

HEFFERNAN MEMORIAL HEALTHCARE DISTRICT

President

Sylvia Bernal

Vice-President

Rodolfo Valez

Treasurer

Paloma Sanchez

Secretary

Adriana Armendariz

Trustee

Raul Urena

601 HEBER AVE.
CALEXICO, CALIFORNIA 92231

NOTICE OF REGULAR MEETING

ON

Tuesday, February 13, 2024

Executive District

Manager

Tomas Virgen

General Counsel

Eduardo Rivera

Board Clerk

Brenda Ryan

**THE BOARD OF DIRECTORS OF HEFFERNAN MEMORIAL HEALTHCARE DISTRICT
WILL CONDUCT A
REGULAR MEETING**

**THE MEETING WILL BEGIN AT
5:30 P.M
A T
THE BOARD'S REGULAR MEETING PLACE
601 HEBER AVE.
CALEXICO, CA. 92231**

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, item 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:

Public comment time on items not appearing on the agenda will be limited to 3 minutes per person and 15 minutes per subject. The Board may find it necessary to limit the total time allowable for all public comments on items not appearing on the agenda at anyone 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.

- a. Approve minutes for meetings of January 10, 2024 Regular Meeting, January 10, 2024 Special Meeting and January 31, 2024.
- b. Approve Treasurer Report.

7. REPORTS ON MEETING AND EVENTS ATTENDED BY DIRECTORS, AND AUTHORIZATION FOR DIRECTOR ATTENDANCE AT UPCOMING MEETINGS AND EVENTS/DIRECTORS COMMENTS:

- a. Brief reports by Directors on meetings and events attended. Schedule of upcoming Board meetings and events.

8. REPORTS BY ALL HMHD COMMITTEES

9. COMMENTS BY PROMOTION AND PUBLIC RELATIONS TONY PIMENTEL

10. COMMENTS BY EXECUTIVE DISTRICT MANAGER TOMAS VIRGEN

11. COMMENTS BY GENERAL COUNSEL EDUARDO RIVERA

12. DISCUSSION AND/OR ACTION ITEMS:

- a. Discussion and/or Action: Review and Approve 2022-2023 Audit of HMHD.
- b. Discussion and/or Action: 400 Mary modernization project update.
- c. Discussion: Set date for HMHD Strategic Plan update workshop.
- d. Discussion: Imperial Valley Healthcare District: Reimbursement for HMHD personnel for temporary clerical responsibilities performed for IVHD pursuant to AB 918. Ca. Health and Safety Code section 32499.6 (d) (1).
- e. Discussion and/or Action: Review, Consider and Approve agreement with California Consulting, Inc. for grant writing services for HMHD.

13. TEMS 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.

14. ADJOURNMENT:

- a. Regular Board meetings are held on the second Wednesday of each month.
- b. The next regular meeting of the Board will be held at 5:30 P.M., March 13, 2024.
- c. The agenda package and material related to an agenda item submitted after the packet's distribution to the Board are available for public review in the lobby of the district office during normal business hours

POSTING STATEMENT

A copy of the agenda was posted February 10, 2024, at 601 Heber Avenue, Calexico, California 92231 at 5:30 p.m. 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 72 hours prior to this meeting are available for public inspection at the District Administrative Office, 601 Heber Avenue, Calexico, CA.

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.

HEFFERNAN MEMORIAL HEALTHCARE DISTRICT

February 08, 2024.

BANKS BALANCE:

CHASE BANK # 7701 Operational Acct. 810,462.46

CHASE BANK Platinum # 8565 Checking Acct. 2,046,734.73

TOTAL CHECKING ACCTS: \$ 2,857,197.19

OTHER CURRENT ASSETS:

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

PREPARED By: Rosario Vizcarra.

02-08-2024.

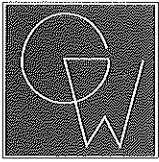
Heffernan Memorial Healthcare District
Profit & Loss
July 1, 2023 through February 8, 2024

