



**DESERT HEALTHCARE**  
DISTRICT & FOUNDATION

*To achieve optimal health at all stages of life for all District residents*

**DESERT HEALTHCARE DISTRICT**  
**Finance, Legal, Administration, & Real Estate Committee**  
**October 09, 2024**

The Finance, Legal, Administration, & Real Estate Committee of the Desert Healthcare District will be held at 5:00 PM, Wednesday, October 09, 2024, via Zoom using the following link:

<https://us02web.zoom.us/j/83743788340?pwd=VXljcEdUMWtLa3NvdHd3SGRXa0Mzd09>

**Password: 108761**

Members of the public can also participate by telephone, using the following dial in information:

**Dial in #:(669) 900-6833 or (888) 788-0099**

**Webinar ID: 837 4378 8340**

**Password: 108761**

**REVISED AGENDA**

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**I. CALL TO ORDER**

**II. APPROVAL OF AGENDA**

**III. PUBLIC COMMENT**

At this time, comments from the audience may be made on items not listed on the agenda that are of public interest and within the subject-matter jurisdiction of the District. The Committee has a policy of limiting speakers to not more than three minutes. The Committee cannot take action on items not listed on the agenda. Public input may be offered on an agenda item when it comes up for discussion and/or action.

**IV. APPROVAL OF MINUTES**

- 1. F&A Meeting Minutes – September 11, 2024 – Pgs. 3-5

**ACTION**

**VI. CHIEF EXECUTIVE OFFICER’S REPORT**

Information

**VI. CHIEF ADMINISTRATION OFFICER’S REPORT – Pgs. 6-7**

Information

- 1. LPMP Leasing Update

**VII. FINANCIAL REPORTS**

**ACTION**

- 1. District and LPMP Financial Statements – Pgs. 8-19
- 2. Accounts Receivable Aging Summary – Pg. 20
- 3. District - Deposits – Pg. 21
- 4. District - Property tax receipts – Pg. 22
- 5. LPMP – Deposits – Pgs. 23-24
- 6. District – Check Register – Pgs. 25-26
- 7. Credit Card – Detail of Expenditures – Pgs. 27-28
- 8. LPMP – Check Register – Pg. 29
- 9. CEO Discretionary Fund – Pg. 30
- 10. Retirement Protection Plan Update – Pg. 31
- 11. Grant Payment Schedule – Pgs. 32

**ACTIONS**

**VIII. OTHER MATTERS**

- 1. Craig Hartzheim – Moss Levy & Hartzheim – FY 2024 Audit Reports – District & RPP
  - a. Management Letter, Communication Letter, Internal Controls Report – Pgs. 33-42
  - b. District Audit Report – Pgs. 43-83
  - c. RPP Audit Report – Pgs. 84-105



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**Finance, Legal, Administration, & Real Estate Committee**  
**October 09, 2024**

- d. Foundation Audit Report – (Information – Consideration for Approval during the Foundation Committee meeting) – Pgs. 106-121
2. Consulting Services Agreement – Deveau Burr Group, LLC – Addendum #1 – Cost Decrease from \$9,500 to \$4,500 per month and Term November 1, 2024 – December 31, 2025 – Pgs. 122-123
3. Consulting Services Agreement – NPO Centric – Addendum #4 – Time Extension to February 28, 2025 – Pgs. 124-128
4. Resolution 24-04 and Ordinance 24-01 – 5% Increase to the Director’s monthly meeting stipend from \$115.76 to \$121.55 – Pgs. 129-135

**IX. ADJOURNMENT**

The undersigned certifies that a copy of this agenda was posted in the front entrance to the Desert Healthcare District offices located at 1140 North Indian Canyon Drive, Palm Springs, Ca and the front entrance of the Desert Healthcare District office located at the Regional Access Project Foundation, 41550 Eclectic Street, Suite G 100, Palm Desert, California at least 72 hours prior to the meeting.

If you have any disability which would require accommodation to enable you to participate in this meeting or translation services, please email Andrea S. Hayles, Special Assistant to the CEO and Board Relations Officer, at [ahayles@dhcd.org](mailto:ahayles@dhcd.org) or call (760) 567-0298 at least 24 hours prior to the meeting.

*Andrea S. Hayles*

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Andrea S. Hayles, Board Relations Officer



**DESERT HEALTHCARE DISTRICT**  
**FINANCE, ADMINISTRATION, REAL ESTATE, AND LEGAL COMMITTEE**  
**MEETING MINUTES**  
**September 11, 2024**

| Directors Present via Video Conferencing   | District Staff Present via Video Conferencing   | Absent |
|--|---|--------|
| Vice-President Carmina Zavala, PsyD<br>Chair/Treasurer Arthur Shorr<br>Director Leticia De Lara, MPA | Chris Christensen, CPA, Chief Executive Officer<br>Eric Taylor, CPA, Chief Administration Officer<br>Donna Craig, Chief Program Officer<br>Alejandro Espinoza, MPH, Chief of Community Engagement<br>Andrea S. Hayles, MBA, Board Relations Officer |        |

| AGENDA ITEMS  | DISCUSSION   | ACTION  |
|---|--|---|
| <b>I. Call to Order</b>   | Chair Shorr called the meeting to order at 5:03 p.m.   |   |
| <b>II. Approval of Agenda</b>   | Chair Shorr asked for a motion to approve the agenda.  | <b>Moved and seconded by Director De Lara and Vice-President Zavala to approve the agenda. Motion passed unanimously.</b>                             |
| <b>III. Public Comment</b>  | There was no public comment.   |   |
| <b>IV. Approval of Minutes</b><br><b>1. F&amp;A Minutes – Meeting July 10, 2024</b>                                 | Chair Shorr asked for a motion to approve the July 10, 2024, meeting minutes with a correction to item IV. of the July 10, meeting minutes.  | <b>Moved and seconded by Vice-President Zavala and Director De Lara and to approve the July 10, 2024, meeting minutes. Motion passed unanimously.</b> |
| <b>V. Chief Executive Officer’s Report</b><br><br><b>1. Healthy Desert, Healthy You Environmental Health Summit</b> | Chris Christensen, CEO, provided an overview of the Environmental Health Summit actual budget costs of \$180k, describing the \$160k sponsorships with an approximate shortfall under \$19k. |   |
| <b>VI. Chief Administration Officer’s Report</b><br><br><b>1. Financial Audit</b>                                   | Eric Taylor, CAO, described presenting the FY 2023-2024 audit reports at October F&A Committee meeting.  |   |

**DESERT HEALTHCARE DISTRICT  
FINANCE, ADMINISTRATION, REAL ESTATE, AND LEGAL COMMITTEE  
MEETING MINUTES  
September 11, 2024**

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|--|--|--|
| <p><b>2. LPMP Leasing Update</b></p>   | <p>Mr. Taylor described one vacant unit available for lease and provided an overview of the leases in other matters of the agenda for approval.</p>  |  |
| <p><b>VIII. Financial Reports</b></p> <ol style="list-style-type: none"> <li><b>1. District and LPMP Financial Statements</b></li> <li><b>2. Accounts Receivable Aging Summary</b></li> <li><b>3. District - Deposits</b></li> <li><b>4. District - Property tax receipts</b></li> <li><b>5. LPMP – Deposits</b></li> <li><b>6. District – Check Register</b></li> <li><b>7. Credit Card – Detail of Expenditures</b></li> <li><b>8. LPMP – Check Register</b></li> <li><b>9. CEO Discretionary Fund</b></li> <li><b>10. Retirement Protection Plan Update</b></li> <li><b>11. Grant Payment Schedule</b></li> </ol> | <p>Chair Shorr reviewed the financials with the committee. Mr. Christensen provided an overview of the recent sponsorships on the CEO Discretionary Fund.</p>  | <p><b>Moved and seconded by Director De Lara and Vice-President Zavala to approve the July and August 2024 financial reports and forward to the Board for approval. Motion passed unanimously.</b></p>     |
| <p><b>IX. Other Matters</b></p> <ol style="list-style-type: none"> <li><b>1. Global Premier – Suite 3W-101 – Lease Termination</b></li> </ol>  | <p>Mr. Christensen provided a lengthy overview of the September 30 lease termination for Global Premier Fertility—a final determination by the District’s legal counsel agreed upon by both parties to terminate the lease and proceed with releasing the suite. The District will receive a partial reimbursement of the tenant improvement allowance and the outstanding August 2024 rent and retain the security deposit.</p> | <p><b>Moved and seconded by Director De Lara and Director Shorr to approve the Global Premier – Suite 3W-101 – Lease Termination and forward to the Board for approval. Motion passed unanimously.</b></p> |

**DESERT HEALTHCARE DISTRICT  
FINANCE, ADMINISTRATION, REAL ESTATE, AND LEGAL COMMITTEE  
MEETING MINUTES  
September 11, 2024**

