

**TEHACHAPI VALLEY HEALTHCARE DISTRICT
BOARD OF DIRECTORS MEETING**

Date: January 16, 2024

**Place: Tehachapi Valley Healthcare District Office
116 W E Street**

Tehachapi, CA 93561

Time: 10:00am

Audio Call: 1-347-566-2771 ID: 932899372#

Teleconference: [Click here to join the meeting](#)

AGENDA

Director Steele joining via Teams 1-347-566-2771; ID: 932899372# from: Princess Crown, Kona, Hawaii

I. CALL TO ORDER

II. FLAG SALUTE

III. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

This time is reserved for persons to address the Board of Directors on matters not on the agenda over which the District has jurisdiction. Time is limited to 3 minutes per speaker. The Board of Directors can take no action on your presentation. Any person desiring to speak on an item on the agenda will be given an opportunity to do so prior to the Board of Directors acting on the item.

IV. BOARD COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

V. CONSENT AGENDA

The following items are considered routine and non-controversial by District Staff and may be approved by one motion. If a member of the Board or audience wishes to comment or ask questions on an item, it will be moved to New Business or Reports.

Approval of Minutes

- | | |
|---|-------|
| 1. BOD Meeting Minutes November 14, 2023 | Tab 1 |
| 2. Receive and File, Strategic Committee Minutes 11/09/23 | Tab 2 |
| 3. Receive and File, Finance Committee Minutes 11/08/23 | Tab 3 |

VI. OLD BUSINESS

- | | |
|-------------------------------------|-------|
| A. Events/Meeting Compensation 2024 | Tab 4 |
|-------------------------------------|-------|

VII. NEW BUSINESS

- | | |
|--|--------|
| A. Financial Audit 2023 (2022) | Tab 5 |
| B. 2024 Board Schedule | Tab 6 |
| C. Election of Officers | Tab 7 |
| D. Community Survey 2023 | Tab 8 |
| E. Policy 300.71 – Paid Time Off (PTO) | Tab 9 |
| F. Policy 300.73 – Paid Sick Leave (PSL) and Extended Sick Leave | Tab 10 |
| G. LAFCo Nominations for Special District Representatives | Tab 11 |

VII. REPORTS

- A. Adventist Health Tehachapi Valley Update (C. Scrivner)
- B. TVHD CEO Report

Tab 12

VIII. CLOSED SESSION

- 1. Potential Litigation: TVHD v. DiamondIT
- 2. Lease Negotiations
 - Property 116 West F Street, Tehachapi, CA 93561
 - Negotiator: Legal Counsel
 - Parties: TVHD/Adventist Health
- 3. CEO Performance Evaluation

IX. CLOSED SESSION REPORT

X. ADJOURNMENT

NOTICE TO THE PUBLIC

PUBLIC COMMENT PERIOD FOR REGULAR MEETINGS

Members of the public may comment on any item on the agenda before the Board takes action on it. The public may also comment on items of interest to the public that is within the subject matter jurisdiction of the Board; provided, however, the Board may not take action on any item not appearing on the agenda unless the action is otherwise authorized by law. Any person addressing the Board will be limited to a maximum of three (3) minutes so that all interested parties have an opportunity to speak.

COPIES OF PUBLIC RECORDS

All writings, materials, and information provided to the Board for their consideration relating to any open session agenda item of the meeting are available for public inspection and copying during regular business hours at the Administration Office of the District at 116 W E St., Tehachapi, California.

COMPLIANCE WITH ADA

This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans with Disabilities Act of 1990 (42 U.S.C. § 12132) and the Ralph M. Brown Act (Cal. Gov't Cod. § 54954.2). Persons requesting a disability related modification or accommodation in order to participate in the meeting, should contact the Executive Office during regular business hours by phone at 661-750-4848, or in person at the District's Administrative Office at 116 W E St., Tehachapi, California.

TAB 1 BOD Minutes

**TEHACHAPI VALLEY HEALTHCARE DISTRICT
MINUTES OF THE BOARD OF DIRECTORS MEETING SPECIAL
November 14, 2023
116 West E Street, Tehachapi, CA 93561**

I. CALL TO ORDER

President Nixon called the meeting to order at 10:00am.

Directors Present: Lydia Chaney, Duane Moats, Mike Nixon, Carl Gehricke, Bill Steele

Directors Absent:

Others Present: Peggy Mendiburu, CEO; Scott Nave, Legal Counsel

II. FLAG SALUTE

President Nixon led the flag salute.

III. BOARD COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

President Nixon commented on the future of the District and participation in 2024. There are two properties to consider doing something with. We are dark in December so directors should think about what committees and board positions they would like to serve.

Director Gehricke commented on utilization of laptops and Ipads.

IV. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

There were no public comments.

V. CONSENT AGENDA

A. Approval of Minutes

1. Board Meeting minutes 10/26/23
2. Receive and File Finance minutes 10/11/23
3. Receive and File Strategic Planning minutes 08/10/23

Consent agenda items approved with correction of Board minutes date to 09/20/23. MSA: Moats/Chaney: 5-0

V. OLD BUSINESS

A. None

VI. NEW BUSINESS

A. 2024 Board Schedule

There were no issues with 2024 Board and committee meetings. Strategic Planning and Community Outreach Committees will go to every other month and all meetings are dark in December.

VII. REPORTS

A. Adventist Health Tehachapi Valley Update (Edward Martin)

- Not present.

B. TVHD Report (Peggy Mendiburu)

- Community survey closed October 30, 2023. Results to be shared at the January 2024 Board meeting.
- Say Yes Summit occurred November 4, 2023. Lisa, Lydia, and I participated and planned event with the Rotary.
- TVHD will have a booth for Hometown Christmas scheduled for December 2, 2023. We will provide free rock painting.

VIII. CLOSED SESSION

Potential Litigation: One Case

One case of potential litigation was discussed.

Lease Negotiations - 116 West F Street, Tehachapi, CA 93561; Negotiator: CEO/Legal Counsel; Parties: TVHD/Adventist Health

X. CLOSED SESSION REPORT

Counsel Nave reported that in closed session the Board gave Counsel direction on potential litigation. Counsel provided update on lease negotiations with Adventist Health. No other items were discussed.

XI. ADJOURNMENT

President Nixon adjourned the meeting at 10:35am to Ethic's Training.

Lydia Chaney, Secretary
January 16, 2024

TEHACHAPI VALLEY HEALTHCARE DISTRICT
STRATEGIC PLANNING
MINUTES
November 9, 2023
12:30 pm

Board Members Present: Mike Nixon, Lydia Chaney

Staff Present: Peggy Mendiburu, CEO

Guest Present:

Transcribed by: Peggy Mendiburu

Approval: _____ **Date:** _____
Mike Nixon, Chair

COMMITTEE ACTIONS AND DIRECTION SHOWN IN CAPS AND BOLD

I. CALL TO ORDER

President Nixon called the meeting to order at 12:30pm

II. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

None

III. APPROVAL OF MINUTES

A. October 12, 2023 Strategic Planning minutes approved. MSA: Chaney/Mendiburu

IV. NEW BUSINESS

A. Survey Results Review

CEO Mendiburu provided final results from survey. **Action: Director Nixon would like information shared at January 2024 Board meeting.**

B. 2024 Board and Committee Meetings

CEO Mendiburu provided a draft of the 2024 calendar and suggested Strategic Planning and Community Outreach committees go to every other month. **Action: Peggy to bring calendar to Board meeting. Directors Nixon and Chaney agreed to every other month for Strategic Planning Committee.**

V. OLD BUSINESS

A. None

VI. REPORTS

None

VII. BOARD COMMENTS ON BUSINESS NOT APPEARING ON THE AGENDA

None.

VIII. Adjournment

The meeting adjourned at 1:01pm

TEHACHAPI VALLEY HEALTHCARE DISTRICT
FINANCE COMMITTEE MINUTES
November 8, 2023
116 W E Street
Tehachapi, CA 93561
12:30 PM

Board Members Present: Duane Moats, Carl Gehricke

Staff Present: Peggy Mendiburu, CEO, Lisa Hughes, Business Manager

Transcribed by: Lisa Hughes

Approval: _____ Date: _____

I. CALL TO ORDER

Director Moats called the Finance Committee Meeting to order at 12:30pm

II. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

None

III. APPROVAL OF MINUTES

October 11, 2023, minutes approved. **MSA: Moats/Gehricke**

IV. REPORTS

A. Finance Reports September 2023

1. Committee reviewed finance report for October 2023.

B. American Express

Committee reviewed American Express for October 2023. With no questions.

