

# THE IMPERIAL VALLEY HEALTHCARE DISTRICT

President

Katherin Burnworth

Vice-President

Laura Goodsell

Treasurer

Donald W. Medart Jr.

Secretary

Arturo Proctor

Trustee

Enola Berker

Trustee

Rodolfo Valdez

Trustee

Ocotillo or Seeley

Support for the IVHD

(AB918)

Tomas Virgen

**NOTICE OF SPECIAL MEETING  
1275 MAIN STREET  
EL CENTRO, CALIFORNIA 92243**

**Thursday, February 8, 2024**

**THE BOARD OF DIRECTORS OF IMPERIAL VALLEY HEALTHCARE DISTRICT  
WILL CONDUCT A  
SPECIAL MEETING**

**THE SPECIAL MEETING WILL BEGIN AT  
6:00 P.M  
AT  
EL CENTRO CITY COUNCIL CHAMBER  
1275 MAIN STREET  
EL CENTRO, CA. 92243**

**AGENDA**

- 1. CALL TO ORDER**
- 2. ROLL CALL-DETERMINATION OF QUORUM**
- 3. PLEDGE OF ALLEGIANCE**
- 4. CONSIDER APPROVAL OF AGENDA:**

In the case of an emergency, items may be added to the agenda by a majority vote of the Board of Directors. An emergency is defined as a work stoppage, a crippling disaster, or other activity that severely imperils public health, safety, or both. Items on the agenda may be taken out of sequential order as their priority is determined by the Board of Directors. The Board may take action on any item appearing on the agenda.
- 5. PUBLIC COMMENT TIME:**

At this time the Board will hear comments on any agenda item and on any item not on this agenda. If any person wishes to be heard, he or she shall stand; address the president, identify self, and state the subject for comment. Time limit for each speaker is 3 minutes. A total of 15 minutes shall be allocated for each item. The Board may find it necessary to limit total time allowable for all public comment on items not

appearing on the agenda at any one meeting to one hour. Persons desiring longer public comment time and/or action on specific items shall contact the Secretary and request that the item be placed on the agenda for the next regular meeting.

**6. CONSENT CALENDAR:**

Any member of the Board, staff or public may request that items for the Consent Calendar be removed for discussion. Items so removed shall be acted upon separately immediately following approval of items remaining on the Consent Calendar.

- Approval of the minutes for February 02, 2024.

**7. DISCUSSION AND/OR ACTION ITEMS:**

- a. Discussion and/or Action: Fiscal Analysis Reports from each IVHD Healthcare Entity Member. Presented by the CEO/CFO of El Centro Regional Medical Center, Pioneers Memorial Healthcare District and Heffernan Memorial Healthcare District.
- b. Discussion and/or Action: Association of California Healthcare District's Orientation and/or Membership.
- c. Discussion and/or Action: Directors and Officers Liability Insurance Update/Authorization for Quote Requests or Requests for Proposals for IVHD D&O Insurance Coverage.
- d. Discussion and/or Action: Authorization to Prepare IVHD Bylaws/Request for Proposals/Letters of Interest/Quote Fee Requests for Preparation.
- e. Discussion and/or Action: Discussion of General Counsel Appointment and/or Authorize Request for Proposals for Legal Services or Letters of Interest.
- f. Discussion and/or Action: Establish IVHD Committees and Appointment to IVHD Committees by the Board.
- g. Discussion and/or Action: Establish Advisory Board to the IVHD Board of Directors Pursuant to the Requirements of AB 918.
- h. Discussion and/or Action: Adoption of Domain name for Imperial Valley Healthcare District.

**8. ITEMS FOR FUTURE AGENDAS:**

This item is placed on the agenda to enable the Board to identify and schedule future items for discussion at upcoming Board meetings and/or identify press release opportunities.

**9. ADJOURNMENT:**

- a. Regular Board meetings will be held as determined by the IVHD Board.
- b. The next regular meeting of the Board will be held: To be Determined.
- c. The agenda package and material related to an agenda item submitted after the packets distribution to the Board is available for public review in the lobby of the office where the Board meeting will take place.

---

## POSTING STATEMENT

A copy of the agenda was posted February 6, 2024, at 601 Heber Avenue, Calexico, California 92231 at 9:00p.m. and other locations throughout the IVHD\_pursuant to CA Government code 54957.5. Disclosable public records and writings related to an agenda item distributed to all or a majority of the Board, including such records and written distributed less than 24 hours prior to this meeting are available for public inspection at the District Administrative Office where the IVHD meeting will take place.

**NOTICE** In compliance with the Americans with Disabilities Act, any individuals requesting special accommodations to attend and/or participate in District Board meetings may contact the district at (760)357-6522. Notifications 48 hours prior to the meeting will enable the district to make reasonable accommodations.

**THE IMPERIAL VALLEY HEALTHCARE DISTRICT MET IN SPECIAL SESSION ON THE 2<sup>ND</sup> OF FEBRUARY 2024 AT 275 MAIN STREET EL CENTRO, CA. CITY OF EL CENTRO ON THE DATE, HOUR AND PLACE DULY ESTABLISHED OR THE HOLDING OF SAID MEETING.**

**TO CALL ORDER:**

The meeting was called to order at 6:00p.m. by Tomas Virgen and Arturo Proctor led those present in the pledge of allegiance.

**ROLL CALL-DETERMINATION OF QUARUM:**

President	Katherine Burnworth
Vice-President	Laura Goodsell
Secretary	Arturo Proctor
Treasurer	Donald W. Medart, Jr.
Trustee	Enola Berker
Trustee	Rodolfo Valdez

**GUESTS:**

Tomas Virgen-Support for IVHD (AB 918)  
Brenda Ryan- HMHD Board Clerk (Temporary)

**APPROVAL OF AGENDA:**

Motion was made by Board Member Berker and second by Board Member Burnworth to approve the agenda for February 2, 2024. Motion passed by the following vote wit:

AYES: Burnworth, Goodsell, Proctor, Medart, Berker, Valdez

NOES: None

**PUBLIC COMMENT TIME:**

Guillermo Hernandez congratulated the new board members and read a statement on behalf the Assemblyman Garcia.

Frank Brabec representative of the Imperial Valley Coalition for Sustainable Healthcare Facilities presented a letter to the board congratulating them and expressing that we can all come together to transform the landscape of healthcare in the Imperial Valley. Together we can build a stronger, more sustainable future for our community.

Tomas Oliva, President of the El Centro Regional Medical Center congratulated the board and looks forward to working with them.

**ADMINISTRATION OF THE OATH OF OFFICE OF THE BOARD OF DIRECTORS OF THE IMPERIAL VALLEY HEALTHCARE DISTRICT BY THE HONORABLE WILLIAM D. QUAN, JUDGE OF THE SUPERIOR COURT OF THE COUNTY OF IMPERIAL:**

Honorable William D. Quan, Judge of the Superior Court conducted the swearing in of Imperial Valley Healthcare District newly elected board members Katherine Burnworth, Laura Goodsell, Arturo Proctor, Donald W. Medart, Jr, Enola Berker and Rodolfo Valdez.

**COMMENTS BY THE SWORN MEMBERS OF THE BOARD OF DIRECTORS OF THE IMPERIAL VALLEY HEALTHCARE DISTRICT:**

Sworn Members gave a brief comment.

**DISCUSSION AND/OR ACTION ITEMS:**

- a. Selection of President, Vice President, Secretary and Treasurer of the Imperial Valley Healthcare District.

Motion was made by Board Member Proctor to nominate Board Member Katherine Burnworth for Board President, second by Board Member Goodsell to approve. Motion passed by the following vote wit:

AYES: Burnworth, Goodsell, Proctor, Medart, Valdez

NOES: Berker

Motion was made by Board Member Burnworth to nominate Board Member Laura Goodsell for Vice-President, second by Board Member Proctor to approve. Motion passed by the following vote wit:

AYES: Burnworth, Goodsell, Proctor, Medart, Valdez

NOES: Berker

Motion was made by Board Member Valdez to nominate Board Member Arturo Proctor for Board Secretary, second by Board Member Burnworth to approve. Motion passed by the following vote wit:

AYES: Burnworth, Goodsell, Proctor, Medart, Berker, Valdez

NOES: None

Motion was made by Board Member Burnworth to nominate Board Member Donald W. Medart, Jr. for Board Treasurer, second by Board Member Goodsell to approve. Motion passed by the following vote wit:

AYES: Burnworth, Goodsell, Proctor, Medart, Berker, Valdez

NOES: None

Board President Burnworth took over the meeting.

