

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

**Date: Thursday, April 23, 2026, 10:30am**

**Place: Tehachapi Valley Healthcare District Office  
48771 West Valley Blvd, Tehachapi, CA 93561  
Tehachapi, CA 93561**

**[Join the meeting now](#)**

Meeting ID: 237079019682

Passcode: KC7vD9it

**Or call in (audio only)**

347-566-2771 United States, New York City

Phone Conference ID: 374274437#

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**AGENDA**

**I. CALL TO ORDER**

**II. FLAG SALUTE (10:30am)**

**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. 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 Special March 17, 2026 Tab 1

**V. REPORTS**

- A. Adventist Health Tehachapi Valley Update (Jenny Lavers)  
B. Finance Report (Peggy Mendiburu) Tab 2  
C. CEO Report (Peggy Mendiburu) Tab 3

**VI. NEW BUSINESS**

- A. Parks and Recreation Sponsorship Request Swimming Lessons Tab 4  
(Corey Torres and Sarai Diaz, TVPRD)  
B. Southern California Edison Request Easement APN 416-040-25 Tab 5  
48771 West Valley Blvd, Tehachapi, CA 93561 (Don Marsh, City  
Of Tehachapi)

**VII. OLD BUSINESS**

- A. Audit 2025 Final (Sarabeth Dalmas-Prior, Brown and Armstrong – Receive and File.**

**VIII. BOARD COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA**

**IX. 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.

**TEHACHAPI VALLEY HEALTHCARE DISTRICT  
MINUTES OF THE SPECIAL BOARD OF DIRECTORS MEETING  
March 17, 2026, 10:00am, Tehachapi, CA 93561**

**I. CALL TO ORDER**

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

**Directors Present:** Lydia Chaney, Carl Gehricke, Dwight Dreyer, BreAnne Patterson (via teleconference from 15226 Marsha Road, Hamshire TX, 77622)

**Directors Absent:** Christine Sherrill

**Others Present:** Peggy Mendiburu, CEO; Scott Nave, Counsel; Amy Webster, The Loop; Patrick Johnston, Tehachapi News

**II. FLAG SALUTE**

**III. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA**

No public comments.

**IV. CONSENT AGENDA**

**A. Approval of Minutes**

The February 19, 2026 minutes were approved. **MSA: Dreyer/Gehricke; Roll Call: all ayes; 4-0**

**V. REPORTS**

**A. Adventist Health Tehachapi Valley (Jenny Lavers)**

Jenny Lavers provided updates on the Tehachapi Valley Hospital

**B. Finance Report**

Peggy provided February Finance Report

**C. CEO Report**

Peggy provided March updates regarding the District

**VI. NEW BUSINESS**

**A. Resolution — Time and Place of Meetings**

A resolution was presented changing the board meetings to new location of 48771 West Valley Blvd, Tehachapi, CA 93561

**MSA: Patterson/Dreyer; Roll Call: Patterson Aye, Dryer Aye, Chaney Aye, Gehricke Naye; 3-1**

**VII. OLD BUSINESS**

A. None

**VIII. BOARD COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA**

Director Gehricke commented that the building is not ADA compliant. Peggy to show Carl the handicap parking and ramp.

Director Dreyer discussed a process regarding extra awards and an application for a district; a copy will be sent for review.

Director Patterson.

**IX. ADJOURNMENT**

The meeting was adjourned at 10:20am.

\_\_\_\_\_  
Secretary

Date: \_\_\_\_\_

# Tehachapi Valley Healthcare District

## Finance Summary

For the Period Ended March 31, 2026

### Executive Summary

This report summarizes the financial position and operating results of the Tehachapi Valley Healthcare District (TVHD) for the month ended March 31, 2026, and for fiscal year-to-date (July 1, 2025 through March 31, 2026). The District remains well-capitalized with strong liquidity, though operations continue to post a loss primarily driven by non-cash depreciation on the hospital and related facilities.

### Key Highlights

- Total Assets: \$105.96 million
- Cash & Cash Equivalents: \$10.21 million across bank, money market, and LAIF accounts
- Total Equity: \$27.24 million
- March Net Loss: (\$117,748)
- FY Year-to-Date Net Loss: (\$807,899)
- Accounts Payable: \$4,539

### Assets

Category	Amount
Bank Accounts (Operating, Payroll, Money Mkt, LAIF)	\$10,205,126.72
Accounts Receivable	\$329.34
Other Current Assets (Prepays, Property Tax Rcv, etc.)	\$74,866.56
<b>Total Current Assets</b>	<b>\$10,280,322.62</b>
Fixed Assets (Net of Depreciation)	\$89,630,053.07
Other Assets (Bond Funds, Refinancing Loss, etc.)	\$6,047,756.18
<b>TOTAL ASSETS</b>	<b>\$105,958,131.87</b>

## Cash Position Detail

Account	Balance
LAIF (Local Agency Investment Fund)	\$6,113,741.31
Valley Strong Money Market	\$3,993,556.84
Valley Strong General Operating	\$66,878.05
Valley Strong Payroll	\$27,252.20
Valley Strong Savings	\$3,698.32
<b>Total Cash &amp; Equivalents</b>	<b>\$10,205,126.72</b>

*The majority of the District's liquid assets (approximately 99%) are held in the State of California LAIF and Valley Strong Money Market, consistent with public agency cash management practice.*

## March Income Received

Category	Amount
Gross Profit (Rental Income)	\$7,353.00
Interest Income	\$13,389.80
Kern County Tax Rev Fund	\$117,144.25
Less: Total Operating Expenses	(\$48,663.96)
<b>MARCH INCOME RECEIVED</b>	<b>\$89,223.09</b>

# Finance Committee Report

TVHD

For the period ended March 2026



Prepared by

**Peggy Mendiburu**

Prepared on

**April 17, 2026**

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# Balance Sheet

March 2026

	TOTAL
<b>Assets</b>	
Current Assets	
Bank Accounts	
1001-012 Valley Strong General	66,878.05
1002-011 Valley Strong Payroll	27,252.20
1005-012 Valley Strong Money Mkt	3,993,556.84
1007-013 Petty Cash Change Fund	0.00
1008-012 LAIF	6,113,741.31
1008-013 Valley Strong Savings	3,698.32
1008-014 Bank of Sierra - 8569	0.00
1009-050 Undeposited Funds	0.00
<b>Total for Bank Accounts</b>	<b>\$10,205,126.72</b>
Accounts Receivable	
1020-000 Accounts Receivable	329.34
<b>Total for Accounts Receivable</b>	<b>\$329.34</b>
Other Current Assets	
1041-000 Bad Debt - UNCOLL ALLOW	0.00
1064-000 Other Receivables - LAIF Interest Rcv	0.00
1064-222 Other Receivables - Property Tax	55,852.78
1064-300 Election Costs	0.00
1069-003 Receivable - IGT	0.00
1101-035 Prepaid Expense - Insurance	13,543.32
1108-039 Prepaid Dues	3,721.83
Payments to deposit	0.00
QuickBooks Tax Holding Account	1,748.63
<b>Total for Other Current Assets</b>	<b>\$74,866.56</b>
<b>Total for Current Assets</b>	<b>\$10,280,322.62</b>
Fixed Assets	
1200-042 Land	385,228.63
1200-043 Land - New Hospital	2,125,484.88
1200-044 Land - F Street	52,800.00
1211-045 Land Improvements	163,939.14
1221-046 Building - Hospital	102,944,793.77
1221-050 Building - Valley Blvd	954,550.06
1221-055 Building - SOL Valley Blvd	960,817.00
1225-049 Building Improvements - Equipment	53,000.00
1229-049 DE - Fixed Equipment	0.00
1240-000 Capitalized Software Cost	6,538.79
1241-050 MM Equipment - Telemed Grant	0.00
1241-051 Major Moveable Equipment	0.00
1241-060 Other Asset	1,000,000.00
1242-051 Minor Equipment	5,688.41
1255-000 CIP - Old Hospital Renovations	0.00
1291-045 Accum Depr - Land Improvements	-122,406.76

	TOTAL
1291-046 Accum Depr - Building	-45,816.47
1291-047 Accum Depr - Bldg Improv	-18,851,964.74
1291-048 Accum Depr - New IT System	-2,506.54
1291-510 Accum Depr - Maj Moveable Equip	-93.10
<b>Total for Fixed Assets</b>	<b>\$89,630,053.07</b>
Other Assets	
1510-530 Bond C	55.83
1510-535 Bond C Cost	382,019.46
1510-550 Restricted Bond Fund	60,325.19
1510-576 Bond Funds 2009-Series 2013-42189	0.45
1510-586 Refunding Bond Fund 2013 Proj	926,920.33
1510-590 County Funds #42191 2006 Bond	120,493.89
1510-591 County Funds Bond Elec 2009, S2013	2,349,977.61
1600-001 Loss on 2013-2021 Refin	2,639,519.49
1610-001 Accumulated Amort - Loss 2013-2021 Ref	-431,556.07
County Funds Current Offset	0.00
Reclass to Current	0.00
<b>Total for Other Assets</b>	<b>\$6,047,756.18</b>
<b>Total for Assets</b>	<b>\$105,958,131.87</b>
<b>Liabilities and Equity</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
2021-590 Accounts Payable (A/P)	4,538.92
<b>Total for Accounts Payable</b>	<b>\$4,538.92</b>
Credit Cards	
2310-115 Valley Strong CC	3,443.81
<b>Total for Credit Cards</b>	<b>\$3,443.81</b>
Other Current Liabilities	
2030-000 Payroll Liabilities	
2010-000 Payroll Clearing	0.00
2030-100 Federal Taxes (941/943/944)	1,244.40
2030-105 Federal Unemployment (940)	216.49
2030-110 CA PIT / SDI	287.74
2031-620 Accrued Compensation - Payroll	0.00
2032-630 Accrued PTO	3,443.19
2039-750 Accrued Supp Life Insurance	-6.30
2039-760 Accrued Retirement Plan	1,800.00
Fidelity Roth	0.00
<b>Total for 2030-000 Payroll Liabilities</b>	<b>\$6,985.52</b>
2041-780 Other Accrued Exp - Interest Payable	240,658.32
2041-781 Other Accrued Exp - Acc Interest Pay	3,900,023.35
2046-810 Other Accrued Exp - Audit Fees	27,124.92
2091-150 Deferred Income AH	20,403,398.00
2103-000 Deferred Income - Other	0.00
2131-000 Deferred Interest	-665,477.00
2131-100 Deferred Amortization	658,086.00

	TOTAL
2250-000 GO Bonds - 2004 Series A	374,987.70
2251-000 GO Bonds - 2006 Series B	889,990.75
2252-000 GO Bonds - 2009 Series C	360,000.00
2260-100 Less Current Rent	0.00
Direct Deposit Payable	0.00
<b>Total for Other Current Liabilities</b>	<b>\$26,195,777.56</b>
<b>Total for Current Liabilities</b>	<b>\$26,203,760.29</b>
Long-term Liabilities	
1390-002 Bond Iss Costs - Bond Premium 2022	0.00
1390-003 Bond Premium - 2004	9,445.00
1390-005 Bond Premium - 2006	77,809.00
1390-007 Refunding Bond Premium 2013	0.00
2253-000 Refunding Bonds Payable 2013	1,820,000.00
2254-000 GO Bonds Payable - 2009, Series 2013	50,600,000.00
2259-000 Current Portion of Long Term Liability	0.00
2260-000 Client Deposits	4,478.00
<b>Total for Long-term Liabilities</b>	<b>\$52,511,732.00</b>
<b>Total for Liabilities</b>	<b>\$78,715,492.29</b>
Equity	
Invested in Capital Assets	38,473,826.29
Opening balance equity	0.00
Restricted Net Position	3,819,852.83
Retained Earnings	-15,052,805.45
Net Income	1,765.91
<b>Total for Equity</b>	<b>\$27,242,639.58</b>
<b>Total for Liabilities and Equity</b>	<b>\$105,958,131.87</b>