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|--|---|--|
| <p><b>2. Coachella Valley Volunteers in Medicine – Suite 1W-204 – Rent and CAM Fees Waiver</b></p> | <p>Mr. Christensen provided an overview of Coachella Valley Volunteers in Medicine (CVVIM) expansion to access of services when entering into the 2022 lease agreement, further describing the organizations challenges with the rental payments and continuing their long-term services; thus, requesting abatement of the rent and CAM charges through November of 2025, with the grant expiring in October 2024 and possibly regranting CVVIM additional support that would include the rental lease.</p> <p>Doug Morin, Executive Director, answered questions from the committee concerning the office space and patient care of the suite layout related to the exam rooms and medical providers.</p> | <p><b>Moved and seconded by Director De Lara and Director Shorr to approve the Coachella Valley Volunteers in Medicine – Suite 1W-204 – Rent and CAM Fees Waiver and forward to the Board for approval.<br/>Motion passed unanimously.</b></p> |
| <p><b>IX. Adjournment</b></p>  | <p>Chair Shorr adjourned the meeting at 5:32 p.m.</p>   | <p><b>Audio recording available on the website at</b><br/><a href="http://dhcd.org/Agendas-and-Documents">http://dhcd.org/Agendas-and-Documents</a></p>  |

ATTEST: \_\_\_\_\_  
Arthur Shorr, Chair/Treasurer, Board of Directors  
Finance & Administration Committee Chair  
Desert Healthcare District Board of Directors

*Minutes respectfully submitted by Andrea S. Hayles, MBA, Board Relations Officer*



## **Chief Administration Officer's Report**

**October 9, 2024**

### **Fiscal Year 2023-2024 Audit:**

The fiscal year 2023-2024 audit will be presented during today's committee meeting. The District, Retirement Protection Plan, and Foundation audits received unmodified opinions with no findings.

### **Las Palmas Medical Plaza - Property Management:**

#### **Occupancy:**

See attached unit rental status report.

**94.6%** currently occupied –

Total annual rent including CAM fees is **\$1,456,069**.

#### **Leasing Activity:**

Two suites (1W-104 & 3W-101) remain vacant and are available for lease through our broker, Rob Wenthold.

**Las Palmas Medical Plaza**

**Unit Rental Status**

**As of October 1, 2024**

| Unit  | Tenant Name | Deposit            | Lease Dates     |               | Term          | Unit Sq Feet  | Percent of Total | Monthly Rent        | Annual Rent          | Rent Per Sq Foot | Monthly             | Total Monthly Rent Inclg CAM | Total Annual Rent Inclg CAM |
|---|-------------|--------------------|-----------------|---------------|---------------|---------------|------------------|---------------------|----------------------|------------------|---------------------|------------------------------|-----------------------------|
|   |             |                    | From            | To            |               |               |                  |                     |                      |                  | CAM                 |                              |                             |
|   |             |                    |                 |               |               |               |                  |                     |                      |                  | \$ 0.86             |                              |                             |
| 1W, 104                                       | Vacant      |                    |                 |               |               | 1,024         | 2.07%            |                     |                      |                  |                     |                              |                             |
| 3W, 101                                       | Vacant      |                    |                 |               |               | 1,656         | 3.36%            |                     |                      |                  |                     |                              |                             |
| <b>Total - Vacancies</b>                      |             |                    |                 |               |               | <b>2,680</b>  | <b>5.43%</b>     |                     |                      |                  |                     |                              |                             |
| <b>Total Suites - 32 - 30 Suites Occupied</b> |             | <b>\$55,789.40</b> |                 |               |               | <b>49,356</b> | <b>94.57%</b>    | <b>\$ 82,301.98</b> | <b>\$ 987,623.76</b> | <b>\$ 1.76</b>   | <b>\$ 39,037.12</b> | <b>\$ 121,339.10</b>         | <b>\$ 1,456,069.20</b>      |
| <b>Summary - All Units</b>                    |             |                    |                 |               |               |               |                  |                     |                      |                  |                     |                              |                             |
|   |             |                    | <b>Occupied</b> | <b>46,676</b> | <b>94.57%</b> |               |                  |                     |                      |                  |                     |                              |                             |
|   |             |                    | <b>Vacant</b>   | <b>2,680</b>  | <b>5.43%</b>  |               |                  |                     |                      |                  |                     |                              |                             |
|   |             |                    | <b>Pending</b>  | <b>0</b>      | <b>0.00%</b>  |               |                  |                     |                      |                  |                     |                              |                             |
|   |             |                    | <b>Total</b>    | <b>49,356</b> | <b>100%</b>   |               |                  |                     |                      |                  |                     |                              |                             |

|   |
|---|
| <b>DESERT HEALTHCARE DISTRICT</b>                                   |
| <b>SEPTEMBER 2024 FINANCIAL STATEMENTS</b>                          |
| <b>INDEX</b>  |
|   |
| Year to Date Variance Analysis                                      |
| Cumulative Profit & Loss Budget vs Actual - Summary                 |
| Cumulative Profit & Loss Budget vs Actual - District Including LPMP |
| Cumulative Profit & Loss Budget vs Actual - LPMP                    |
| Balance Sheet - Condensed View                                      |
| Balance Sheet - Expanded View                                       |
| Accounts Receivable Aging   |
| Deposit Detail - District   |
| Property Tax Receipts - YTD   |
| Deposit Detail - LPMP   |
| Check Register - District   |
| Credit Card Expenditures  |
| Check Register - LPMP   |
| CEO Discretionary Fund  |
| Retirement Protection Plan Update                                   |
| Grants Schedule   |



**DESERT HEALTHCARE DISTRICT  
YEAR TO DATE VARIANCE ANALYSIS  
ACTUAL VS BUDGET  
THREE MONTHS ENDED SEPTEMBER 30, 2024**

| <b>Scope: \$25,000 Variance per Statement of Operations Summary</b> |               |               |                    |   |
|---|---------------|---------------|--------------------|---|
| <b>Account</b>  | <b>YTD</b>    |               | <b>Over(Under)</b> | <b>Explanation</b>  |
|   | <b>Actual</b> | <b>Budget</b> | <b>Budget</b>      |   |
| 4000 - Income   | \$ 1,810,439  | \$ 235,002    | \$ 1,575,437       | Higher interest income and market fluctuations (net) from FRF investments \$1,498k; higher cell tower lease revenue \$2k; higher property tax revenues \$75k  |
| 4501 - Misc. Income   | \$ 71,500     | \$ 133,500    | \$ (62,000)        | Lower revenue from Environmental Health Summit sponsorships \$62k   |
| 5000 - Direct Expenses  | \$ 425,245    | \$ 555,907    | \$ (130,662)       | Lower wages expense \$85k; lower education expense \$17k; lower health insurance expense \$15k; lower board expenses \$10k; lower retirement expense \$6k; higher workers comp \$2k   |
| 6445 - LPMP Expense   | \$ 252,252    | \$ 339,414    | \$ (87,162)        | Lower depreciation expenses \$39k; lower interior building expense \$13k; lower deferred maintenance expense \$6k; lower plumbing expense \$5k; lower landscaping expense \$4k; lower marketing expense \$4k; lower extermination expense \$3k; lower HVAC expense \$2k; lower property management allocation \$2k; lower rubbish removal expense \$2k; lower misc expense \$7k |
| 6500 - Professional Fees Expense                                    | \$ 556,298    | \$ 524,877    | \$ 31,421          | Lower Professional Services expense \$96k; higher PR/Communications expense \$59k; higher legal expense \$68k   |
| 7000 - Grants Expense   | \$ 417,567    | \$ 1,250,001  | \$ (832,434)       | As of September 30, 2024, there are \$4,551,263 remaining in the fiscal year grant budget, with a total of \$337,109 in carry over and unexpended grant funds.  |
| <b>Las Palmas Medical Plaza - Net</b>                               | \$ 120,654    | \$ 34,944     | \$ 85,710          | LPMP expenses lower \$87k; LPMP revenue lower \$1k  |

**Desert Healthcare District**  
**Profit & Loss Budget vs. Actual**  
July through September 2024

|                                     | MONTH            |                  |                 | TOTAL            |                    |                  |
|-------------------------------------|------------------|------------------|-----------------|------------------|--------------------|------------------|
|                                     | Sep 24           | Budget           | \$ Over Budget  | Jul - Sep 24     | Budget             | \$ Over Budget   |
| <b>Income</b>                       |                  |                  |                 |                  |                    |                  |
| 4000 · Income                       | 580,805          | 78,334           | 502,471         | 1,810,439        | 235,002            | 1,575,437        |
| 4500 · LPMP Income                  | 124,398          | 124,786          | (388)           | 372,906          | 374,358            | (1,452)          |
| 4501 · Miscellaneous Income         | 15,500           | 44,500           | (29,000)        | 71,500           | 133,500            | (62,000)         |
| <b>Total Income</b>                 | <b>720,703</b>   | <b>247,620</b>   | <b>473,083</b>  | <b>2,254,845</b> | <b>742,860</b>     | <b>1,511,985</b> |
| <b>Expense</b>                      |                  |                  |                 |                  |                    |                  |
| 5000 · Direct Expenses              | 129,579          | 164,932          | (35,353)        | 425,245          | 555,907            | (130,662)        |
| 6000 · General & Administrative Exp | 56,154           | 58,805           | (2,651)         | 163,055          | 176,415            | (13,360)         |
| 6325 · CEO Discretionary Fund       | 0                | 4,167            | (4,167)         | 21,500           | 12,501             | 8,999            |
| 6445 · LPMP Expenses                | 83,720           | 113,138          | (29,418)        | 252,252          | 339,414            | (87,162)         |
| 6500 · Professional Fees Expense    | 190,437          | 174,959          | 15,478          | 556,298          | 524,877            | 31,421           |
| 6600 · Mobile Medical Unit          | 0                | 417              | (417)           | 0                | 1,251              | (1,251)          |
| 6700 · Trust Expenses               | (9,512)          | 6,055            | (15,567)        | 1,464            | 18,165             | (16,701)         |
| <b>Total Expense Before Grants</b>  | <b>450,378</b>   | <b>522,473</b>   | <b>(72,095)</b> | <b>1,419,816</b> | <b>1,628,531</b>   | <b>(208,715)</b> |
| 7000 · Grants Expense               | 401,986          | 416,667          | (14,681)        | 417,567          | 1,250,001          | (832,434)        |
| <b>Net Income</b>                   | <b>(131,661)</b> | <b>(691,520)</b> | <b>559,859</b>  | <b>417,462</b>   | <b>(2,135,672)</b> | <b>2,553,134</b> |

