintain trails and open spaces in an effort to provide safe and reliable trails accessible to people of all abilities and enhance the biological functions of the open space.	
<b>Senior Citizens</b>	
<b>Fallbrook Senior Citizens Service Club, Congregate Meals Program:</b>	<b>\$47,855.90</b>
The goal of the Fallbrook Senior Center Congregate Meal Program is to provide food security with high nutritional value in a social setting for seniors who are economically challenged in the communities of Fallbrook, Bonsall, Rainbow and de Luz.	
<b>Fallbrook Senior Citizens Service Club, Home Delivered Meals Program:</b>	<b>\$85,329.85</b>
This program brings awareness of the importance of a healthy diet and delivers food to home-bound seniors in our District.	
<b>Foundation for Senior Care, Respite Support at the Adult Day Care:</b>	<b>\$48,168.90</b>
The Fallbrook Day Care Center, "The Club", provides resources for seniors and the disabled, to have an enriched life, provides socialization, and allows for respite support for those caregivers who work so hard caring for their family members.	
<b>Foundation for Senior Care, Door-Through-Door:</b>	<b>\$29,684.85</b>
Provides seniors and disabled adults, a bridge of care when they experience a hospitalization or stay at a skilled nursing facility and then discharged home to recover.	
<b>Foundation for Senior Care, Senior Care Advocacy Program:</b>	<b>\$66,941.50</b>
Provides programs and resources enabling seniors to enhance their well-being and safely age at home.	
<b>Foundation for Senior Care, Senior Transportation Services:</b>	<b>\$73,075.40</b>
Provides accessible, inexpensive reliable transportation that allows their clients to determine when to make their medical appointments and other basic needs at minimal costs and no delays. Helps their riders stay active, independent, and in control of their lives.	
<b>Foundation for Senior Care &amp; Fallbrook Food Pantry, Seniors &amp; Disabled Adults Nutrition Program:</b>	<b>\$27,090.25</b>
This joint program will provide adequate and nutritious supply of food to home bound seniors and or seniors who visit the food pantry with referrals to the Foundations' Care Advocacy program to ensure other care needs are being met.	

**FALLBROOK REGIONAL HEALTH DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

<b>Support Services for Special Populations</b>	
<b>Be Well Therapy: Be Well Yoga for Cancer Recovery:</b> Be Well Therapy, provides yoga, reiki and mindfulness practices to individuals battling cancer, by providing a respectful, safe and nurturing environment.	<b>\$8,221.71</b>
<b>Hospice of the Valleys, Fallbrook Senior Assistance &amp; Butterfly Memorial:</b> The Senior Assistance Program in Fallbrook addresses the needs of seniors (specifically low-income seniors) in the Fallbrook area, through the provision of necessary bereavement and caregiver support groups (mental health services) and a Butterfly Memorial event.	<b>\$11,218.81</b>
<b>Michelle's Place Cancer Resource Center, Cancer Assistance Program:</b> This program provides health resources, education navigation, financial assistance, transportation, and support to underinsured and underserved individuals and their families dealing with cancer.	<b>\$41,908.00</b>
<b>REINS Therapeutic Horsemanship, Behavioral Health &amp; Wellness Therapy:</b> Provides advanced physical, mental, and emotional therapy by specialized, highly educated therapists. The students usually ride almost 3 miles on the Equine Therapists.	<b>\$80,453.75</b>

During the fiscal year 2021/2022, the Board of Directors approved distribution of the foregoing amounts to qualified applicants, plus funds to North County Fire. This brings the total amount granted by the District since June 1999 to \$12,939,451.82.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

Fallbrook Regional Health District  
138 South Brandon Road  
Fallbrook, CA 92028  
Rachel Mason, CEO  
(760) 731-9187 Office  
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Website: [www.fallbrookhealth.org](http://www.fallbrookhealth.org)

**FALLBROOK REGIONAL HEALTH DISTRICT  
GOVERNMENTAL FUND BALANCE SHEET AND GOVERNMENTAL ACTIVITIES  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