# Profit and Loss

March 2026

	TOTAL
Income	
5700-230 Rental Income	7,353.00
<b>Total for Income</b>	<b>\$7,353.00</b>
<b>Gross Profit</b>	<b>\$7,353.00</b>
Expenses	
8610-100 Dir/Mgr/Sup	12,877.06
8610-110 Bond Financing Fees	750.00
8610-160 FICA	981.96
8610-175 Grp Health Ins	3,878.68
8610-176 Health Insurance - Active Dir	0.00
8610-210 Consulting	950.00
8610-215 Legal	1,905.00
8610-230 Other Contracted	2,528.65
8610-345 Office Supplies	2,392.72
8610-380 IT	2,847.00
8610-390 Repairs & Maintenance	8,467.25
8610-400 Security	57.46
8610-550 Trustee Stipends	300.00
8610-602 Rent - Storage & Equip Lease	531.00
8610-700 Utilities	1,738.12
8610-735 Phone	127.95
8610-800 Insur - PLGL/DO	697.93
8610-805 Insurance - Other	3,967.66
8610-815 Dues & Subscriptions	1,012.95
8610-835 TVHD Comm Outreach	2,500.00
8610-900 Bank Fees	152.57
<b>Total for Expenses</b>	<b>\$48,663.96</b>
<b>Net Operating Income</b>	<b>-\$41,310.96</b>
Other Income	
9060-111 Interest Income	13,389.80
9160-069 Kern County Tax Rev Fund 42186	117,144.25
9160-070 Kern County GO Tax Revenue	-63,861.47
9400-089 Non-Oper Revenue Other	75,000.00
<b>Total for Other Income</b>	<b>\$141,672.58</b>
Other Expenses	
8811-900 New Hospital Depreciation	214,374.50
8811-901 DEPRECIATION W. VALLEY BLVD	1,988.91
8811-902 Depreciation - Land Improvements	1,412.17
8811-903 Depreciation Guild Roof	92.19
8811-904 Depreciation Flooring - F Street	46.11
8811-906 Depreciation - IT Equipment	108.98
8811-907 Depreciation - Building Improvements	783.90
8811-908 Depreciation - Generators	-696.80

	TOTAL
Total for Other Expenses	\$218,109.96
Net Other Income	-\$76,437.38
Net Income	-\$117,748.34

# Profit and Loss FY

July 1, 2025-March 31, 2026

	TOTAL
Income	
5700-230 Rental Income	56,027.00
<b>Total for Income</b>	<b>\$56,027.00</b>
<b>Gross Profit</b>	<b>\$56,027.00</b>
Expenses	
8610-100 Dir/Mgr/Sup	83,475.30
8610-110 Bond Financing Fees	2,950.00
8610-160 FICA	6,364.96
8610-165 SUI/FUI	216.49
8610-171 Payroll Billing	662.10
8610-175 Grp Health Ins	19,646.39
8610-176 Health Insurance - Active Dir	0.00
8610-190 Workers Compensation	-185.00
8610-210 Consulting	14,215.00
8610-215 Legal	16,740.00
8610-220 Audit	15,050.25
8610-230 Other Contracted	3,085.88
8610-345 Office Supplies	11,530.32
8610-375 Postage	6.08
8610-380 IT	52,660.06
8610-386 Advertising	1,078.47
8610-390 Repairs & Maintenance	33,651.49
8610-400 Security	1,354.49
8610-550 Trustee Stipends	4,100.00
8610-602 Rent - Storage & Equip Lease	5,994.80
8610-700 Utilities	8,803.33
8610-735 Phone	1,149.40
8610-800 Insur - PLGL/DO	6,281.37
8610-805 Insurance - Other	35,708.94
8610-811 Fees	82.66
8610-815 Dues & Subscriptions	7,162.80
8610-822 Travel Meals/Entertainment	61.74
8610-835 TVHD Comm Outreach	13,587.28
8610-900 Bank Fees	472.60
<b>Total for Expenses</b>	<b>\$345,907.20</b>
<b>Net Operating Income</b>	<b>-\$289,880.20</b>
Other Income	
9060-111 Interest Income	325,152.55
9160-069 Kern County Tax Rev Fund 42186	672,274.82
9160-070 Kern County GO Tax Revenue	0.00
9400-089 Non-Oper Revenue Other	675,000.00
<b>Total for Other Income</b>	<b>\$1,672,427.37</b>
Other Expenses	

	TOTAL
1299-000 Loss on Disposal of Fixed Assets	225,689.00
8811-900 New Hospital Depreciation	1,929,370.50
8811-901 DEPRECIATION W. VALLEY BLVD	17,993.29
8811-902 Depreciation - Land Improvements	12,709.53
8811-903 Depreciation Guild Roof	829.71
8811-904 Depreciation Flooring - F Street	414.99
8811-906 Depreciation - IT Equipment	980.82
8811-907 Depreciation - Building Improvements	783.90
8811-908 Depreciation - Generators	1,659.48
9160-075 Interest Expense	14.58
<b>Total for Other Expenses</b>	<b>\$2,190,445.80</b>
<b>Net Other Income</b>	<b>-\$518,018.43</b>
<b>Net Income</b>	<b>-\$807,898.63</b>



P.O. BOX 9506 BAKERSFIELD, CA 93389-9506

CHANGE SERVICE REQUESTED

136821 3889 1/6 UNQ 04-01-26 CLT  
000003888 1



TEHACHAPI VALLEY HEALTHCARE DISTRICT  
116 W E ST  
TEHACHAPI CA 93561-1608

# Account Statement

(661) 833-7900 | (800) 221-3311

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MEMBER NUMBER XXXXXXXXX20


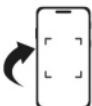

STATEMENT FOR 03/01/2026 - 03/31/2026

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**New Business Banking Enhancements**  
We're excited to introduce four new enhancements designed to help our business Members save time, reduce risk, streamline operations, and operate more efficiently.

## YOUR ACCOUNT BALANCES AS OF 03/31/2026

BUSINESS SHARE SAVINGS ID 0001	\$3,698.32
PUBLIC BUSINESS MONEY MARKET ID 0003	\$3,993,556.84
BASIC BUS CHECKING- PAYROLL ID 0004	\$27,252.20
BASIC BUS CHECKING ID 0006	\$71,744.15
<b>ACCOUNT BALANCE TOTAL</b>	<b>\$4,096,251.51</b>
TOTAL DIVIDENDS PAID YEAR-TO-DATE	\$38,892.12

**Need a Loan?**  
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<b>BUSINESS SHARE SAVINGS</b>	BEGINNING BALANCE	\$3,698.16
	1 TOTAL CREDITS	\$0.16
	0 TOTAL DEBITS	\$0.00
	ENDING BALANCE	\$3,698.32
ANNUAL PERCENTAGE YIELD EARNED 0.050% FROM 03/01/2026 THROUGH 03/31/2026		

DATE	CREDIT TRANSACTION DESCRIPTION	AMOUNT
03/31	DEPOSIT DIVIDEND	\$0.16

<b>PUBLIC BUSINESS MONEY MARKET</b>	BEGINNING BALANCE	\$3,926,884.41
	3 TOTAL CREDITS	\$66,672.43
	0 TOTAL DEBITS	\$0.00
	ENDING BALANCE	\$3,993,556.84
ANNUAL PERCENTAGE YIELD EARNED 4.060% FROM 03/01/2026 THROUGH 03/31/2026		

DATE	CREDIT TRANSACTION DESCRIPTION	AMOUNT
03/11	DEPOSIT ACH KERN COUNTY TYPE: PAYMENTS CO: KERN COUNTY ENTRY CLASS CODE: CCD	\$40,508.45
03/30	DEPOSIT ACH KERN COUNTY TYPE: PAYMENTS CO: KERN COUNTY ENTRY CLASS CODE: CCD	\$12,774.33
03/31	DEPOSIT DIVIDEND	\$13,389.65

<b>BASIC BUS CHECKING- PAYROLL</b>	BEGINNING BALANCE	\$40,515.24
	0 TOTAL CREDITS	\$0.00
	8 TOTAL DEBITS	\$13,263.04
	ENDING BALANCE	\$27,252.20

DATE	DEBIT TRANSACTION DESCRIPTION	AMOUNT
03/03	WITHDRAWAL ACH INTUIT 77990433 TYPE: TAX CO: INTUIT 77990433 ENTRY CLASS CODE: CCD	\$1,393.20
03/03	WITHDRAWAL ACH INTUIT 84720222 TYPE: PAYROLL CO: INTUIT 84720222 ENTRY CLASS CODE: CCD	\$2,750.68



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P.O. BOX 9506 BAKERSFIELD, CA 93389-9506

# Account Statement

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MEMBER NUMBER XXXXXXXXX20

STATEMENT FOR 03/01/2026 - 03/31/2026

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## BASIC BUS CHECKING- PAYROLL

03/17	WITHDRAWAL ACH INTUIT 45107809	TYPE: TAX CO: INTUIT 45107809	ENTRY CLASS CODE: CCD	\$1,393.19-
03/17	WITHDRAWAL ACH INTUIT 86405344	TYPE: PAYROLL CO: INTUIT 86405344	ENTRY CLASS CODE: CCD	\$2,750.69-
03/31	WITHDRAWAL ACH INTUIT 87637480	TYPE: PAYROLL CO: INTUIT 87637480	ENTRY CLASS CODE: CCD	\$647.45-
03/31	WITHDRAWAL ACH INTUIT 13066001	TYPE: TAX CO: INTUIT 13066001	ENTRY CLASS CODE: CCD	\$1,532.14-
03/31	WITHDRAWAL ACH INTUIT 87637480	TYPE: PAYROLL CO: INTUIT 87637480	ENTRY CLASS CODE: CCD	\$2,750.69-
03/31	WITHDRAWAL SERVICE FEE			\$45.00-