C. Petty Cash

Reviewed for October 2023. With no questions

V. OLD BUSINESS

A. Bond-Capital One Tax Exempt Update

1. Agreement between all parties, documents will be approved and signed for .
January 1, 2024.
2. Closing of the Wells Fargo Bank Account.

B. Guild building roofs, 101 West E. Street.

1. TVHD has gone with Western Pacific Roofing, to replace the outside shed roof as well as inside installation and repairs/replacing of the Guild Shop Building roof. Scheduled date is 1/2/2024 starting with the Guild Shop.

C. IT System

1. CEO Mendiburu and Legal Counsel Nave are negotiating current contract.

VI. NEW BUSINESS

A. Quickbooks Training

1. Employees start training January 9, 2024.

- VII. BOARD COMMENTS ON BUSINESS NOT APPEARING ON THE AGENDA
1. Board member, Mr. Moats suggested using new finance report to present a more clear, easier to understand format. Mr. Moats is to provide copies of the reports suggested.

- VIII. **ADJOURNMENT**
Meeting adjourned at 1:40pm.

2024 Events/meetings board members can be compensated for up to \$500 per month and one meeting per day(attached bylaws):

- Board meetings and board committee meetings
- Events representing the District formally
- Volunteering on behalf of the District
- Offsite Training specific to Districts

Specifically, the Board shall:

- (1) Establish by Resolution substantive and procedural policies regarding the affairs of the District in accordance with the best interests of the communities served by the District.
- (2) Monitor the activities of the Chief Executive Officer (or other designee) of the District.
- (3) Enter into contracts and agreements with respect to the affairs of the District, including contracts for management services and for other activities approved by the Board.
- (4) Effectuate the purpose of the District to enhance the provision of quality healthcare in the communities served by the District by, among other efforts, working with public and private entities (including the provision of financial assistance where feasible).
- (5) Identify and seek to respond to healthcare needs and enhance service quality in communities served by the District, and where feasible, respond to substantive needs by advocating for their support or remediation by healthcare providers and agencies.
- (6) Manage the Master Facilities Lease and Affiliation Agreement with Adventist Health Medical Center Tehachapi.
- (7) Exercise all other powers now or hereinafter set forth in and given to it by the District Law and other public agency laws applicable to the District.
- (8) Seek legislative, agency, and consumer support for hospitals and health care districts.

Section 6. Meetings.

- (a) The Board shall conduct meetings as established in the Board's Policy Manual. All meetings of the Board and its committees shall be conducted in accordance with the Ralph M. Brown Act, Government Code section 54950, *et seq.* (the "Brown Act"), and any other applicable law or regulation. Regular meetings of the Board shall be set from time to time by resolution.
- (b) Meetings of the Board shall be open and public, except as allowed by law. Persons shall be permitted to attend any portion of a meeting, except a closed session.
- (c) A quorum of the Board shall not discuss the business of the District directly, serially or through an intermediary, except at a properly noticed public meeting. A quorum of the Board may discuss the time, place and agenda for a meeting at any time. Less than a quorum of the Board (but not a standing committee) may discuss District business at any time.

Section 7. Compensation, Benefits and Expenses.

(a) Compensation.

- (1) Directors shall be paid \$100.00 for each day's attendance at meetings of the Board, committees of the Board and other meetings approved by the Board, or for each day's service rendered as a Director by request of the Board, not to exceed five days in any calendar month. A Director shall not be compensated for more than one meeting per day even if more than one meeting is attended in one day.
- (2) At least annually, the Board shall determine the meetings for which directors shall be compensated. Directors shall be compensated only for meetings approved by the Board.

Audited Financial Statements
TEHACHAPI VALLEY
HEALTHCARE DISTRICT
June 30, 2023 and 2022

Audited Financial Statements

TEHACHAPI VALLEY HEALTHCARE DISTRICT

June 30, 2023

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Management's Discussion and Analysis

TEHACHAPI VALLEY HEALTHCARE DISTRICT

June 30, 2023

The management of the Tehachapi Valley Healthcare District (the District) has prepared this annual discussion and analysis in order to provide an overview of the District's performance for the fiscal year ended June 30, 2023 in accordance with the Governmental Accounting Standards Board Statement No. 34, *Basic Financials Statements; Management's Discussion and Analysis for State and Local Governments*. The intent of this document is to provide additional information on the District's historical financial performance as a whole in addition to providing a prospective look at revenue growth, operating expenses, and capital development plans. This discussion should be reviewed in conjunction with the audited financial statements for the fiscal year ended June 30, 2023 and accompanying notes to the financial statements to enhance one's understanding of the District's financial performance.

Financial Highlights

- Total assets and deferred outflows decreased by \$3,024,479 from the prior fiscal year.
- Total cash and cash equivalents and short-term investments decreased by \$458,195 over the prior year.
- There were no new debt borrowings this year. Last year the District refinanced the 2013 series general obligation bonds with a new series 2021 general obligation bonds in the amount of \$53,985,000 and in the process paid of the 2013 series which had a carrying value of \$48,530,000 at the time the bonds were defeased.
- Current assets increased by \$812,335 as current liabilities increased only slightly by \$36,312 from the prior fiscal year resulting in a current ratio of 3.78 as of June 30, 2023 as compared to 3.58 as of June 30, 2022.
- Unearned revenues decreased by \$900,000 over the prior year according to schedule.
- The current year decrease in net position was \$(351,155) as compared to the prior year of \$1,817,240.

Adventist Health Agreements

In November, 2016, the District entered into three separate agreements with Adventist Health (AH) due to the need for an external funding source required to supplement the construction of the new hospital within the boundaries of the District: (1) the Master Lease agreement became effective November 1, 2016 whereby AH leased the District-owned hospital facilities. Monthly rental income amounts \$75,000 a month; (2) the Affiliation Agreement allowed District assets and liabilities to be acquired and assumed by AH effective November 1, 2016. As of June 30, 2023 and 2022, the net payable to AH by the District as a result of this agreement is \$-0- and \$-0-, respectively; (3) The Construction Funding Agreement allowed the District to receive rent advances pursuant to the Master Lease Agreement up to \$27,000,000 in order to complete construction of the new hospital. These borrowings from AH are being repaid over time by rent payments due to the District. As of June 30, 2022 and 2021, unearned revenue related to this agreement amounted to \$22,878,398 and \$23,778,398, respectively.

JWT & Associates, LLP

A Certified Public Accountancy Limited Liability Partnership

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Report of Independent Auditors

The Board of Directors
Tehachapi Valley Healthcare District
Tehachapi, California

Opinion

We have audited the accompanying financial statements of the Tehachapi Valley Healthcare District (the District), as of June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- 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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provided us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

JW7 & Associates, LLP

Fresno, California
January 16, 2024

Statements of Net Position

TEHACHAPI VALLEY HEALTHCARE DISTRICT

	June 30	
	<u>2023</u>	<u>2022</u>
Assets		
Current assets:		
Cash, cash equivalents	\$ 4,762,266	\$ 4,095,852
Short-term investments	4,274,159	5,398,768
Assets limited as to use, available for current obligations	2,428,633	2,412,346
Patient accounts receivable, net of allowances		20,290
Other receivables	1,278,200	9,326
Prepaid expenses and deposits	<u>7,598</u>	<u>1,939</u>
Total current assets	12,750,856	11,938,521
Assets limited as to use, less available for current obligations	1,487,655	1,303,008
Capital assets, net of accumulated depreciation	<u>97,368,805</u>	<u>100,402,731</u>
Total assets	111,607,316	113,644,260
Deferred outflows of resources	<u>2,508,279</u>	<u>3,495,814</u>
Total assets and deferred outflows of resources	<u><u>\$114,115,595</u></u>	<u><u>\$117,140,074</u></u>
 Liabilities and net position		
Current liabilities:		
Current principal maturities of debt borrowings	\$ 2,110,000	\$ 2,080,000
Accounts payable and accrued expenses	350,548	340,578
Unearned revenue - current portion	900,000	900,000
Accrued payroll and related liabilities	<u>10,904</u>	<u>14,562</u>
Total current liabilities	3,371,452	3,335,140
Unearned revenue, less current portion	21,978,398	22,878,398
Debt borrowings, net of current principal maturities	<u>59,901,727</u>	<u>61,711,363</u>
Total liabilities	85,251,577	87,924,901
Net position (deficit):		
Invested in capital assets, net of related debt	38,473,827	39,427,753
Restricted	3,916,289	3,715,343
Unrestricted (deficit)	<u>(13,526,098)</u>	<u>(13,927,923)</u>
Total net position	<u>28,864,018</u>	<u>29,215,173</u>
Total liabilities and net position	<u><u>\$114,115,595</u></u>	<u><u>\$117,140,074</u></u>