- b. Setting of the next meeting of the Imperial Valley Healthcare District: Date, time and location.  
Board Member Burnworth requested not to have the meetings on 1<sup>st</sup> or the 3<sup>rd</sup> Wednesday evening because it is when she has council meetings. She also request evening meetings that way people do not have to take time off of work.

Board Member Medart agrees with evening meetings and reported that he has his council obligation every the 1<sup>st</sup> Tuesday of every month.

Board Member Valdez reported that his district meets every 2<sup>nd</sup> Wednesday of the month.

Board Member Burnworth suggest every 2<sup>nd</sup> Thursday of the month. All board members agreed.

The board agreed that they would need to meet before March and may need to meet several times.

Board member Burnworth suggested on meeting next Thursday, February 8<sup>th</sup>. All board members agreed on meeting next Thursday.

**ITEMS FOR FUTURE AGENDA:**

Fiscal analysis report of each entity presented by the CEO and CFO of ERM and PMHD

ACHD Orientation

Updates on D&O coverage

Bylaws

Legal Counsel options

Swearing in of new members to IVHD

The board agreed for the meeting next week to meet again at the City of El Central Chamber.

Board Member Valdez suggested rotating the meeting locations that way the whole community can participate.

**ADJOURNMENT:**

With no future business to discuss Board Member Medart made motion to adjourn the meeting at 6:43p.m. Second by Board Member Goodsell. All in favor.



El Centro Regional Medical Center

*An Agency Of The City Of El Centro*

# NET OPERATING MARGIN/(DEFICIT)

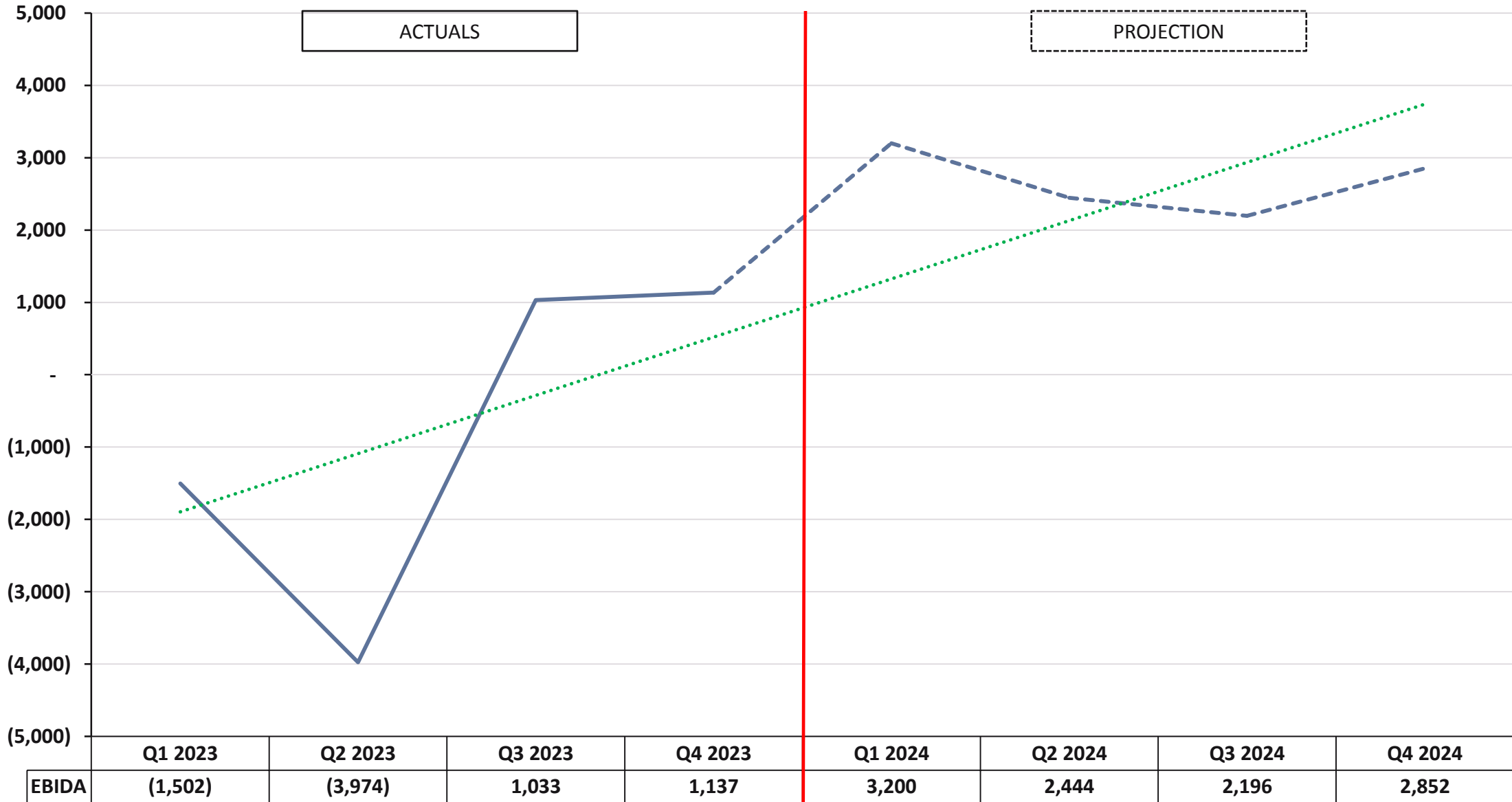


<b>NET OPERATING</b>	<b>(6,528)</b>	<b>(7,838)</b>	<b>(3,164)</b>	<b>(2,921)</b>	<b>(951)</b>	<b>(1,464)</b>	<b>(1,955)</b>	<b>(1,299)</b>
----------------------	----------------	----------------	----------------	----------------	--------------	----------------	----------------	----------------