## BASIC BUS CHECKING

BEGINNING BALANCE	\$94,564.09
5 TOTAL CREDITS	\$11,841.00
50 TOTAL DEBITS	\$34,660.94-
ENDING BALANCE	\$71,744.15

DATE	DEBIT TRANSACTION DESCRIPTION	AMOUNT
03/02	WITHDRAWAL ACH BLUESHIELDCA TYPE: BILL PAY CO: BLUESHIELDCA ENTRY CLASS CODE: CCD	\$1,665.03-
03/03	WITHDRAWAL ACH WM CORPORATE SER TYPE: BILL PAYMT CO: WM CORPORATE SER ENTRY CLASS CODE: PPD	\$112.01-
03/03	WITHDRAWAL ACH CITY OF TEHACHAP TYPE: BILL PAYMT CO: CITY OF TEHACHAP ENTRY CLASS CODE: PPD	\$120.74-
03/03	WITHDRAWAL ACH CITY OF TEHACHAP TYPE: BILL PAYMT CO: CITY OF TEHACHAP ENTRY CLASS CODE: PPD	\$144.96-
03/03	WITHDRAWAL ACH STREAMLINE TYPE: BILL PAYMT CO: STREAMLINE ENTRY CLASS CODE: PPD	\$150.00-
03/03	WITHDRAWAL ACH HUMANA, INC. TYPE: INS PYMT CO: HUMANA, INC. ENTRY CLASS CODE: PPD	\$494.01-
03/03	WITHDRAWAL ACH CALL ME LINDSAY TYPE: BILL PAYMT CO: CALL ME LINDSAY ENTRY CLASS CODE: PPD	\$500.00-
03/05	WITHDRAWAL ACH BREANNE PATTERSO TYPE: BILL PAYMT CO: BREANNE PATTERSO ENTRY CLASS CODE: PPD	\$100.00-
03/05	WITHDRAWAL ACH CARL GEHRICKE TYPE: BILL PAYMT CO: CARL GEHRICKE ENTRY CLASS CODE: PPD	\$100.00-
03/05	WITHDRAWAL ACH RACE COMMUNICATI TYPE: BILL PAYMT CO: RACE COMMUNICATI ENTRY CLASS CODE: PPD	\$223.52-
03/05	WITHDRAWAL ACH UNITED WORLD HTH TYPE: MAR INSPRM CO: UNITED WORLD HTH ENTRY CLASS CODE: PPD	\$383.95-
03/05	WITHDRAWAL ACH SOCALGAS TYPE: PAID SCGC CO: SOCALGAS NAME: 301601474310336318 ENTRY CLASS CODE: WEB	\$864.04-
03/05	WITHDRAWAL ACH 6PENCE BOOKKEEPI TYPE: SALE CO: 6PENCE BOOKKEEPI ENTRY CLASS CODE: CCD	\$460.00-
03/09	WITHDRAWAL ACH SOCALGAS TYPE: PAID SCGC CO: SOCALGAS NAME: 301601474310566310 ENTRY CLASS CODE: WEB	\$234.45-
03/10	WITHDRAWAL ACH AXION COMMUNICAT TYPE: BILL PAYMT CO: AXION COMMUNICAT ENTRY CLASS CODE: PPD	\$127.95-
03/10	WITHDRAWAL ACH RACE COMMUNICATI TYPE: BILL PAYMT CO: RACE COMMUNICATI ENTRY CLASS CODE: PPD	\$202.98-
03/10	WITHDRAWAL ACH DEX IMAGING TYPE: BILL PAYMT CO: DEX IMAGING ENTRY CLASS CODE: PPD	\$314.21-
03/10	WITHDRAWAL STOP PMT FEE	\$30.00-
03/11	WITHDRAWAL ACH ALERT 360 TYPE: ACH CO: ALERT 360 ENTRY CLASS CODE: PPD	\$57.46-
03/11	WITHDRAWAL ACH AFLAC WORLDWIDE TYPE: BILL PAYMT CO: AFLAC WORLDWIDE ENTRY CLASS CODE: PPD	\$81.96-
03/11	WITHDRAWAL ACH SO CAL EDISON CO TYPE: DIRECTPAY CO: SO CAL EDISON CO ENTRY CLASS CODE: CCD	\$191.43-
03/12	WITHDRAWAL ACH ADVANCED DATA st TYPE: BILL PAYMT CO: ADVANCED DATA ST ENTRY CLASS CODE: PPD	\$52.02-
03/12	WITHDRAWAL ACH WITT's TYPE: BILL PAYMT CO: WITT'S ENTRY CLASS CODE: PPD	\$165.67-
03/12	WITHDRAWAL ACH NAVE LAW OFFICE, TYPE: BILL PAYMT CO: NAVE LAW OFFICE, ENTRY CLASS CODE: PPD	\$1,950.00-
03/12	WITHDRAWAL ACH TEHACHAPI CLEANI TYPE: BILL PAYMT CO: TEHACHAPI CLEANI ENTRY CLASS CODE: PPD	\$2,800.00-
03/16	WITHDRAWAL ACH INTUIT * TYPE: QBOOKS ONL CO: INTUIT * ENTRY CLASS CODE: CCD	\$171.50-
03/17	WITHDRAWAL ACH DWIGHT DREYER TYPE: BILL PAYMT CO: DWIGHT DREYER ENTRY CLASS CODE: PPD	\$100.00-
03/17	WITHDRAWAL ACH LYDIA CHANEY TYPE: BILL PAYMT CO: LYDIA CHANEY ENTRY CLASS CODE: PPD	\$100.00-
03/17	WITHDRAWAL ACH K3 PLUMBING CO TYPE: BILL PAYMT CO: K3 PLUMBING CO ENTRY CLASS CODE: PPD	\$325.00-
03/17	WITHDRAWAL ACH GTEDC TYPE: BILL PAYMT CO: GTEDC ENTRY CLASS CODE: PPD	\$500.00-
03/17	WITHDRAWAL ACH DONALD HARRISON TYPE: BILL PAYMT CO: DONALD HARRISON ENTRY CLASS CODE: PPD	\$641.42-
03/20	WITHDRAWAL ACH SO CAL EDISON CO TYPE: BILL PAYMT CO: SO CAL EDISON CO NAME: TEHACHAPI VALLEY HEALT ENTRY CLASS CODE: WEB	\$109.24-
03/20	WITHDRAWAL ACH CALL ME LINDSAY TYPE: BILL PAYMT CO: CALL ME LINDSAY ENTRY CLASS CODE: PPD	\$500.00-
03/23	WITHDRAWAL ACH BETA HEALTHCARE TYPE: BILL PAYMT CO: BETA HEALTHCARE ENTRY CLASS CODE: PPD	\$697.93-



P.O. BOX 9506 BAKERSFIELD, CA 93389-9506

# Account Statement

(661) 833-7900 | (800) 221-3311

www.valleystrong.com

MEMBER NUMBER XXXXXXXXX20

STATEMENT FOR 03/01/2026 - 03/31/2026

PAGE 3 of 5

## BASIC BUS CHECKING

03/24	WITHDRAWAL HOME BANKING TRANSFER TO LOAN 3000 FEBRUARY 2026	\$10.80-
03/24	WITHDRAWAL ONLINE TRANSFER EXTERNAL TRANSFER ****0006ACH ORIGINATION RACE SYNCH	\$618.00-
03/25	WITHDRAWAL ACH BROWN ARMSTRONG TYPE: VENDOR PMT CO: BROWN ARMSTRONG ENTRY CLASS CODE: CCD	\$11,793.75-
03/26	WITHDRAWAL ACH CITY OF TEHACHAP TYPE: BILL PAYMT CO: CITY OF TEHACHAP ENTRY CLASS CODE: PPD	\$85.10-
03/26	WITHDRAWAL ACH STERICYCLE TYPE: BILL PAYMT CO: STERICYCLE ENTRY CLASS CODE: PPD	\$94.90-
03/26	WITHDRAWAL ACH CITY OF TEHACHAP TYPE: BILL PAYMT CO: CITY OF TEHACHAP ENTRY CLASS CODE: PPD	\$144.96-
03/26	WITHDRAWAL ACH EMMA PEREZ TYPE: BILL PAYMT CO: EMMA PEREZ ENTRY CLASS CODE: PPD	\$300.00-
03/26	WITHDRAWAL ACH GOLDEN HILLS IT TYPE: BILL PAYMT CO: GOLDEN HILLS IT ENTRY CLASS CODE: PPD	\$2,411.45-
03/30	WITHDRAWAL ACH TEHACHAPI MINI S TYPE: BILL PAYMT CO: TEHACHAPI MINI S ENTRY CLASS CODE: PPD	\$275.00-
03/31	WITHDRAWAL ACH EMMA PEREZ TYPE: BILL PAYMT CO: EMMA PEREZ ENTRY CLASS CODE: PPD	\$90.00-
03/31	WITHDRAWAL ACH STREAMLINE TYPE: BILL PAYMT CO: STREAMLINE ENTRY CLASS CODE: PPD	\$150.00-
03/31	WITHDRAWAL ACH WASTE MANAGEMENT TYPE: BILL PAYMT CO: WASTE MANAGEMENT ENTRY CLASS CODE: PPD	\$173.61-
03/31	WITHDRAWAL ACH DONALD HARRISON TYPE: BILL PAYMT CO: DONALD HARRISON ENTRY CLASS CODE: PPD	\$514.32-
03/31	WITHDRAWAL ACH TEHACHAPI CLEANI TYPE: BILL PAYMT CO: TEHACHAPI CLEANI ENTRY CLASS CODE: PPD	\$750.00-
03/31	WITHDRAWAL ACH TVRPD TYPE: BILL PAYMT CO: TVRPD ENTRY CLASS CODE: PPD	\$2,500.00-
03/31	WITHDRAWAL SERVICE FEE	\$77.57-

DATE	CREDIT TRANSACTION DESCRIPTION	AMOUNT
03/09	DEPOSIT ACH INTUIT 31626363 TYPE: DEPOSIT CO: INTUIT 31626363 ENTRY CLASS CODE: CCD	\$7,956.00
03/11	WITHDRAWAL ADJUSTMENT STOP PMT FEE ADJ	\$10.00
03/19	DEPOSIT VALLEY STRONG MOBILE	\$1,875.00
03/19	DEPOSIT VALLEY STRONG MOBILE	\$1,000.00
03/31	DEPOSIT VALLEY STRONG MOBILE	\$1,000.00

821003889 1 3/6 UNQ 04-01-26 CLT

California State Treasurer  
**Fiona Ma, CPA**



Local Agency Investment Fund  
P.O. Box 942809  
Sacramento, CA 94209-0001  
(916) 653-3001

April 09, 2026

[LAIIF Home](#)  
[PMIA Average Monthly](#)  
[Yields](#)

---

**TEHACHAPI VALLEY HEALTHCARE DISTRICT**

ADMINISTRATOR  
P.O. BOX 1900  
TEHACHAPI, CA 93581-1900

[Tran Type Definitions](#)



**Account Number: 20-15-003**

March 2026 Statement

**Account Summary**

Total Deposit:	0.00	Beginning Balance:	6,113,741.31
Total Withdrawal:	0.00	Ending Balance:	6,113,741.31

# Tab 3 – CEO REPORT PLACEHOLDER

# SUMMARY OF TVRPD SPONSORSHIP REQUEST SWIMMING LESSONS – Peggy Mendiburu

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## Summary

Tehachapi Valley Recreation & Park District (TVRPD) reached out requesting that the Healthcare District consider sponsoring 10 children in TVRPD's summer free swim lessons program for low-income families. The sponsorship would cost \$85 per child, for a total of **\$850**. Lessons would be offered to qualifying families through TVRPD's existing scholarship program. TVRPD has already secured funding for 16 of their 30-child goal. Program flyer attached.

## Recommendation

The District is currently over budget for community outreach for FY 2025-26. The Board could consider request with the FY 2026-2027 budget.



