

DESERT HOSPITAL
RETIREMENT PROTECTION PLAN

PALM SPRINGS, CALIFORNIA

INDEPENDENT AUDITORS' REPORT,
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2021 AND 2020



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INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Directors
of the Desert Hospital Retirement Protection Plan
Palm Springs, California

We have audited the accompanying financial statements of Desert Hospital Retirement Protection Plan (the Plan) which comprise the statements of net assets available for benefits and of accumulated plan benefits as of June 30, 2021 and 2020 and the related statements of changes in net assets available for benefits and changes in accumulated plan benefits for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with generally accepted auditing standards 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements 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 Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

Due to the Plan's status as a "frozen plan" as of May 31, 1997 (Note 1), certain disclosures and supplemental schedules required for the financial statements to be in accordance with generally accepted accounting principles in the United States of America are not included in the accompanying financial statements.

Qualified Opinion

In our opinion, except for the omission of the information discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of June 30, 2021 and 2020, and the changes in financial status for the years then ended, in conformity with generally accepted accounting principles in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

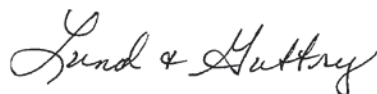
Other Matters

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2021 on our consideration of the Plan's internal control over financial reporting and on our tests of compliance with laws and regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on 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 Plan's internal control over financial reporting.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Schedule of Funding Progress be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial statements, for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



October 14, 2021

DESERT HOSPITAL RETIREMENT PROTECTION PLAN

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS AND OF ACCUMULATED
PLAN BENEFITS
JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash	\$ 148,112	\$ 305,423
Investments, at fair value		
U.S. Government securities	557,359	745,008
Corporate equity securities	637,246	494,184
Corporate debt securities	449,841	748,676
Mutual funds	<u>3,524,051</u>	<u>2,488,266</u>
Total investments	<u>5,168,497</u>	<u>4,476,134</u>
Interest and dividends receivable	<u>7,125</u>	<u>10,001</u>
Total assets	<u>5,323,734</u>	<u>4,791,558</u>
<u>LIABILITIES</u>		
Accrued trustee fees	<u>8,762</u>	<u>7,595</u>
<u>NET POSITION RESTRICTED FOR PENSION</u>	<u>\$ 5,314,972</u>	<u>\$ 4,783,963</u>

(The accompanying notes are an integral part of these financial statements)

DESERT HOSPITAL RETIREMENT PROTECTION PLAN

**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS AND
CHANGES IN ACCUMULATED PLAN BENEFITS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ADDITIONS TO NET ASSETS		
Contributions	\$ -	\$ -
Investment income		
Net appreciation in fair value of investments	151,450	98,401
Dividend income	66,373	67,892
Interest income and other income	39,545	47,188
Net gain (loss) from sale of investments	<u>903,604</u>	<u>(104,280)</u>
 Total additions to assets	 <u>1,160,972</u>	 <u>109,201</u>
 <u>DEDUCTIONS FROM NET ASSETS</u>		
Distributions of benefits to participants	596,263	207,620
Administrative expenses	<u>33,700</u>	<u>31,524</u>
 Total deductions from assets	 <u>629,963</u>	 <u>239,144</u>
 NET INCREASE (DECREASE)	 531,009	 (129,943)
 NET POSITION AVAILABLE FOR BENEFITS:		
 BEGINNING OF YEAR	 <u>4,783,963</u>	 <u>4,913,906</u>
 END OF YEAR	 <u>\$ 5,314,972</u>	 <u>\$ 4,783,963</u>

(The accompanying notes are an integral part of these financial statements)

DESERT HOSPITAL RETIREMENT PROTECTION PLAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1. PLAN STATUS

From June 1986 to May 1997, the Desert Hospital Corporation (the Corporation), a California not for profit public benefit corporation, operated Desert Hospital under a lease agreement with the Desert Healthcare District (the District). The District is a hospital district under California law, created under California's Health and Safety Code.

On May 31, 1997, after the Corporation and the District discontinued their lease agreement for the operation of Desert Hospital, the Corporation dissolved, and the District entered into a lease agreement with Tenent Health System Desert, Inc. concerning the operation of Desert Hospital, which is now known as Desert Regional Medical Center. As part of the dissolution process, the Corporation transferred certain assets and liabilities to the District, and the District assumed sponsorship of the Desert Hospital Retirement Protection Plan (the Plan). The Plan has been frozen since May 31, 1997.

The District is a political subdivision of the State of California, as identified in section 4021(b)(2) of the Employee Retirement Income Savings Act (ERISA). Accordingly, the Plan is excluded from coverage under section 4021(b)(2) of ERISA.