	General Fund	Adjustments (Note 1)	Governmental Activities Statement of Net Position
<b>ASSETS</b>			
Current Assets:			
Cash and Investments	\$ 8,621,629	\$ -	\$ 8,621,629
Interest Receivable	3,359	-	3,359
Property Tax Receivable	15,670	-	15,670
Total Current Assets	8,640,658	-	8,640,658
Noncurrent Assets:			
Capital Assets:			
Not Being Depreciated	-	641,023	641,023
Capital Assets, Net of Depreciation	-	1,929,108	1,929,108
Total Capital Assets	-	2,570,131	2,570,131
Note Receivable	468,988	-	468,988
Total Noncurrent Assets	468,988	2,570,131	3,039,119
Total Assets	\$ 9,109,646	2,570,131	11,679,777
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 150,347	-	150,347
Accrued Payroll and Related Liabilities	23,013	-	23,013
Total Current Liabilities	173,360	-	173,360
Noncurrent Liabilities:			
Compensated Absences	-	32,902	32,902
Total Noncurrent Liabilities	-	32,902	32,902
Total Liabilities	173,360	32,902	206,262
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenues	468,988	(468,988)	-
Total Deferred Inflows of Resources	468,988	(468,988)	-
<b>FUND BALANCE/NET POSITION</b>			
Fund Balance:			
Unassigned	8,467,298		
Total Fund Balance	8,467,298		
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 9,109,646		
Net Position:			
Net Investment in Capital Assets			2,570,131
Unrestricted			8,903,384
Total Net Position			\$ 11,473,515

See accompanying Notes to Basic Financial Statements.

**FALLBROOK REGIONAL HEALTH DISTRICT  
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE AND GOVERNMENTAL ACTIVITIES STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

	General Fund	Adjustments (Note 1)	Governmental Activities Statement of Activities
<b>EXPENDITURES/EXPENSES</b>			
Community Healthcare Programs	\$ 874,950	\$ -	\$ 874,950
Direct Care Services	110,789	42,642	153,431
General and Administrative Services	829,245	30,627	859,872
Management and Maintenance	93,900	-	93,900
Capital Outlay	231,403	(231,403)	-
Total Expenditures/Expenses	2,140,287	(158,134)	1,982,153
<b>GENERAL REVENUES</b>			
Property Tax Revenues	2,123,505	-	2,123,505
Investment Earnings	(190,064)	-	(190,064)
Lease and Other Income	28,702	(18,512)	10,190
Total General Revenues	1,962,143	(18,512)	1,943,631
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES/CHANGE IN NET POSITION</b>	(178,144)	139,622	(38,522)
Fund Balance/Net Position - Beginning of Year	8,645,442		11,512,037
<b>FUND BALANCE/NET POSITION - END OF YEAR</b>	\$ 8,467,298		\$ 11,473,515

See accompanying Notes to Basic Financial Statements.

**FALLBROOK REGIONAL HEALTH DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Reporting Entity**

Fallbrook Regional Health District (the District), formerly known as the Fallbrook Hospital District, is organized under the provisions of the Health and Safety Code of the state of California to provide and operate health care facilities in Fallbrook, California, and unincorporated areas within the County of San Diego, California (County).

**Financial Statement Presentation**

Local governmental units are required to report information on a government-wide basis and on a fund basis (with emphasis placed on major funds of the entity). The government-wide financial statements (i.e., statement of net position and statement of activities) report information on all of the activities of the primary government and its component units. The governmental fund financial statements (i.e., governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance) report information on individual funds of the government. A fund is considered to be a separate accounting entity with a self-balancing set of accounts.

Since the District utilizes a single governmental fund, and it has no component units, the government-wide and governmental fund financial statements have been combined on the same statement with a reconciliation of the individual line items in a separate column titled "Adjustments." The government-wide financial statements are reported in the "Statement of Net Position" and "Statement of Activities" columns. The governmental fund financial statements are reported in the "General Fund" column.

**Basis of Accounting and Measurement Focus**

**Government-Wide Financial Statements**

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. The District has no fiduciary activities. Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities (current and long-term), and deferred inflows of resources are reported. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**FALLBROOK REGIONAL HEALTH DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting and Measurement Focus (Continued)**

Fund Financial Statements

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on the governmental fund balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Measurable means that the amounts can be estimated or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the current reporting period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The District's levied property taxes and investment earnings associated with the current period are considered to be susceptible to accrual. Expenditures generally are recorded when a liability is incurred. However, expenditures related to compensated absences are recorded only when payment is due.

The funds designated as major funds are determined by a mathematical calculation consistent with Governmental Accounting Standards Board (GASB) Statement No. 34. The District reports the following major governmental fund:

The *General Fund* is the primary operating fund. It accounts for and reports all financial resources of the District, except those not accounted for and reported in another fund.

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America. The GASB is the accepted standard setting body for governmental accounting financial reporting purposes.