Tehachapi Valley  
Recreation & Park District

# Summer Swim Lessons!

SESSION 1: JUNE 15 - JUNE 25  
SESSION 3: JULY 13 - JULY 23

SESSION 2: JUNE 29 - JULY 9  
SESSION 4: JULY 27- AUGUST 6

MONDAY THROUGH THURSDAY

<b>Parent &amp; Child</b> <small>AGES 0-2 TO 3 YEARS OLD</small>	<b>11:45am-12:15pm</b>	<b>\$83</b> <b>\$62.25 in district</b>
---	------------------------	---

<b>Pre-School</b> <small>lv 1-3</small> <small>AGES 3 - 5 YEARS OLD</small>	<b>morning &amp; evening classes</b> <small>EVENING ONLY SESSION 1 &amp; 2</small>	<b>\$113.50</b> <b>\$85 in district</b>
---	---	--

Free swim lessons available to qualifying families

<b>Learn-to-Swim</b> <small>lv 1-5</small> <small>AGES 5-11 YEARS OLD</small>	<b>morning &amp; evening classes</b> <small>EVENING ONLY SESSION 1 &amp; 2</small>	<b>\$113.50</b> <b>\$85 in district</b>
---	---	--

Free swim lessons available to qualifying families

## FRIDAYS

SESSION 1: JUNE 19 - JULY 10

SESSION 2: JULY 10- AUGUST 7

<b>Junior Lifeguard</b> <small>AGES 8-10 AND 11-14</small>	<b>2:30pm-3:30pm</b>	<b>\$85 out</b> <b>\$63.75 in district</b>
---	----------------------	---

5 SESSIONS TOTAL

<b>Private Lessons</b> <small>AGES 6 AND UP</small>	<b>8am-12pm</b> <small>TO BE SCHEDULED WITH SWIM INSTRUCTOR</small>	<b>\$170.00</b> <b>\$127.50 in district</b>
--	--	--

Scholarships available at the District Office, 490 West D St. Registration open now for scholarships and open to general public first week of May. For more information please visit [tvrpd.org](http://tvrpd.org), or reach out to Sarai Diaz at (661)822-3228 ext 106 or [s.diaz@tvrpd.org](mailto:s.diaz@tvrpd.org)





115 South Robinson Street  
Tehachapi, California 93561-1722  
(661) 822-2200  [www.LiveUpTehachapi.com](http://www.LiveUpTehachapi.com)

March 23, 2026

Tehachapi Valley Healthcare District  
48771 W. Valley Blvd.  
Tehachapi, CA 93561

Re: APN#416-040-25  
48771 W. Valley Blvd.  
Tehachapi, CA 93561

Dear Property Owner:

In the coming months the City of Tehachapi will be making significant improvements to Valley Boulevard between Curry Street and Tucker Road. These new enhancements will include relocating overhead powerlines to underground along Valley Boulevard.

Construction of this project is expected to begin within the next few months and will continue for approximately one year. While minor inconveniences to traffic or pedestrian access may occur at times during the project, we will do our absolute best to minimize any negative impacts you might experience.

Construction will include trenching and installing power cables underground and removal of the existing power poles and power lines. During the project construction, Southern California Edison (SCE) will need access to a portion of your property.

In order to facilitate the proposed improvements on your property (APN #416-040-25, located at 48771 W. Valley Blvd.), SCE needs permission to access and enter your property. The enclosed SCE Grant of Easement is required to relocate powerlines underground on your property. Please sign, notarize and return the enclosed agreement in the enclosed envelope. The City can provide notary services for you at your request. Please contact Andrew Norton, City Engineer at (661) 822-2200 ext. 131 if you have any questions or concerns.

Thank you for your time and support.

Sincerely,

A handwritten signature in blue ink that reads "Don Marsh".

Don Marsh  
Development Services Director

RECORDING REQUESTED BY



SOUTHERN CALIFORNIA  
**EDISON**

An EDISON INTERNATIONAL Company

WHEN RECORDED MAIL TO

**SOUTHERN CALIFORNIA EDISON COMPANY**

3 INNOVATION WAY, 2nd FLOOR  
POMONA, CA 91768

Attn: Title and Real Estate Services

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SCE Doc. No.

**GRANT OF  
EASEMENT**

DOCUMENTARY TRANSFER TAX \$ NONE (VALUE AND CONSIDERATION LESS THAN \$100.00)		DISTRICT Tehachapi	SERVICE ORDER TD1998312	SERIAL NO.	MAP SIZE
SCE Company SIG. OF DECLARANT OR AGENT DETERMINING TAX FIRM NAME		GVM LU-6787-A4 APN 416-040-25	APPROVED: REAL PROPERTIES	BY SLS/VW	DATE 2/23/2026

TEHACHAPI VALLEY HEALTHCARE DISTRICT (hereinafter referred to as "Grantor"), hereby grants to SOUTHERN CALIFORNIA EDISON COMPANY, a corporation, its successors and assigns (hereinafter referred to as "Grantee"), an easement and right of way to construct, use, maintain, operate, alter, add to, repair, replace, reconstruct, inspect and remove at any time and from time to time underground electrical supply systems and communication systems (hereinafter referred to as "systems"), consisting of wires, underground conduits, cables, vaults, manholes, handholes, and including above-ground enclosures, markers and concrete pads and other appurtenant fixtures and equipment necessary or useful for distributing electrical energy and for transmitting intelligence, data and/or communications (eg. through fiber optic cable), in, on, over, under, across and along that certain real property in the County of Kern, State of California, described as follows:

THE WESTERLY 6.00 FEET OF THE NORTHERLY 110.00 FEET OF THAT PORTION OF LOT 31 OF TEHACHAPI FRUIT AND LAND COMPANY'S SUBDIVISION, AS PER MAP RECORDED IN BOOK 2, PAGE 37 OF MAPS, SAID PORTION IS MORE PARTICULARLY DESCRIBED IN THE DEED TO THE GRANTOR HEREIN RECORDED DECEMBER 8, 2025 AS DOCUMENT NO. 225150215 OF OFFICIAL RECORDS, BOTH IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

It is understood and agreed that the above description is approximate only, it being the intention of the Grantor(s) to grant an easement for said systems as constructed. The centerline of the easement shall be coincidental with the centerline of said systems as constructed in, on, over, under, across, and along the Grantor(s) property.

This legal description was prepared pursuant to Sec. 8730(c) of the Business & Professions Code.

Grantor agrees for himself, his heirs and assigns, not to erect, place or maintain, nor to permit the erection, placement or maintenance of any building, planter boxes, earth fill or other structures except walls and fences on the above described real property. The Grantee, and its contractors, agents and employees, shall have the right to trim or cut tree roots as may endanger or interfere with said systems and shall have free access to said systems and every part thereof, at all times, for the purpose of exercising the rights herein granted; provided, however, that in making any excavation on said property of the Grantor, the Grantee shall make the same in such a manner as will cause the least injury to the surface of the ground around such excavation, and shall replace the earth so removed by it and restore the surface of the ground to as near the same condition as it was prior to such excavation as is practicable.

EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**GRANTOR**

TEHACHAPI VALLEY HEALTHCARE DISTRICT

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )

County of \_\_\_\_\_ )

On \_\_\_\_\_ before me, \_\_\_\_\_, a Notary Public, personally appeared

\_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

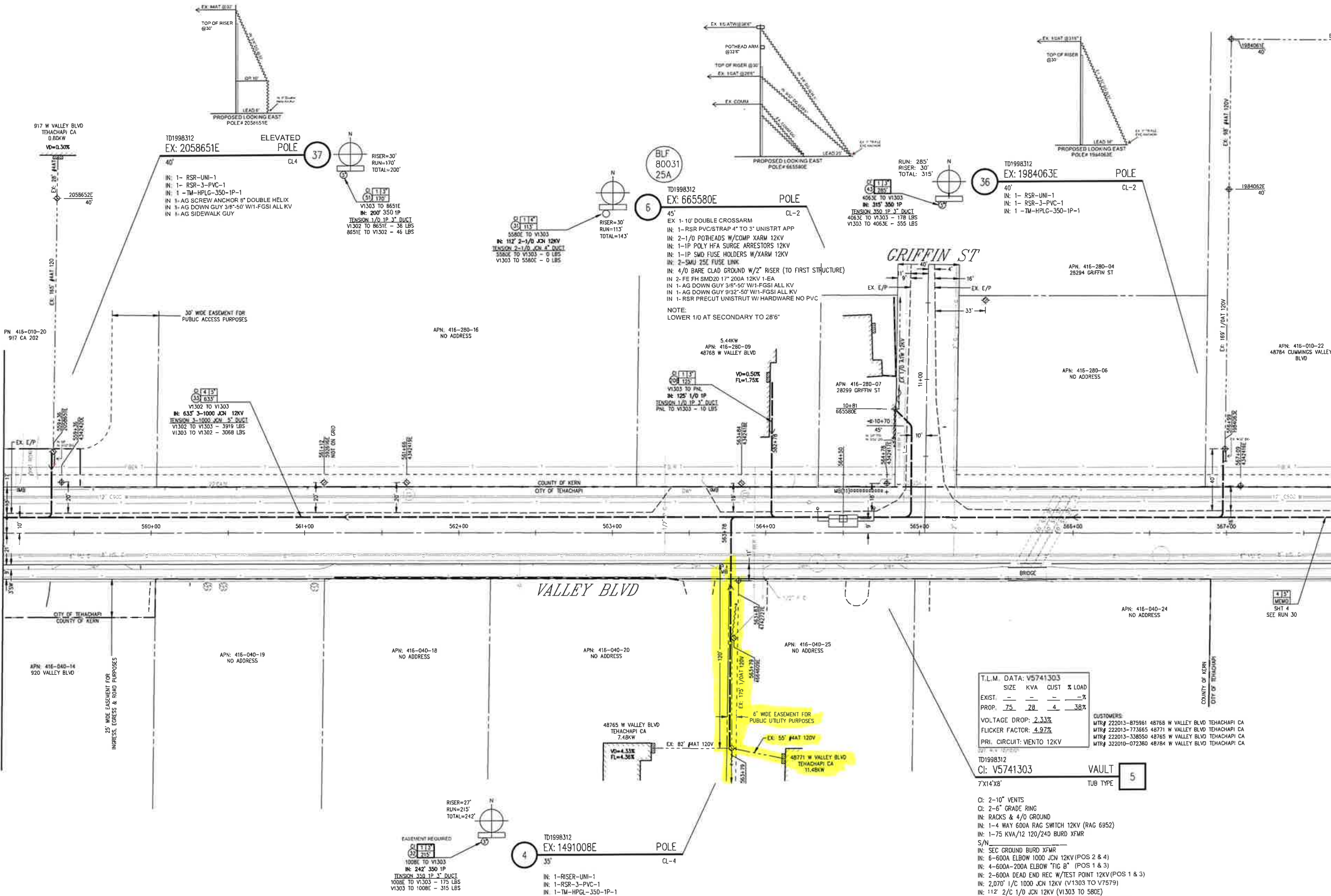
WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

FILE NAME: 1519379\_00.DWG DATE: 02/27/2025 5:17:14 PM DWG BY: CAJ/STW

SEE SHEET 2  
MATCH LINE STA. 559+00

MATCH LINE STA. 568+00  
SEE SHEET 4



T.L.M. DATA: V5741303

SIZE	KVA	CUST	% LOAD
EXIST:	-	-	-
PROP:	75	28	4

VOLTAGE DROP: 2.33%  
FLICKER FACTOR: 4.92%  
PRI. CIRCUIT: VIENTO 12KV

CUSTOMERS:  
MTR# 222013-875861 48766 W VALLEY BLVD TEHACHAPI CA  
MTR# 222013-773665 48771 W VALLEY BLVD TEHACHAPI CA  
MTR# 222013-338550 48765 W VALLEY BLVD TEHACHAPI CA  
MTR# 322010-072380 48764 W VALLEY BLVD TEHACHAPI CA