A final Form 5500 was filed for the fiscal year ended June 30, 1998.

The Plan has reported to the California State Controller's Office beginning with the fiscal year ended June 30, 1999.

2. PLAN DESCRIPTION

General

As discussed in note 1 above, the Plan has been frozen since May 31, 1997. The Plan was originally established in 1971 as a defined benefit plan covering all eligible employees of Desert Hospital.

Vesting

All participants of the Plan have been 100% vested since May 31, 1997.

Account Balances

All participants of the Plan are eligible to request a distribution or rollover of their account balance upon retirement or termination of their employment from Desert Regional Medical Center.

DESERT HOSPITAL RETIREMENT PROTECTION PLAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

2. PLAN DESCRIPTION – (Continued)

Contributions

There have been no contribution requirements by the District since May 31, 1997. Participant contributions to the Plan are not permitted. The most recent actuarial valuation as of June 30, 2021 by the Plan's independent actuary determined that the actuarial value of the Plan's net pension (asset) liability was (\$1,807,032) and \$4,604,254 at June 30, 2021 and 2020, respectively. The actuary recommended to the District an actuarially determined contribution of \$366,275 for each year ended June 30, 2021 and 2020.

Administration and Trustee

The Plan is administered by the District's Finance and Administrative Committee (the Committee). The Committee is selected by the District's board of directors. All administrative expenses are paid by the Plan or at the discretion of the District.

Pursuant to the terms of the Plan, the District entered into a trust agreement with U.S. Bank N. A. to provide for the investment, reinvestment, administration and distribution of contributions made under the Plan.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America. In that respect, the statements are presented on an accrual basis.

Use of Estimates

The preparation of the Plan's financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and when applicable, disclosures of contingent assets and liabilities. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

DESERT HOSPITAL RETIREMENT PROTECTION PLAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Federal Income Taxes

The Committee obtained an updated determination letter in March 2007 from the Internal Revenue Service stating that the Plan and its amendments are exempt from Federal income taxes under section 410(a) of the Internal Revenue Code (the IRC) as a qualified plan. Therefore, no provision for income taxes has been provided in the Plan's financial statements.

Reporting

Due to the Plan's status as a "frozen Plan", certain disclosures and supplemental schedules have been omitted from the accompanying financial statements.

4. CASH AND INVESTMENTS

Cash and securities held in the investment portfolio are in the custody of U.S. Bank, N.A., the Plan's trustee. State statute and Board policies allow investments consisting of government, corporate and international bonds, domestic and international equities, mutual funds and other investments.

Investments of the Plan are stated at fair value as confirmed by the trustee as of the date of the statement of plan net assets.

The Plan's investments are categorized below:

Investment Type	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash	<u>\$ 148,112</u>	<u>\$ 148,112</u>	<u>\$ 305,423</u>	<u>\$ 305,423</u>
Investments				
U. S. Government securities	539,155	557,359	713,103	745,008
Corporate equity securities	336,165	637,246	346,110	494,184
Corporate debt securities	440,457	449,841	733,689	748,676
Mutual funds	<u>2,343,952</u>	<u>3,524,051</u>	<u>2,133,627</u>	<u>2,488,266</u>
Investments total	<u>3,659,729</u>	<u>5,168,497</u>	<u>3,926,529</u>	<u>4,476,134</u>
Total cash and investments	<u>\$ 3,807,841</u>	<u>\$ 5,316,609</u>	<u>\$ 4,231,952</u>	<u>\$ 4,781,557</u>

DESERT HOSPITAL RETIREMENT PROTECTION PLAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

4. CASH AND INVESTMENTS – (Continued)

Disclosure relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. One of the ways that the Plan manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming closer to maturity evenly over time as necessary to provide the cash flow and liquidity needed for distributions.

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan's investments by maturity:

As of June 30, 2021

Investment Type	Carrying Amount	Remaining Maturity (in Months)				
		12 Months Or Less	13 to 24 Months	25 – 36 Months	37 – 48 Months	More than 49 Months
Equity Based Mutual Funds	\$ 3,016,955	\$ 3,016,955	\$ -	\$ -	\$ -	\$ -
Fixed Income Mutual Funds	507,096	507,096	-	-	-	-
Corporate Bonds	449,841	68,562	51,639	213,690	-	115,950
U.S. Government Bonds	401,529	50,612	-	-	-	350,917
U.S. Treasury Note	155,830	50,092	-	105,738	-	-
Foreign Stock	41,174	41,174	-	-	-	-
Domestic Common Stock	596,072	596,072	-	-	-	-
Total	<u>\$ 5,168,497</u>	<u>\$ 4,330,563</u>	<u>\$ 51,639</u>	<u>\$ 319,428</u>	<u>\$ -</u>	<u>\$ 466,867</u>