	<u>Jul 1, '23 - Feb 8, 24</u>
Ordinary Income/Expense	
Income	
4000 · Rev Sharing - County Prop Tax	523,676.75
4010 · Rev Sharing - Pass Thru City	148,559.75
	<hr/>
Total Income	672,236.50
	<hr/>
Gross Profit	672,236.50
Expense	
6010 · Trustee remuneration	17,500.00
6200 · Rent	1,600.00
6300 · Repairs and maintenance	1,145.00
6310 · Landscaping	1,650.00
6500 · Insurance	4,210.00
6600 · Legal and professional	24,782.00
6610 · Accounting - Audit	9,500.00
6615 · Accounting - Other	14,015.00
6650 · Administration services	61,514.00
7000 · Marketing	18,787.10
7200 · Office supplies	985.14
7201 · Leasing Offices Equipment	967.24
7210 · Janitorial supplies	84.60
7214 · Janitorial Services	3,480.00
7215 · Postage	105.67
7250 · Utilities	
Electricity	1,211.82
Water	2,841.57
	<hr/>
Total 7250 · Utilities	4,053.39
7270 · Telephone	4,412.01
7280 · Security	38,088.00
7285 · Grants - By HMHD	19,063.26
7400 · Travel	4,853.23
7410 · Training and education	2,200.00
7420 · Meals	3,224.26
7550 · Promotion	7,121.97
8030 · Property tax	9,261.82
8200 · Bank charges	40.00
	<hr/>
Total Expense	252,643.69
	<hr/>
Net Ordinary Income	419,592.81
	<hr/>
Net Income	419,592.81

HEFFERNAN MEMORIAL HEALTHCARE
DISTRICT

FINANCIAL STATEMENTS
(WITH INDEPENDENT AUDITOR'S REPORT)

As of June 30, 2023 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, 2023 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, 2023 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:

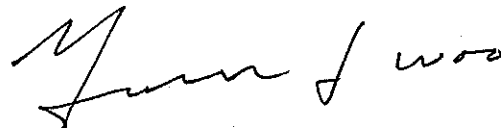
- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include 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 18, 2023

Heffernan Memorial Healthcare District
Management's Discussion and Analysis
June 30, 2023

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, 2023 and 2022. 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, 2023, and 2022. 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, 2023, and 2022, 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, 2023 and 2022. 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, 2023

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, 2023 and June 30, 2022.

	<u>2023</u>	<u>2022</u>
Assets:		
Capital assets, net	\$ 3,166,164	\$ 1,284,390
Other assets	<u>4,844,318</u>	<u>6,383,490</u>
Total assets	<u>8,010,482</u>	<u>7,667,880</u>
Liabilities:		
Accounts payable	<u>53,850</u>	<u>18,702</u>
Total liabilities	<u>53,850</u>	<u>18,702</u>
Net position:		
Invested in capital position, net of related debt	3,166,164	1,284,390
Unrestricted	<u>4,790,468</u>	<u>6,364,788</u>
Total net position	<u>\$ 7,956,632</u>	<u>\$ 7,649,178</u>

(a) Net Position

Net position, the difference between assets and liabilities, increased \$ 307,454 for the fiscal year ended June 30, 2023 and increased \$ 453,295 for the fiscal year ended June 30, 2022.

(b) Utility Plant

Net capital assets, which is comprised of property plant and equipment, net increase of \$ 1,881,774. The net increase was due to the construction in progress for the community building remodeling project of \$ 1,895,591 and a decrease from the annual depreciation expense in the amount of \$ 13,817.

(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, 2023

Summary of Operations and Changes in Net Assets

Changes in the District's net assets for fiscal years ended 2023 and 2022 was a increase of \$ 307,454 and an increase of \$ 453,295. The tables below summarize the District's fiscal year 2023 and 2022 activity:

	<u>2023</u>	<u>2022</u>
<u>Operating revenues:</u>		
Revenue	\$ <u>-0-</u>	\$ <u>-0-</u>
<u>Operating expenses:</u>		
Professional services	63,327	74,162
Other operating expenses	268,398	284,543
Depreciation	<u>13,817</u>	<u>14,332</u>
Total operating expense	<u>345,542</u>	<u>373,037</u>
Operating income (loss)	<u>(345,542)</u>	<u>(373,037)</u>
<u>Non-operating revenues (expenses):</u>		
Donations Received	-0-	13,496
Other Income	-0-	4,370
Property taxes	1,166,871	1,116,058
Interest income	-0-	408
Grants	<u>(513,875)</u>	<u>(308,000)</u>
Total non-operating revenues (expenses) Net	<u>652,996</u>	<u>826,332</u>
Increase in net position	307,454	453,295
Total net position, beginning of year	<u>7,649,178</u>	<u>7,195,883</u>
Total net position, end of year	<u>\$ 7,956,632</u>	<u>\$ 7,649,178</u>

Heffernan Memorial Healthcare District
Management's Discussion and Analysis
June 30, 2023

(a) Operating Expenses

Operating expenses consists of professional services, administrative expenses and other operating expenses. During the year, operating expenses (including depreciation) increased \$ 27,495.