TD1998312  
CI: V5741303  
7'X14'X8  
VAULT 5  
TUB TYPE

- CI: 2-10" VENTS
- CI: 2-6" GRADE RING
- IN: RACKS & 4/0 GROUND
- IN: 1-4 WAY 600A RAG SWITCH 12KV (RAG 6952)
- IN: 1-75 KVA/12 120/240 BURD XFMR
- S/N
- IN: SEC GROUND BURD XFMR
- IN: 6-600A ELBOW 1000 JCN 12KV (POS 2 & 4)
- IN: 4-600A-200A ELBOW 716 B" (POS 1 & 3)
- IN: 2-600A DEAD END REC W/TEST POINT 12KV (POS 1 & 3)
- IN: 2:070' 1/C 1000 JCN 12KV (V1303 TO V7579)
- IN: 112' 2/C 1/0 JCN 12KV (V1303 TO 580E)
- IN: 242' 3-1/C 2-350 & 1-4/0 CLP (V1303 TO 006E)
- IN: 315' 3-1/C 2-350 & 1-4/0 CLP (V1303 TO 063E)
- IN: 125' 3-1/C 2-1/0 & 1-#2 CLP SVC (V1303 TO PANEL)

INVENTORY MAP NO.'S

LU-6887-A	LU-6887-B
LU-6787-A	LU-6787-B
LU-6887-A	LU-6887-B3
LU-6787-A3	LU-6887-A4
LU-6887-B4	LU-6787-A4
LU-6787-B3	LU-6887-A3
LU-6787-B4	

**PRELIMINARY  
NOT FOR CONSTRUCTION**

**SURVEYED**  
DATE: 4/11/22

**UNDERGROUND SERVICE ALERT**  
Contact USA  
Dial 811 or 800-422-4133  
www.digalert.org/contact  
FOR UNDERGROUND LOCATING:  
TWO WORKING DAYS BEFORE YOU DIG

NOTE:  
-CONDUIT FROM P.A. TO PANEL  
TO BECOME C.O. AFTER INSTALLATION  
-PTC REQ'D

Packet Page 24

DATE	REVISION DESCRIPTION	APPROVED	DRAWN	CHECKED
1/20/25	REVISED PER PLANNER REDLINES INCLUDING CHANGING DRAWING BACK TO PRELIM	SCE/SR/SCE/OC		
12/07/23	REALIGNED DUCT FROM V5756 TO V3176 PER CITY MAP PLANS	D.L.	SCE/OC/SCE/TTI	
09/14/23	REMOVED P.WE. ADDED V1304 & RELOCATED PAD P1306	D.L.	D.C.	T.T.
03/20/23	ADDED DESIGN ON SHIT 2-4		D.C.	D.C.
3/7/23	ADDED SURVEY & LOOKUP SHEETS 2,3,4	JDS/MDOC/SCE		

DISTRICT	PROJECT NO.	PROJECT NAME	PROJECT LOCATION	ASSOC. DESIGN
52 - TEHACHAPI	2428591	1998312-RULE 20A-UG INSTALL	48766 W VALLEY BLVD TEHACHAPI CA	1519379
		RELATED - TD1998304-RULE 20A OH REMOVAL	48766 W VALLEY BLVD TEHACHAPI CA	1519379

INVENTORY MAP	A.P.A. NO.	PROPOSED CONSTRUCTION (LOCATION)
10414		RULE 20A REMOVAL OH
		AND RULE 20A INSTALL UG
		OH-4704361E AND V5567578
		TEHACHAPI CA 90000

DATE	APPROVED BY	CHECKED BY	DRAWN BY	PAGE #	SHEET #	DESIGN/DATE
3/7/23				3	7	1519379_0.01



SCALE: 1" = 30'

Board of Directors  
Tehachapi Valley Healthcare District  
Tehachapi, California

We have audited the financial statements of Tehachapi Valley Healthcare District (the District) as of and for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 8, 2025. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. The District adopted Government Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures* during the fiscal year ended June 30, 2025. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the District's financial statements was:

Management's estimate of the depreciation expense is based on experience and expected useful lives of the asset. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule of proposed journal entries includes misstatements detected as a result of audit procedures which were corrected by management.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 26, 2026.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principles to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

We applied certain limited procedures to Management Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

**Restriction on Use**

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
March 26, 2026

TEHACHAPI VALLEY HEALTHCARE DISTRICT  
 Adjusting Journal Entries

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>	<u>Net Income Effect</u>
<b>AJE-01</b>				
To capitalize grant given to Adventist Health for the construction of a walkway.				
8610-835	TVHD Comm Outreach	0.00	1,000,000.00	
1241-060	Other Asset	1,000,000.00	0.00	
<b>Total</b>		<u>1,000,000.00</u>	<u>1,000,000.00</u>	<u>1,000,000.00</u>
<b>AJE-02</b>				
To adjust LAIF cash balance and receivables balance to actual.				
1064-000	Other Receivables - LAIF Interest Rcv	64,855.00	0.00	
1008-012	LAIF	0.00	64,855.00	
<b>Total</b>		<u>64,855.00</u>	<u>64,855.00</u>	<u>0.00</u>
<b>AJE-03</b>				
To reconcile to Kern County accounts.				
1390-002	Bond Iss Costs - Bond Premium 2022	3,825.00	0.00	
1390-003	Bond Premium - 2004	2,116.00	0.00	
1390-005	Bond Premium - 2006	13,150.00	0.00	
1390-007	Refunding Bond Premium 2013	16,444.00	0.00	
1510-535	Bond C Cost	17,450.00	0.00	
1510-550	Restricted Bond Fund	1,385.00	0.00	
1510-586	Refunding Bond Fund 2013 Proj	20,280.00	0.00	
1510-590	County Funds #42191 2006 Bond	0.00	10,541.00	
1510-591	County Funds Bond Elec 2009, S2013	215,649.00	0.00	
2041-781	Other Accrued Exp - Acc Interest Pay	0.00	637,692.00	
2251-000	GO Bonds - 2006 Series B	120,000.00	0.00	
2252-000	GO Bonds - 2009 Series C	325,000.00	0.00	
2253-000	Refunding Bonds Payable 2013	825,000.00	0.00	
2254-000	GO Bonds Payable - 2009, Series 2013	1,470,000.00	0.00	
9160-070	Kern County GO Tax Revenue	0.00	4,384,312.00	
9160-071-BA	accretion income	0.00	35,535.00	
9160-075	Interest Expense	2,037,781.00	0.00	
<b>Total</b>		<u>5,068,080.00</u>	<u>5,068,080.00</u>	<u>2,382,066.00</u>
<b>AJE-04</b>				
To reclass entry from equity to Other Assets that was capitalized based on auditor adjustments.				
3000-150-BA	Restricted Net Position	627,000.00	0.00	
1241-060	Other Asset	0.00	627,000.00	
<b>Total</b>		<u>627,000.00</u>	<u>627,000.00</u>	<u>0.00</u>
<b>AJE-05</b>				
To record amortization for loss on refinance and deferred interest.				
9160-075	Interest Expense	146,462.00	0.00	
1610-001	Accumulated Amort - Loss 2013-2021 Ref	0.00	120,434.00	
2131-100	Deferred Amortization	0.00	26,028.00	
<b>Total</b>		<u>146,462.00</u>	<u>146,462.00</u>	<u>(146,462.00)</u>
<b>GRAND TOTAL</b>		<u>6,906,397.00</u>	<u>6,906,397.00</u>	<u>3,235,604.00</u>

**TEHACHAPI VALLEY HEALTHCARE DISTRICT**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2025**  
**WITH COMPARATIVE INFORMATION FOR**  
**JUNE 30, 2024**

**TEHACHAPI VALLEY HEALTHCARE DISTRICT  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE INFORMATION FOR JUNE 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Tehachapi Valley Healthcare District  
Tehachapi, California

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the Tehachapi Valley Healthcare District (the District), as of June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The financial statements of the District as of and for the year ended June 30, 2024, are presented for comparative purposes only and were audited by other auditors.

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, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Other Matter — Prior Year Comparative Financial Statements*

The financial statements of the District as of June 30, 2024, and for the year then ended were audited by other auditors whose report dated December 5, 2024, expressed an unmodified opinion on those financial statements. We were not engaged to audit, review, or apply any procedures to the 2024 financial statements and, accordingly, we do not express an opinion or any other form of assurance on them.

#### *Basis for Opinion*

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government 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 Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2026, 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.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
March 26, 2026

**TEHACHAPI VALLEY HEALTHCARE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE INFORMATION FOR JUNE 30, 2024**

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, 2025, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and 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, 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, 2025, and the accompanying notes to the financial statements to enhance the reader's understanding of the District's financial performance.

**Financial Highlights**

- Total assets and deferred outflows of resources decreased by \$1,414,100 from the prior fiscal year, primarily due to ongoing depreciation of capital assets and amortization of deferred loss on refunding.
- Total cash and cash equivalents (including restricted cash held by the County Treasurer) increased by \$241,803 over the prior year, from \$13,955,645 to \$14,197,448.
- Current assets increased by \$70,237, while current liabilities increased by \$225,430 from the prior fiscal year.
- Deferred inflows of resources related to deferred lease revenue decreased by \$900,000 over the prior year, from \$21,978,398 to \$21,078,398, in accordance with the scheduled amortization of rent advances received from Adventist Health.
- Net position increased by \$1,648,313 during the current year, as compared to the prior year decrease of \$(2,713,249) (as restated). The improvement was primarily attributable to increased district tax revenues for debt service and the absence of the \$3,450,371 loss on disposal/demolition of capital assets that was recognized in the prior year.

**Overview of the Financial Statements**

The District's financial statements are prepared in accordance with GASB standards and use the economic resources measurement focus and the accrual basis of accounting, consistent with proprietary fund reporting. The financial statements consist of the following:

**Statement of Net Position** — This statement presents the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of the end of the fiscal year. Net position represents the difference between what the District owns (assets and deferred outflows) and what it owes (liabilities and deferred inflows), and serves as an indicator of the District's financial health over time.

**Statement of Revenues, Expenses, and Changes in Net Position** — This statement presents the District's operating and nonoperating revenues and expenses for the fiscal year. The statement distinguishes between operating activities, which relate to the District's principal purpose of providing health care infrastructure, and nonoperating activities such as property tax revenues, investment income, and interest expense.

**Statement of Cash Flows** — This statement presents changes in cash and cash equivalents from operating, noncapital financing, capital and related financing, and investing activities during the fiscal year.

**Notes to the Financial Statements** — The notes provide essential additional information necessary for a full understanding of the data reported in the basic financial statements.