See accompanying notes and auditor's report

Statements of Revenues, Expenses and Changes in Net Position

TEHACHAPI VALLEY HEALTHCARE DISTRICT

	Year Ended June 30	
	<u>2023</u>	<u>2022</u>
Operating revenues		
Net service revenue		\$ 1,465,579
Facility rent	\$ 930,000	930,000
Other operating revenue	<u>55,845</u>	<u>366,393</u>
Total operating revenues	985,845	2,761,972
Operating expenses		
Salaries, wages and benefits	99,042	205,536
Professional fees	92,336	140,920
Supplies	20,161	5,278
Purchased services	32,456	31,392
Repairs and maintenance	43,980	35,240
Utilities	12,821	11,929
Building and equipment rent	14,835	15,925
Insurance	40,045	62,361
Depreciation and amortization	3,101,335	3,246,446
Other operating expenses	<u>31,296</u>	<u>25,250</u>
Total operating expenses	<u>3,488,307</u>	<u>3,780,277</u>
Operating (loss)	(2,502,462)	(1,018,305)
Nonoperating revenues (expenses)		
District tax revenues for operations	1,135,514	1,092,820
District tax revenues for debt service	3,161,681	4,255,860
Investment income	136,881	16,725
Interest expense	<u>(2,282,769)</u>	<u>(2,529,860)</u>
Total nonoperating revenues (expenses)	<u>2,151,307</u>	<u>2,835,545</u>
Increase (decrease) in net position	(351,155)	1,817,240
Net position at beginning of the year	<u>29,215,173</u>	<u>27,397,933</u>
Net position at end of the year	<u>\$ 28,864,018</u>	<u>\$ 29,215,173</u>

See accompanying notes and auditor's report

Statements of Cash Flows

TEHACHAPI VALLEY HEALTHCARE DISTRICT

	Year Ended June 30	
	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from patients and third-parties on behalf of patients	\$ 20,290	\$ 1,461,362
Cash changes from operations, other than patient services	(283,029)	1,304,682
Cash payments suppliers and contractors	(283,619)	(1,044,958)
Cash payments to employees and benefit programs	<u>(102,700)</u>	<u>(242,157)</u>
Net cash provided by (used in) operating activities	(649,058)	1,478,929
Cash flows from noncapital financing activities:		
District tax revenues	<u>1,135,514</u>	<u>1,092,820</u>
Net cash provided by noncapital financing activities	1,135,514	1,092,820
Cash flows from capital and related financing activities:		
Purchase of capital assets and other	877,048	(5,626,601)
District taxes revenues for debt service	3,161,681	4,255,860
Proceeds from debt borrowings		53,985,000
Principal payments on debt borrowings	(2,080,000)	(49,985,000)
Interest payments	<u>(1,939,327)</u>	<u>(2,259,698)</u>
Net cash provided by capital financing activities	19,402	369,561
Cash flows from investing activities:		
Net change in unearned revenue	(900,000)	(1,200,000)
Net change in assets limited as to use	(200,934)	(712,990)
Net change in short-term investments	1,124,609	(2,008,970)
Interest received and other	<u>136,881</u>	<u>16,725</u>
Net cash (used in) investing activities	<u>160,556</u>	<u>(3,905,235)</u>
Net increase (decrease) in cash and cash equivalents	666,414	(963,925)
Cash and cash equivalents at beginning of year	<u>4,095,852</u>	<u>5,059,777</u>
Cash and cash equivalents at end of year	<u>\$ 4,762,266</u>	<u>\$ 4,095,852</u>

See accompanying notes and auditor's report

Statements of Cash Flows (continued)

TEHACHAPI VALLEY HEALTHCARE DISTRICT

	Year Ended June 30	
	<u>2023</u>	<u>2022</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating (loss)	\$ (2,502,462)	\$ (1,018,305)
Adjustments to reconcile the operating loss to net cash provided by or used in operating activities:		
Depreciation and amortization	3,101,335	3,246,446
Changes in operating assets and liabilities:		
Patient accounts receivables	20,290	(4,217)
Other receivables	(1,268,874)	8,289
Prepaid expenses and deposits	(5,659)	490
Accounts payable and accrued expenses	9,970	(717,153)
Accrued payroll and related liabilities	<u>(3,658)</u>	<u>(36,621)</u>
Net cash provided by (used in) operating activities	<u>\$ (649,058)</u>	<u>\$ 1,478,929</u>

See accompanying notes and auditor's report

TEHACHAPI VALLEY HEALTHCARE DISTRICT

June 30, 2023

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Tehachapi Valley Healthcare District, (the District) is a public entity organized under Local Hospital District Law as set forth in the Health and Safety Code of the State of California. The District is a political subdivision of the State of California and is generally not subject to federal or state income taxes. The District is governed by a five-member Board of Directors, elected from within the district to specified terms of office. The District, located in Tehachapi, California, owns an acute care and long-term care facility under the “critical access hospital” designation. The District also owns several rural health clinics in Tehachapi, California City and Mojave, California. These facilities are leased to Adventist Health who operates the District facilities in order to provide health care services primarily to individuals who reside in the local geographic area.

Basis of Preparation: The accounting policies and financial statements of the District generally conform with the recommendations of the audit and accounting guide, *Health Care Organizations*, published by the American Institute of Certified Public Accountants. The financial statements are presented in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operational revenues and expenses.

The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on GASB Statement Number 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the Hospital has elected to apply the provisions of all relevant pronouncements as the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Management’s Discussion and Analysis: Effective July 1, 2002, the District adopted the provisions of GASB 34, *Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments* (Statement 34), as amended by GASB 37, *Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments: Omnibus*, and Statement 38, *Certain Financial Statement Note Disclosures*. Statement 34 established financial reporting standards for all state and local governments and related entities. Statement 34 primarily relates to presentation and disclosure requirements. One of the main components of these new provisions allows the inclusion of a management’s discussion and analysis to accompany the financial statement presentation.

The management’s discussion and analysis is a narrative introduction and analytical overview of the District’s financial activities for the year being presented. This analysis is similar to the analysis provided in the annual reports of organizations in the private sector. As stated in the opinion letter, the management’s discussion and analysis is not a required part of the financial statements but is supplementary information and therefore not subject to audit procedures or the expression of an opinion on it by auditors.

TEHACHAPI VALLEY HEALTHCARE DISTRICT

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position: Net position is presented in three categories. The first category is net position “invested in capital assets, net of related debt”. This category of net position consists of capital assets (both restricted and unrestricted), net of accumulated depreciation and reduced by the outstanding principal balances of any debt borrowings that were attributable to the acquisition, construction, or improvement of those capital assets.

The second category is “restricted” net position. This category consists of externally designated constraints placed on those net position by creditors (such as through debt covenants), grantors, contributors, law or regulations of other governments or government agencies, or law or constitutional provisions or enabling legislation.

The third category is “unrestricted” net position. This category consists of net position that do not meet the definition or criteria of the previous two categories.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: The District considers cash and cash equivalents to include certain investments in highly liquid debt instruments, when present, with an original maturity of a short-term nature or subject to withdrawal upon request. Exceptions are for those investments which are intended to be continuously invested. Investments in debt securities are reported at market value. Interest, dividends and both unrealized and realized gains and losses on investments are included as investment income in nonoperating revenues.

Patient Accounts Receivable: Patient accounts receivable consist of amounts owed by various governmental agencies, insurance companies and private patients. The District manages its receivables by regularly reviewing the accounts, inquiring with respective payors as to collectibility and providing for allowances on their accounting records for estimated contractual adjustments and uncollectible accounts. Significant concentrations of patient accounts receivable are discussed further in the footnotes.