**Desert Healthcare District**  
**Profit & Loss Budget vs. Actual**  
 July through September 2024

|   | MONTH    |          |                | TOTAL        |          |                |
|---|----------|----------|----------------|--------------|----------|----------------|
|   | Sep 24   | Budget   | \$ Over Budget | Jul - Sep 24 | Budget   | \$ Over Budget |
| <b>Income</b>                                   |          |          |                |              |          |                |
| <b>4000 - Income</b>                            |          |          |                |              |          |                |
| <b>4010 - Property Tax Revenues</b>             | 0        | 0        | 0              | 75,439       | 0        | 75,439         |
| <b>4200 - Interest Income</b>                   |          |          |                |              |          |                |
| <b>4220 - Interest Income (FRF)</b>             | 240,760  | 106,667  | 134,093        | 466,270      | 320,001  | 146,269        |
| <b>9999-1 - Unrealized gain(loss) on invest</b> | 335,970  | (30,333) | 366,303        | 1,260,557    | (90,999) | 1,351,556      |
| <b>Total 4200 - Interest Income</b>             | 576,730  | 76,334   | 500,396        | 1,726,827    | 229,002  | 1,497,825      |
| <b>4300 - DHC Recoveries</b>                    | 4,075    | 2,000    | 2,075          | 8,173        | 6,000    | 2,173          |
| <b>Total 4000 - Income</b>                      | 580,805  | 78,334   | 502,471        | 1,810,439    | 235,002  | 1,575,437      |
| <b>4500 - LPMP Income</b>                       | 124,398  | 124,786  | (388)          | 372,906      | 374,358  | (1,452)        |
| <b>4501 - Miscellaneous Income</b>              | 15,500   | 44,500   | (29,000)       | 71,500       | 133,500  | (62,000)       |
| <b>Total Income</b>                             | 720,703  | 247,620  | 473,083        | 2,254,845    | 742,860  | 1,511,985      |
| <b>Expense</b>                                  |          |          |                |              |          |                |
| <b>5000 - Direct Expenses</b>                   |          |          |                |              |          |                |
| <b>5100 - Administration Expense</b>            |          |          |                |              |          |                |
| <b>5110 - Wages Expense</b>                     | 97,524   | 107,221  | (9,697)        | 297,793      | 382,774  | (84,981)       |
| <b>5111 - Allocation to LPMP - Payroll</b>      | (6,428)  | (7,139)  | 711            | (19,284)     | (21,417) | 2,133          |
| <b>5112 - Vacation/Sick/Holiday Expense</b>     | 13,137   | 15,000   | (1,863)        | 49,739       | 45,000   | 4,739          |
| <b>5114 - Allocation to Foundation</b>          | (16,403) | (17,692) | 1,289          | (49,209)     | (53,076) | 3,867          |
| <b>5119 - Allocation-FED FUNDS/CVHIP-DHCF</b>   | (4,006)  | 0        | (4,006)        | (6,117)      | 0        | (6,117)        |
| <b>5120 - Payroll Tax Expense</b>               | 6,688    | 10,333   | (3,645)        | 26,794       | 30,999   | (4,205)        |
| <b>5130 - Health Insurance Expense</b>          |          |          |                |              |          |                |
| <b>5131 - Premiums Expense</b>                  | 19,546   | 23,553   | (4,007)        | 58,003       | 70,659   | (12,656)       |
| <b>5135 - Reimb./Co-Payments Expense</b>        | 1,075    | 1,800    | (725)          | 3,294        | 5,400    | (2,106)        |
| <b>Total 5130 - Health Insurance Expense</b>    | 20,621   | 25,353   | (4,732)        | 61,297       | 76,059   | (14,762)       |
| <b>5140 - Workers Comp. Expense</b>             | 2,901    | 572      | 2,329          | 3,777        | 1,716    | 2,061          |
| <b>5145 - Retirement Plan Expense</b>           | 7,454    | 11,154   | (3,700)        | 27,305       | 33,462   | (6,157)        |
| <b>5160 - Education Expense</b>                 | 1,965    | 7,417    | (5,452)        | 5,110        | 22,251   | (17,141)       |
| <b>Total 5100 - Administration Expense</b>      | 123,453  | 152,219  | (28,766)       | 397,205      | 517,768  | (120,563)      |
| <b>5200 - Board Expenses</b>                    |          |          |                |              |          |                |
| <b>5210 - Healthcare Benefits Expense</b>       | 3,113    | 4,109    | (996)          | 6,716        | 12,327   | (5,611)        |
| <b>5230 - Meeting Expense</b>                   | 1,205    | 3,708    | (2,503)        | 13,502       | 11,124   | 2,378          |
| <b>5235 - Director Stipend Expense</b>          | 1,158    | 3,646    | (2,488)        | 5,326        | 10,938   | (5,612)        |
| <b>5240 - Catering Expense</b>                  | 477      | 1,000    | (523)          | 2,154        | 3,000    | (846)          |
| <b>5250 - Mileage Reimbursement Expense</b>     | 173      | 250      | (77)           | 342          | 750      | (408)          |
| <b>Total 5200 - Board Expenses</b>              | 6,126    | 12,713   | (6,587)        | 28,040       | 38,139   | (10,099)       |
| <b>Total 5000 - Direct Expenses</b>             | 129,579  | 164,932  | (35,353)       | 425,245      | 555,907  | (130,662)      |

**Desert Healthcare District**  
**Profit & Loss Budget vs. Actual**  
 July through September 2024

|  | MONTH          |                |                | TOTAL          |                |                 |
|--|----------------|----------------|----------------|----------------|----------------|-----------------|
|  | Sep 24         | Budget         | \$ Over Budget | Jul - Sep 24   | Budget         | \$ Over Budget  |
| <b>6000 · General &amp; Administrative Exp</b>       |                |                |                |                |                |                 |
| 6110 · Payroll fees Expense                          | 205            | 208            | (3)            | 683            | 624            | 59              |
| 6120 · Bank and Investment Fees Exp                  | 5,936          | 5,200          | 736            | 17,349         | 15,600         | 1,749           |
| 6125 · Depreciation Expense                          | 2,165          | 2,500          | (335)          | 6,480          | 7,500          | (1,020)         |
| 6126 · Depreciation-Solar Parking lot                | 15,072         | 15,072         | 0              | 45,216         | 45,216         | 0               |
| 6127 · Depreciation - Autos                          | 6,409          | 6,409          | 0              | 19,227         | 19,227         | 0               |
| 6130 · Dues and Membership Expense                   | 2,362          | 5,429          | (3,067)        | 6,164          | 16,287         | (10,123)        |
| 6200 · Insurance Expense                             | 4,625          | 4,692          | (67)           | 13,875         | 14,076         | (201)           |
| 6300 · Minor Equipment Expense                       | 0              | 42             | (42)           | 0              | 126            | (126)           |
| 6305 · Auto Allowance & Mileage Exp                  | 554            | 500            | 54             | 1,939          | 1,500          | 439             |
| 6306 · Staff- Auto Mileage reimb                     | 698            | 625            | 73             | 1,130          | 1,875          | (745)           |
| 6309 · Personnel Expense                             | 318            | 375            | (57)           | 819            | 1,125          | (306)           |
| 6310 · Miscellaneous Expense                         | 0              | 42             | (42)           | 0              | 126            | (126)           |
| 6311 · Cell Phone Expense                            | 719            | 1,000          | (281)          | 2,234          | 3,000          | (766)           |
| 6312 · Wellness Park Expenses                        | 0              | 83             | (83)           | 0              | 249            | (249)           |
| 6315 · Security Monitoring Expense                   | 0              | 50             | (50)           | 108            | 150            | (42)            |
| 6340 · Postage Expense                               | 200            | 333            | (133)          | 428            | 999            | (571)           |
| 6350 · Copier Rental/Fees Expense                    | 370            | 500            | (130)          | 877            | 1,500          | (623)           |
| 6351 · Travel Expense                                | 8,154          | 2,500          | 5,654          | 8,309          | 7,500          | 809             |
| 6352 · Meals & Entertainment Exp                     | 0              | 2,833          | (2,833)        | 57             | 8,499          | (8,442)         |
| 6355 · Computer Services Expense                     | 4,938          | 5,322          | (384)          | 26,647         | 15,966         | 10,681          |
| 6360 · Supplies Expense                              | 607            | 2,167          | (1,560)        | 3,088          | 6,501          | (3,413)         |
| 6380 · LAFCO Assessment Expense                      | 171            | 208            | (37)           | 513            | 624            | (111)           |
| 6400 · East Valley Office                            | 2,651          | 2,715          | (64)           | 7,912          | 8,145          | (233)           |
| <b>Total 6000 · General &amp; Administrative Exp</b> | <b>56,154</b>  | <b>58,805</b>  | <b>(2,651)</b> | <b>163,055</b> | <b>176,415</b> | <b>(13,360)</b> |
| 6325 · CEO Discretionary Fund                        | 0              | 4,167          | (4,167)        | 21,500         | 12,501         | 8,999           |
| 6445 · LPMP Expenses                                 | 83,720         | 113,138        | (29,418)       | 252,252        | 339,414        | (87,162)        |
| <b>6500 · Professional Fees Expense</b>              |                |                |                |                |                |                 |
| 6516 · Professional Services Expense                 | 34,211         | 124,167        | (89,956)       | 276,100        | 372,501        | (96,401)        |
| 6520 · Annual Audit Fee Expense                      | 1,484          | 1,500          | (16)           | 4,452          | 4,500          | (48)            |
| 6530 · PR/Communications/Website                     | 114,388        | 34,292         | 80,096         | 161,920        | 102,876        | 59,044          |
| 6560 · Legal Expense                                 | 40,354         | 15,000         | 25,354         | 113,826        | 45,000         | 68,826          |
| <b>Total 6500 · Professional Fees Expense</b>        | <b>190,437</b> | <b>174,959</b> | <b>15,478</b>  | <b>556,298</b> | <b>524,877</b> | <b>31,421</b>   |