## **Financial Analysis**

### **Condensed Statements of Net Position**

	<u>2025</u>	<u>2024</u>	<u>Variance</u>
Current and other assets	\$ 15,367,083	\$ 14,061,965	\$ 1,305,118
Capital assets, net	89,857,890	92,430,645	(2,572,755)
<b>Total assets</b>	<b><u>\$ 105,224,973</u></b>	<b><u>\$ 106,492,610</u></b>	<b><u>\$ (1,267,637)</u></b>
Total deferred outflows of resources	\$ 2,215,354	\$ 2,361,817	\$ (146,463)
Current liabilities	\$ 3,269,135	\$ 3,043,705	\$ 225,430
Long-term liabilities	55,042,256	57,430,099	(2,387,843)
<b>Total liabilities</b>	<b><u>\$ 58,311,391</u></b>	<b><u>\$ 60,473,804</u></b>	<b><u>\$ (2,162,413)</u></b>
Total deferred inflows of resources	\$ 21,078,398	\$ 21,978,398	\$ (900,000)
<b>Total net position</b>	<b><u>\$ 28,050,538</u></b>	<b><u>\$ 26,402,225</u></b>	<b><u>\$ 1,648,313</u></b>

Total assets decreased by \$1,267,637, primarily due to \$2,629,541 in depreciation and amortization of capital assets, partially offset by \$56,786 in capital asset additions and a \$241,803 net increase in cash and cash equivalents. Deferred outflows of resources decreased by \$146,463 due to scheduled amortization of the deferred loss on refunding associated with the 2021 bond refunding.

Total liabilities decreased by \$2,162,413, driven by net principal payments on debt borrowings, partially offset by an increase in accreted interest on the District's capital appreciation bonds. Current liabilities increased by \$225,430, primarily due to the higher current principal maturity of \$2,990,000 for fiscal year 2025/26 compared to \$2,740,000 in the prior year.

**Condensed Statements of Revenues, Expenses, and Changes in Net Position**

	<u>2025</u>	<u>2024</u>	<u>Variance</u>
Operating revenues	\$ 930,943	\$ 978,050	\$ (47,107)
Operating expenses	<u>(3,083,832)</u>	<u>(3,221,973)</u>	138,141
Operating loss	<u>(2,152,889)</u>	<u>(2,243,923)</u>	91,034
Nonoperating revenues	5,985,498	5,045,691	939,807
Nonoperating expenses	<u>(2,184,296)</u>	<u>(5,515,017)</u>	3,330,721
Total nonoperating revenues (expenses)	<u>3,801,202</u>	<u>(469,326)</u>	4,270,528
Change in net position	1,648,313	(2,713,249)	4,361,562
Net position, beginning of the year, as previously reported.	26,402,225	28,864,018	(2,461,793)
Restatement for correction of an error	<u>-</u>	<u>251,456</u>	<u>(251,456)</u>
Net position, beginning of the year, as restated	<u>26,402,225</u>	<u>29,115,474</u>	<u>(2,713,249)</u>
Net position, end of the year	<u>\$ 28,050,538</u>	<u>\$ 26,402,225</u>	<u>\$ 1,648,313</u>

Operating revenues decreased by \$47,107 primarily due to a decrease in facility rent and other operating revenues. Operating expenses decreased by \$138,141, reflecting reductions in professional fees, supplies, and purchased services compared to the prior year. Depreciation and amortization represented 85.3% of total operating expenses, consistent with the District's asset-intensive business model.

Total District tax revenues increased by \$903,416, primarily from an increase of \$917,156 in tax revenues designated for debt service. Investment and accretion income increased by \$36,391. Interest expense increased by \$119,650 reflecting the accretion of interest on capital appreciation bonds.

The most significant factor in the year-over-year improvement was the absence of the \$3,450,371 loss on disposal/demolition of capital assets that was recognized in fiscal year 2024 in connection with the transition to the new hospital facility.

**Capital Assets**

As of June 30, 2025, the District's net capital assets totaled \$89,857,890, a decrease of \$2,572,755 from the prior year balance of \$92,430,645. The decrease was primarily attributable to depreciation expense of \$2,629,541, partially offset by capital asset additions of \$56,786 in depreciable asset additions (land improvements, building improvements, and equipment).

The District's capital assets consist primarily of the hospital facilities that are leased to Adventist Health under the Master Facilities Lease, as well as associated land, land improvements, and equipment. The District continues to evaluate its capital investment needs to ensure the hospital and related facilities remain in good condition to serve the healthcare needs of the community.

**Debt Administration**

As of June 30, 2025, the District's total outstanding debt (including accreted interest and unamortized bond premiums) was \$58,032,256, a decrease of \$2,137,843 from the prior year balance of \$60,170,099. The District's debt consists entirely of general obligation bonds secured by and payable from ad valorem property taxes levied on taxable property within the District.

During the current fiscal year, the District made principal payments of \$2,137,843 on its outstanding bonds. There were no new debt issuances during fiscal year 2025. The District's general obligation bonds carry interest rates ranging from 1.25% to 11.9% and mature at various dates through the final maturity of the bonds.

### **Adventist Health Agreements**

In November 2016, the District entered into three separate agreements with Adventist Health (AH) to address the need for an external funding source to supplement the construction of the new hospital within the boundaries of the District:

**Affiliation Agreement** – District assets and liabilities were acquired and assumed by AH effective November 1, 2016. As of June 30, 2025 and 2024, the net payable to AH by the District as a result of this agreement was \$0 and \$0, respectively.

**Master Facilities Lease and Construction Funding Agreement** – In November 2016, AH began leasing the District-owned hospital facilities under the Master Facilities Lease, generating monthly rental income of \$75,000 through the lease term ending October 31, 2046. In connection with this lease, the District also entered into a Construction Funding Agreement under which AH provided rent advances of up to \$27,000,000 to fund construction of the new hospital. These advances are not separate from the lease arrangement — they are being recognized as lease revenue over the remaining lease term. As of June 30, 2025 and 2024, deferred inflows of resources related to these advances amounted to \$21,078,398 and \$21,978,398, respectively.

### **Economic Factors and Outlook**

The District continues to fulfill its mission of providing healthcare infrastructure to the Tehachapi Valley community through its lease arrangement with Adventist Health. The District's financial position is supported by stable property tax revenues and the systematic recognition of deferred lease revenue. Management will continue to monitor the District's debt service requirements and capital needs while maintaining adequate liquidity to meet operational obligations.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, patients, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Tehachapi Valley Healthcare District, 48771 West Valley Blvd, Tehachapi, California 93561.

**FINANCIAL STATEMENTS**

**TEHACHAPI VALLEY HEALTHCARE DISTRICT  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE INFORMATION FOR JUNE 30, 2024**

	<b>2025</b>	<b>2024 Restated</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 10,357,656	\$ 10,360,076
Restricted cash held by County Treasurer for current debt service	2,990,000	2,980,658
Other receivables	120,708	93,004
Prepaid expenses and deposits	48,927	13,316
Total Current Assets	<b>\$ 13,517,291</b>	<b>\$ 13,447,054</b>
<b>Noncurrent Assets:</b>		
Restricted cash held by County Treasurer for debt service, less current portion	\$ 849,792	\$ 614,911
Construction deposit	1,000,000	-
Capital assets, net of accumulated depreciation/amortization	89,857,890	92,430,645
Total Noncurrent Assets	91,707,682	93,045,556
Total Assets	<b>\$ 105,224,973</b>	<b>\$ 106,492,610</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refunding, net of accumulated amortization	\$ 2,215,354	\$ 2,361,817
Total Deferred Outflows of Resources	<b>\$ 2,215,354</b>	<b>\$ 2,361,817</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 270,275	\$ 285,891
Customer deposits	3,978	-
Accrued payroll and related liabilities	4,882	17,814
Current principal maturities of debt borrowings	2,990,000	2,740,000
Total Current Liabilities	3,269,135	3,043,705
<b>Noncurrent Liabilities:</b>		
Debt borrowings, net of current principal maturities	55,042,256	57,430,099
Total Noncurrent Liabilities	55,042,256	57,430,099
Total Liabilities	<b>\$ 58,311,391</b>	<b>\$ 60,473,804</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred lease revenue	\$ 21,078,398	\$ 21,978,398
Total Deferred Inflows of Resources	<b>\$ 21,078,398</b>	<b>\$ 21,978,398</b>
<b>NET POSITION (DEFICIT)</b>		
Invested in capital assets, net of related debt	\$ 34,040,988	\$ 34,622,363
Restricted	3,839,792	3,595,569
Unrestricted (deficit)	(9,830,242)	(11,815,707)
Total Net Position	<b>\$ 28,050,538</b>	<b>\$ 26,402,225</b>

The accompanying notes are an integral part of this statement.

**TEHACHAPI VALLEY HEALTHCARE DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE INFORMATION FOR JUNE 30, 2024**

	<u>2025</u>	<u>2024 Restated</u>
<b>OPERATING REVENUES</b>		
Net service revenue		
Facility rent	\$ 930,578	\$ 945,500
Other operating revenue	365	32,550
	<u>930,943</u>	<u>978,050</u>
<b>OPERATING EXPENSES</b>		
Salaries, wages, and benefits	196,487	230,530
Professional fees	73,382	96,479
Supplies	4,162	56,175
Purchased services	34,285	60,656
Repairs and maintenance	52,070	32,203
Utilities	13,912	1,510
Building and equipment rent	7,322	13,138
Insurance	52,737	56,919
Depreciation and amortization	2,629,541	2,601,982
Other operating expenses	19,934	72,381
	<u>3,083,832</u>	<u>3,221,973</u>
Operating (Loss)	<u>(2,152,889)</u>	<u>(2,243,923)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
District tax revenues for operations	1,176,488	1,190,228
District tax revenues for debt service	4,384,312	3,467,156
Investment and accretion income	424,698	388,307
Loss on disposal of capital assets	-	(3,450,371)
Interest expense	(2,184,296)	(2,064,646)
	<u>3,801,202</u>	<u>(469,326)</u>
Increase (Decrease) in Net Position	1,648,313	(2,713,249)
Net Position - Beginning of Year, as Previously Reported	26,402,225	28,864,018
Restatement for Correction of an Error	-	251,456
Net Position - Beginning of Year, as Restated	<u>26,402,225</u>	<u>29,115,474</u>
Net Position - End of Year	<u>\$ 28,050,538</u>	<u>\$ 26,402,225</u>

The accompanying notes are an integral part of this statement.