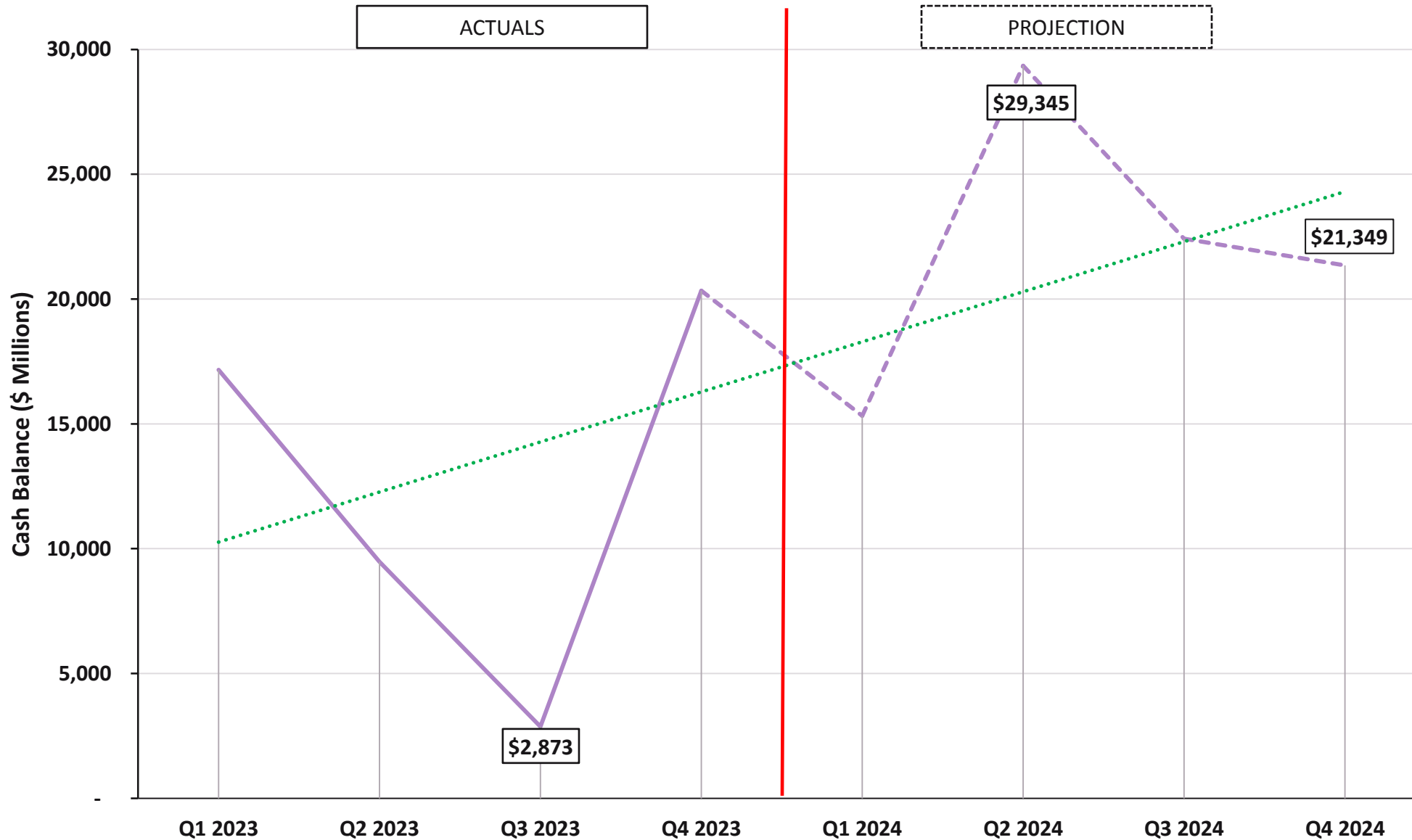




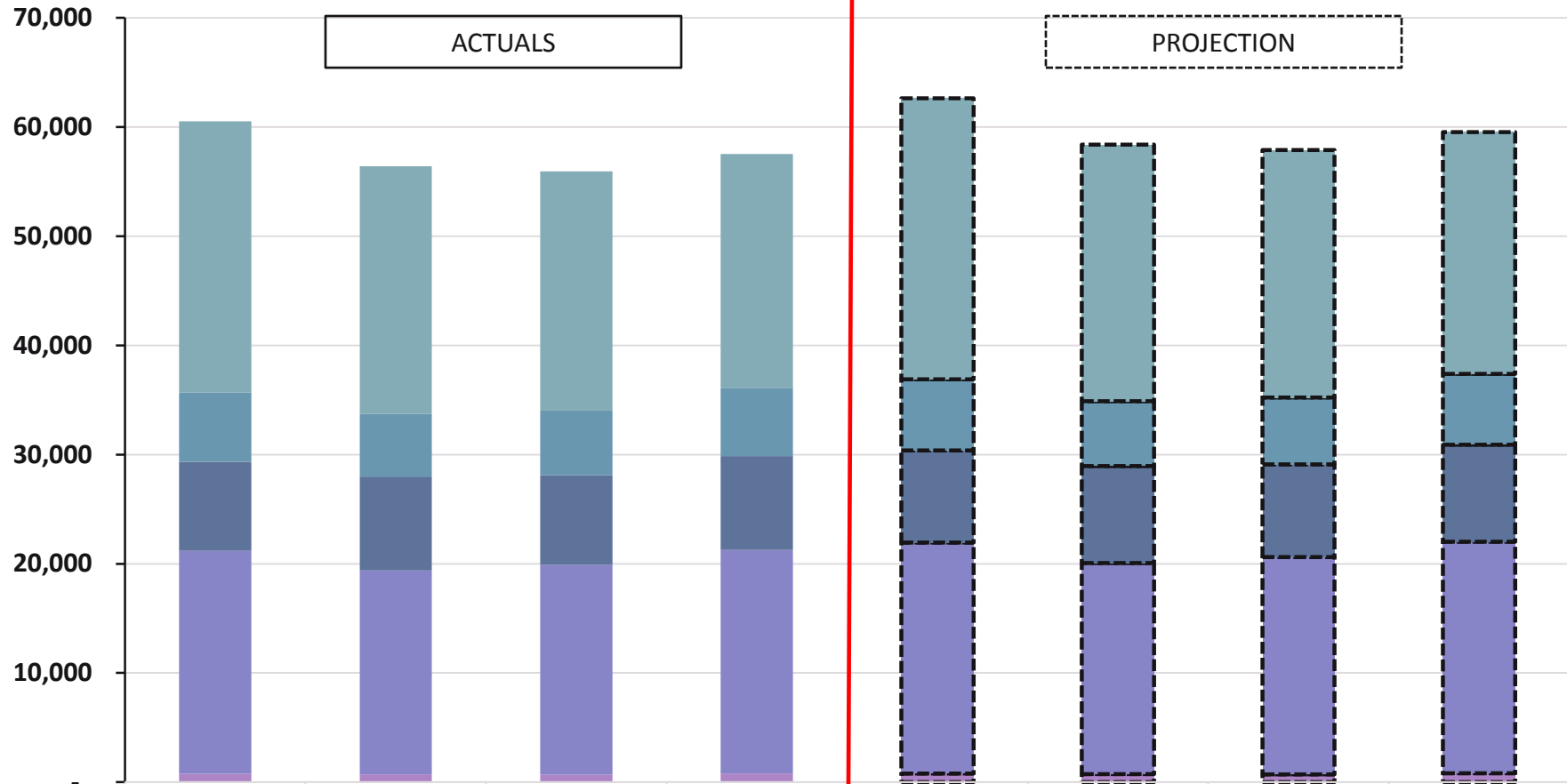
# EARNINGS BEFORE INTEREST, DEPRECIATION AND AMORTIZATION



# CASH BALANCE TREND



# VOLUMES



	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Outpatient Volumes (Exc. RHC, ER, Onc.)	24,852	22,704	21,908	21,395	25,722	23,499	22,675	22,144
Oncology Volumes	6,312	5,736	5,900	6,266	6,533	5,937	6,107	6,485
ER Visits	8,160	8,593	8,216	8,590	8,446	8,894	8,504	8,891
RHC Visits	20,431	18,679	19,226	20,488	21,146	19,333	19,899	21,205
Adult Admissions	759	709	687	785	786	734	711	812



