



DESERT HEALTHCARE DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE, LEGAL, AND COMMITTEE
MEETING MINUTES
October 14, 2021

Directors Present	District Staff Present	Absent
Chair/Director Arthur Shorr President Leticia De Lara, MPH	Conrado E. Bázquez, MD, Chief Executive Officer Chris Christensen, Chief Administration Officer Eric Taylor, Accounting Manager Donna Craig, Chief Program Officer Alejandro Espinoza, Chief of Community Outreach Andrea S. Hayles, Clerk to the Board	Director Les Zendle, MD

AGENDA ITEMS	DISCUSSION	ACTION
I. Call to Order	Chair Shorr called the meeting to order at 4:00 p.m.	
II. Approval of Agenda	Chair Shorr asked for a motion to approve the agenda.	Moved and seconded by President De Lara and Chair Shorr to approve the agenda. Motion passed unanimously.
III. Public Comment	There was no public comment.	
IV. Approval of Minutes 1. F&A Minutes – Meeting September 14, 2021	Chair Shorr motioned to approve the September 14, 2021, minutes.	Moved and seconded by President De Lara and Chair Shorr to approve the September 14, 2021, meeting minutes. Motion passed unanimously.
V. CEO Report	There was no CEO Report.	
VI. Chief Administration Officer's Report	Chris Christensen, CAO, provided an overview of the the audit reports that will be presented at the meeting. The Las Palmas Medical Plaza has two vacancies that are actively being marketed. Drainage concerns were detected from the most recent rain with the new landscape work. The onsite contractor is remedying the issue, including the drainage problem to accommodate the runoff. The fire sprinkler project materials are onsite, stored in a	



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	locked container, and scheduling has begun with the tenants to commence the work with completion possibly in the next 3 months.	
<p>VII. Financial Reports</p> <ol style="list-style-type: none"> 1. District and LPMP Financial Statements 2. Accounts Receivable Aging Summary 3. District – Deposits 4. District – Property Tax Receipts 5. LPMP Deposits 6. District – Check Register 7. Credit Card – Detail of Expenditures 8. LPMP – Check Register 9. Retirement Protection Plan Update 10. Grant Payment Schedule 	<p>Chris Christensen, CAO, provided an overview of the financial reports explaining that the District is under \$400k from the tax revenues due to timing from the county. The direct expenses that are under budget on the year-to-date variance allowance are related to the wages, and support positions that are currently vacant and other expenses associated with the Pandemic, such as travel expenses, further detailing the lower variances with the committee, and the underbudgeted expenses for grant funding until the strategic plan is approved, and grant allocations commence once again.</p> <p>Mr. Christensen provided an overview of the balance sheet detailing the deferred rent payments in 2020, again due to the Pandemic. A description of the long-term and current year grant's payments was explained related to the CV Link project, and details of the A/R aging rent pre-payments were provided. The Retirement Protection Plan is currently down two participants.</p>	<p>Moved and seconded by President De Lara and Chair Shorr to approve the September 2021 District Financial Reports - Items 1-10 and to forward to the Board for approval. Motion passed unanimously.</p>
<p>VIII. Other Matters</p>		



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<p>1. Gary Dack, CPA, Partner, and Shannon Maidment, CPA, Partner – Lund & Guttry LLP – FY 2021 Audit Reports – District & RPP</p> <p>a. Communication Letter & Internal Controls Report</p> <p>b. District Audit Report</p> <p>c. RPP Audit Report</p> <p>d. Desert Healthcare Foundation & A-133 Single Audit (Informational Purposes Only, Approval during the Foundation’s F&A Committee meeting)</p>	<p>Chris Christensen, CAO, provided an overview of Lund & Guttry as the District auditors, further describing the audit reports.</p> <p>Gary Dack, CPA, Lund & Guttry, provided an overview of the District audit report highlighting the Statements of Net Position, the Revenue, Expenses, Changes in Net Position, and the retirement plan benefits change assumptions. The committee recommended an asterisk for the one-time adjustment to the retirement protection plan to include in the footnote illustrating the change from the prior year on footnote 14, which previously had an unfunded pension liability of \$4.6M. The retirement protection plan funds are dispersed in a lump sum when retirees leave the hospital or roll the funds into an IRA. Previously, the pension liability was determined based on annuity payments. The revised assumptions more accurately state the liability from \$9.3M in 2020 to \$3.5M in 2021.</p> <p>Lund & Guttry will reference on the statement of revenue the retirement protection plan expense with the one-time assumption change.</p> <p>Mr. Dack provided an overview of the Retirement Protection</p>	<p>Moved and seconded by President De Lara and Chair Shorr to approve the FY 2021 Audit Reports – District and Retirement Protection Plan and to forward to the Board for approval.</p> <p>Motion passed unanimously.</p>
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	<p>Plan audit and investment funds describing the payouts.</p> <p>The Statement of Financial Position for the Foundation was detailed with an increase in the cash, and investments, and grants receivables. Mr. Dack summarized the Statement of Activities with an increase in grant expenses, as well as an overview of the Notes to Financial Statements.</p> <p>Shannon Maidment, CPA, Lund & Guttry provided an overview of the A-133 Single Audit Report and Schedule of Expenditures of Federal Awards. The Schedule of Findings did not include any significant deficiencies. The Foundation is not determined as a low-risk auditee since there was no single audit last year. The Management Letter provides an opportunity for improvement with the single audit, explaining compliance with agreements and that funds from the county should be in a separate non-interest-bearing account and separated from other funds. The county was notified, the funds were separated, and the county is satisfied; thus, it is not a current finding. Supporting Contractor Expenses had no findings, but Ms. Maidment explained that all documentation is on file as support documentation, such as the gift card purchases</p>	
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<p>2. Retirement Protection Plan – Actuarial Valuation Report</p> <p>3. Policy #FIN-06 – Financial Reserve</p>	<p>meeting the use as intended, the process, and additional details.</p> <p>The auditors noted that all audits received an unmodified opinion.</p> <p>President De Lara complimented staff and the auditors for a clean audit, including the District’s first clean single audit.</p> <p>Chris Christensen, CAO, provided details of the Retirement Protection Plan valuation of the pension liability of the prior lump-sum payouts and no annuity payments until the plan participants passed away. The assumptions were modified to lump-sum distributions with 5% for annuities and 95% of lump-sum payouts, as a result, reducing the pension liability.</p> <p>Chris Christensen, CAO, described the background of Policy #FIN-06 Financial Reserve and the policy committee’s recommendation to bring the policy to the F&A Committee for review, explaining the change of \$125M to the estimated Desert Regional Medical Center’s operating capital and the increase from \$58M to \$60M to the reserve fund.</p>	<p>Moved and seconded by President De Lara and Chair Shorr to approve Policy #FIN-06 and forward to the Board for approval.</p> <p>Motion passed unanimously.</p>
<p>IV. Adjournment</p>	<p>Director Shorr adjourned the meeting at 5:06 p.m.</p>	<p>Audio recording available on the website at</p>



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		http://dhcd.org/Agendas-and-Documents
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 ATTEST: _____
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 Arthur Shorr, Director, Board of Directors
 Finance & Administration Committee Member
 Desert Healthcare District Board of Directors

Minutes respectfully submitted by Andrea S. Hayles, Clerk of the Board