**Desert Healthcare District**  
**Profit & Loss Budget vs. Actual**  
 July through September 2024

|                                    | MONTH            |                  |                 | TOTAL            |                    |                  |
|------------------------------------|------------------|------------------|-----------------|------------------|--------------------|------------------|
|                                    | Sep 24           | Budget           | \$ Over Budget  | Jul - Sep 24     | Budget             | \$ Over Budget   |
| 6600 · Mobile Medical Unit         | 0                | 417              | (417)           | 0                | 1,251              | (1,251)          |
| 6700 · Trust Expenses              |                  |                  |                 |                  |                    |                  |
| 6720 · Pension Plans Expense       | (9,512)          | 6,055            | (15,567)        | 1,464            | 18,165             | (16,701)         |
| <b>Total Expense Before Grants</b> | <b>450,378</b>   | <b>522,473</b>   | <b>(72,095)</b> | <b>1,419,816</b> | <b>1,628,531</b>   | <b>(208,715)</b> |
| 7000 · Grants Expense              |                  |                  |                 |                  |                    |                  |
| 7010 · Major Grant Awards Expense  | 401,986          | 416,667          | (14,681)        | 417,567          | 1,250,001          | (832,434)        |
| <b>Net Income</b>                  | <b>(131,661)</b> | <b>(691,520)</b> | <b>559,859</b>  | <b>417,462</b>   | <b>(2,135,672)</b> | <b>2,553,134</b> |

**Las Palmas Medical Plaza**  
**Profit & Loss Budget vs. Actual**  
July through September 2024

|  | MONTH          |                |                 | TOTAL          |                |                 |
|--|----------------|----------------|-----------------|----------------|----------------|-----------------|
|  | Sep 24         | Budget         | \$ Over Budget  | Jul - Sep 24   | Budget         | \$ Over Budget  |
| <b>Income</b>                          |                |                |                 |                |                |                 |
| 4500 · LPMP Income                     |                |                |                 |                |                |                 |
| 4505 · Rental Income                   | 85,409         | 86,753         | (1,344)         | 254,333        | 260,259        | (5,926)         |
| 4510 · CAM Income                      | 38,989         | 37,950         | 1,039           | 118,573        | 113,850        | 4,723           |
| 4513 · Misc. Income                    | 0              | 83             | (83)            | 0              | 249            | (249)           |
| <b>Total 4500 · LPMP Income</b>        | <b>124,398</b> | <b>124,786</b> | <b>(388)</b>    | <b>372,906</b> | <b>374,358</b> | <b>(1,452)</b>  |
| <b>Expense</b>                         |                |                |                 |                |                |                 |
| 6445 · LPMP Expenses                   |                |                |                 |                |                |                 |
| 6420 · Insurance Expense               | 6,229          | 6,255          | (26)            | 18,687         | 18,765         | (78)            |
| 6425 · Building - Depreciation Expense | 28,257         | 28,668         | (411)           | 84,679         | 86,004         | (1,325)         |
| 6426 · Tenant Improvements -Dep Exp    | 5,103          | 17,630         | (12,527)        | 15,056         | 52,890         | (37,834)        |
| 6427 · HVAC Maintenance Expense        | 0              | 1,333          | (1,333)         | 1,786          | 3,999          | (2,213)         |
| 6428 · Roof Repairs Expense            | 0              | 208            | (208)           | 0              | 624            | (624)           |
| 6431 · Building -Interior Expense      | 0              | 4,167          | (4,167)         | 0              | 12,501         | (12,501)        |
| 6432 · Plumbing -Interior Expense      | 0              | 1,667          | (1,667)         | 180            | 5,001          | (4,821)         |
| 6433 · Plumbing -Exterior Expense      | 0              | 208            | (208)           | 0              | 624            | (624)           |
| 6434 · Allocation Internal Prop. Mgmt  | 6,428          | 7,139          | (711)           | 19,284         | 21,417         | (2,133)         |
| 6435 · Bank Charges                    | 34             | 42             | (8)             | 105            | 126            | (21)            |
| 6437 · Utilities -Vacant Units Expense | 20             | 150            | (130)           | 44             | 450            | (406)           |
| 6439 · Deferred Maintenance Repairs Ex | 0              | 2,083          | (2,083)         | 0              | 6,249          | (6,249)         |
| 6440 · Professional Fees Expense       | 11,830         | 11,830         | 0               | 35,490         | 35,490         | 0               |
| 6441 · Legal Expense                   | 0              | 83             | (83)            | 0              | 249            | (249)           |
| 6458 · Elevators - R & M Expense       | 315            | 1,083          | (768)           | 2,440          | 3,249          | (809)           |
| 6460 · Exterminating Service Expense   | 275            | 1,250          | (975)           | 825            | 3,750          | (2,925)         |
| 6463 · Landscaping Expense             | 0              | 1,250          | (1,250)         | 0              | 3,750          | (3,750)         |
| 6467 · Lighting Expense                | 0              | 417            | (417)           | 0              | 1,251          | (1,251)         |
| 6468 · General Maintenance Expense     | 0              | 83             | (83)            | 0              | 249            | (249)           |
| 6471 · Marketing-Advertising           | 0              | 1,250          | (1,250)         | 0              | 3,750          | (3,750)         |
| 6475 · Property Taxes Expense          | 6,650          | 6,650          | 0               | 19,950         | 19,950         | 0               |
| 6476 · Signage Expense                 | 0              | 417            | (417)           | 422            | 1,251          | (829)           |
| 6480 · Rubbish Removal Medical Waste E | 1,326          | 1,417          | (91)            | 3,971          | 4,251          | (280)           |
| 6481 · Rubbish Removal Expense         | 2,562          | 2,900          | (338)           | 7,026          | 8,700          | (1,674)         |
| 6482 · Utilities/Electricity/Exterior  | 990            | 875            | 115             | 2,065          | 2,625          | (560)           |
| 6484 · Utilities - Water (Exterior)    | 1,746          | 750            | 996             | 3,627          | 2,250          | 1,377           |
| 6485 · Security Expenses               | 11,955         | 12,500         | (545)           | 36,315         | 37,500         | (1,185)         |
| 6490 · Miscellaneous Expense           | 0              | 833            | (833)           | 300            | 2,499          | (2,199)         |
| <b>Total 6445 · LPMP Expenses</b>      | <b>83,720</b>  | <b>113,138</b> | <b>(29,418)</b> | <b>252,252</b> | <b>339,414</b> | <b>(87,162)</b> |
| <b>Net Income</b>                      | <b>40,678</b>  | <b>11,648</b>  | <b>29,030</b>   | <b>120,654</b> | <b>34,944</b>  | <b>85,710</b>   |