# DHLP Updates

---

## SPC-4D

- GC re-mobilized on site 1/26/2024
- Expected seismic completion 12/31/2024

## Cerner

- Awaiting updates from Oracle for re-engagement

## Medication Management

- Expected completion 8/1/24

## ASB

- Expected completion 4/26/24



# PIONEERS

MEMORIAL HEALTHCARE DISTRICT

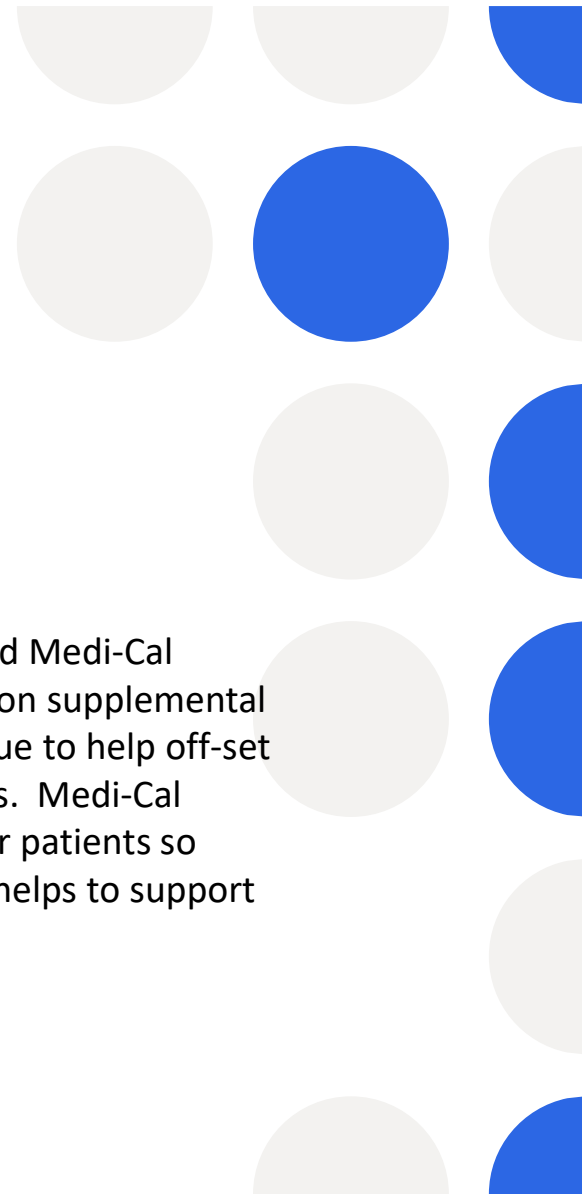
Financials 2019 – 2023

Projected 2024

---

In California, "district hospital" refers specifically to a class of healthcare facility created shortly after World War II to address a shortage of hospital beds in many local communities. Of the thirty-three district hospitals in California, twenty-one are rural hospitals and seventeen are critical-access hospitals. They are formed by local municipalities, have boards that are individually elected by their local communities. They are a particularly important provider of healthcare to uninsured patients and patients with Medi-Cal, serving low-income persons.

With a high number of uninsured and Medi-Cal covered patients, most districts rely on supplemental funding as well as a parcel tax revenue to help off-set the underpayments for such patients. Medi-Cal currently pays under costs to care for patients so these supplementals and parcel tax helps to support the hospital operations.



# Trended 12 Months Key Operating Statistics and Net Excess/(Deficit)

in 000's

FY 2023	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	FY 2024	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Inpatient Days (IP)	1,370	1,587	1,515	1,348	1,249	1,474	Inpatient Days (IP)	1,315	1,507	1,611	1,440	1,633	1,612
IP Admissions	396	426	404	357	360	407	IP Admissions	366	416	437	410	450	467
Average Daily Census (ADC)	44	57	49	45	40	49	Average Daily Census (ADC)	42	49	54	46	54	52
Rural Health Clinics Visits (RHC)	5,098	5,909	5,572	5,232	6,408	5,196	Rural Health Clinics Visits (RHC)	3,846	6,179	4,858	5,199	4,520	4,480
Emergency Department Visits (ED)	3,773	3,500	3,942	3,604	3,936	3,438	Emergency Department Visits (ED)	3,500	3,614	3,500	3,985	3,867	4,467
Deliveries	164	188	189	123	153	177	Deliveries	175	145	211	198	201	179
NET EXCESS / ( DEFICIT)	<u>(44,918)</u>	<u>132,623</u>	<u>1,554,642</u>	<u>101,934</u>	<u>969,006</u>	<u>5,060,034</u>	NET EXCESS / ( DEFICIT)	<u>111,846</u>	<u>181,324</u>	<u>332,339</u>	<u>498,940</u>	<u>1,924,170</u>	<u>1,265,684</u>

# Key Ratios

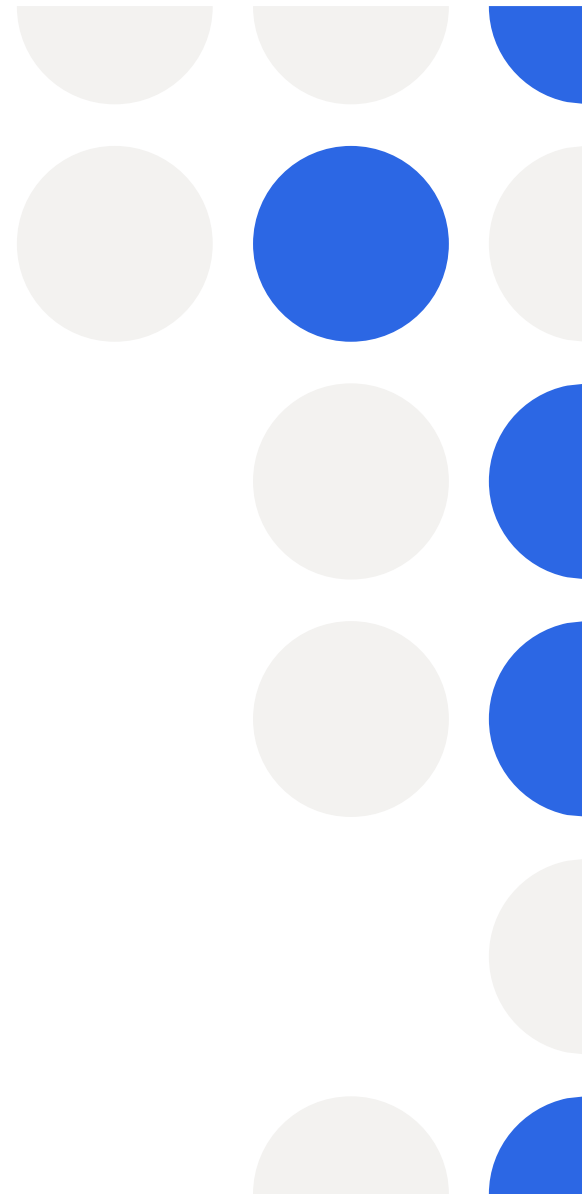
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FYTD 2024
<b>Gross A/R Days</b>	54.5	59.3	61.0	65.9	71.2	77.4
<b>Net A/R Days</b>	37.8	37.6	42.9	44.8	57.7	45.1
<b>Days Cash On Hand</b>	74.5	113.8	121.7	65.7	44.3	93.9
<b>Current Ratio</b>	2.50%	2.12%	1.58%	1.63%	2.54%	3.86%
<b>Debt Service Coverage</b>	0.96	2.39	2.68	(1.27)	0.68	1.33
<b>Accounts Payable Days</b>	59.7	55.6	45.8	50.5	55.5	64.1
<b>Average Age of Plant</b>	21.00	21.10	22.67	22.68	27.00	28.50
<b>Net Income Margin</b>	1.68%	1.91%	2.5%	-7.1%	0.4%	5.4%

---



# Debt as of December 2023

- GO Bond \$230k, payoff October 2024
  - 2017 Revenue Bond \$14.7 M, payoff June 2048
  - Distressed Hospital Loan \$28 M, payoff November 2029
  - CHFFA NDPH \$6.8 M, \$1.5 M paid off March 2024, \$1.5 M paid off April 2024 and \$3.7 M paid off in February 2025.
- 