**TEHACHAPI VALLEY HEALTHCARE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE INFORMATION FOR JUNE 30, 2024**

	<u>2025</u>	<u>2024</u> <u>Restated</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash changes from operations, other than patient services	\$ 3,239	\$ 1,263,246
Cash payments to suppliers and contractors	(305,053)	(460,155)
Cash payments to employees and benefit programs	(209,419)	(223,620)
	<u>(511,233)</u>	<u>579,471</u>
Net Cash Provided by (Used in) Operating Activities		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
District tax revenues	1,176,488	1,190,228
	<u>1,176,488</u>	<u>1,190,228</u>
Net Cash Provided by Noncapital Financing Activities		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of capital assets and other asset changes	(1,056,786)	(1,017,936)
Gain from the sale of capital assets	-	155,518
District taxes revenues for debt service	4,384,312	3,467,156
Principal payments on debt borrowings	(2,137,843)	(1,841,628)
Interest payments	(2,037,833)	(1,918,184)
	<u>(848,150)</u>	<u>(1,155,074)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	424,698	388,307
	<u>424,698</u>	<u>388,307</u>
Net Cash Provided by Investing Activities		
Net Increase in Cash and Cash Equivalents	241,803	1,002,932
Cash and Cash Equivalents at Beginning of Year	13,955,645	12,952,713
Cash and Cash Equivalents at End of Year	<u>\$ 14,197,448</u>	<u>\$ 13,955,645</u>
<b>Reconciliation of cash and cash equivalents to the Statement of Net Position</b>		
Cash and cash equivalents	\$ 10,357,656	\$ 10,360,076
Restricted cash held by County Treasurer for current debt service	2,990,000	2,980,658
Restricted cash held by County Treasurer for debt service, less current portion	849,792	614,911
	<u>14,197,448</u>	<u>13,955,645</u>
Total cash and cash equivalents per the Statement of Net Position		
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>		
Operating loss	\$ (2,152,889)	\$ (2,243,923)
Adjustments to reconcile the operating loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,629,541	2,601,982
Changes in operating assets and liabilities:		
(Increase) Decrease in in other receivables	(27,704)	1,185,196
(Increase) in prepaid expenses and deposits	(35,611)	(5,718)
(Decrease) in accounts payable and accrued expenses	(15,616)	(64,976)
Increase in customer deposits	3,978	-
(Decrease) Increase in accrued payroll and related liabilities	(12,932)	6,910
(Decrease) Increase in deferred leases	(900,000)	(900,000)
	<u>(511,233)</u>	<u>579,471</u>
Net Cash Provided by (Used in) Operating Activities		

The accompanying notes are an integral part of this statement.

**TEHACHAPI VALLEY HEALTHCARE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE INFORMATION FOR JUNE 30, 2024**

**NOTE 1 – 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 exempt from federal and state income taxes as a governmental entity. The District is governed by a five-member Board of Directors elected from within the District. The District, located in Tehachapi, California, owns an acute care and long-term care facility designated as a critical access hospital and owns rural health clinics located in Tehachapi, California City, and Mojave, California. The District leases these facilities to Adventist Health, which operates the facilities to provide health care services primarily to individuals who reside in the local geographic area.

Basis of Preparation: The District accounts for its operations as a proprietary fund using the economic resources measurement focus and the accrual basis of accounting. The financial statements are presented in accordance with pronouncements of the Governmental Accounting Standards Board (GASB).

Net Position: Net position is presented in three categories.

- *Invested in capital assets, net of related debt*—consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding principal of debt attributable to the acquisition, construction, or improvement of those assets.
- *Restricted*—consists of net position subject to externally imposed constraints by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments.
- *Unrestricted*—all other net position that does not meet the definition 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, deferred outflows of resources, liabilities, and deferred inflows of resources and related disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: For purposes of the statements of net position and cash flows, the District considers cash and cash equivalents to include petty cash, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Certain amounts held in external investment pools and money market investments may be classified as cash equivalents when they meet the District's definition of cash equivalents for financial statement presentation.

Restricted Cash Held by County Treasurer: Restricted cash held by the County Treasurer consists of amounts legally restricted for debt service in accordance with applicable debt covenants and related agreements. Restricted cash is reported as current or noncurrent based on expected use within the next fiscal year.

**TEHACHAPI VALLEY HEALTHCARE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE INFORMATION FOR JUNE 30, 2024**

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets: Capital assets consist of property and equipment and are recorded at historical cost at the date of acquisition. Donated capital assets are recorded at acquisition value at the date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures that significantly improve or extend the useful lives of capital assets are capitalized. Depreciation is computed using the straight-line method 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. Lease assets, if any, are amortized over the shorter of the lease term or the useful life of the underlying asset. The District periodically evaluates capital assets for impairment in accordance with applicable GASB guidance and determined that no impairment losses were required as of June 30, 2025 and 2024.

Internal-Use Software: Costs incurred in obtaining computer software for internal use are capitalized as an intangible asset by the District, including certain costs of configuration, installation, and testing. Costs incurred during the post-implementation/operation stage are expensed as incurred. Management periodically evaluates capitalized software costs for impairment and recoverability.

Deferred Outflows of Resources: The statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore will not be recognized as an expense until that time. At June 30, 2025 and 2024, the District reported deferred outflows of resources related to debt refunding, which represent the difference between the reacquisition price and the net carrying amount of the refunded debt. These amounts are amortized as a component of interest expense over the shorter of the remaining life of the refunded debt or the life of the refunding debt. For the years ended June 30, 2025 and 2024, the District recognized \$146,462 and \$146,462, respectively, of amortization related to debt refunding.

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: District employees earn paid time off (PTO) at varying rates depending on years of service. PTO may accumulate up to specified maximum levels. Upon termination or retirement, employees are paid for accumulated PTO in accordance with District policy. The liability for compensated absences is accrued as the benefits are earned and the amounts are probable and estimable. Accrued PTO liabilities as of June 30, 2025 and 2024, were \$3,443 and \$13,772, respectively and are included in accrued payroll and related liabilities as presented on the statements of net position.

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.

**TEHACHAPI VALLEY HEALTHCARE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE INFORMATION FOR JUNE 30, 2024**

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES** (Continued)

District Tax Revenues: The District receives property tax revenues that are used to support operations and meet debt service requirements. Property tax revenues are reported as nonoperating revenues because they are not the result of exchange transactions associated with the District's principal operating activity. Property taxes are levied by the County of Kern on behalf of the District based on assessed property values and are recognized as revenue in the period for which the taxes are levied, in accordance with applicable GASB guidance. Property taxes are secured by liens on real property and are considered delinquent on the day following each payment due date. The County of Kern has established the following property tax calendar: (1) lien date of January 1; (2) payment 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 and expenses generally result from transactions associated with the District's principal operating activity, which consists primarily of leasing District-owned facilities to a third-party operator and related activities. Nonoperating revenues and expenses result from nonexchange transactions and other activities not directly related to the District's operating activities, such as property tax revenues, investment income, and interest expense.

Revenue Recognition: The District accounts for its operations using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

**Property Tax Revenues:** The District receives property tax revenues that are used to support operations and to meet debt service requirements on the District's general obligation bonds. The District's general obligation bonds are secured by and payable from ad valorem property taxes levied on taxable property within the District.

**Lease Revenue:** The District leases its facilities to a third-party operator. Lease revenue is recognized in accordance with GASB Statement No. 87, *Leases*, including recognition of lease receivables and deferred inflows of resources at commencement for applicable leases, and systematic recognition of lease revenue over the lease term.

**Investment Income:** Investment income is recognized as earned.

Governmental Accounting Standards Update:

Implemented in Current Year

**GASB Statement No. 101 – *Compensated Absences.*** The requirements of this statement are effective for reporting periods beginning after December 15, 2023, and all reporting periods thereafter. The District has implemented this statement where applicable.

**GASB Statement No. 102 – *Certain Risk Disclosures.*** The requirements of this statement are effective for periods beginning after June 15, 2024. The District has implemented this statement where applicable.

**TEHACHAPI VALLEY HEALTHCARE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE INFORMATION FOR JUNE 30, 2024**

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Governmental Accounting Standards Update: (Continued)

Future Accounting Pronouncements

Recently released standards by GASB affecting future years are as follows:

**GASB Statement No. 103 – Financial Reporting Model Improvements.** The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The District has not fully judged the effect of the implementation of GASB Statement No. 103 as of the date of the basic financial statements.

**GASB Statement No. 104 – Disclosure of Certain Capital Assets.** The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The District has not fully judged the effect of the implementation of GASB Statement No. 104 as of the date of the basic financial statements.

**GASB Statement No. 105 – Subsequent Events.** The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The District has not fully judged the effect of the implementation of GASB Statement No. 105 as of the date of the basic financial statements.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

As of June 30, 2025 and 2024, cash and cash equivalents consisted of the following:

	2025	2024
Cash and Cash Equivalents		
Petty Cash	\$ 260	\$ 750
Deposits with Financial Institutions	77,015	282,631
Local Agency Investment Fund (LAIF)	5,854,691	4,420,632
Money Market Funds	4,425,690	5,656,063
Total Cash and Cash Equivalents	\$ 10,357,656	\$ 10,360,076
Restricted Cash Held by County Treasurer		
Restricted Cash Held by County Treasurer for Current Debt Service	\$ 2,990,000	\$ 2,980,658
Restricted Cash Held by County Treasurer for Debt Service, Less Current Portion	849,792	614,911
Cash Held with County Treasurer	\$ 3,839,792	\$ 3,595,569

**TEHACHAPI VALLEY HEALTHCARE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE INFORMATION FOR JUNE 30, 2024**

**NOTE 2 – CASH AND CASH EQUIVALENTS** (Continued)

Deposits and Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District's deposits with financial institutions were \$77,015 and \$282,631 at June 30, 2025 and 2024, respectively. Deposits are collateralized in accordance with the California Government Code. California law requires financial institutions to secure deposits of local governmental agencies by pledging securities in an undivided collateral pool held by an agent of depository. Eligible securities must generally have a market value of at least 110% of the amount of deposits (and may be higher for certain classes of eligible securities).

Investments (LAIF, County Treasury Pool, and Money Market Funds)

The District participates in external investment pools (including LAIF and the County Treasurer pool) and holds money market investments. Management has determined that these investments qualify to be reported at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* (as applicable). Accordingly, these investments are not measured at fair value for financial reporting purposes, and the GASB 72 fair value hierarchy disclosures (Level 1, Level 2, Level 3) are not applicable to these investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the value of an investment. The District's investment policy generally limits exposure to interest rate risk by emphasizing investments with short maturities and/or investments that are redeemable on demand. As of June 30, the District's investments and maturities were as follows (maturities in years):

	Investment Maturities in Years	
	Carrying Amount (amortized cost)	Less Than 1
<b>As of June 30, 2025</b>		
Funds held in County treasury	\$ 3,839,792	\$ 3,839,792
Funds held by LAIF (State treasury)	5,854,691	5,854,691
Money market and mutual funds	4,425,690	4,425,690
<b>Total Investments</b>	<b>\$ 14,120,173</b>	<b>\$ 14,120,173</b>

	Investment Maturities in Years	
	Carrying Amount (amortized cost)	Less Than 1
<b>As of June 30, 2024</b>		
Funds held in County treasury	\$ 3,595,569	\$ 3,595,569
Funds held by LAIF (State treasury)	4,420,632	4,420,632
Money market and mutual funds	5,656,063	5,656,063
<b>Total Investments</b>	<b>\$ 13,672,264</b>	<b>\$ 13,672,264</b>

**TEHACHAPI VALLEY HEALTHCARE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE INFORMATION FOR JUNE 30, 2024**

**NOTE 2 – CASH AND CASH EQUIVALENTS** (Continued)

*Custodial Credit Risk:* Because the District's investments consist primarily of external investment pools and money market investments reported at amortized cost under GASB Statement No. 79, credit risk and custodial credit risk considerations are generally addressed through the pools' investment guidelines, portfolio requirements, and redemption features. Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer; the District mitigates concentration risk primarily through participation in pooled investment vehicles.

**NOTE 3 – RESTRICTED CASH HELD BY COUNTY TREASURER**

Restricted cash held by County Treasurer represents amounts legally restricted for debt service in accordance with the District's debt covenants and related agreements. These amounts are presented as current or noncurrent based on expected use within the next fiscal year. The restricted cash amounts are included in Note 2 – Cash and Cash Equivalents.