Assets Limited as to Use: Assets limited as to use include contributor restricted funds, amounts designated by the Board of Directors for replacement or purchases of capital assets, and other specific purposes, and amounts held by trustees under specified agreements. Assets limited as to use consist primarily of deposits on hand with local banking and investment institutions, and bond trustees.

TEHACHAPI VALLEY HEALTHCARE DISTRICT

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets: Capital assets consist of property and equipment and are reported on the basis of cost at the date of acquisition, or in the case of donated items, on the basis of fair market value at the date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures which increase values, change capacities, or extend useful lives are capitalized. Depreciation of property and equipment and amortization of property under capital leases are computed by the straight-line method for both financial reporting and cost reimbursement purposes over the estimated useful lives of the assets, which range from 10 to 40 years for buildings and improvements, and 3 to 10 years for equipment. The District periodically reviews its capital assets for value impairment. As of June 30, 2023 and 2022, the District has determined that there are no capital assets that are significantly impaired.

Costs incurred in obtaining computer software for internal use, which includes costs of configuration, installation and testing, are capitalized by the District. Costs incurred during the post-implementation stages of internal use software are expensed as incurred. The capitalization and ongoing assessment of recoverability of computer software costs require considerable judgement with respect to external factors, including, but not limited to, technological and economic feasibility and estimated economic useful life.

Deferred Outflows of Resources: The statements of net position sheet report a separate section for deferred outflows of resources. Deferred outflows of resources represent outflows of resources (decrease or consumption of net position) that apply to future periods and therefore will not be recognized as an expense until that time. At June 30, 2023 and 2022, the District reported deferred outflows of resources resulting from the difference between the reacquisition price and the refunding bond proceeds. These charges will be expensed as amortization expense in future years over the shorter period of the remaining maturity of the original bonds or the new bonds according to GASB 20. For the year ended June 30, 2023 and 2022, the District recognized \$192,704 and \$134,192 of amortization expense.

Concentrations of credit risk: Financial instruments which potentially subject the District to concentrations of credit risk consist primarily of investments and accounts receivable. The investment portfolios are managed by outside investment firms and Kern County within guidelines which, as a matter of policies, limit the amounts which may be invested in any one issuer. Concentration of credit risk with respect to accounts receivable, other than from government programs, is limited due to the large number of third-party and self-pay payors comprising the District's patient base.

Compensated Absences: The District's employees earn paid-time-off (PTO) benefits at varying rates depending on years of service. Benefits can accumulate up to specified maximum levels. Employees are paid for accumulated PTO if they leave either upon termination or retirement. Accrued PTO liabilities as of June 30, 2023 and 2022 were \$7,734 and \$11,063, respectively and are included in accrued payroll and related liabilities as presented on the statements of net position.

TEHACHAPI VALLEY HEALTHCARE DISTRICT

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Risk Management: The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and medical malpractice. Commercial insurance coverage is purchased for claims arising from such matters. In the case of employee health coverage, the District provides traditional indemnity programs.

Net Patient Service Revenues: Net patient service revenues are reported at the estimated net realized amounts from patients, third-party payors and others, including estimated retroactive adjustments under reimbursement agreements with third-party programs, during the period in which the healthcare services were provided. Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges, per diem amounts and other. Normal estimation differences between final reimbursement and amounts accrued in previous years are reported as adjustments of current year's net patient service revenues.

Charity Care: The District accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the District. Essentially, these policies define charity services as those services for which no payment is anticipated. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenues. Services provided are recorded as gross patient revenues and then written off entirely as an adjustment to net patient service revenues.

District Tax Revenues: The District receives financial support from property taxes. These funds are used to support operations and meet required debt service agreements. They are classified as non-operating revenue as the revenue is not directly linked to patient care. Property taxes are levied by the County on the District's behalf during the year, and are intended to help finance the District's activities during the same year. Amounts are levied on the basis of the most current property values on record with the County. The County has established certain dates to levy, lien, mail bills, and receive payments from property owners during the year. Property taxes are considered delinquent on the day following each payment due date. Property taxes are considered delinquent on the day following each payment date. Those dates are: (1) lien date of January 1; (2) due dates of November 1 and February 1; and (3) delinquent dates of December 10 and April 10.

Operating Revenues and Expenses: The District's statement of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, which is the District's principal activity. Operating expenses are all expenses incurred to provide health care services, other than financing costs. Nonoperating revenues and expenses are those transactions not considered directly linked to providing health care services.

TEHACHAPI VALLEY HEALTHCARE DISTRICT

NOTE A - ORGANIZATION AND ACCOUNTING POLICIES (continued)

Revenue Recognition: As previously stated, net patient service revenues are reported at amounts that reflect the consideration to which the District expects to be entitled in exchange for patient services. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include variable consideration for retroactive revenue adjustments due to settlement of third-party payor audits, reviews, and investigations. Although the District is no longer managing the hospital operations, it is still collecting residual patient revenue. This revenue was generated when the District was operating the hospital and generally, the District would bill the patients and third-party payors several days after the patient received healthcare services at the hospital. Revenue was then recognized as services were rendered.

The District had agreements with third-party payors that provided for payments to the District at amounts different from its established rates. Payment arrangements included prospectively determined rates per day, discharge or visit, reimbursed costs, discounted charges and per diem payments. Retroactive adjustments were accrued on an estimated basis in the period the related services were rendered and adjusted in future periods as final settlements were determined. To date, some of those final settlements are still in process of being determined.

Gifts of long-lived assets such as land, buildings, or equipment are reported as net assets without donor restrictions unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit donor restrictions that specify how the asset is to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived asset is placed in service. Cash received in excess of revenue recognized is deferred revenue.

Contributions are recognized as revenue when they are received or unconditionally pledged. Donor stipulations that limit the use of the donation are recognized as contributions with donor restrictions. When the purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from donor restrictions. Donor restricted contributions whose restriction expire during the same fiscal year are recognized as net assets without donor restrictions. Absent donor imposed restrictions, the District records donated services, materials, and facilities as net assets without donor restrictions.

From time to time, the District receives grants from various governmental agencies and private organizations. Revenues from grants are recognized when all eligibility requirements, including time requirements are met. Grants may be restricted for either specific operating purposes or capital acquisitions. These amounts, when recognized upon meeting all requirements, are reported as components of the statement of revenues, expenses and changes in net position.

TEHACHAPI VALLEY HEALTHCARE DISTRICT

NOTE B - CASH AND CASH EQUIVALENTS

As of June 30, 2023 and 2022, the District had deposits invested in various financial institutions in the form of operating cash and cash equivalents amounted to \$4,761,847 and \$4,095,689, respectively. All of these funds were held in deposits, which are collateralized in accordance with the California Government Code (CGC), except for \$250,000 per account that is federally insured.

Under the provisions of the CGC, California banks and savings and loan associations are required to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits. The pledged securities are held by the pledging financial institution's trust department in the name of the District. Investments consist of U.S. Government securities and state and local agency funds invested in U. S. Government securities and are stated at quoted market values. Changes in market value between years are reflected as a component of investment income in the accompanying statement of revenues, expenses and changes in net assets.

NOTE C - NET SERVICE REVENUES

The District no longer services patients but still collects residual balances from old patient accounts and is still entitled to certain State and Federal supplemental programs. There were no patient services rendered during 2023 and 2022, only collections from old accounts and revenues from the aforementioned supplemental programs:

	<u>2023</u>	<u>2022</u>
Inpatient services	-0-	-0-
Outpatient services and other	-0-	-0-
Rural health clinic services	\$ -0-	\$ -0-
Gross service revenues	-0-	-0-
Governmental supplemental subsidies and other collections	<u>-0-</u>	<u>1,465,579</u>
Net service revenues and collections	<u>\$ -0-</u>	<u>\$ 1,465,579</u>

The District had agreements with third-party payors that provided or payments to the District at amounts different from its established rates. A summary of those payment arrangements with major third-party payors follows:

Medicare: As a designated critical access District, Medicare reimbursement is generally settled with the District on cost-based formulas. Interim payments for inpatient and outpatient care services rendered to Medicare program beneficiaries are based on estimated determined rates throughout the year. After year end and the submission of an annual cost report, program expenses are audited by the Medicare fiscal intermediary and settlements are reached to finalized the reimbursement of Medicare program expenses for the year. At June 30, 2023 and 2022, cost report settlements have all been repaid to Adventist Health.