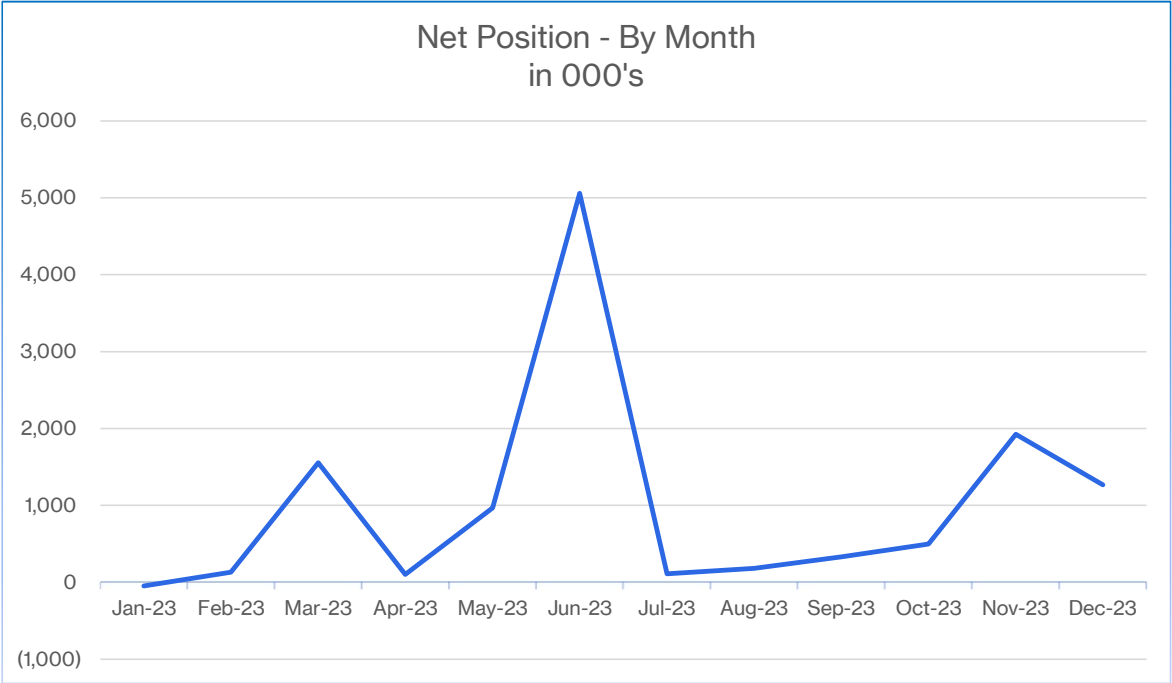


# Net Position 2019-2024

in 000's

PMHD		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	Bud FY 2024	Annualized FYTD Dec
	Operating Revenues	126,397	116,353	126,433	128,588	133,708	156,446	159,002
	Operating Expenses	131,934	130,428	136,604	144,178	142,039	154,419	151,792
	Non Operating	3,415	16,301	13,289	6,493	8,924	1,518	1,418
	Change in Net Position	(2,122)	2,226	3,118	(9,097)	593	3,545	8,628

---



### Net Position - By Year in 000's



FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	Bud FY 2024	FYTD Dec 2023
(2,122)	2,226	3,118	(9,097)	593	3,545	4,314

# Supplemental Payment Programs

## AB 113 – NDPH-Non-Designated Public Hospitals

An IGT program that allows district/municipal public hospitals (DMPHs) to draw down federal funds for fee-for-service Medi-Cal inpatient services. The amount of funds is based on the shortfall between payments received for treating Medi-Cal inpatients under the fee-for-service program and costs of treating those patients. The program is approved in perpetuity, but (as with most supplemental programs) the amount of available funding must be approved periodically by CMS. Approximate revenue \$785k

## AB 915 - Medi-Cal Outpatient DSH

Is a Certified Public Expenditure program that allows all public hospitals, including DMPHs, to use certified costs to draw down federal funds for fee-for-service Medi-Cal outpatient services. The amount of funds is based on the shortfall between payments received for treating Medi-Cal outpatients under the fee-for-service program and the costs of treating those patients. The program is approved in perpetuity but as with most supplemental programs, must be approved by CMS periodically. Approximate revenue \$450k

# Supplemental Payment Programs

## Rate Range (RR)

- Public entities, including DMPHs, can use IGTs to draw down federal funds for services provided to managed care beneficiaries. This program is for a negotiated amount between the Medi-Cal health plans and hospitals to provide increased payments for treating Medi-Cal managed care patients. It allows for additional payments over and above what the hospital would have been paid under the existing arrangement with the health plans. Approximate revenue \$4.4 M

## QAF

- This program consists of two components, the first is a payment amount that the DHLF negotiated with the other hospital associations that receive funding through the provider fee (or hospital tax to private hospitals). This money is currently provided to DMPHs through grants and based upon overall services provided by a hospital compared to other DMPHs. The second component is funding paid via the managed care plans to increase DMPH Medi-Cal managed care funding closer to the actuarial equivalent of cost. DMPHs use IGTs to draw down federal funds for Medi-Cal managed care services. Approximate revenue \$3.0 M

# Supplemental Payment Programs

## Medi-Cal DSH- SB1100

Medi-Cal DSH – DMPHs that meet eligibility criteria outlined in statute receive DSH funding in recognition of care provided to the uninsured and Medi-Cal populations. All eligible facilities treat a significant number of Medi-Cal/uninsured patients. Approximate revenue \$1.5 to \$3.0 M, depends on federal DSH Cuts.

## QIP – Quality Incentive Program

Quality Incentive Payment program is a new program (effective January 1, 2021) that replaced the PRIME program. It consists of payments made to each DMPH based upon their ability to meet preestablished quality metrics based on national benchmarks to improve the quality of services being provided. Approximate revenue up to \$4.3 M

# Supplemental Payment Programs

## District Hospital Directed Payment Program

This program began on January 1, 2023 and is based on Medi-Cal managed care utilization of the District, except for RHC's. Unlike the other Medi-Cal supplemental programs this program is "real time", meaning it looks at data from the program year with cash flow two years later. Ex: Calendar year 2023 monies will be received in 2025. Approximate revenue \$6 M

---





# Contractual Adjustments (revenue deductions)

The difference between the gross revenue (gross charges) and the payments collected is your contractual adjustment.

The actual monies collected or expected to be collected is also known as your net revenues.

---

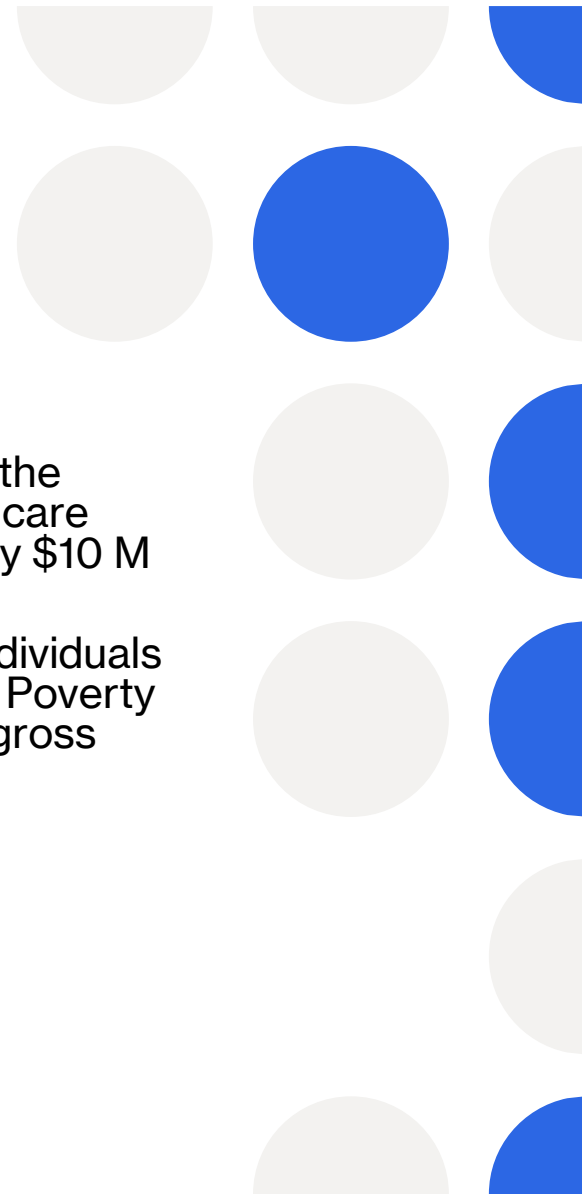


# Bad Debt and Charity

Bad debt is the monies that is owed from the patient to the healthcare provider but is not able to be collected. Medicare bad debt we get reimbursed 65% of total. Approximately \$10 M a year, about 2.2% of gross revenues.

Charity is a financial assistance program for qualified individuals based on their ability to pay in accordance with Federal Poverty standards. Approximately \$877k a year, about 0.2% of gross revenues.