**FALLBROOK REGIONAL HEALTH DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting and Measurement Focus (Continued)**

**Deferred Inflows of Resources**

Deferred inflows from unavailable revenues, which arise only under a modified accrual basis of accounting, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the \$468,988 note receivable for the sale of the land in the fiscal year ended June 30, 2020. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Reconciliation of Fund Financial Statements to Government-Wide Financial Statements**

In order to adjust the fund balance on the governmental (general) fund balance sheet to arrive at net position on the statement of net position, certain adjustments are required as a result of the differences in accounting basis and measurement focus between the government-wide and fund financial statements.

For the year ended June 30, 2022, purchases of capital are reported as a Capital Outlay expenditure on the statement of governmental fund revenues, expenditures, and changes in fund balance, and as an addition to Capital Assets on the government-wide statement of net position. The associated depreciation expense reduces Capital Assets, Net of Depreciation on the statement of net position.

The District sold property on East Alvarado Street during the fiscal year ended June 30, 2020, receiving some of the proceeds in that year and entering into a note receivable for the balance. The amounts received in the previous year were recognized as an Other Financing Source on the governmental fund revenues, expenditures, and changes in fund balance in that year. The remainder of the proceeds will be recognized in the General Fund in future periods when collections occur on the note receivable. At June 30, 2022, the unrecognized portion is reflected as a Deferred Inflow of Resources on the governmental fund balance sheet.

The District's accrued Compensated Absences are reflected on the statement of net position, and changes to the compensated absences are recognized as Expenses on the statement of activities. If compensated absences are paid out they are reflected as Expenditures on the statement of governmental fund revenues, expenditures, and changes in fund balance.

**Investments**

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**FALLBROOK REGIONAL HEALTH DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Note Receivable**

The District's note receivable is from the sale of one of the district's properties in the amount of \$487,500 in June 2020. The original note called for interest only payments due monthly with the entire amount of principal due by March 27, 2022. During the current fiscal year, the note was renegotiated. The renegotiated note called for a \$17,500 lump-sum payment toward the existing principal balance, a one-year extension at 5% interest with \$2,500 per month payments during the one year, and a lump-sum payment due at the end of the one year extension. Principal and interest payments received during the fiscal year ended June 30, 2022, amounted to \$18,512 and \$24,300 respectively.

**Property Taxes**

Property taxes in California are levied in accordance with Article XIII A of the State Constitution at 1% of countywide assessed valuations. This levy is allocated pursuant to state law to the appropriate units of local government. Additional levies require two-thirds approval by the voters and are allocated directly to the specific government. Taxes and assessments are recognized as revenue based on amounts reported to the District by the San Diego County Tax Collector's Offices. The San Diego County Tax Collector's Offices acts as a collection agent for the property taxes which are normally collected twice a year.

The property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Dates:	First Installment – November 1 Second Installment – February 1
Delinquent Dates:	First Installment – December 10 Second Installment – April 10

**Capital Assets**

The District defines capital assets as assets with initial, individual costs of more than \$500 and an estimated useful life in excess of one year. The District's capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method, generally 3 to 10 years for both buildings and improvements and equipment.

**Compensated Absences**

It is the District's policy to permit contract employees to accumulate earned but unused vacation leave time. Noncontract employees may accumulate earned but unused vacation leave time up to a maximum of 30 days. All employees may accrue unused sick leave time up to a maximum of 30 days. Upon termination, all employees are entitled to a lump-sum payment of 25% of accrued sick leave, not to exceed 15 days. At June 30, 2022, the compensated absences balance was \$32,902.

**FALLBROOK REGIONAL HEALTH DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position/Fund Balance Classification**

Net position of the District is classified into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

*Net Investment in Capital Assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The District has no outstanding debt at June 30, 2022.

*Restricted* – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The fund balances reported on the fund statements consist of the following categories:

*Nonspendable* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally contractually required to be maintained intact.

*Restricted* – This classification includes amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers, or through enabling legislation.

*Committed* – This classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s board of directors.

*Assigned* – This classification includes amounts to be used by the District, authorized by the board of directors for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

*Unassigned* – This classification includes the residual balance for the District’s general fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**FALLBROOK REGIONAL HEALTH DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

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

**NOTE 2 CASH AND INVESTMENTS**

Cash and investments at June 30, 2022, consist of:

Petty Cash	\$	419
Deposits with Financial Institutions		1,288,010
Investments		7,333,200
Total Cash and Investments	<u>\$</u>	<u>8,621,629</u>

This balance is reported as Cash and Investments under Current Assets on the governmental fund balance sheet and statement of net position.