TEHACHAPI VALLEY HEALTHCARE DISTRICT

NOTE C - NET PATIENT SERVICE REVENUES (continued)

Medi-Cal: Payments for inpatient services rendered to Medi-Cal patients are made based on reasonable costs through December 31, 2013. Effective January 1, 2014, the State of California’s Medi-Cal program changed inpatient reimbursement to Diagnosis-Related Groups (DRG), similar to the Medicare inpatient payment methodology. Outpatient payments and rural health care services continue to be paid on pre-determined charge screens and prospectively determined rates, respectively. The District is paid for cost-based inpatient services at an interim rate with final settlement determined after submission of annual cost reports and audits thereof by Medi-Cal. At June 30, 2023 and 2022, cost report settlements have all been repaid to Adventist Health.

Other: Payments for services rendered to other than Medicare and traditional Medi-Cal patients are based on established rates or on agreements with certain commercial insurance companies, health maintenance organizations and preferred provider organizations which provide for various discounts from established rates.

NOTE D - CONCENTRATION OF CREDIT RISK

Financial Instruments: Financial instruments, potentially subjecting the District to concentrations of credit risk, consist primarily of bank deposits in excess of the Federal Deposit Insurance Corporation (FDIC) limits of \$250,000. Although deposits exceed the limit in certain bank accounts, management believes that the risk of loss is minimal due to the high financial quality of the bank with which the District does business. Management further believes that there is no risk of material loss due to concentration of credit risk with regards to investments as the District has no investments in equity funds, closed-end funds, exchange-traded products, or other perceived “at risk” alternatives as of June 30, 2023 and 2022

Patient Accounts Receivable: The District grants credit without collateral to its patients and third-party payors. Patient accounts receivable from government agencies represent the only concentrated group of credit risk for the District and management does not believe that there are any credit risks associated with these governmental agencies. Contracted and other patient accounts receivable consist of various payors including individuals involved in diverse activities, subject to differing economic conditions and do not represent any concentrated credit risks to the District. Concentration of patient accounts receivable at June 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Medicare		
Medi-Cal		
Other third party payors		
Self pay, refunds and other	\$ -0-	\$ 50,290
Gross patient accounts receivable	-0-	50,290
Less allowances for contractual, bad debts and other	-0-	(30,000)
Net patient accounts receivable	<u>\$ -0-</u>	<u>\$ 20,290</u>

Notes to Financial Statements (continued)

TEHACHAPI VALLEY HEALTHCARE DISTRICT

NOTE E - OTHER RECEIVABLES

Other receivables as of June 30, 2023 and 2022 were comprised of the following:

	<u>2023</u>	<u>2022</u>
State of California IGT	\$ 1,211,787	
Property tax receivables due from the County	24,599	
Election cost due back to the District	8,258	
Interest receivable	\$ 33,556	\$ 9,326
	<u>\$ 1,278,200</u>	<u>\$ 9,326</u>

NOTE F - ASSETS LIMITED AS TO USE

Assets limited as to use as of June 30, 2023 and 2022 were comprised of the following:

	<u>2023</u>	<u>2022</u>
Amounts held by county and others as trustees under bond agreements	\$ 3,916,288	\$ 3,715,354
	3,916,288	3,715,354
Less amounts available for current obligations	<u>(2,428,633)</u>	<u>(2,412,346)</u>
	<u>\$ 1,487,655</u>	<u>\$ 1,303,008</u>

Interest income, dividends, and other like-kind earnings are recorded as investment income in the statement of revenues, expenses and changes in net position. Unrealized gains and (losses) are also recorded as investment income. Assets limited as to use are funds restricted by either (1) the Board of Directors for specific operating or capital improvement purposes; (2) assets restricted by outside donors to the District; and/or (3) assets held in trust for specific purposes according to bond indenture agreements or other similar agreements.

NOTE G - EMPLOYEES' RETIREMENT PLANS

The District has a defined contribution plan (the Plan) in which substantially all District employees are eligible. The Plan is designed to qualify as a governmental plan as defined in Code Section 457(b) Deferred Compensation Plan and a 401(a) Pension Plan (Employer Matching).

For 2023 and 2022, participants are permitted to contribute up to a maximum of \$18,000 annually for participants 49 years of age and below, and up to \$24,000 annually for participants that are 50 years of age and older. The District may voluntarily match up to a maximum of 4% of the participant's annual contributions for each plan year. Participants are eligible for vesting beginning their third year of service. Beginning the 5th year of service, the participants are fully vested.

Notes to Financial Statements (continued)

TEHACHAPI VALLEY HEALTHCARE DISTRICT

NOTE H - CAPITAL ASSETS

Capital assets as of June 30, 2023 and 2022 were comprised of the following:

	<u>June 30, 2022</u>	<u>Transfers & Additions</u>	<u>Retirements</u>	<u>June 30, 2023</u>
Land and land improvements	\$ 2,436,800			\$ 2,436,800
Buildings and improvements	104,391,700			104,391,700
Equipment and software	11,935,747			11,935,747
Construction-in-progress	<u>750,654</u>	<u>\$ 67,408</u>	<u> </u>	<u>818,062</u>
Totals at historical cost	119,514,901	67,408		119,582,309
Less accumulated depreciation for:				
Land and land improvements	(97,382)	(4,848)		(102,230)
Buildings and improvements	(10,390,646)	(2,579,365)		(12,970,011)
Equipment and software	<u>(8,624,142)</u>	<u>(517,121)</u>	<u> </u>	<u>(9,141,263)</u>
Total accumulated depreciation	<u>(19,112,170)</u>	<u>(3,101,334)</u>	<u> </u>	<u>(22,213,504)</u>
Capital assets, net	<u>\$100,402,731</u>	<u>\$ (3,033,926)</u>	<u>\$</u>	<u>\$ 97,368,805</u>
	<u>June 30, 2021</u>	<u>Transfers & Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
Land and land improvements	\$ 2,436,800			\$ 2,436,800
Buildings and improvements	104,391,700			104,391,700
Equipment and software	11,935,747			11,935,747
Construction-in-progress	<u>215,224</u>	<u>\$ 535,430</u>	<u> </u>	<u>750,654</u>
Totals at historical cost	118,979,471	535,430		119,514,901
Less accumulated depreciation for:				
Land and land improvements	(92,534)	(4,848)		(97,382)
Buildings and improvements	(7,811,281)	(2,579,365)		(10,390,646)
Equipment and software	<u>(8,096,101)</u>	<u>(528,041)</u>	<u> </u>	<u>(8,624,142)</u>
Total accumulated depreciation	<u>(15,999,916)</u>	<u>(3,112,254)</u>	<u> </u>	<u>(19,112,170)</u>
Capital assets, net	<u>\$102,979,555</u>	<u>\$ (2,576,824)</u>	<u>\$</u>	<u>\$100,402,731</u>

Notes to Financial Statements (continued)

TEHACHAPI VALLEY HEALTHCARE DISTRICT

NOTE I - DEBT BORROWINGS

As of June 30, 2023 and 2022, debt borrowings were as follows:

	<u>2023</u>	<u>2022</u>
General Obligation Bonds, 2004 Election, 2004 Series A; interest at 2.0% to 5.0%, due semiannually; principal due in annual amounts; collateralized by District property tax revenues:	\$ 374,988	\$ 374,988
General Obligation Bonds, 2004 Election, 2006 Series B; interest at 4.0% to 4.83%, due semiannually; principal due in annual amounts; collateralized by District property tax revenues:	1,134,991	1,259,991
General Obligation Bonds, 2004 Election, 2009 Series C; interest at 6.0% to 11.9%, due semiannually; principal due in annual amounts; collateralized by District property tax revenues:	975,000	1,230,000
General Obligation Refunding Bonds, 2004 Election, 2013 Series A; interest at 1.25.0% to 4.0%, due semiannually; principal due in annual amounts; collateralized by District property tax revenues:	3,415,000	4,125,000
General Obligation Refunding Bonds, 2009 Election, Series 2021; interest at 2.50% to 3.25%, due semiannually; principal due in annual amounts; collateralized by District property tax revenues:	52,995,000	53,985,000
Accreted interest payable	2,943,726	2,600,283
Unamortized bond premiums	<u>173,022</u>	<u>216,101</u>
	62,001,727	63,791,363
Less current principal maturities of debt borrowings	<u>(2,110,000)</u>	<u>(2,080,000)</u>
	<u>\$ 59,901,727</u>	<u>\$ 61,711,363</u>

Future principal maturities for debt borrowings for the next five succeeding years are: \$2,110,000 in 2024; \$2,740,000 in 2025; \$2,990,000 in 2026; \$2,850,000 in 2027; and \$2,022,281 in 2028.