**Desert Healthcare District**  
**Balance Sheet Previous Year Comparison**  
As of September 30, 2024

|                             |   | Sep 30, 24        | Sep 30, 23        |
|-----------------------------|---|-------------------|-------------------|
| <b>ASSETS</b>               |   |                   |                   |
| <b>Current Assets</b>       |   |                   |                   |
| <b>Checking/Savings</b>     |   |                   |                   |
|                             | 1000 · CHECKING CASH ACCOUNTS           | 3,058,135         | 572,252           |
|                             | 1100 · INVESTMENT ACCOUNTS              | 68,144,795        | 65,149,459        |
|                             | <b>Total Checking/Savings</b>           | <b>71,202,930</b> | <b>65,721,711</b> |
|                             | <b>Total Accounts Receivable</b>        | 113,136           | (16,517)          |
| <b>Other Current Assets</b> |   |                   |                   |
|                             | 1204.1 · Rent Receivable-Deferred COVID | 8,293             | 28,593            |
|                             | 1270 · Prepaid Insurance -Ongoing       | 97,685            | 87,309            |
|                             | 1279 · Pre-Paid Fees                    | 34,181            | 43,551            |
|                             | 1295 · Property Tax Receivable          | 27,304            | 0                 |
|                             | <b>Total Other Current Assets</b>       | <b>167,463</b>    | <b>159,453</b>    |
|                             | <b>Total Current Assets</b>             | <b>71,483,529</b> | <b>65,864,647</b> |
| <b>Fixed Assets</b>         |   |                   |                   |
|                             | 1300 · FIXED ASSETS                     | 5,310,398         | 5,265,403         |
|                             | 1335-00 · ACC DEPR                      | (2,974,930)       | (2,681,470)       |
|                             | 1400 · LPMP Assets                      | 6,424,088         | 6,829,963         |
|                             | <b>Total Fixed Assets</b>               | <b>8,759,556</b>  | <b>9,413,896</b>  |
| <b>Other Assets</b>         |   |                   |                   |
|                             | 1600 · RIGHT TO USE ASSETS              | 216,235           | 216,235           |
|                             | 1611 · RTU Accumulated Amortization     | (44,356)          | (22,178)          |
|                             | 1700 · OTHER ASSETS                     | 3,784,179         | 3,723,380         |
|                             | 1800 · OTHER RECEIVABLES                | 3,439,433         | 3,048,911         |
|                             | <b>Total Other Assets</b>               | <b>7,395,491</b>  | <b>6,966,348</b>  |
|                             | <b>TOTAL ASSETS</b>                     | <b>87,638,576</b> | <b>82,244,891</b> |

**Desert Healthcare District**  
**Balance Sheet Previous Year Comparison**  
As of September 30, 2024

|                                  |  | Sep 30, 24        | Sep 30, 23        |
|----------------------------------|--|-------------------|-------------------|
| <b>LIABILITIES &amp; EQUITY</b>  |  |                   |                   |
| <b>Liabilities</b>               |  |                   |                   |
| <b>Current Liabilities</b>       |  |                   |                   |
| <b>Accounts Payable</b>          |  |                   |                   |
|                                  | 2000 · Accounts Payable                | (391)             | 149,533           |
|                                  | 2001 · LPMP Accounts Payable           | 2,342             | 15,379            |
|                                  | <b>Total Accounts Payable</b>          | <b>1,951</b>      | <b>164,912</b>    |
| <b>Other Current Liabilities</b> |  |                   |                   |
|                                  | 2002 · LPMP Property Taxes             | 19,950            | 19,950            |
|                                  | 2003 · Prepaid Rents                   | 9,981             | 0                 |
|                                  | 2131 · Grant Awards Payable            | 4,695,331         | 5,528,337         |
|                                  | 2133 · Accrued Accounts Payable        | 37,500            | 209,550           |
|                                  | 2141 · Accrued Vacation Time           | 86,009            | 74,264            |
|                                  | 2190 · Investment Fees Payable         | 13,190            | 14,048            |
|                                  | <b>Total Other Current Liabilities</b> | <b>4,861,961</b>  | <b>5,846,149</b>  |
|                                  | <b>Total Current Liabilities</b>       | <b>4,863,912</b>  | <b>6,011,061</b>  |
| <b>Long Term Liabilities</b>     |  |                   |                   |
|                                  | 2171 · RPP-Deferred Inflows-Resources  | 397,911           | 564,584           |
|                                  | 2172 · Lease - Deferred Inflows        | 3,268,842         | 2,982,703         |
|                                  | 2281 · Grants Payable - Long-term      | 1,138,781         | 2,475,000         |
|                                  | 2285 · Lease Payable                   | 175,612           | 196,798           |
|                                  | 2290 · LPMP Security Deposits          | 55,789            | 57,493            |
|                                  | <b>Total Long Term Liabilities</b>     | <b>5,036,935</b>  | <b>6,276,578</b>  |
|                                  | <b>Total Liabilities</b>               | <b>9,900,847</b>  | <b>12,287,639</b> |
| <b>Equity</b>                    |  |                   |                   |
|                                  | 3900 · *Retained Earnings              | 77,320,267        | 71,020,500        |
|                                  | Net Income                             | 417,462           | (1,063,248)       |
|                                  | <b>Total Equity</b>                    | <b>77,737,729</b> | <b>69,957,252</b> |
|                                  | <b>TOTAL LIABILITIES &amp; EQUITY</b>  | <b>87,638,576</b> | <b>82,244,891</b> |



**Desert Healthcare District**  
**Balance Sheet Previous Year Comparison**  
As of September 30, 2024

|                                      |  | Sep 30, 24         | Sep 30, 23         |
|--------------------------------------|--|--------------------|--------------------|
| <b>ASSETS</b>                        |  |                    |                    |
| <b>Current Assets</b>                |  |                    |                    |
| <b>Checking/Savings</b>              |  |                    |                    |
| <b>1000 - CHECKING CASH ACCOUNTS</b> |  |                    |                    |
|                                      | 1016 - US Bank Operating - 5018            | 1,208,284          | 502,517            |
|                                      | 1017 - US Bank Operating - 7455            | 1,537,637          | 0                  |
|                                      | 1044 - Las Palmas Medical Plaza - 1241     | 311,714            | 69,235             |
|                                      | 1047 - Petty Cash                          | 500                | 500                |
|                                      | <b>Total 1000 - CHECKING CASH ACCOUNTS</b> | <b>3,058,135</b>   | <b>572,252</b>     |
| <b>1100 - INVESTMENT ACCOUNTS</b>    |  |                    |                    |
|                                      | 1130 - Facility Replacement Fund           | 67,388,999         | 67,477,696         |
|                                      | 1135 - Unrealized Gain(Loss) FRF           | 755,796            | (2,328,237)        |
|                                      | <b>Total 1100 - INVESTMENT ACCOUNTS</b>    | <b>68,144,795</b>  | <b>65,149,459</b>  |
|                                      | <b>Total Checking/Savings</b>              | <b>71,202,930</b>  | <b>65,721,711</b>  |
|                                      | <b>Total Accounts Receivable</b>           | <b>113,136</b>     | <b>(16,517)</b>    |
| <b>Other Current Assets</b>          |  |                    |                    |
|                                      | 1204.1 - Rent Receivable-Deferred COVID    | 8,293              | 28,593             |
|                                      | 1270 - Prepaid Insurance -Ongoing          | 97,685             | 87,309             |
|                                      | 1279 - Pre-Paid Fees                       | 34,181             | 43,551             |
|                                      | 1295 - Property Tax Receivable             | 27,304             | 0                  |
|                                      | <b>Total Other Current Assets</b>          | <b>167,463</b>     | <b>159,453</b>     |
|                                      | <b>Total Current Assets</b>                | <b>71,483,529</b>  | <b>65,864,647</b>  |
| <b>Fixed Assets</b>                  |  |                    |                    |
| <b>1300 - FIXED ASSETS</b>           |  |                    |                    |
|                                      | 1310 - Computer Equipment                  | 114,150            | 99,902             |
|                                      | 1320 - Furniture and Fixtures              | 64,580             | 55,099             |
|                                      | 1321 - Mobile Medical Unit                 | 381,768            | 360,502            |
|                                      | 1322 - Tenant Improvement - RAP #G100      | 32,794             | 32,794             |
|                                      | 1325 - Offsite Improvements                | 300,849            | 300,849            |
|                                      | 1331 - DRMC - Parking lot                  | 4,416,257          | 4,416,257          |
|                                      | <b>Total 1300 - FIXED ASSETS</b>           | <b>5,310,398</b>   | <b>5,265,403</b>   |
| <b>1335-00 - ACC DEPR</b>            |  |                    |                    |
|                                      | 1335 - Accumulated Depreciation            | (265,117)          | (239,218)          |
|                                      | 1337 - Accum Deprec- Solar Parking Lot     | (2,366,476)        | (2,185,612)        |
|                                      | 1338 - Accum Deprec - LPMP Parking Lot     | (240,527)          | (217,978)          |
|                                      | 1339 - Accum Deprec - Autos                | (102,810)          | (38,662)           |
|                                      | <b>Total 1335-00 - ACC DEPR</b>            | <b>(2,974,930)</b> | <b>(2,681,470)</b> |

