

Westchester County Health Care Corporation

Cash, Cash Equivalents and Investments

As of December 31, 2023

Cash and Cash Equivalents

WCHCC's cash and cash equivalents policies are governed by state statutes. Funds must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks or trust companies located within the state. Certain funds deposited with banking institutions exceed FDIC limits; however, WCHCC has a collateralization agreement with its depository institutions which management believes reduces the risks related to these balances to a minimal level. WCHCC's cash balances are collateralized under a third-party custodian agreement.

At December 31, 2023, cash and cash equivalents consist of cash and all highly liquid instruments with maturities of three months or less at the date of purchase. Approximately 96% of cash and cash equivalents reside with a major established financial institution at December 31, 2023.

Investments

WCHCC's investments consist primarily of equities and fixed income holdings, which are stated at fair value in the Statement of Net Position.

Deposits and Investments

Deposits and investments consist of the following at December 31, 2023 (amounts in thousands):

	2023
Description	
Bank deposits	\$ 38,871
Money market accounts	21,862
Equity mutual funds	8,481
Equities	37,763
Fixed income mutual funds	6,096
Other	987
Fixed income:	
US Treasury securities	254,334
Corporate bonds	48,986
	\$ 417,380
Description on Statement of Net Position	
Cash and cash equivalents	\$ 40,297
Investments	132,935
Assets restricted as to use, required for current liabilities	89,143
Assets restricted as to use, net	155,005
	\$ 417,380

2023

Investment Maturities of Fixed Income Securities

One year or less	\$ 86,142
After one through five years	200,228
After five through ten years	<u>16,950</u>
	<u>\$ 303,320</u>

Estimated fair values have been determined by WCHCC using appropriate valuation methodologies by third parties, quoted market prices, and information available to management.

WCHCC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At December 31, 2023 all of WCHCC's financial instruments measured at fair value were categorized as Level 1.

Custodial credit risk - investments - is the risk that, in the event of the failure of a counterparty, WCHCC will not be able to recover the value of the investments that are in that counterparty's possession. WCHCC's investment securities are exposed to custodial credit risk if the securities are uninsured and unregistered and held by the counterparty, or by its trust department or agent, but not in WCHCC's name. At December 31, 2023, all investments are either insured or held by WCHCC or its agent in WCHCC's name and, therefore, are not exposed to custodial credit risk. Accordingly, WCHCC's investment policy properly addresses custodial credit risk for investments.

Concentration of credit risk - is the risk of loss attributed to the magnitude of WCHCC's investment in a single issuer. WCHCC's investments are diversified and are not currently exposed to this risk.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair market value of an investment. WCHCC invests in fixed-rate debt and U.S. Treasury securities with primarily one to seven year maturities.

Credit Risk - is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. WCHCC's investment policy allows for up to 10% of investments in Baa/BBB Bonds.