TEHACHAPI VALLEY HEALTHCARE DISTRICT

NOTE J - INVESTMENTS

The District’s investment balances and average maturities were as follows at June 30, 2023:

<i>As of June 30, 2023</i>	<u>Fair Value</u>	<u>Investment Maturities in Years</u>		
		<u>Less than 1</u>	<u>1 to 5</u>	<u>Over 5</u>
Funds held in County treasury	\$ 3,940,832	\$ 3,940,832		
Funds held by LAIF (State treasury)	4,274,159	4,274,159		
Money market and mutual funds	<u>1,858,674</u>	<u>1,858,674</u>		
Total investments	<u>\$ 10,073,665</u>	<u>\$ 10,073,665</u>		

The District’s investment balances and average maturities were as follows at June 30, 2021:

<i>As of June 30, 2022</i>	<u>Fair Value</u>	<u>Investment Maturities in Years</u>		
		<u>Less than 1</u>	<u>1 to 5</u>	<u>Over 5</u>
Funds held at County treasury	\$ 3,676,573	\$ 3,676,573		
Funds held by LAIF (State treasury)	5,398,768	5,398,768		
Money market and mutual funds	<u>1,172,498</u>	<u>1,172,498</u>		
Total investments	<u>\$ 10,247,839</u>	<u>\$ 10,247,839</u>		

The District’s investments are reported at fair value as previously discussed. The District’s investment policy allows for various forms of investments generally set to mature generally upon demand. The policy identifies certain provisions which address interest rate risk, credit risk and concentration of credit risk.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the a District can manage its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a position of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for District operations. Information about the sensitivity of the fair values of the District’s investments to market interest rate fluctuations is provided by the preceding schedules that shows the distribution of the District’s investments by maturity.

Credit Risk: Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, such as Moody’s Investor Service, Inc. Generally, a District’s investment policy for corporate bonds and notes is to invest in companies having a “A” or higher rating by agencies such as Moody’s or Standard and Poor’s.

TEHACHAPI VALLEY HEALTHCARE DISTRICT

NOTE J - INVESTMENTS (continued)

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer), a District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. A District's investments are generally held by broker-dealers or bank's trust departments used by a District to purchase securities.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment allows investments in the State of California's Local Agency Investment Fund, which has a diverse portfolio generally of money-market and mutual funds of government-backed securities and other instruments.

Investment Hierarchy - The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant other unobservable inputs. The District investments are solely measured by Level 1 inputs and does not have any investments that are measured using Level 2 or 3 inputs.

NOTE K - COMMITMENTS AND CONTINGENCIES

Construction in Progress: As of June 30, 2023 and 2022, the District had \$818,062 and \$750,654, respectively in construction in progress representing cost capitalized mainly for certain renovations of the old hospital. The District has not capitalized interest expense and other related financing costs as a component of construction in progress during the fiscal year ended June 30, 2023. Due to the fact that the former District hospital facilities (the old hospital) did not meet the California Seismic Safety Standards and because the community had outgrown the District's ability to serve their medical needs, the District constructed and completed a new hospital in Tehachapi, funded in part by (1) the issuance of general obligation bond offerings conducted by Kern County by means of a special election and by (2) advance rent payments as discussed in Note L. The new hospital was deemed to be completed on January 1, 2019.

Operating Leases: The District leases various equipment and facilities under operating leases expiring at various dates. Total building and equipment rent expense for the years ended June 30, 2023 and 2022, was \$14,835 and \$15,925, respectively. Future minimum lease payments for the succeeding years under operating leases as of June 30, 2023, that have initial or remaining lease terms in excess of one year are not considered material.

Litigation: The District may from time-to-time be involved in litigation and regulatory investigations which arise in the normal course of doing business. After consultation with legal counsel, management estimates that matters existing as of June 30, 2023 will be resolved without material adverse effect on the District's future financial position, results from operations or cash flows. Any litigation contingencies for the current fiscal year have been properly recorded.

TEHACHAPI VALLEY HEALTHCARE DISTRICT

NOTE K - COMMITMENTS AND CONTINGENCIES (continued)

Risk Management: The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in Program Beta, to account for and finance certain uninsured risk of loss. Under this program, Program Beta provides basic professional liability coverage with limits to \$5,000,000 per claim. The District purchases commercial insurance for all other risks of loss.

Workers Compensation Program: The District is a participant in the Association of California District's Alpha Fund (the Fund) which administers a self-insured worker's compensation plan for participating District employees of its member Districts. The District pays premiums to the Fund which are adjusted annually. If participation in the Fund is terminated by the District, the District would be liable for its share of any additional premiums necessary for final disposition of all claims and losses covered by the Fund.

NOTE L - ADVENTIST HEALTH AGREEMENTS

The District has entered into three separate agreements with Adventist Health (AH) due to the need for an external funding source required to supplement the construction of the new hospital within the boundaries of the District.

Master Facilities Lease: Effective November 1, 2016, the District entered into an agreement with AH whereby AH leases the District-owned hospital facilities from which to operate an acute care hospital in Tehachapi. Monthly rental income to the District is \$75,000 and the lease agreement terminates October 31, 2046.

Affiliation Agreement: Certain District assets and liabilities have been acquired and assumed by AH through an affiliation agreement effective November 1, 2016. As of June 30, 2023 and 2022, the net payable to AH by the District as a result of this agreement is \$-0- and \$-0-, respectively.

Construction Funding Agreement: This agreement allows the District to receive rent advances pursuant to the Master Lease Agreement up to \$27,000,000 in order to complete construction of the new hospital. These borrowings from AH are being repaid over time by rent payments due to the District. As of June 30, 2023 and 2022, unearned revenue related to this agreement amounted to \$22,878,398 and \$23,778,398, respectively.

NOTE M - SUBSEQUENT EVENTS

Management evaluated the effect of subsequent events on the financial statements through January 16, 2024, the date the financial statements are issued, and determined that there are no material subsequent events that have not been disclosed.

JWT & Associates, LLP

A Certified Public Accountancy Limited Liability Partnership

1111 East Herndon Avenue, Suite 211, Fresno, California 93720

Voice: (559) 431-7708 Fax: (559) 431-7685

Independent Auditors Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Board of Directors
Tehachapi Valley Healthcare District
Tehachapi, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Tehachapi Valley Healthcare District (the District) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated January 16, 2024

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given those limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

JW7 & Associates, LLP

Fresno, California
January 16, 2024

See accompanying notes and auditor's report

Tehachapi Valley Healthcare District Meeting Calendar

2024

January						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

April						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

July						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

October						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

February						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29		

May						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

March						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

June						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

September						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Community Outreach Committee, 2nd Tuesday each month at 10am, Chaney/Steele (May 8 cancel; May 14 special)

Finance Committee, 2nd Wednesday each month at 12:30pm, Moats/Gehricke

Strategic Planning, 2nd Thursday each month at 12:30, Nixon/Chaney

General Board Meeting, 3rd Tuesday each month at 10am - dark December

Tab 7 - Election of Officers

Tehachapi Valley Healthcare District
Board of Directors
Revised: 01/16/24

NAME	COMMITTEES	TERM
Carl H.F. Gehricke Director	Finance	Appointed 10/2021 (replacing Conklin) Appointed 10/2021 in lieu of election
Term Expires 12/2024		
NAME	COMMITTEES	TERM
Lydia Chaney Secretary	Community Outreach Strategic Planning	Appointed 12/2022 Replacing Sherrill Appointed 12/2022 in lieu of election
Term Expires 12/2026		
NAME	COMMITTEES	TERM
Duane Moats Treasurer	Finance	Appointed 07/2012 (replacing Hall) Appointed 12/2014 in lieu of election Re-elected 12/2018
Term Expires 12/2026		
NAME	COMMITTEES	TERM
Michael Nixon President	Strategic Planning	Appointed 07/2012 (replacing Olsen) Appointed 12/2014 (in lieu of election) Re-elected 12/2018
Term Expires 12/2026		
NAME	COMMITTEES	TERM
William Steele Vice-President	Community Outreach	Appointed 12/2016 Re-elected 12/2020
Term Expires 12/2024		