**Desert Healthcare District**  
**Balance Sheet Previous Year Comparison**  
As of September 30, 2024

|  |  | Sep 30, 24          | Sep 30, 23          |
|--|--|---------------------|---------------------|
|  | <b>1400 - LPMP Assets</b>                    |                     |                     |
|  | 1401 - Building                              | 8,705,680           | 8,705,680           |
|  | 1402 - Land                                  | 2,165,300           | 2,165,300           |
|  | 1403 - Tenant Improvements -New              | 2,335,572           | 2,309,146           |
|  | 1404 - Tenant Improvements - CIP             | 0                   | 129,550             |
|  | 1406 - Building Improvements                 |                     |                     |
|  | 1406.1 - LPMP-Replace Parking Lot            | 676,484             | 676,484             |
|  | 1406.2 - Building Improvements-CIP           | 52,426              | 600,684             |
|  | 1406 - Building Improvements - Other         | 2,776,742           | 2,155,288           |
|  | <b>Total 1406 - Building Improvements</b>    | <b>3,505,652</b>    | <b>3,432,456</b>    |
|  | 1407 - Building Equipment Improvements       | 488,880             | 444,268             |
|  | 1409 - Accumulated Depreciation              |                     |                     |
|  | 1410 - Accum. Depreciation                   | (8,525,761)         | (8,212,850)         |
|  | 1412 - T I Accumulated Dep.-New              | (2,251,235)         | (2,143,587)         |
|  | <b>Total 1409 - Accumulated Depreciation</b> | <b>(10,776,996)</b> | <b>(10,356,437)</b> |
|  | <b>Total 1400 - LPMP Assets</b>              | <b>6,424,088</b>    | <b>6,829,963</b>    |
|  | <b>Total Fixed Assets</b>                    | <b>8,759,556</b>    | <b>9,413,896</b>    |
|  | <b>Other Assets</b>                          |                     |                     |
|  | <b>1600 - RIGHT TO USE ASSETS</b>            |                     |                     |
|  | 1610 - Right to Use Asset                    | 216,235             | 216,235             |
|  | 1611 - RTU Accumulated Amortization          | (44,356)            | (22,178)            |
|  | <b>1700 - OTHER ASSETS</b>                   |                     |                     |
|  | 1731 - Wellness Park                         | 1,693,800           | 1,693,800           |
|  | 1740 - RPP-Deferred Outflows-Resources       | 362,042             | 587,440             |
|  | 1742 - RPP - Net Pension Asset               | 1,728,337           | 1,442,140           |
|  | <b>Total 1700 - OTHER ASSETS</b>             | <b>3,784,179</b>    | <b>3,723,380</b>    |
|  | <b>1800 - OTHER RECEIVABLES</b>              |                     |                     |
|  | 1810 - Lease Receivable                      | 3,439,433           | 3,048,911           |
|  | <b>Total Other Assets</b>                    | <b>7,395,491</b>    | <b>6,966,348</b>    |
|  | <b>TOTAL ASSETS</b>                          | <b>87,638,576</b>   | <b>82,244,891</b>   |

**Desert Healthcare District**  
**Balance Sheet Previous Year Comparison**  
As of September 30, 2024

|                                       |  | Sep 30, 24        | Sep 30, 23        |
|---------------------------------------|--|-------------------|-------------------|
| <b>LIABILITIES &amp; EQUITY</b>       |  |                   |                   |
| Liabilities                           |  |                   |                   |
| Current Liabilities                   |  |                   |                   |
| Accounts Payable                      |  |                   |                   |
|                                       | 2000 · Accounts Payable                | (391)             | 149,533           |
|                                       | 2001 · LPMP Accounts Payable           | 2,342             | 15,379            |
|                                       | <b>Total Accounts Payable</b>          | <b>1,951</b>      | <b>164,912</b>    |
| Other Current Liabilities             |  |                   |                   |
|                                       | 2002 · LPMP Property Taxes             | 19,950            | 19,950            |
|                                       | 2003 · Prepaid Rents                   | 9,981             | 0                 |
|                                       | 2131 · Grant Awards Payable            | 4,695,331         | 5,528,337         |
|                                       | 2133 · Accrued Accounts Payable        | 37,500            | 209,550           |
|                                       | 2141 · Accrued Vacation Time           | 86,009            | 74,264            |
|                                       | 2190 · Investment Fees Payable         | 13,190            | 14,048            |
|                                       | <b>Total Other Current Liabilities</b> | <b>4,861,961</b>  | <b>5,846,149</b>  |
|                                       | <b>Total Current Liabilities</b>       | <b>4,863,912</b>  | <b>6,011,061</b>  |
| Long Term Liabilities                 |  |                   |                   |
|                                       | 2171 · RPP-Deferred Inflows-Resources  | 397,911           | 564,584           |
|                                       | 2172 · Lease - Deferred Inflows        | 3,268,842         | 2,982,703         |
|                                       | 2281 · Grants Payable - Long-term      | 1,138,781         | 2,475,000         |
|                                       | 2285 · Lease Payable                   | 175,612           | 196,798           |
|                                       | 2290 · LPMP Security Deposits          | 55,789            | 57,493            |
|                                       | <b>Total Long Term Liabilities</b>     | <b>5,036,935</b>  | <b>6,276,578</b>  |
|                                       | <b>Total Liabilities</b>               | <b>9,900,847</b>  | <b>12,287,639</b> |
| Equity                                |  |                   |                   |
|                                       | 3900 · *Retained Earnings              | 77,320,267        | 71,020,500        |
|                                       | Net Income                             | 417,462           | (1,063,248)       |
|                                       | <b>Total Equity</b>                    | <b>77,737,729</b> | <b>69,957,252</b> |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> |  | <b>87,638,576</b> | <b>82,244,891</b> |

**Desert Healthcare District**  
**A/R Aging Summary**  
As of September 30, 2024

|  | <b>Current</b> | <b>1 - 30</b> | <b>31 - 60</b> | <b>61 - 90</b> | <b>&gt; 90</b> | <b>TOTAL</b>   | <b>COMMENT</b>                   |
|--|----------------|---------------|----------------|----------------|----------------|----------------|----------------------------------|
| <b>Aijaz Hashmi, M.D., Inc.</b>            | 0              | (3,397)       | 0              | 0              | 0              | (3,397)        | Prepaid Rent                     |
| <b>Desert Care Network</b>                 | 0              | 0             | 0              | 25,000         | 0              | 25,000         | Environmental Summit Sponsorship |
| <b>Desert Healthcare Foundation-</b>       | 20,409         | 17,540        | 0              | 17,152         | (2,253)        | 52,848         | Due from Foundation              |
| <b>First 5 Riverside</b>                   | 0              | 0             | 20,000         | 0              | 0              | 20,000         | Environmental Summit Sponsorship |
| <b>Molina Health</b>                       | 0              | 5,000         | 0              | 0              | 0              | 5,000          | Environmental Summit Sponsorship |
| <b>South Coast AQMD</b>                    | 0              | 5,000         | 0              | 0              | 0              | 5,000          | Environmental Summit Sponsorship |
| <b>University of California, Riverside</b> | 0              | 0             | 5,000          | 0              | 0              | 5,000          | Environmental Summit Sponsorship |
| <b>Vision y Compromiso.</b>                | 0              | 3,063         | 0              | 0              | 0              | 3,063          | Repayment of Unexpended Grant    |
| <b>TOTAL</b>                               | <b>20,409</b>  | <b>27,828</b> | <b>25,000</b>  | <b>42,152</b>  | <b>(2,253)</b> | <b>113,136</b> |                                  |

**Desert Healthcare District**  
**Deposit Detail**  
September 2024

| Type           | Date              | Name   | Amount       |
|----------------|-------------------|--|--------------|
| <b>Deposit</b> | <b>09/04/2024</b> |  | <b>2,000</b> |
|                |                   | T-Mobile - Cell Tower Lease  | (2,000)      |
| TOTAL          |                   |  | (2,000)      |
| <b>Deposit</b> | <b>09/09/2024</b> |  | <b>5,000</b> |
| Payment        | 09/09/2024        | Regional Access Project Foundation - Environmental Health Summit Sponsorship | (5,000)      |
| TOTAL          |                   |  | (5,000)      |
| <b>Deposit</b> | <b>09/23/2024</b> |  | <b>575</b>   |
|                |                   | California Business Bureau, Inc.   | (75)         |
| Payment        | 09/23/2024        | Sun Community Federal Credit Union - Environmental Health Summit Sponsorship | (500)        |
| TOTAL          |                   |  | (575)        |
| <b>Deposit</b> | <b>09/30/2024</b> |  | <b>2,000</b> |
|                |                   | T-Mobile - Cell Tower Lease  | (2,000)      |
| TOTAL          |                   |  | (2,000)      |
|                |                   | <b>TOTAL</b>   | <b>9,575</b> |