(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, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$ 4,302,363
Accounts receivable	<u>41,955</u>
TOTAL CURRENT ASSET	<u>4,344,318</u>

Non current assets:

Capital assets not being depreciated	2,680,625
Capital assets, net of Accumulated Depreciation	<u>485,539</u>
Total capital assets, net	3,166,164
Note receivable (Note 4)	<u>500,000</u>
Total non current assets	<u>3,666,164</u>
TOTAL ASSETS	<u>\$ 8,010,482</u>

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts payable	<u>\$ 53,850</u>
TOTAL LIABILITIES	<u>53,850</u>

Net Position:

Invested in capital assets	3,166,164
Unrestricted	<u>4,790,468</u>
TOTAL NET POSITION	<u>7,956,632</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 8,010,482</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, 2023

Operating Revenues	<u>\$</u>	<u>-0-</u>
<u>Operating Expenses:</u>		
Marketing and promotion		34,100
Administration services		109,251
Professional services		63,327
Other operating expenses:		
Governing board		30,000
Depreciation expense		13,817
General operations		91,046
Insurance		<u>4,001</u>
 Total Operating Expenses		 <u>345,542</u>
 Operating Net Income (Loss)		 <u>(345,542)</u>
<u>Non-Operating Revenues (Expenses):</u>		
Property taxes		1,166,871
Grants		<u>(513,875)</u>
 Total non-operating revenues (expenses), net		 652,996
 Increase in net position		 307,454
 Net Position, beginning of the year		 <u>7,649,178</u>
 Net Position, end of the year		 <u>\$ 7,956,632</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, 2023

Cash flows from operating activities:

Cash paid for grants	\$ (513,875)
Cash paid to suppliers of goods and services	<u>(296,577)</u>
Net cash provided (used) by operating activities	<u>(810,452)</u>

Cash flows from non capital financing activities:

Cash received from property taxes	<u>1,124,916</u>
Net cash provided (used) by non-capital financing activities	<u>1,124,916</u>

Cash flows from capital and related financing activities:

Acquisition of capital assets	<u>(1,895,591)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,895,591)</u>

Net increase (decrease) in cash and cash equivalents	(1,581,127)
Cash and cash equivalents at beginning of year	<u>5,883,490</u>
Cash and cash equivalents at end of year	<u><u>\$ 4,302,363</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, 2023

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

Operating income (loss)	<u>\$ (345,542)</u>
Adjustments to reconcile net loss to net cash used in operating activities:	
Increase in accounts payable	35,148
Depreciation	13,817
Grants	<u>(513,875)</u>
Total adjustments	<u>(464,910)</u>
Net cash from operating activities	<u><u>\$ (810,452)</u></u>

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

Heffernan Memorial Healthcare District
Notes to the Financial Statements
June 30, 2023

**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, 2023

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, 2023

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, 2023

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, 2023 is \$ 13,817, 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 1st proceeding the fiscal year for which taxes are levied and can be paid in tow installments. The first installment is due November 1st and delinquent December 10th, and the second installment is due February 1st of the following year and is delinquent April 10th. Unsecured personal property taxes are due January 1st, and become delinquent if unpaid on August 31st.

Heffernan Memorial Healthcare District
Notes to the Financial Statements
June 30, 2023

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, 2023

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	\$ 4,052,363	\$ -0-	\$4,302,363	\$ 4,302,363
Total	\$ 250,000	\$ 4,052,363	\$ -0-	\$4,302,363	\$ 4,302,363

Investment Income

For the year ended June 30, 2023, investment income consisted of interest income of \$ 408.

NOTE 3: CAPITAL ASSETS

A summary of capital assets as of June 30, 2023 follows:

	<u>Balance as of July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance as of June 30, 2023</u>
<u>Non-depreciable Assets:</u>				
Land	\$ 142,750	\$ -0-	\$ -0-	\$ 142,750
Construction in progress	642,284	1,895,591	-0-	2,537,875
Total	785,034	1,895,591	-0-	2,680,625
<u>Depreciable Assets:</u>				
Building/Improvements	576,433	-0-	-0-	576,433
Office Equipment	68,452	-0-	-0-	68,452
Total Depreciable Assets	644,885	-0-	-0-	644,885
Less Accumulated Depreciation				(159,346)
Total Depreciable Assets, Net				485,539
Total Capital Assets, Net				\$ 3,166,164

Depreciation expense for the year ended June 30, 2023 was \$ 13,817.