As of June 30, 2020

Investment Type	Carrying Amount	Remaining Maturity (in Months)				
		12 Months Or Less	13 to 24 Months	25 – 36 Months	37 – 48 Months	More than 49 Months
Equity Based Mutual Funds	\$ 2,267,093	\$ 2,267,093	\$ -	\$ -	\$ -	\$ -
Fixed Income Mutual Funds	221,173	221,173	-	-	-	-
Corporate Bonds	748,676	201,793	157,187	52,207	218,268	119,221
U.S. Government Bonds	534,465	-	51,667	-	-	482,798
U.S. Treasury Note	210,543	50,860	51,113	-	108,570	-
Foreign Stock	33,722	33,722	-	-	-	-
Domestic Common Stock	460,462	460,462	-	-	-	-
Total	<u>\$ 4,476,134</u>	<u>\$ 3,235,103</u>	<u>\$ 259,967</u>	<u>\$ 52,207</u>	<u>\$ 326,838</u>	<u>\$ 602,019</u>

DESERT HOSPITAL RETIREMENT PROTECTION PLAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

4. CASH AND INVESTMENTS – (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code and the Plan's investment policy, and the actual rating as of fiscal year end for each investment type.

As of June 30, 2021

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA/AA	A	BBB	Not Rated
Equity Based Mutual Funds	\$ 3,016,955	N/A	\$ -	\$ -	\$ -	\$ -	\$ 3,016,955
Fixed Income Mutual Funds	507,096	N/A	-	-	-	-	507,096
Corporate Bonds	449,841	A	-	158,686	157,827	133,328	-
U.S. Government Bonds	401,529	A	-	50,612	350,917	-	-
U.S. Treasury Note	155,830	N/A	155,830	-	-	-	-
Foreign Stock	41,174	N/A	-	-	-	-	41,174
Domestic Common Stock	596,072	N/A	-	-	-	-	596,072
Total	<u>\$ 5,168,497</u>		<u>\$ 155,830</u>	<u>\$ 209,298</u>	<u>\$ 508,744</u>	<u>\$ 133,328</u>	<u>\$ 4,161,297</u>

As of June 30, 2020

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA/AA	A	BBB	Not Rated
Equity Based Mutual Funds	\$ 2,267,093	N/A	\$ -	\$ -	\$ -	\$ -	\$ 2,267,093
Fixed Income Mutual Funds	221,173	N/A	-	-	-	-	221,173
Corporate Bonds	748,676	A	-	263,265	366,190	119,221	-
U.S. Government Bonds	534,465	A	-	51,667	482,798	-	-
U.S. Treasury Note	210,543	N/A	210,543	-	-	-	-
Foreign Stock	33,722	N/A	-	-	-	-	33,722
Domestic Common Stock	460,462	N/A	-	-	-	-	460,462
Total	<u>\$ 4,476,134</u>		<u>\$ 210,543</u>	<u>\$ 314,932</u>	<u>\$ 848,988</u>	<u>\$ 119,221</u>	<u>\$ 2,982,450</u>

DESERT HOSPITAL RETIREMENT PROTECTION PLAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

4. CASH AND INVESTMENTS – (Continued)

Concentration of Credit Risk

The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer. There are three investments at June 30, 2021 that represent 5% or more of total Plan investments. These investments are:

5982 shares of IShares S&P 500 Growth Etf valued at \$435,071
2706 shares of IShares S&P 500 Value Etf valued at \$399,514
6537 shares of Vanguard Ftsc Developed Etf valued at \$366,786
765 shares of Vanguard S&P:500 Eft valued at \$301,043
2561 shares of Schwab US Large Cap Eft valued at \$266,267

There are three investments at June 30, 2020 that represent 5% or more of total Plan investments. These investments are:

1695 shares of IShares S&P 500 Growth Etf valued at \$351,696
2795 shares of IShares S&P 500 Value Etf valued at \$302,447
6754 shares of Vanguard Ftsc Developed Etf valued at \$261,988

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Plan's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

As of June 30, 2021, there were no District deposits with financial institutions in excess of federal depository insurance limits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Plan's investment policy do not contain legal or policy requirement that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities.