| DESERT HEALTHCARE DISTRICT                       |                               |                     |               |                      |                     |                               |                      |             |                   |                   |
|--|-------------------------------|---------------------|---------------|----------------------|---------------------|-------------------------------|----------------------|-------------|-------------------|-------------------|
| PROPERTY TAX RECEIPTS FY 2024 - 2025             |                               |                     |               |                      |                     |                               |                      |             |                   |                   |
| RECEIPTS - THREE MONTHS ENDED SEPTEMBER 30, 2024 |                               |                     |               |                      |                     |                               |                      |             |                   |                   |
|  | FY 2023-2024 Projected/Actual |                     |               |                      |                     | FY 2024-2025 Projected/Actual |                      |             |                   |                   |
|  | Budget %                      | Budget \$           | Act %         | Actual Receipts      | Variance            | Budget %                      | Budget \$            | Act %       | Actual Receipts   | Variance          |
| <b>July</b>                                      | 0.0%                          | \$ -                | 0.8%          | \$ 70,152            | \$ 70,152           | 0.0%                          | \$ -                 | 0.7%        | \$ 75,427         | \$ 75,427         |
| <b>Aug</b>                                       | 0.0%                          | \$ -                | 2.0%          | \$ 180,642           | \$ 180,642          | 0.0%                          | \$ -                 | 1.4%        | \$ 139,395        | \$ 139,395        |
| <b>Sep</b>                                       | 0.0%                          | \$ -                | 0.0%          | \$ -                 | \$ -                | 0.0%                          | \$ -                 | 0.0%        | \$ -              | \$ -              |
| <b>Oct</b>                                       | 2.6%                          | \$ 229,840          | 2.8%          | \$ 248,614           | \$ 18,774           | 2.6%                          | \$ 264,426           | 0.0%        |                   |                   |
| <b>Nov</b>                                       | 0.4%                          | \$ 35,360           | 0.1%          | \$ 10,535            | \$ (24,825)         | 0.4%                          | \$ 40,681            | 0.0%        |                   |                   |
| <b>Dec</b>                                       | 16.9%                         | \$ 1,493,960        | 19.2%         | \$ 1,696,170         | \$ 202,210          | 16.9%                         | \$ 1,718,771         | 0.0%        |                   |                   |
| <b>Jan</b>                                       | 31.9%                         | \$ 2,819,960        | 42.1%         | \$ 3,720,800         | \$ 900,840          | 31.9%                         | \$ 3,244,308         | 0.0%        |                   |                   |
| <b>Feb</b>                                       | 0.0%                          | \$ -                | 1.0%          | \$ 85,677            | \$ 85,677           | 0.0%                          | \$ -                 | 0.0%        |                   |                   |
| <b>Mar</b>                                       | 0.3%                          | \$ 26,520           | 0.4%          | \$ 31,158            | \$ 4,638            | 0.3%                          | \$ 30,511            | 0.0%        |                   |                   |
| <b>Apr</b>                                       | 5.5%                          | \$ 486,200          | 6.0%          | \$ 529,212           | \$ 43,012           | 5.5%                          | \$ 559,363           | 0.0%        |                   |                   |
| <b>May</b>                                       | 19.9%                         | \$ 1,759,160        | 20.6%         | \$ 1,821,441         | \$ 62,281           | 19.9%                         | \$ 2,023,879         | 0.0%        |                   |                   |
| <b>June</b>                                      | 22.5%                         | \$ 1,989,000        | 30.0%         | \$ 2,655,964         | \$ 666,964          | 22.5%                         | \$ 2,288,305         | 0.0%        |                   |                   |
| <b>Total</b>                                     | <b>100%</b>                   | <b>\$ 8,840,000</b> | <b>125.0%</b> | <b>\$ 11,050,366</b> | <b>\$ 2,210,366</b> | <b>100.00%</b>                | <b>\$ 10,170,245</b> | <b>2.1%</b> | <b>\$ 214,822</b> | <b>\$ 214,822</b> |

**Las Palmas Medical Plaza  
Deposit Detail - LPMP  
September 2024**

| Type           | Date              | Name                                     | Amount        |
|----------------|-------------------|--|---------------|
| <b>Deposit</b> | <b>09/04/2024</b> |  | <b>2,297</b>  |
| Payment        | 09/02/2024        | DPMG                                     | (2,297)       |
| TOTAL          |                   |  | (2,297)       |
| <b>Deposit</b> | <b>09/05/2024</b> |  | <b>3,486</b>  |
| Payment        | 09/03/2024        | Cure Cardiovascular Consultants          | (3,486)       |
| TOTAL          |                   |  | (3,486)       |
| <b>Deposit</b> | <b>09/09/2024</b> |  | <b>16,624</b> |
| Payment        | 09/09/2024        | Howard Aaron Aronow, M.D.                | (1,702)       |
| Payment        | 09/09/2024        | Desert Oasis Healthcare                  | (2,843)       |
| Payment        | 09/09/2024        | EyeCare Services Partners Management LLC | (7,364)       |
| Payment        | 09/09/2024        | Quest Diagnostics Incorporated           | (4,714)       |
| TOTAL          |                   |  | (16,623)      |
| <b>Deposit</b> | <b>09/09/2024</b> |  | <b>4,233</b>  |
| Payment        | 09/05/2024        | Desert Family Medical Center             | (4,233)       |
| TOTAL          |                   |  | (4,233)       |
| <b>Deposit</b> | <b>09/10/2024</b> |  | <b>17,416</b> |
| Payment        | 09/09/2024        | Brad A. Wolfson, M.D.                    | (4,092)       |
| Payment        | 09/09/2024        | Cohen Musch Thomas Medical Group         | (5,361)       |
| Payment        | 09/09/2024        | Palmtree Clinical Research               | (7,962)       |
| TOTAL          |                   |  | (17,415)      |
| <b>Deposit</b> | <b>09/11/2024</b> |  | <b>35</b>     |
| Payment        | 09/09/2024        | Howard Aaron Aronow, M.D.                | (35)          |
| TOTAL          |                   |  | (35)          |

**Las Palmas Medical Plaza  
Deposit Detail - LPMP  
September 2024**

| Type           | Date              | Name                                     | Amount         |
|----------------|-------------------|--|----------------|
| <b>Deposit</b> | <b>09/12/2024</b> |  | <b>54,454</b>  |
| Payment        | 09/12/2024        | Ramy Awad, M.D.                          | (3,963)        |
| Payment        | 09/12/2024        | Pathway Pharmaceuticals, Inc.            | (2,779)        |
| Payment        | 09/12/2024        | Desert Regional Medical Center           | (6,318)        |
| Payment        | 09/12/2024        | Tenet HealthSystem Desert, Inc.          | (34,353)       |
| Payment        | 09/12/2024        | Tenet HealthSystem Desert, Inc           | (7,041)        |
| TOTAL          |                   |  | (54,454)       |
| <b>Deposit</b> | <b>09/12/2024</b> |  | <b>3,451</b>   |
| Payment        | 09/10/2024        | Coachella Valley Volunteers in Medicine- | (3,451)        |
| TOTAL          |                   |  | (3,451)        |
| <b>Deposit</b> | <b>09/23/2024</b> |  | <b>14,525</b>  |
|                |                   | Steven Gundry, M.D.                      | (6,376)        |
|                |                   | F CPP                                    | (3,461)        |
| Payment        | 09/23/2024        | Global Premier Fertility                 | (4,689)        |
| TOTAL          |                   |  | (14,526)       |
| <b>Deposit</b> | <b>09/30/2024</b> |  | <b>3,397</b>   |
| Payment        | 09/26/2024        | Aijaz Hashmi, M.D., Inc.                 | (3,397)        |
| TOTAL          |                   |  | (3,397)        |
|                |                   | <b>TOTAL</b>                             | <b>119,918</b> |