Heffernan Memorial Healthcare District
Notes to the Financial Statements
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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, 2023, the District granted awards to several healthcare providers that provide healthcare services and other not for profit organizations. During the year ended June 30, 2023, the District contributed \$ 513,875.

NOTE 6: SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 18, 2023, 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. With the exception of Assembly Bill 918.

Heffernan Memorial Healthcare District
Notes to the Financial Statements
June 30, 2023

NOTE 6: SUBSEQUENT EVENTS (CONTINUED)

Assembly Bill 918 was approved by Governor October 8, 2023. It was filed with Secretary of State October 8, 2023.

The local Health Care District Law, authorizes the organization and incorporation of local health care Districts and specifies the powers of those Districts, including, among other things, the power to establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to, outpatient program, services, and facilities; retirement programs, services, and facilities; chemical dependency programs, services, and facilities; or other health care programs, services, and facilities and activities at any location within or without the District for the benefit of the District and the people served by the District.

This bill forms a local health care District in the County of Imperial, designated as the Imperial Valley Healthcare District, that includes all of the County of Imperial. The bill requires the initial board of directors of the Imperial Valley Healthcare District to be appointed from and by specified bodies, including among others, the Imperial County Board of Supervisors, the Pioneers Memorial Healthcare District Board of Directors, and the Heffernan Memorial Healthcare District Board of Directors. The bill requires the initial board of directors to recommend a permanent funding source mechanism to be presented to and approved by voters via ballot measure. The bill requires the initial board of directors to enter negotiations with El Centro Regional Medical Center to decide the terms of the acquisition of the hospital. The bill requires the initial board of directors to finalize the terms of the acquisition by November 5, 2024. The bill requires the City of El Centro to negotiate in good faith with the Imperial Valley Healthcare District. The bill requires the board of directors to hold a minimum of 3 public meetings between the effective date of the bill and January 1, 2025, as specified. The bill requires the board of directors to recommend to the Imperial County Local Agency Formation Commission (LAFCO) dates for the dissolutions of the Pioneers Memorial Healthcare District and Heffernan Memorial Healthcare District and authorizes the board to recommend separate dates for each District's dissolution. The bill requires, by January 1, 2025, the Imperial County LAFCO to dissolve the Heffernan Memorial Healthcare District and the Pioneers Memorial Healthcare District and transfers the assets, rights, and responsibilities of the dissolved Districts to the Imperial Valley Healthcare District. The bill requires, until the dissolution of both of those Districts, the Heffernan Memorial Healthcare District to hold a temporary clerical role for the Board of Directors of the Imperial Valley Healthcare District, as specified. The bill extends the terms of the board members of the Districts being dissolved until their respective dissolution date or January 1, 2025, whichever occurs first. Following the

Heffernan Memorial Healthcare District
Notes to the Financial Statements
June 30, 2023

NOTE 6: SUBSEQUENT EVENTS (CONTINUED)

appointment of the board of directors, the bill requires the board of directors to adopt a resolution to divide the Imperial Valley Healthcare District into voting Districts

for the purpose of electing members of the board of directors from and by the electors of those voting Districts beginning with the next District election occurring after January 1, 2024. The bill requires the Imperial Valley Healthcare District to annually report to the Imperial County LAFCO regarding health care service provision in the District in 2024 and 2025, as specified. The bill requires the Imperial County LAFCO to conduct a municipal service review regarding health care service provision in the District by December 31, 2026, and by December 31, every 5 years thereafter. By imposing new duties on the City of El Centro and the County of Imperial, the bill imposes a state-mandated local program.

This bill states the intent of the Legislature that the Imperial Valley Healthcare District maximize the use of its assets to provide direct health care services to individuals within the District, as specified.

This bill makes legislative findings and declarations as to the purpose of the bill and the necessity of a special statute for the County of Imperial.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the State. Statutory provisions established procedures for making that reimbursement.

This bill provides that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

The Initial Board of Directors should consist of the following members:

- A. One member appointed by the Pioneers Memorial Healthcare District Board of Directors.
- B. One member appointed by the Heffernan Memorial Healthcare District Board of Directors.
- C. One resident of the City of El Centro, appointed by the County of Imperial's Public Health Director.
- D. One resident from the unincorporated areas of Seeley or Ocotillo, or a county board supervisor representing those areas, appointed by the Imperial County Board of Supervisors.
- E. One tribal member appointed by the Quechan tribe.
- F. One member appointed by the City of Imperial.
- G. One member appointed by the City of Holtville.