DESERT HOSPITAL RETIREMENT PROTECTION PLAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

4. CASH AND INVESTMENTS – (Continued)

Fair Value Measurements

The plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principals recognize a three-tiered fair value hierarchy, as follows

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

The Plan has the following recurring fair value measurements as of June 30, 2021:

Investment by fair value	Total	Fair Value Measurement Using		
		Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
US Government Issues	\$ 557,359	\$ 155,829	\$ 401,530	\$ -
Corporate Issues	449,841	-	449,841	-
Mutual Funds – Equity	3,016,955	3,016,955	-	-
Mutual Funds – Fixed Income	507,096	-	507,096	-
Domestic Common Stock	596,072	596,072	-	-
Foreign Stock	41,174	41,174	-	-
Total	<u>\$ 5,168,497</u>	<u>\$ 3,810,030</u>	<u>\$ 1,358,467</u>	<u>\$ -</u>

DESERT HOSPITAL RETIREMENT PROTECTION PLAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

4. CASH AND INVESTMENTS – (Continued)

Fair Value Measurements – (Continued)

The Plan has the following recurring fair value measurements as of June 30, 2020:

<u>Investment by fair value</u>	<u>Total</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Debt Securities				
US Government Issues	\$ 745,008	\$ 210,543	\$ 534,465	\$ -
Corporate Issues	748,676	-	748,676	-
Mutual Funds – Equity	2,267,093	2,267,093	-	-
Mutual Funds – Fixed Income	221,173	25,793	195,380	-
Domestic Common Stock	460,462	460,462	-	-
Foreign Stock	33,722	33,722	-	-
Total	\$ 4,476,134	\$ 2,997,613	\$ 1,478,521	\$ -

5. ACTUARIAL ASSUMPTIONS

The total pension liability as of June 30, 2021 was determined using the following actuarial assumptions:

Inflation	2.75%
Discount rate	6.71%, net pension plan investment expense, including inflation.
Measurement date	June 30, 2021, based on a valuation date of June 30, 2021.
Ad hoc cost-of-living increases	Not applicable
Mortality	Pre-Retirement: None Post-Retirement: Pub G–2010 Sex distinct mortality tables projected generationally with Scale MP-2020
Experience Study	Given the size of the plan, there is not enough data available to conduct a credible experience study. The assumptions are not anticipated to produce significant cumulative actuarial gains or losses over time. The liabilities and data are analyzed each year in order to identify any trends of experience deviating from the actuarial assumptions. The plan is frozen to new participants and benefit accruals.

DESERT HOSPITAL RETIREMENT PROTECTION PLAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

5. ACTUARIAL ASSUMPTIONS – (Continued)

Retirement	Actives- 100% retirement at age 65. Terminated Vested- Lump sums are assumed to be taken immediately. Annuities are assumed to commence at age 65.
Termination	Participants* are assumed to work for the Desert Regional Medical Center operated by Tenet Health System Desert, Inc. until Normal Retirement Age.
Changes in assumptions 2020/2021	Management and the actuarial firm analyzed the actuarial assumptions of the plan and determined a change in assumptions was warranted in calculating total pension liability. Previous actuarial valuations included the assumption that all plan participants would receive annuities with payments for life. In reality, plan participants traditionally elect a lump sum distribution at the time of termination of employment from the hospital. The valuation based on annuities generated an excessively large total pension liability that was not reflective of the actual distribution of plan assets. A change in assumption to reflect participants electing a lump sum in 95% of cases, resulted in reducing total pension liability from \$9,388,217 (06/30/2020) to \$3,507,940 (06/30/2021).
Other assumptions	See actuarial assumptions provided in the June 30, 2021 funding valuation for other relevant assumptions.

*Former Desert Hospital employees employed with Tenet Health System Desert, Inc.

DESERT HOSPITAL RETIREMENT PROTECTION PLAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

6. NET PENSION (ASSET) LIABILITY OF THE PLAN

Schedule of Changes in Net Pension (Asset) Liability and Related Ratios

	<u>2021</u>	<u>2020</u>
Total pension liability:		
Service Cost	\$ -	\$ -
Interest	342,696	374,170
Changes of benefit terms	-	-
Differences between expected and actual experience	(1,123,559)	-
Changes of assumptions	(4,503,151)	912,601
Benefit payments, including refunds of member contributions	(596,263)	(208,084)
Net change in total pension liability	(5,880,277)	1,078,687
Total pension liability – beginning	9,388,217	8,309,530
Total pension liability – ending (a)	<u>\$ 3,507,940</u>	<u>\$ 9,388,217</u>
Plan fiduciary net position		
Contributions – employer	\$ -	\$ -
Net investment income	1,160,972	109,665
Benefit payments, including refunds of member contributions	(596,263)	(208,084)
Administrative expenses	(33,700)	(31,524)
Net change in plan fiduciary net position	531,009	(129,943)
Plan fiduciary net position – beginning	4,783,963	4,913,906
Plan fiduciary net position – ending (b)	<u>5,314,972</u>	<u>4,783,963</u>
Net pension (asset) liability – ending (a) – (b)	<u>\$ (1,807,032)</u>	<u>\$ 4,604,254</u>
Plan fiduciary net position as a percentage of the total pension (asset) liability	151.51%	50.96%
Covered – employee payroll	N/A	N/A
Net pension liability as percentage of covered – employee payroll	N/A	N/A