**NOTE 4 – OTHER RECEIVABLES**

Other receivables as of June 30, 2025 and 2024, were comprised of the following:

	2025	2024
Property Tax Receivables Due from the County	\$ 55,853	\$ 29,187
Interest Receivable	64,855	63,817
	\$ 120,708	\$ 93,004

**NOTE 5 – EMPLOYEES' RETIREMENT PLANS**

The District offers defined contribution retirement plans to eligible employees, including a governmental deferred compensation plan under Internal Revenue Code Section 457(b) and a 401(a) plan with employer matching contributions. Eligible employees may contribute to the plans subject to applicable Internal Revenue Code limits. The District may provide employer matching contributions of up to 4% of eligible compensation in accordance with plan provisions. The District did not contribute to these plans for the years ended June 30, 2025 and 2024.

**NOTE 6 – ADVENTIST HEALTH AGREEMENTS**

The District has entered into 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 a lease agreement with Adventist Health (AH) whereby AH leases District-owned hospital facilities to operate an acute care hospital in Tehachapi. The lease term ends October 31, 2046, and provides for monthly lease payments of \$75,000. In accordance with GASB Statement No. 87, *Leases*, the District recognizes lease revenue on a systematic and rational basis over the lease term. To the extent lease consideration has been received in advance (see Construction Funding Agreement below), no lease receivable is reported at June 30, 2025 and 2024.

**TEHACHAPI VALLEY HEALTHCARE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE INFORMATION FOR JUNE 30, 2024**

**NOTE 6 – ADVENTIST HEALTH AGREEMENTS (Continued)**

*Construction Funding Agreement:* Under a separate agreement, the District may receive rent advances from Adventist Health (AH) of up to \$27,000,000 to support construction of the hospital facilities. The rent advances represent lease payments received in advance that relate to future lease periods. In accordance with GASB Statement No. 87, *Leases*, amounts received in advance are reported as a deferred inflow of resources and are recognized as lease revenue on a systematic and rational basis over the lease term. As of June 30, 2025 and 2024, the deferred inflow of resources related to lease revenue was \$21,078,398 and \$21,978,398, respectively.

**NOTE 7 – CAPITAL ASSETS**

Capital assets as of June 30, 2025 and 2024 were comprised of the following:

	June 30, 2024 Restated	Additions	Deletions	Transfers/ Adjustments	June 30, 2025
Capital assets not being depreciated/amortized					
Land	\$ 2,563,513	\$ -	\$ -	\$ -	\$ 2,563,513
Total capital assets, not being depreciated/amortized	2,563,513	-	-	-	2,563,513
Capital assets being depreciated/amortized					
Land improvements	163,940	-	-	-	163,940
Buildings and improvements	103,899,469	52,875	-	-	103,952,344
Equipment and software	305,245	3,911	-	-	309,156
Total capital assets being depreciated/amortized (at historical cost)	104,368,654	56,786	-	-	104,425,440
Less accumulated depreciation/amortization for:					
Land improvements	(100,488)	(6,981)	-	-	(107,469)
Buildings and improvements	(14,349,376)	(2,599,066)	-	-	(16,948,442)
Equipment and software	(51,658)	(23,494)	-	-	(75,152)
Total accumulated depreciation/amortization	(14,501,522)	(2,629,541)	-	-	(17,131,063)
Capital assets being depreciated/amortized, net of accumulated depreciation/amortization	89,867,132	(2,572,755)	-	-	87,294,377
Capital assets, net of accumulated depreciation/amortization	\$ 92,430,645	\$ (2,572,755)	\$ -	\$ -	\$ 89,857,890

Depreciation and amortization expense for the years ended June 30, 2025 and 2024 were \$2,629,541 and \$2,601,982, respectively.

**TEHACHAPI VALLEY HEALTHCARE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE INFORMATION FOR JUNE 30, 2024**

**NOTE 7 – CAPITAL ASSETS (Continued)**

	June 30, 2023 Restated	Additions	Deletions	Transfers/ Adjustments	June 30, 2024 Restated
Capital assets not being depreciated/amortized					
Land	\$ 2,563,513	\$ -	\$ -	\$ -	\$ 2,563,513
Construction-in-progress	818,062	-	(518,062)	(300,000)	-
<b>Total capital assets, not being depreciated/amortized</b>	<b>3,381,575</b>	<b>-</b>	<b>(518,062)</b>	<b>(300,000)</b>	<b>2,563,513</b>
Capital assets being depreciated/amortized					
Land improvements	156,589	13,386	(6,035)	-	163,940
Buildings and improvements	104,391,700	998,011	(1,490,242)	-	103,899,469
Equipment and software	11,935,747	6,539	(11,935,747)	298,706	305,245
<b>Total capital assets being depreciated/amortized (at historical cost)</b>	<b>116,484,036</b>	<b>1,017,936</b>	<b>(13,432,024)</b>	<b>298,706</b>	<b>104,368,654</b>
Less accumulated depreciation/amortization for:					
Land improvements	(102,230)	(4,293)	6,035	-	(100,488)
Buildings and improvements	(12,970,011)	(2,577,558)	1,198,193	-	(14,349,376)
Equipment and software	(9,172,790)	(20,131)	9,141,263	-	(51,658)
<b>Total accumulated depreciation/amortization</b>	<b>(22,245,031)</b>	<b>(2,601,982)</b>	<b>10,345,491</b>	<b>-</b>	<b>(14,501,522)</b>
<b>Capital assets being depreciated/amortized, net of accumulated depreciation/amortization</b>	<b>94,239,005</b>	<b>(1,584,046)</b>	<b>(3,086,533)</b>	<b>298,706</b>	<b>89,867,132</b>
<b>Capital assets, net of accumulated depreciation/amortization</b>	<b>\$ 97,620,580</b>	<b>\$ (1,584,046)</b>	<b>\$ (3,604,595)</b>	<b>\$ (1,294)</b>	<b>\$ 92,430,645</b>

**TEHACHAPI VALLEY HEALTHCARE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE INFORMATION FOR JUNE 30, 2024**

**NOTE 8 – DEBT BORROWINGS**

As of June 30, 2025 and 2024, debt borrowings were as follows:

	2025	2024
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 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 tax revenues	889,991	1,009,991
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 tax revenues	360,000	685,000
General Obligation Refunding Bonds, 2004 Election, 2013 Series A; interest at 1.25% to 4.0%, due semiannually; principal due in annual amounts; collateralized by District tax revenues	1,820,000	2,645,000
General Obligation Refunding Bonds, 2009 Election, 2021 Series A; interest at 2.50% to 3.25%, due semiannually; principal due in annual amounts; collateralized by District tax revenues	50,600,000	52,070,000
Accreted interest payable	3,900,023	3,262,331
Unamortized bond premiums	87,254	122,789
	58,032,256	60,170,099
Less current principal maturities of debt borrowings	(2,990,000)	(2,740,000)
	\$ 55,042,256	\$ 57,430,099

**TEHACHAPI VALLEY HEALTHCARE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE INFORMATION FOR JUNE 30, 2024**

**NOTE 8 – DEBT BORROWINGS** (Continued)

Future principal maturities and interest are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,990,000	\$ 1,335,850	\$ 4,325,850
2027	2,850,000	1,236,975	4,086,975
2028	2,154,762	2,142,949	4,297,711
2029	2,335,903	2,135,920	4,471,823
2030	2,527,844	2,128,031	4,655,875
2031-2035	15,791,470	6,451,093	22,242,563
2036-2040	18,900,000	1,909,875	20,809,875
2041-2045	6,495,000	326,188	6,821,188
	<u>54,044,979</u>	<u>\$ 17,666,881</u>	<u>\$ 71,711,860</u>
Add Accreted Interest Payable	3,900,023		
Add Unamortized Bond Premiums	<u>87,254</u>		
Total Debt Borrowings	<u>\$ 58,032,256</u>		

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

*Litigation:* The District may be involved from time to time in litigation, claims, and regulatory matters arising in the ordinary course of operations. Management, after consultation with legal counsel, believes that the ultimate resolution of any such matters will not have a material adverse effect on the District's financial position. Any probable and estimable losses have been accrued in the accompanying financial statements, as applicable.

*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.

**TEHACHAPI VALLEY HEALTHCARE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE INFORMATION FOR JUNE 30, 2024**

**NOTE 10 – RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS**

During the year ended June 30, 2025, the District identified errors in the previously issued financial statements for the year ended June 30, 2024, and prior periods. The errors related to the following:

(1) Two generators with a combined cost of approximately \$300,000 were previously reported as "other assets" rather than capitalized as capital assets subject to depreciation. The generators have been reclassified to capital assets and depreciation has been recorded for the current and prior periods.

(2) Demolition costs of approximately \$327,000 related to the former hospital facilities were previously reported as "other assets." These costs have been recognized as a component of the loss on disposal/demolition of capital assets in the period incurred.

(3) Amortization of the deferred loss on refunding of \$146,142 was previously reported within depreciation and amortization expense. This amount has been reclassified to interest expense to more appropriately reflect the nature of the cost in accordance with GASB guidance.

(4) Donated land that had not been previously recorded was capitalized, and depreciation on the generators from periods prior to July 1, 2023, was recognized, resulting in a net adjustment of \$251,456 to beginning net position.

In addition, certain prior year amounts have been reclassified to conform to the current year presentation, including the reclassification of amounts previously reported as "assets limited as to use" and "short-term investments" to "restricted cash held by County Treasurer" and "cash and cash equivalents," and the reclassification of "unearned revenue" to "deferred inflows of resources" in accordance with GASB Statement No. 87. These reclassifications had no effect on previously reported net position.

The effects of the restatement on the previously reported June 30, 2024 financial statements were as follows:

	As Previously Reported	Adjustment	As Restated
<b>Statement of Net Position</b>			
Capital assets, net of accumulated depreciation	\$ 91,900,077	\$ 530,568	\$ 92,430,645
Other assets	627,000	(627,000)	-
<b>Statement of Revenues, Expenses, and Changes in Net Position</b>			
<b>OPERATING REVENUES</b>			
Depreciation and amortization	2,728,530	(126,548)	2,601,982
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Loss on disposal of capital assets	(3,122,077)	(328,294)	(3,450,371)
Interest expense	(1,918,504)	(146,142)	(2,064,646)

**TEHACHAPI VALLEY HEALTHCARE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE INFORMATION FOR JUNE 30, 2024**

**NOTE 10 – RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS** (Continued)

The effects of the restatement on the previously reported beginning net position were as follows:

Net Position - Beginning of Year, as Previously Reported - June 30, 2023	\$ 28,864,018
Restatement for error correction - capitalize donated land and recognize prior period depreciation on generators.	<u>251,456</u>
Net Position - Beginning of Year, as Restated - July 1, 2023	<u>\$ 29,115,474</u>

**NOTE 11 – SUBSEQUENT EVENTS**

Management evaluated the effect of subsequent events on the financial statements through March 26, 2026, the date the financial statements were available to be issued, and determined that there are no material subsequent events that have not been disclosed.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF THE 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 year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated March 26, 2026.

The prior year financial statements are presented for comparative purposes only and were audited by other auditors; accordingly, our consideration of internal control over financial reporting and our tests of compliance relate to the year ended June 30, 2025 only.

**Report on 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 these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on 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 statements. 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.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
March 26, 2026