**Investments Authorized by the California Government Code and the District's Investment Policy**

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>	<u>Quality Requirements (S &amp; P Rating)</u>
Local Agency Investment Fund (LAIF)	No Limitation	75%	No Limitation	No Limitation
U.S. Treasury Obligations	5 Years	75	No Limitation	No Limitation
Cal-Trust Mutual Funds	2 Years	75	No Limitation	AA+/A1
Federal Agency Obligations	5 Years	25	No Limitation	No Limitation
San Diego County Pooled Investment Funds	No Limitation	20	No Limitation	No Limitation
Insured Certificates of Deposit	1 Year	20	No Limitation	AA+/A1
Savings Accounts	No Limitation	25	No Limitation	No Limitation

**FALLBROOK REGIONAL HEALTH DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**State Investment Pool**

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the state of California. 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.

**CalTRUST Investment**

The District is also a voluntary participant in the Investment Trust of California (CalTRUST), which is a Joint Powers Authority governed by a Board of Trustees made up of local treasurers and investment officers. The Board of Trustees sets overall policy for CalTRUST and selects and supervises the activities of the Investment Manager and other agents. As of June 30, 2022, the District's investment in CalTRUST is \$5,602,617, all of which is invested in the Medium-Term Pool. Amounts that may be withdrawn from the Medium-Term Pool are based on the net asset value per share and the number of shares held by participants. CalTRUST investments are subject to market risk as a result of changes in interest rates.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value 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 matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date at June 30, 2022:

Investment Type	Total	Remaining Maturity	
		12 Months or Less	13 to 24 Months
Local Agency Investment Fund (LAIF)	\$ 1,730,583	\$ 1,730,583	\$ -
CalTRUST Medium Term Fund	5,602,617	-	5,602,617
Total	<u>\$ 7,333,200</u>	<u>\$ 1,730,583</u>	<u>\$ 5,602,617</u>

**FALLBROOK REGIONAL HEALTH DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the S & P's rating for each investment type at June 30, 2022.

Investment Type	Total	Minimum Legal Rating	Ratings as of Year-End	
			AA	Not Rated
Local Agency Investment Fund (LAIF)	\$ 1,730,583	Exempt	\$ -	\$ 1,730,583
CalTRUST Medium-Term Fund	5,602,617	AA+/A1	5,602,617	-
Total	<u>\$ 7,333,200</u>		<u>\$ 5,602,617</u>	<u>\$ 1,730,583</u>

**Concentration of Credit Risk**

The investment policy of the District is in accordance with limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code. The District holds no investments in any one issuer other than mutual funds and external investment pools that represents 5% or more of total District investments at June 30, 2022.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits.

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the bank balances, up to \$250,000 held at each institution was federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name. As of June 30, 2022, \$1,093,119 of the District's deposits with financial institutions in excess of federal depository insurance limits was held in collateralized accounts.

**FALLBROOK REGIONAL HEALTH DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Fair Value Measurements**

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Investments measured at cost or net asset value are not subject to the fair value measurement hierarchy.

The three levels of the fair value hierarchy are described as follows:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

*Level 2* – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the District's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

The District's only investment subject to the fair value measurement hierarchy is its investment in CalTRUST Medium Term Fund, which is measured at observable input Level 2. LAIF is valued at its net asset value and, therefore, is not subject to fair value measurement hierarchy.

**FALLBROOK REGIONAL HEALTH DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 3 CAPITAL ASSETS**

Capital assets activities for the year ended June 30, 2022, are as follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Capital Assets, Not Being Depreciated:				
Land	\$ 490,291	\$ -	\$ -	\$ 490,291
Construction in Progress	-	150,732	-	150,732
Total Capital Assets, Not Being Depreciated	490,291	150,732	-	641,023
Capital Assets, Being Depreciated:				
Building and Improvements	2,023,373	70,708	-	2,094,081
Equipment	64,986	9,963	-	74,949
Total Capital Assets, Being Depreciated	2,088,359	80,671	-	2,169,030
Less Accumulated Depreciation for:				
Building and Improvements	(141,798)	(51,449)	-	(193,247)
Equipment	(36,815)	(9,860)	-	(46,675)
Total Accumulated Depreciation	(178,613)	(61,309)	-	(239,922)
Total Capital Assets, Being Depreciated, Net	1,909,746	19,362	-	1,929,108
Total Capital Assets	<u>\$ 2,400,037</u>	<u>\$ 170,094</u>	<u>\$ -</u>	<u>\$ 2,570,131</u>

Depreciation expense was allocated as follows for the year ended June 30, 2022:

Governmental Activities:	
General and Administrative	\$ 18,667
Direct Care Services	42,642
Total Depreciation Expense - Governmental Activities	<u>\$ 61,309</u>

**NOTE 4 LEASES**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The District has one lease that qualifies under GASB 87; however management has determined that recording the lease is not material to the financial statements and therefore the lease has not been recorded.