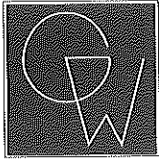
---



HEFFERNAN MEMORIAL HEALTHCARE  
DISTRICT

FINANCIAL STATEMENTS  
(WITH INDEPENDENT AUDITOR'S REPORT)

As of June 30, 2022 and for  
the fiscal year then ended



George J. Woo  
Certified Public Accountant

---

## REPORT OF INDEPENDENT AUDITOR

Board of Directors  
Heffernan Memorial Healthcare District  
Calexico, California

### Opinion

I have audited the accompanying Statement of Net Position, Statement of Operations, Statement of Changes in Net Position and Statement of Cash Flows of Heffernan Memorial Healthcare 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 financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as of June 30, 2022 and the changes in financial position and cash flows for the District and changes in net position for the District for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the California Code of Regulations, Title 2, Section 1131.2, State Controller's Minimum Audit Requirements for California Special Districts. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the basic 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 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 within one year after the date that the financial statements are available to be issued.

### Auditor's responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the basic 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 my 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 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the basic financial statements.

In performing an audit in accordance with GAAS and the California Code of Regulations, Title 2, Section 1131.2, State Controller's Minimum Audit Requirements for California Special District, I:

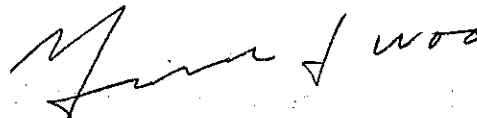
- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include 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 judgement, 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.

I am 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 I identified during the audit.

### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



December 12, 2022

Heffernan Memorial Healthcare District  
Management's Discussion and Analysis  
June 30, 2022

The following section of the annual financial report of the Heffernan Memorial Healthcare District (the "District") includes an overview and analysis of the District's financial position and activities for the years ended June 30, 2022 and 2021. This discussion and analysis, as well as the basic financial statements which it accompanies, is the responsibility of the management of the District.

### **Introduction to the Basic Financial Statements**

This annual report consists of a series of financial statements, prepared in accordance with generally accepted accounting principles; such report has been designed to improve the usefulness of the report to the primary users of these basic financial statements.

The District presents its basic financial statements using the economic resources measurement to focus and accrual basis of accounting. As a Business-Type Activity, the District's basic financial statements include a Statement of Net Position; a Statement of Revenues, Expenses, a Statement of Changes in Net Position; and a Statement of Cash Flows. Notes to the basic financial statements and this section support these statements. All sections must be considered together to obtain a complete understanding of the financial position and results of operations of the District.

**Statements of Net Position** – The Statements of Net Position include all assets and liabilities of the District, with the difference between the two reported as net position. Assets and liabilities are reported at their book value, on an accrual basis, as of June 30, 2022, and 2021. These statements also identify major categories of restrictions on the District's net position.

**Statements of Revenues, Expenses, and Changes in Net Position** – The Statements of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred by the District during the years ended June 30, 2022, and 2021, on the accrual basis of accounting.

**Statement of Cash Flows** – The Statements of Cash Flows present the changes in the District's cash and investments for the years ended June 30, 2022 and 2021. Such statements are summarized by operating, capital, and noncapital financing and investing activities. The statements of cash flows have been prepared using the direct method of reporting cash flows and, therefore, present gross, rather than net amounts, for each respective year's activities.

Heffernan Memorial Healthcare District  
Management's Discussion and Analysis  
June 30, 2022

**Condensed Financial Position Information**

The following condensed financial information provided an overview of the District's financial position for the fiscal years ended June 30, 2022 and June 30, 2021.

	<u>2022</u>	<u>2021</u>
<b>Assets:</b>		
Capital assets, net	\$ 1,284,390	\$ 1,078,634
Other assets	<u>6,383,490</u>	<u>6,234,778</u>
Total assets	<u>7,667,880</u>	<u>7,313,412</u>
<b>Liabilities:</b>		
Accounts payable	<u>18,702</u>	<u>117,529</u>
Total liabilities	<u>18,702</u>	<u>117,529</u>
<b>Net position:</b>		
Invested in capital position, net of related debt	1,284,390	1,078,634
Unrestricted	<u>6,364,788</u>	<u>6,117,249</u>
Total net position	<u>\$ 7,649,178</u>	<u>\$ 7,195,883</u>

**(a) Net Position**

Net position, the difference between assets and liabilities, increased \$ 453,295 for the fiscal year ended June 30, 2022 and increased \$ 322,541 for the fiscal year ended June 30, 2021.

**(b) Utility Plant**

Net capital assets, which is comprised of property plant and equipment, net increase of \$ 205,756. The net increase was due to capital outlay office equipment of \$ 1,017 and construction in progress for the community building remodeling project of \$ 219,071 and a decrease from the annual depreciation expense in the amount of \$ 14,332.

Heffernan Memorial Healthcare District  
Management's Discussion and Analysis  
June 30, 2022

**(c) Other Assets**

Other assets consist of cash, investments, and accounts receivable.

**(d) Other Liabilities**

Other liabilities consists of accounts payable.



Heffernan Memorial Healthcare District  
Management's Discussion and Analysis  
June 30, 2022

**Summary of Operations and Changes in Net Assets**

Changes in the District's net assets for fiscal years ended 2022 and 2021 was a increase of \$ 453,295 and an increase of \$ 322,541. The tables below summarize the District's fiscal year 2022 and 2021 activity:

	<u>2022</u>	<u>2021</u>
<u>Operating revenues:</u>		
Revenue	\$ <u>-0-</u>	\$ <u>-0-</u>
<u>Operating expenses:</u>		
Professional services	74,162	70,040
Other operating expenses	284,543	271,787
Depreciation	<u>14,332</u>	<u>14,233</u>
Total operating expense	<u>373,037</u>	<u>356,060</u>
Operating income (loss)	<u>(373,037)</u>	<u>(356,060)</u>
<u>Non-operating revenues (expenses):</u>		
Donations Received	13,496	-0-
Other Income	4,370	-0-
Property taxes	1,116,058	1,078,907
Interest income	408	44,540
Grants	<u>(308,000)</u>	<u>(444,846)</u>
Total non-operating revenues (expenses) Net	<u>826,332</u>	<u>678,601</u>
Increase in net position	453,295	322,541
Total net position, beginning of year	<u>7,195,883</u>	<u>6,873,342</u>
Total net position, end of year	<u>\$ 7,649,178</u>	<u>7,195,883</u>

Heffernan Memorial Healthcare District  
Management's Discussion and Analysis  
June 30, 2022

**(a) Operating Expenses**

Operating expenses consists of professional services, administrative expenses and other operating expenses. During the year, operating expenses (including depreciation) increased \$ 16,977.

**(b) Non-operating Revenues and Expenses**

Non-operating revenues and expenses consist of interest income and property taxes.

**Capital Assets**

**(a) Capital Assets**

Capital assets is comprised of land and buildings. Equipment consists of office furniture and computer equipment.

**Request for Information**

This financial report is designed to provide a general overview of the Heffernan Memorial Healthcare District's finances for all those with an interest in the district's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasurer, Heffernan Memorial Healthcare District, 601 Heber Ave., Calexico, CA 92231.

Heffernan Memorial Healthcare District  
Statement of Net Position  
As of June 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	<u>\$ 5,883,490</u>
TOTAL CURRENT ASSET	<u>5,883,490</u>

Non current assets:

Capital assets not being depreciated	785,034
Capital assets, net of Accumulated Depreciation	<u>499,356</u>
Total capital assets, net	1,284,390
Note receivable (Note 4)	<u>500,000</u>
Total non current assets	<u>1,784,390</u>
TOTAL ASSETS	<u><u>\$ 7,667,880</u></u>

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts payable	<u>\$ 18,702</u>
TOTAL LIABILITIES	<u>18,702</u>

Net Position:

Invested in capital assets	1,284,390
Unrestricted	<u>6,364,788</u>
TOTAL NET POSITION	<u>7,649,178</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 7,667,880</u></u>

The accompanying notes are an integral part of these financial statements.