Discount Rate and Net Pension Asset Sensitivity

1. Discount Rate

The discount rate used to measure the total pension liability was 6.71%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between the actuarially determined contribution rates and member rates. Professional judgement on future contributions has been applied in those cases where contribution patterns deviate from the actuarially determined rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments to current plan members. Therefore, the long-term expected rate of return 6.71% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

DESERT HOSPITAL RETIREMENT PROTECTION PLAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

6. NET PENSION (ASSET) LIABILITY OF THE PLAN - (Continued)

2. Sensitivity of the Net Pension Asset to Changes in the Discounted Rate

The following presents the net pension asset, calculated using the discount rate of 6.71%, as well as what the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.71%) or 1-percentage-point higher (7.71%) than the current rate:

	<u>1% Decrease (5.71%)</u>	<u>Current Discount Rate (6.71%)</u>	<u>1% Increase (7.71%)</u>
Net pension (asset)	\$ (1,725,825)	\$ (1,807,032)	\$ (1,879,878)

Summary

Plan membership

The total pension liability was determined based on the plan membership as of June 30,

	<u>2021</u>	<u>2020</u>
Inactive plan members if beneficiaries currently receiving benefits	7	8
Inactive plan members entitled to but not yet receiving benefits	59	61
Active plan members	88	114
	<u>154</u>	<u>183</u>

Net Pension (Asset) Liability

The components of the net pension (asset) liability at June 30,

	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 3,507,940	\$ 9,388,217
Plan fiduciary	<u>(5,314,972)</u>	<u>(4,783,963)</u>
Net pension (asset) liability	<u>\$ (1,807,032)</u>	<u>\$ 4,604,254</u>
Plan fiduciary net position as a % of the total pension liability	151.51%	50.96%

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions

	<u>2021</u>	<u>2020</u>
Inflation	2.75%	2.75%
Salary Increases	N/A	N/A
Investment rate of return	6.71%	6.82%
Discount rate	6.71%	3.77%

DESERT HOSPITAL RETIREMENT PROTECTION PLAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

7. SUBSEQUENT EVENTS

The Plan evaluated all potential subsequent events as October 14, 2021 when the financial statements were authorized and available to be issued. No subsequent events or transaction were identified after June 30, 2021 or as of October 14, 2021 that require disclosure to the financial statements.

SUPPLEMENTARY INFORMATION

DESERT HOSPITAL RETIREMENT PROTECTION PLAN

SCHEDULE OF FUNDING PROGRESS

JUNE 30, 2021 AND 2020

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>(Funded) Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
6/30/2006	\$ 5,236,383	\$ 9,566,663	\$ 4,330,280	55%	N/A	N/A
6/30/2007	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2008	4,552,074	9,312,581	4,760,507	49%	N/A	N/A
6/30/2009	3,351,366	9,141,403	5,790,037	37%	N/A	N/A
6/30/2010	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2011	3,522,125	7,921,342	4,399,217	45%	N/A	N/A
6/30/2012	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2013	2,797,614	7,357,700	4,560,086	38%	N/A	N/A
6/30/2014	2,656,607	10,603,012	7,946,405	25%	N/A	N/A
6/30/2015	2,405,256	10,149,205	7,743,949	24%	N/A	N/A
6/30/2016	1,924,238	11,568,940	9,644,702	17%	N/A	N/A
6/30/2017	5,344,173	8,219,294	2,875,121	65%	N/A	N/A
6/30/2018	5,189,835	8,467,627	3,277,792	61%	N/A	N/A
6/30/2019	4,913,906	8,309,530	3,395,624	59%	N/A	N/A
6/30/2020	4,783,963	9,388,217	4,604,254	51%	N/A	N/A
6/30/2021	5,314,972	3,507,940	(1,807,032)	152%	N/A	N/A

No actuarial reports or estimation using actuarial methodology were prepared for June 30, 2012, 2010 and 2007.