1.	08/23 (O)			Yes	We could always use something else. Unsure of what services are available		
2.	08/23 (O)			Unsure			Unsure of what the community is need of. I'm not aware of programs and resources available. Thought is nice but perhaps can involve information regarding families, marriages, children.
3.	08/23 (O)			Yes	Meeting rooms, exercise class space		
4.	08/23 (O)			Yes	Family services and fun		

5.	08/23			Yes	More physicians up here		
6.	08/23			Yes	Different types of physicians		
7.	08/23			Yes	Place to go for seniors for minor problems		
8.	08/23			Yes	Help people with limited resources find medical and mental health problems. Resources from federal, state, county		
9.	08/23			Unsure			Many seniors have emotional support animals that need care
10.	08/23			Yes	Space for various events open to the public with a kitchen		
11.	08/23			No		I would support a community garden	
12.	08/23			Yes	Senior activities		

13.	08/23			No response			
14.	08/23			Yes	Safe place for kids to go and be able to hang out w/different activities		
15.	08/23			Yes	YMCA type community center		
16.	08/23			Yes	Community center important for our youth		
17.	08/23			Yes	Adult Thai Chi classes		
18.	08/23			Yes	Urgent care		
19.	08/29			Yes	Meeting place w/internet; urgent care		
20.	08/31			Unsure			No comment
21.	08/31			Yes	More for our children		
22.	08/31			Yes	Exercise classes		
23.	08/23			Yes	Urgent care. Emergency room too expensive.		

24.	09/06			Yes	Bulletin board for flyers, events, services; job services office; social services; L&D here; urgent care more than anything		
25.	09/23			Yes	Croquet field; community garden, exercise classes, space for community group mtgs; activities for our teens; we need an urgent care		
26.	09/23			Yes	Urgent care; more doctors		
27.	09/23			Yes	Urgent care; medical offices; lab/xrays; PT facility		
28.	09/23			Unsure			Dr. offices
29.	09/23			No		Urgent care	
30.	09/23			No			Urgent care needed
31.	09/23						

32.	09/23			Yes	Urgent care		
33.	09/23			Yes	A pool for kids, seniors with different times; provide food to shut-ins from sr center; activities for seniors		
34.	09/23			Yes	Urgent care open 24 hrs via AH		
35.	09/23			Yes	No comment		
36.	09/23			Yes	Pool and water therapy		
37.	09/23			Yes	Alzheimer caregiver support group		
38.	09/23			No		More money invested into community and support service, events and education. Classroom programs, workplace programs	
39.	09/23			Yes	Urgent care that takes Kaiser		

40.	09/23			Unsure			Community events; support groups, emergency preparedness; children's health programs, parenting classes, crisis intervention
41.							
42.	10/23			Yes	Move sr center to community center; current is old; emergency shelter in disasters; Kitchen		

43.	10/23			Yes	Healthcare and community options; meeting rooms; counseling rooms; community room; receptions; traveling physicians and education; continue to promote community health and welfare		
44.	10/23			No		District can provide services remotely via website; assist other entities and provide their information	
45.	10/23			Yes	Urgent Care		

POLICY:

Tehachapi Valley Healthcare District provides Paid Time Off (PTO) to eligible employees. PTO is provided to meet an employee's need for vacation and personal time and receive wages while away from work. PTO combines vacation, holiday, and personal days off. PTO may also be used for sick leave if an employee has used up their Paid Sick Leave (Policy No. ____) and Extended Sick Leave (Policy No. ____).

PTO is not designed to permit employees to be paid for more hours than they are regularly scheduled to work.

PROCEDURE:

Eligibility. Regular full-time and part-time employees are eligible for PTO

PTO Accrual. Employees begin to accrue PTO time from their date of hire into an eligible position; however, during the first 90 days of employment, PTO may not be used except for District-recognized holidays. Employees only accrue PTO if they actually work their scheduled shift or use PTO to cover their absence. PTO does not accrue when an employee is on leave, whether sick leave, ESL, PTO, or any type of leave.

Employees whose classification has changed from an ineligible status to an eligible status will begin to accrue PTO on the first pay period of their new status at the accrual rate based on their length of service as an eligible employee.

PTO accrual is based on the number of eligible hours paid per pay period, up to 2080 hours worked annually, and on the employee's years of service as described in the "Accrual Rates" schedule below. PTO will be paid at the base compensation rate (standard rate before overtime, bonuses, deductions, or other modifications) at the time the PTO is taken or cashed out.

Except where expressly required by law, PTO does not accrue during any other leave, paid or unpaid, including disability leave or worker's compensation leave. PTO does not accrue on overtime hours worked, and cannot be used toward any overtime calculation.

PTO is added to the employee's PTO bank when the bi-weekly paycheck is processed by payroll. PTO is subtracted from an employee's time bank in 15 minute increments with the exception of exempt personnel. PTO may be deducted from an exempt employee's time bank as authorized by law.

Use of PTO and Unpaid Leave. Employees are required to take accrued and unused PTO before taking unpaid leave or having unpaid absences. Family and Medical Leave (under both state and federal law) is included in this requirement, unless the absence is pregnancy related.

Time off taken in excess of accrued PTO will be unpaid. Requests for time off without pay are not automatically approved. However, they may be approved by the CEO. Unpaid time off will be reviewed and evaluated for potential misuse/abuse. PTO may not be used by employees who report late to work, unless approved in advance by their supervisor.

When PTO is used, an employee is required to request payment of PTO hours according to his/her regularly scheduled work day/work week. For example, if an employee works a 12 hour day, he/she would request 12 hours of PTO when taking that entire shift off.

PTO Accrual Rates. PTO accrues per the following schedule based on years of service. For example, the employee will remain in the first accrual tier until completion of three full years of service.

NON-EXEMPT EMPLOYEES

<u>Service Years</u>	<u>Rate of PTO Accrual</u>	<u>Cap:</u>
0 – 3	7.7% of regular hours worked (160 hrs annual)	240 hours
4 – 6	9.6% of regular hours worked (200 hrs annual)	300 hours
7 – 9	11.5% of regular hours worked (240 hrs annual)	360 hours
10+	13.5% of regular hours worked (280 hrs annual)	420 hours

EXEMPT EMPLOYEES

<u>Service Years</u>	<u>Rate of PTO Accrual</u>	<u>Cap:</u>
0 – 3	9.6% of regular hours worked (200 hrs annual)	300 hours
4 – 6	11.5% of regular hours worked (240 hrs annual)	360 hours
7 – 9	13.5% of regular hours worked (280 hrs annual)	420 hours

PTO may accrue up to the maximum cap identified above. Once this cap is reached no further PTO will accrue until PTO is used or cashed out. A current statement of each employee's accrued PTO is noted on the employee's most recent pay stub and available on the electronic payroll system. Employees are responsible for monitoring the amount of their accrued PTO.

Use/Request of PTO. Employees must request use of PTO as far in advance as possible and obtain approval from their supervisor. Preference will be given on a first-come, first-served basis; provided, all PTO will be granted with regard to the needs of the District.

PTO Cash Out Plan. Employees may cash out PTO annually for the first pay period in December. Forty hours of PTO may be cashed out if the employee's PTO bank has 120 hours or more for the last pay period in November. Eighty hours of PTO may be cashed out if the employee's PTO bank has 160 hours or more for last period in November.

An employee may request a PTO hardship cash out in certain circumstances. A request must be submitted to CEO in writing using with the PTO Cash Out form and justification documentation. Requests are reviewed and considered on a case by case basis. A hardship is defined as something of an extreme nature that is usually out of the control of the employee such as: complete or significant destruction of residence; major accident or illness that results in significant medical expenses to the employee or a dependent; and complete loss of transportation. The CEO will provide a decision within one week of receipt of a request. Employees are eligible for hardship exceptions only once in a 12-month period.

Leave of Absence. In the event of an approved leave of absence, an employee may use PTO hours during the leave.

Benefits Upon Termination. All accrued but unused PTO hours will be paid to employees upon termination of employment at the employee's base compensation rate.

Rehire/Reinstatement. If an employee is reinstated within 3 months of their termination date, the PTO accrual rate will be reinstated to the years of service recognized on the last date of previous employment.

In the event an employee is rehired after 3 months of their termination date, the employee will begin accruing PTO at the "new employee" level. Former years of employment are not included in the PTO accrual calculation.