**FALLBROOK REGIONAL HEALTH DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5 DEFINED CONTRIBUTION PENSION PLAN**

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

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

Total employer contributions paid by the District amounted to \$-0-.

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

**NOTE 6 RISK MANAGEMENT**

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

At June 30, 2022, the District participated in SDRMA as follows:

*General and Auto Liability, Public Officials and Employees' Errors and Omissions, and Employment Practices Liability* – Single limit of \$2,500,000 per occurrence, subject to deductibles of \$500 per occurrence for third party general liability property damage; \$1,000 per occurrence for third party auto liability property damage, 50% coinsurance of cost expended by SDRMA, in excess of \$10,000 up to \$50,000 per occurrence for employment related claims.

*Employee Dishonesty Coverage* – Total of \$1,000,000 per loss includes public employee dishonesty, forgery or alteration, and theft, disappearance, and destruction.

**FALLBROOK REGIONAL HEALTH DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6 RISK MANAGEMENT (CONTINUED)**

*Property Loss* – Replacement cost for property on file, if replaced, and if not replaced within two years after the loss, paid on an actual cash value basis, to a combined total of \$1 billion per occurrence, subject to a \$1,000 deductible per occurrence.

*Boiler and Machinery* – Replacement cost up to \$100 million per occurrence, subject to a \$1,000 deductible.

*Public Officials Personal Liability* – \$500,000 each occurrence, with an annual aggregate of \$500,000 per each elected/appointed official to which coverage applies, subject to a \$1,000 deductible per claim.

*Comprehensive and Collision* – On selected vehicles, with deductibles of \$250/\$500 or \$500/\$1,000 as elected.

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

**NOTE 7 COMMITMENTS AND CONTINGENCIES**

**Litigation**

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

**COVID-19**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency based on an outbreak of a new strain of coronavirus (COVID-19) and the risks that are posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on the District's financial condition, liquidity, operations, and workforce. The District cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time; however, if the pandemic continues, it may have a material effect on the District's results of future operations and financial position in fiscal year 2023.

**FALLBROOK REGIONAL HEALTH DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 8 SUBSEQUENT EVENTS**

In preparing these financial statements, the District has evaluated all other events and transactions for potential recognition or disclosure through March 8, 2023, the date the financial statements were available to be issued.

**FALLBROOK REGIONAL HEALTH DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property Tax Revenues	\$ 1,680,088	\$ 1,680,088	\$ 2,123,505	\$ 443,417
Investment Earnings	59,393	59,393	(190,064)	(249,457)
Lease and Other Income	9,000	9,000	28,702	19,702
Total Revenues	<u>1,748,481</u>	<u>1,748,481</u>	<u>1,962,143</u>	<u>213,662</u>
<b>EXPENDITURES</b>				
General and Administrative Services	695,504	695,504	829,245	(133,741)
Management and Maintenance	39,905	39,905	93,900	(53,995)
Direct Care Services	205,375	205,375	110,789	94,586
Community Healthcare Programs	957,292	957,292	874,950	82,342
Capital Outlay	-	-	231,403	(231,403)
Total Expenditures	<u>1,898,076</u>	<u>1,898,076</u>	<u>2,140,287</u>	<u>(242,211)</u>
<b>DEFICIT OF REVENUES UNDER EXPENDITURES</b>	(149,595)	(149,595)	(178,144)	(28,549)
Fund Balance - Beginning of Year	<u>8,645,442</u>	<u>8,645,442</u>	<u>8,645,442</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 8,495,847</u></u>	<u><u>\$ 8,495,847</u></u>	<u><u>\$ 8,467,298</u></u>	<u><u>\$ (28,549)</u></u>

See accompanying Notes to Required Supplementary Information.

**FALLBROOK REGIONAL HEALTH DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

**NOTE 1 GENERAL BUDGET POLICIES**

The board of directors adopts an annual budget that begins on July 1. Annual appropriations are approved by the board of directors prior to the beginning of each year. The board of directors has the legal authority to amend the budget at any time during the fiscal year.

**NOTE 2 BUDGETARY BASIS OF ACCOUNTING**

The District's budget is administered on a cash basis that differs from the actual balances which are reported on the modified basis of accounting. The main difference in the June 30, 2022, fiscal year is that capital outlay, reportable on the modified accrual basis of accounting, is not a budgeted item.

**NOTE 3 EXPENDITURES IN EXCESS OF BUDGET**

During fiscal year ended June 30, 2022, expenditures of the general fund exceeded budgeted expenditures by \$242,211.



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