Heffernan Memorial Healthcare District  
Statement of Revenue, Expenses and Changes in Net Position  
For the Fiscal Year Ended June 30, 2021

Operating Revenues	\$	<u>-0-</u>
<u>Operating Expenses:</u>		
Marketing and promotion		36,400
Administration services		123,374
Professional services		74,162
Other operating expenses:		
Governing board		29,500
Depreciation expense		14,332
General operations		91,598
Insurance		<u>3,671</u>
Total Operating Expenses		<u>373,037</u>
Operating Net Income (Loss)		<u>(373,037)</u>
<u>Non-Operating Revenues (Expenses):</u>		
Property taxes		1,116,058
Interest income		408
Donations Received		13,496
Other Income		4,370
Grants		<u>(308,000)</u>
Total non-operating revenues (expenses), net		826,332
Increase in net position		453,295
Net Position, beginning of the year		<u>7,195,883</u>
Net Position, end of the year		<u><u>\$ 7,649,178</u></u>

The accompanying notes are an integral part of these financial statements.

Heffernan Memorial Healthcare District  
Statement of Cash Flows  
For The Fiscal Year Ended June 30, 2021

Cash flows from operating activities:

Cash paid for grants	\$ (308,000)
Cash paid to suppliers of goods and services	<u>(455,778)</u>
Net cash provided (used) by operating activities	<u>(763,778)</u>

Cash flows from non capital financing activities:

Other Income	4,370
Donations received	13,496
Cash received from property taxes	<u>1,116,058</u>
Net cash provided (used) by non-capital financing activities	<u>1,133,924</u>

Cash flows from capital and related financing activities:

Acquisition of capital assets	<u>(220,088)</u>
Net cash provided (used) by capital and related financing activities	<u>(220,088)</u>

Cash flows from investing activities:

Interest received	<u>408</u>
-------------------	------------

Net increase in cash and cash equivalents	150,466
Cash and cash equivalents at beginning of year	<u>5,733,024</u>
Cash and cash equivalents at end of year	<u><u>\$ 5,883,490</u></u>

The accompanying notes are an integral part of the financial statements.

Heffernan Memorial Healthcare District  
Statement of Cash Flows - Continued  
For the Year Ended June 30, 2021

Reconciliation of operating income (loss) to net cash from operating activities:

Operating income (loss)	<u>\$ (373,037)</u>
Adjustments to reconcile net loss to net cash used in operating activities:	
Decrease in accounts receivable	1,754
Decrease in accounts payable	(98,827)
Depreciation	14,332
Grants	<u>(308,000)</u>
Total adjustments	<u>(390,741)</u>
Net cash from operating activities	<u><u>\$ (763,778)</u></u>

The accompanying notes are an integral part of these financial statements.

Heffernan Memorial Healthcare District  
Notes to the Financial Statements  
June 30, 2022

NOTE 1: SUMMARY OF ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING  
POLICIES

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practice within California Special Districts. The District accounts for financial transactions in accordance with the policies and procedures of the State Comptroller's Office Division of Local Government Fiscal Affairs Minimum Audit Requirements and Reporting Guidelines for California Special Districts. The following is a summary of the more significant policies.

General

The Heffernan Memorial Healthcare District (the "District") was formed in 1951 as a Hospital District, a subdivision of the State of California under the Health and Safety Code Division 23, Section 12000-32358. The District was formally known as Heffernan Memorial Hospital District. The name change became effective August 13, 2009.

Each of the five members of the District's Board of Directors holds office for a four-year term. Elections are by popular vote of the constituents within the District's boundaries.

The District's certification to provide and bill for inpatient and outpatient services was revoked on September 22, 1995 by Medicare and Medical and the District suspended operations of its general acute care facility. On November 13, 1995, the District entered into bankruptcy under Chapter 9 of the Bankruptcy Code and adopted and carried out a bankruptcy-restructuring plan with the City of Calexico and the City of Calexico's Community Redevelopment Agency, secured creditors and a committee of unsecured creditors.

Heffernan Memorial Healthcare District  
Notes to the Financial Statements  
June 30, 2022

NOTE 1: SUMMARY OF ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)

The District has and continues to assess the healthcare needs of the Imperial Valley. The District makes grants to healthcare providers who provide needed healthcare services.

Reporting Entity

Accounting principles generally accepted in the United States of America require that these financial statements present the accounts of the District and any of its component units. Component units are legally separate entities of which the District is considered to be financially accountable or otherwise has a relationship, which is such that the exclusion of the entity would cause the financial statements to be misleading. Blended component units are considered, in substance, part of the District's operations, so the accounts of these entities are to be combined with the data of the District. Component units, which do not meet these requirements, are reported in the financial statements as discrete units to emphasize their separate legal status. However, the District has determined that it is not financially accountable for, nor has any other relationship with, any other organization, which would require its inclusion in these financial statements.

Proprietary Fund Financial Statements

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance subject to this same limitation. The District has elected to follow subsequent private-sector guidance that does not conflict with or contradict GASB statements.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to patients for services. Operating expenses include cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



Heffernan Memorial Healthcare District  
Notes to the Financial Statements  
June 30, 2022

NOTE 1: SUMMARY OF ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Measurement Focus, Basis of Accounting, and Financial Statements  
Presentation

The financial statements are reported using the economic resources measurement focus and 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Cash and cash equivalents

All cash and cash equivalents are considered to be demand deposits, money market funds and highly liquid investments with original maturities of three months or less from the date of acquisition, which are not exposed to custodial credit risk because their existences is not evidenced by securities that exist in physical or book entry form.

Heffernan Memorial Healthcare District  
Notes to the Financial Statements  
June 30, 2022

NOTE 1: SUMMARY OF ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)

Capital assets

Capital assets consist of office equipment, building and improvements and land. Capital assets are defined by the District, as assets with an initial, individual cost of more than \$ 1,000 and an estimated useful life of five years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Depreciation of office equipment is provided on the straight-line basis over the estimated useful life of five years. Buildings are depreciated over the estimated useful life of 40 years.

Included in the statement of revenues, expenses and changes in net assets for the year ended June 30, 2022 is \$ 14,332, in depreciation expense.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's life are not capitalized.

Property taxes

Property taxes are assessed under various legislative provisions, contained in the Government Code and the Revenue and Taxation Code, by the County Assessor and State Board of Equalization. Taxes on real property are limited to one percent of assessed valuation plus additional taxes for repayment of any existing voted indebtedness. Imperial County in accordance with statutory formulas collects and distributes the taxes to the District.

The County of Imperial (the County) bills and collects property taxes on behalf of numerous special districts and incorporated cities, including the District. The District's collections of current year's taxes are received through periodic apportionments from the County.

Secured property taxes are levied on or before the first business day of September of each year. They become a lien on real property on January 1<sup>st</sup> proceeding the fiscal year for which taxes are levied and can be paid in tow installments. The first installment is due November 1<sup>st</sup> and delinquent December 10<sup>th</sup>, and the second installment is due February 1<sup>st</sup> of the following year and is delinquent April 10<sup>th</sup>. Unsecured personal property taxes are due January 1<sup>st</sup>, and become delinquent if unpaid on August 31<sup>st</sup>.

Heffernan Memorial Healthcare District  
Notes to the Financial Statements  
June 30, 2022

NOTE 1: SUMMARY OF ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)

Income taxes

The District is a political subdivision of the State of California and, as such, is exempt from federal and state income taxes.

NOTE 2: CASH AND INVESTMENTS

The District's cash deposits at year end are categorized below to give an indication of the level of credit risk assumed by the District.

Category 1 – Cash deposits which are insured by FDIC.

Category 2 – Cash deposits which are collateralized. The California Government Code required California banks and savings and loan associations to secure a District's deposits by pledging government securities with a value of 110% of a District's deposits, or by pledging first trust deed mortgage notes having a value of 150% of a District's total deposits.

Category 3 – Cash deposits which are uninsured or uncollateralized.

The District had no Risk Category 2 and 3 cash, cash equivalents and investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District 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. Neither the California Government Code nor the County's investment policy contains legal or policy requirements that would limit the District's exposure to custodial credit risk for deposits, except that the California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 100% of the total amount deposited by the public agencies. 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.