Approvals

Board of Directors

January 16, 2023

Tehachapi Valley Healthcare District

POLICY: **SICK LEAVE**

EFFECTIVE DATE: January __, 2024

POLICY 300.73

DEPARTMENT: Admin/HR REVIEWED:

REVISED: January 16, _____

POLICY:

Tehachapi Valley Healthcare District provides sick leave for specified purposes in accordance with California's paid sick leave law and extended sick leave.

PAID SICK LEAVE:

Amount of PSL. Employees will be entitled to 5 days or 40 hours of paid sick leave per year at the employee's regular compensation rate, which is added to the employee's sick leave bank on January 1 of each year. Sick leave hours are not carried over to the next year and may not be cashed out or used for other purposes, such as PTO.

Reasons for Use. Employees may use accrued PTO for (1) the employee's own or "family member's" diagnosis, care, or treatment of an existing health condition, or preventive care; and (2) an employee who is a victim of domestic violence, sexual assault, or stalking to seek aid, treatment, or related assistance.

Covered Family Members. "Family member" includes: (1) child (biological, adopted, or foster child, stepchild, legal ward, or a child to whom the employee stands in loco parentis); (2) biological, adoptive, or foster parent or step parent, legal guardian of the employee or the employee's spouse or registered domestic partner; (3) spouse or registered domestic partner; (4) grandparent; (5) grandchild; and/or (6) sibling.

When PSL may be Used. Sick leave may be taken ninety (90) days after commencement of employment with the District or thirty (30) days of actual work, whichever is later.

Requesting PSL. Employees may use paid sick leave upon oral or written request. If the need is foreseeable the employee must give the District reasonable advance notice, but where the need is unforeseeable an employee must give notice as soon as practicable.

State Disability Insurance. If an employee is hospitalized or out sick for more than seven (7) calendar days for an injury or illness not work-related, the employee should apply for State Disability Insurance (SDI) benefits. These benefits will be coordinated with sick pay.

Proof of Sickness. The District may request a doctor's certification for sick leave for all injuries/illnesses event that exceed three working days.

PSL Rate of Pay. To determine the rate of pay for non-exempt (hourly) workers, the employer may either:

1. Calculate the regular, non-overtime rate of pay for the workweek in which paid sick leave is used, whether or not the employee actually worked overtime in that workweek (i.e., divide the total non-overtime compensation by the total non-overtime hours worked), or
2. Divide total compensation for the previous 90 days (excluding overtime premium pay) by the total number of non-overtime hours worked in the full pay periods of the prior 90 days of employment.

For exempt employees, paid sick leave is calculated in the same manner the District calculates wages for other forms of paid leave time (for example, PTO).

EXTENDED SICK LEAVE:

In addition to PSL, District employees also earn Extended Sick Leave (ESL). These days go into an ESL account and may only be used if the following requirements are met:

- Absence due to illness extends beyond three (5) days;
- Employee has completed the 90-day introductory period.

Eligible Employees. Employee who are classified as "Regular Part Time" or "Regular Full Time" are eligible for ESL.

When ESL may be Used. ESL days can be used to supplement SDI or Workers' Compensation benefits as necessary during an extended illness in place of PTO days.

Assuming the employee meets the eligibility requirements, ESL will be triggered on the sixth consecutive day of absence due to illness. The initial five (5) days of illness are covered by PSL. Once PSL and ESL days have been exhausted, eligible employees may use accrued PTO.

Employees may use up to one-half of their yearly ESL accrual to attend to a child, parent, spouse, or domestic partner who is ill.

ESL Accrual. Eligible employees begin to accrue ESL from the date of hire. A regular full-time or regular part-time employee's annual ESL accrual rate is as follows:

Years of Service

Amount of ESL

1 – 4	2.14% of regular hours worked
5 – 9	2.18% of regular hours worked
Over 10	2.23% of regular hours worked

All accrued ESL will be computed based on employee's regular hours worked per pay period. Employees will not accrue ESL for any overtime hours worked.

ESL accruals will be capped at 480 hours (equivalent to 12 weeks). Once an employee reaches the ESL accrual cap, no additional ESL will accrue until some amount of ESL has been used.

ESL Rate of Pay. ESL is paid at the employee's base rate of pay. For non-exempt workers, this is the employee's standard hourly rate before benefits, deductions, bonuses, or other modifications.

No Cash Out. ESL days may not be cashed out or converted to PTO days, nor does the employee receive any pay out for unused ESL days in the event that the employment relationship ends.

DRAFT



**Kern Local Agency Formation
Commission**

5300 Lennox Ave. Suite 303
Bakersfield, CA 93309
661-716-1076
www.co.kern.ca.us/lafco/

Memo

To: Kern County Special Districts
From: Blair Knox, Executive Officer
Date: January 4, 2024
Re: Nominations for the Special District Representatives on Kern LAFCo

Nominations are requested to fill two Independent Special District Representative positions and one Alternate position on the Kern Local Agency Formation Commission (LAFCo). Due to two early resignations, as well as an expiring term, one term will end in 2026, one in 2028 with the alternate position also ending in 2028. The appointees shall be elected or appointed members of the legislative body of an independent special district residing within the county but shall not be members of the legislative body of a city or county. The nominee with the most votes will be the sitting Commissioner term ending 2028, the nominee with the second most votes will be the sitting Commissioner term ending 2026 and the nominee with the third most votes will be the Alternate Commissioner term ending 2028.

Government Code Section 56325 (c) states that Kern LAFCo is to have two Independent Special District members and one Special District Alternate member appointed to the Kern LAFCo Commission. Nominees must be either a presiding officers or a members of a legislative body of independent special districts. Government Code Section 56332 spells out how those members are to be selected. Since it is infeasible to hold a meeting of a majority of the 87 independent special districts in Kern County, your LAFCo follows the procedure allowed in Government Code 56332 (f) which is to request nominations and hold the selection by certified mail or electronically.

This process will be conducted by certified mail or electronically for those districts who previously chose this method. Ballots will be sent by certified mail and will include all eligible persons nominated.

If your district would like to submit a nomination, please fill out the attached nomination application form and return to:

Kern County LAFCo
5300 Lennox Ave Suite 303
Bakersfield CA 93309

Or email to: eo@kernlafco.org

Please only one nominee from each Special District.
Nominations due no later than February 9, 2024.

TVHD CEO REPORT

January 2024 Report

District Finance Update October 2023

- For the month of December 2023, total revenue in was \$517,648.04. Expense total was \$37,618.25 leaving a balance of \$480,029.79 net income. Interest from Valley Strong was \$14,292.58.
- Tax exempt status for 2021 Series A Bond (\$50M) was approved in October 2023. The new lower rate closing occurred January 1, 2024. The refinance at 2.5 percent saves taxpayers approximately \$30K a month.
- The majority of Bank of Sierra accounts have been transferred to Valley Strong with the general checking being kept open at Adventist's request. They are working on transferring to their NPI number. Changes with Medicare/MediCal usually take six months or longer.
- Termination letters have been sent to Evident and TruBridge (Healthland) notifying them of termination effective February 5, 2024. We plan on fully switching to Quickbooks effective February 1, 2024. Approximate savings to the District is \$33,000 per year. Adventist has finally responded that they will need to keep agreement for archiving purposes but will need to seek out their own contract.
- Self-pay for health, dental, and vision began on January 1, 2024 for directors that have stayed on plans. I've removed those that do not wish to participate and Lisa will be invoicing monthly. 2024 policy has been raised for dental and vision by \$3 to \$5 per month. The health insurance plan will be different this year. I am reviewing options.

District Administration Update

- Lydia, Peggy, and Lisa participated with our partners, the Tehachapi Humanitarian Group at Tehachapi's Hometown Christmas with a rock painting booth. Lisa won the ugly sweater contest.
- We provided a coffee maker and coffee supplies to Cornerstone for Christmas.
- Lisa volunteered packing boxes for seniors for the Twelve Days of Christmas put on by the Rotary and assisted the Salvation Army.
- Community Resource Center survey closed October 30, 2023. Winner of safety basket has been notified via email. Results provided today.
- Roofing of the Guild Shed is complete. The main building roofing project will occur on February 12, 2024.
- We hosted with the City of Tehachapi the Houchin Blood Bank on November 29, 2023. The next blood drive is
- March 1, 2024, is the move-in date to the PT Building. Scott is working w/Adventist's legal counsel on agreement.
- Working on insurance renewals in the next few months.