Heffernan Memorial Healthcare District  
Notes to the Financial Statements  
June 30, 2022

NOTE 2: CASH AND RESTRICTED INVESTMENTS (Continued)

Concentration of Credit Risk

The District maintains cash balances at several financial institutions located in Imperial County. The total of all accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$ 250,000. The District occasionally carries cash balances in banks in excess of the Federal Deposit Insurance Corporation's insurance limits.

Classification of Investments by Credit Risk

	Categories			Carrying Amount	Market Value
	1	2	3		
Demand accounts	\$ 250,000	\$ 5,633,490	\$ -0-	\$5,883,490	\$ 5,883,490
Total	\$ 250,000	\$ 5,633,490	\$ -0-	\$5,883,490	\$ 5,883,490

Investment Income

For the year ended June 30, 2022, investment income consisted of interest income of \$ 408.

NOTE 3: CAPITAL ASSETS

A summary of capital assets as of June 30, 2022 follows:

	Balance as of July 1, 2021	Additions	Retirements	Balance as of June 30, 2022
<u>Non-depreciable Assets:</u>				
Land	\$ 142,750	\$ -0-	\$ -0-	\$ 142,750
Construction in progress	423,213	219,071	-0-	642,284
Total	565,963	219,071	-0-	785,034
<u>Depreciable Assets:</u>				
Building/Improvements	576,433	-0-	-0-	576,433
Office Equipment	67,435	1,017	-0-	68,452
Total Depreciable Assets	643,868	1,017	-0-	644,885
Less Accumulated Depreciation				(145,529)
Total Depreciable Assets, Net				499,356
Total Capital Assets, Net				\$ 1,284,390

Depreciation expense for the year ended June 30, 2022 was \$ 14,332.

Heffernan Memorial Healthcare District  
Notes to the Financial Statements  
June 30, 2022

NOTE 4: COMMITMENTS AND CONTINGENCIES

Note Receivable - MegaPark

The Purchase deposit of \$ 500,000 for the Mega Park LLC remains unpaid. Heffernan Memorial Healthcare District has the \$ 500,000 purchase deposit secured by a promissory note and a trust deed recorded against the Mega Park LLC property. The principal amount is generating 6 % annual interest as of 2009. Heffernan Memorial Healthcare District remains a secured creditor. Heffernan Memorial Healthcare District is in a junior lien position. A senior lien holder has priority over Heffernan Memorial's junior lien position. Heffernan Memorial Healthcare District has not commenced litigation or default proceedings against Mega Park LLC. Mega Park LLC has recorded the final map for development. Mega Park LLC has informed Heffernan Memorial Healthcare District it will repay the money owed with accumulated interest upon developing the property.

NOTE 5: GRANTS

During the year ended June 30, 2022, the District granted awards to several healthcare providers that provide healthcare services and other not for profit organizations. During the year ended June 30, 2022, the District contributed \$ 308,000.

NOTE 6: SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 12, 2022, the date which the financial statements were available to be issued. No events have occurred which would have a material effect on the financial statements of the District as of that date.

HEFFERNAN MEMORIAL HEALTHCARE DISTRICT

January 04, 2024.

BANKS BALANCE:

CHASE BANK # 7701 Operational Acct. 947,745.92

CHASE BANK Platinum # 8565 Checking Acct. 1,898,174.98

TOTAL CHECKING ACCTS: \$ 2,845,920.90

OTHER CURRENT ASSETS:

CALEXICO MEGAPARK,LLC ( PURCHASE LAND-DEPOSIT) \$ 500,000.00

PREPARED By: Rosario Vizcarra.

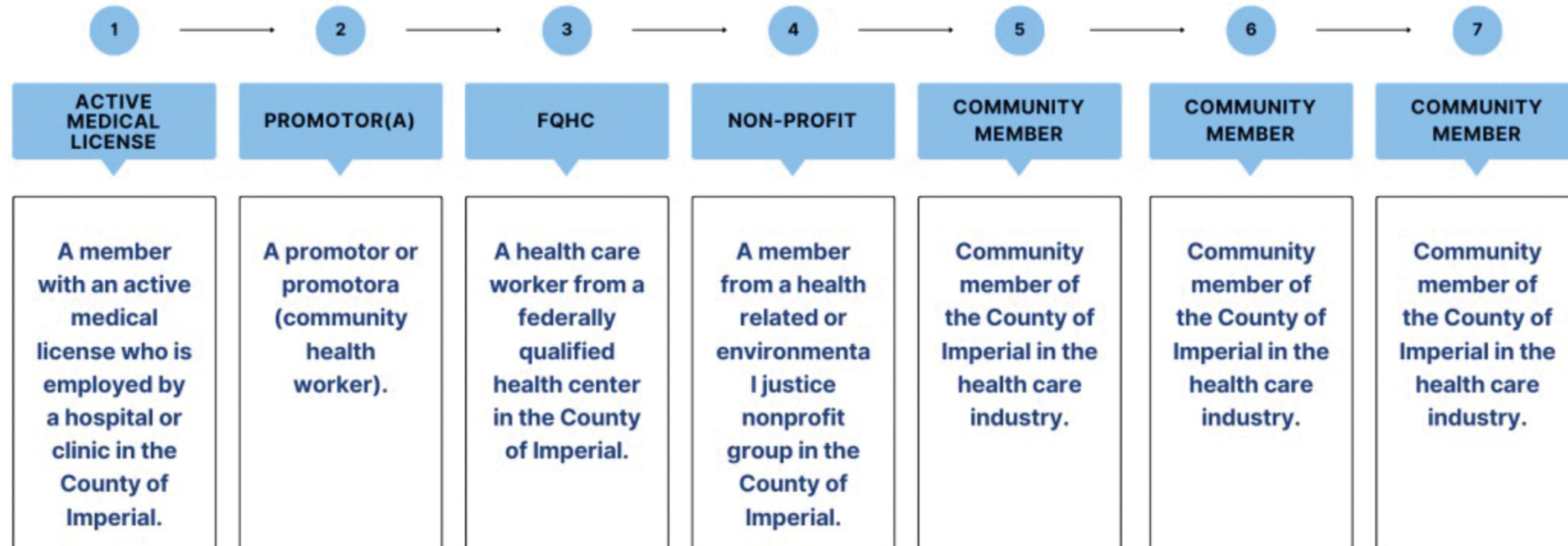
01-04-2024.

Heffernan Memorial Healthcare District  
**Profit & Loss**  
July 1, 2023 through January 4, 2024

	<u>Jul 1, '23 - Jan 4, 24</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4000 · Rev Sharing - County Prop Tax	523,676.75
<b>Total Income</b>	<u>523,676.75</u>
<b>Gross Profit</b>	523,676.75
<b>Expense</b>	
6010 · Trustee remuneration	15,000.00
6200 · Rent	1,400.00
6300 · Repairs and maintenance	1,145.00
6310 · Landscaping	1,470.00
6600 · Legal and professional	22,632.00
6610 · Accounting - Audit	3,000.00
6615 · Accounting - Other	12,440.00
6650 · Administration services	51,624.00
7000 · Marketing	15,987.10
7200 · Office supplies	915.95
7201 · Leasing Offices Equipment	830.63
7210 · Janitorial supplies	84.60
7214 · Janitorial Services	2,880.00
7215 · Postage	61.75
7250 · Utilities	
Electricity	1,125.63
Water	2,316.68
<b>Total 7250 · Utilities</b>	<u>3,442.31</u>
7270 · Telephone	3,878.73
7280 · Security	27,324.00
7285 · Grants - By HMHD	13,359.61
7400 · Travel	4,853.23
7410 · Training and education	2,200.00
7420 · Meals	2,765.58
7550 · Promotion	6,800.09
8030 · Property tax	9,261.82
8200 · Bank charges	40.00
<b>Total Expense</b>	<u>203,396.40</u>
<b>Net Ordinary Income</b>	<u>320,280.35</u>
<b>Net Income</b>	<u><u>320,280.35</u></u>

# Advisory Board Requirements

The board of directors may establish a nonvoting community advisory committee consisting of at least 7 community members of the County of Imperial in the health care industry, including:



The nonvoting advisory board may be dissolved at the discretion of the board of directors.