**Desert Healthcare District**  
**Check Register**  
As of September 30, 2024

| Type                                   | Date       | Num        | Name  | Amount    |
|--|------------|------------|---|-----------|
| <b>1000 - CHECKING CASH ACCOUNTS</b>   |            |            |   |           |
| <b>1016 - US Bank Operating - 5018</b> |            |            |   |           |
| Liability Check                        | 09/13/2024 |            | QuickBooks Payroll Service                              | (49,850)  |
| Check                                  | 09/16/2024 |            | Bank Service Charge                                     | (771)     |
| Liability Check                        | 09/27/2024 |            | QuickBooks Payroll Service                              | (52,496)  |
| Total 1016 - US Bank Operating - 5018  |            |            |   | (103,117) |
| <b>1017 - US Bank Operating - 7455</b> |            |            |   |           |
| Bill Pmt -Check                        | 09/03/2024 | 5554       | Regional Access Project Foundation                      | (2,000)   |
| Bill Pmt -Check                        | 09/03/2024 | 5555       | Shred-It  | (165)     |
| Bill Pmt -Check                        | 09/03/2024 | 5556       | So.Cal Computer Shop                                    | (810)     |
| Bill Pmt -Check                        | 09/03/2024 | 5557       | Staples   | (74)      |
| Bill Pmt -Check                        | 09/03/2024 | 5558       | Uken Report   | (400)     |
| Bill Pmt -Check                        | 09/03/2024 | 5559       | Coachella Valley Volunteers in Medicine - Grant Payment | (107,640) |
| Bill Pmt -Check                        | 09/03/2024 | 5560       | Palms to Pines Printing                                 | (225)     |
| Bill Pmt -Check                        | 09/03/2024 | 5561       | Underground Service Alert of Southern Cal               | (10)      |
| Bill Pmt -Check                        | 09/03/2024 | 5562       | Verizon Wireless  | (888)     |
| Bill Pmt -Check                        | 09/03/2024 | 5563       | VanSant Studios LLC                                     | (5,000)   |
| Check                                  | 09/09/2024 | Auto Pay   | Calif. Public Employees'Retirement System               | (16,105)  |
| Bill Pmt -Check                        | 09/12/2024 | 5564       | Braille Institute of America - Grant Payment            | (16,514)  |
| Bill Pmt -Check                        | 09/12/2024 | 5565       | Desert Arc Shredding & Recycling                        | (45)      |
| Bill Pmt -Check                        | 09/12/2024 | 5566       | Deveau Burr Group, LLC                                  | (9,750)   |
| Bill Pmt -Check                        | 09/12/2024 | 5567       | Galilee Center - Grant Payment                          | (10,000)  |
| Bill Pmt -Check                        | 09/12/2024 | 5568       | Hanson Bridgett LLP                                     | (14,514)  |
| Bill Pmt -Check                        | 09/12/2024 | 5569       | LoopUp LLC  | (24)      |
| Bill Pmt -Check                        | 09/12/2024 | 5570       | Magdalena Cleaning Services                             | (200)     |
| Bill Pmt -Check                        | 09/12/2024 | 5571       | Ready Refresh   | (55)      |
| Bill Pmt -Check                        | 09/12/2024 | 5572       | State Compensation Insurance Fund                       | (2,099)   |
| Bill Pmt -Check                        | 09/12/2024 | 5573       | Xerox Financial Services                                | (370)     |
| Bill Pmt -Check                        | 09/12/2024 | 5574       | Carmina Zavala - Health Premium Reimbursement & Stipend | (1,424)   |
| Bill Pmt -Check                        | 09/12/2024 | ACH 091624 | Law Offices of Scott & Jackson                          | (44,190)  |
| Bill Pmt -Check                        | 09/13/2024 | ACH 091624 | Law Offices of Scott & Jackson                          | (38,340)  |
| Bill Pmt -Check                        | 09/18/2024 | 5575       | CoPower Employers' Benefits Alliance                    | (1,360)   |
| Bill Pmt -Check                        | 09/18/2024 | 5576       | DPMG Health - Grant Payment                             | (8,548)   |
| Bill Pmt -Check                        | 09/18/2024 | 5577       | EI Sol Neighborhood Educational Center - Grant Payment  | (12,032)  |
| Bill Pmt -Check                        | 09/18/2024 | 5578       | NPO Centric   | (20,600)  |
| Bill Pmt -Check                        | 09/18/2024 | 5579       | Peace is Loud, Inc.                                     | (5,000)   |
| Bill Pmt -Check                        | 09/18/2024 | 5580       | Principal Life Insurance Co.                            | (2,212)   |
| Bill Pmt -Check                        | 09/18/2024 | 5581       | Purchase Power  | (200)     |

**Desert Healthcare District**  
**Check Register**  
As of September 30, 2024

| Type                                  | Date       | Num         | Name  | Amount           |
|---------------------------------------|------------|-------------|---|------------------|
| Bill Pmt -Check                       | 09/18/2024 | 5582        | Regional Access Project Foundation                      | (546)            |
| Bill Pmt -Check                       | 09/18/2024 | 5583        | Spectrum (Time Warner)                                  | (405)            |
| Bill Pmt -Check                       | 09/18/2024 | 5584        | The Westin Rancho Mirage                                | (66,465)         |
| Bill Pmt -Check                       | 09/18/2024 | 5585        | U.S. Bank   | (2,683)          |
| Bill Pmt -Check                       | 09/18/2024 | 5586        | Uken Report   | (400)            |
| Bill Pmt -Check                       | 09/18/2024 | 5587        | Youth Leadership Institute - Grant Payment              | (332)            |
| Bill Pmt -Check                       | 09/18/2024 | 5588 - VOID | Regional Government Services Authority                  | 0                |
| Bill Pmt -Check                       | 09/18/2024 | 5589        | Hocker Productions                                      | (11,710)         |
| Bill Pmt -Check                       | 09/30/2024 | 5590        | AMS Tax Service, Inc.                                   | (500)            |
| Bill Pmt -Check                       | 09/30/2024 | 5591        | Calif. State University, San Bernardino - Grant Payment | (6,290)          |
| Bill Pmt -Check                       | 09/30/2024 | 5592        | California Chamber of Commerce                          | (699)            |
| Bill Pmt -Check                       | 09/30/2024 | 5593        | Circular Dimensions Inc.                                | (5,450)          |
| Bill Pmt -Check                       | 09/30/2024 | 5594        | DPMG Health - Grant Payment                             | (23,998)         |
| Bill Pmt -Check                       | 09/30/2024 | 5595        | Lift To Rise - Grant Payment                            | (67,500)         |
| Bill Pmt -Check                       | 09/30/2024 | 5596        | Regional Access Project Foundation                      | (2,000)          |
| Bill Pmt -Check                       | 09/30/2024 | 5597        | Regional Government Services Authority                  | (3,351)          |
| Bill Pmt -Check                       | 09/30/2024 | 5598        | State Compensation Insurance Fund                       | (802)            |
| Bill Pmt -Check                       | 09/30/2024 | 5599        | The Write Translator                                    | (2,745)          |
| Bill Pmt -Check                       | 09/30/2024 | 5600        | U.S. Bank   | (12,220)         |
| Bill Pmt -Check                       | 09/30/2024 | 5601        | Donna Den Bleyker - Expense Reimbursement               | (335)            |
| Bill Pmt -Check                       | 09/30/2024 | 5602        | Eric Taylor - Expense Reimbursement                     | (46)             |
| Bill Pmt -Check                       | 09/30/2024 | 5603        | Erica Huskey - Health Premium Reimbursement             | (1,227)          |
| Bill Pmt -Check                       | 09/30/2024 | 5604        | Evett PerezGil - Health Premium Reimbursement & Stipend | (794)            |
| Bill Pmt -Check                       | 09/30/2024 | 5605        | Hocker Productions                                      | (22,585)         |
| Bill Pmt -Check                       | 09/30/2024 | 5606        | Verizon Wireless  | (821)            |
| Bill Pmt -Check                       | 09/30/2024 | 5607        | Chris Christensen - Expense Reimbursement               | (79)             |
| Total 1017 - US Bank Operating - 7455 |            |             |   | (554,777)        |
| <b>TOTAL</b>                          |            |             |   | <b>(657,894)</b> |

| Desert Healthcare District  |               |               |                   |              |   |             |  |
|---|---------------|---------------|-------------------|--------------|---|-------------|--|
| Details for Credit Card Expenditures  |               |               |                   |              |   |             |  |
| Credit Card Purchases - September 2024 - Paid September 2024  |               |               |                   |              |   |             |  |
| Number of Credit Cards Held by District Personnel -3  |               |               |                   |              |   |             |  |
| Credit Card Limit - \$75,000  |               |               |                   |              |   |             |  |
| Credit Card Holders:  |               |               |                   |              |   |             |  |
| Chris Christensen - Chief Executive Officer   |               |               |                   |              |   |             |  |
| Eric Taylor - Chief Administration Officer  |               |               |                   |              |   |             |  |
| Alejandro Espinoza Santacruz - Chief of Community Engagement  |               |               |                   |              |   |             |  |
| Routine types of charges:   |               |               |                   |              |   |             |  |
| Office supplies, dues for membership, computer supplies, meals, travel including airlines and hotels, catering, supplies for BOD meetings, CEO Discretionary for small grant & gift items |               |               |                   |              |   |             |  |
| Statement   |               |               |                   |              |   |             |  |
| Year  | Month Charged | Total Charges | Expense Type      | Amount       | Purpose   | Description |  |
|   |               | \$ 12,219.99  |                   |              |   |             |  |
| Monthly Statement CalCard:  |               |               |                   |              |   |             |  |
| 2024  | August        | \$ 11,650.36  | Chris Christensen |              |   |             |  |
|   |               |               | GL                | Dollar       | Description   |             |  |
|   |               |               | 6351              | \$ 157.98    | American Airlines - flight to ACHD - 72nd Annual Meeting - September 25-27, 2024 - Sacramento, CA - Chris Christensen                 |             |  |
|   |               |               | 5230              | \$ 860.00    | CSDA 2024 Annual Conference - Indian Wells, CA - September 9-12, 2024 - Vice-President Zavala   |             |  |
|   |               |               | 5160              | \$ 860.00    | CSDA 2024 Annual Conference - Indian Wells, CA - September 9-12, 2024 - Chris Christensen   |             |  |
|   |               |               | 6351              | \$ 208.98    | Southwest Airlines - flight from ACHD - 72nd Annual Meeting - September 25-27, 2024 - Sacramento, CA - Chris Christensen              |             |  |
|   |               |               | 6351              | \$ 323.96    | Southwest Airlines - flight for ACHD - 72nd Annual Meeting - September 25-27, 2024 - Sacramento, CA - Secretary Barraza               |             |  |
|   |               |               | 5160              | \$ 1,100.00  | ACHD - 72nd Annual Meeting - September 25-27, 2024 - Sacramento, CA - Andrea Hayles   |             |  |
|   |               |               | 5160              | \$ (100.00)  | Credit for ACHD - 72nd Annual Meeting - September 25-27, 2024 - Sacramento, CA - Andrea Hayles  |             |  |
|   |               |               | 5240              | \$ 183.35    | Panera - food for September 5, 2024 Environmental Health Summit Committee meeting   |             |  |
|   |               |               | 6351              | \$ 378.96    | Southwest Airlines - flight for ACHD - 72nd Annual Meeting - September 25-27, 2024 - Sacramento, CA - Andrea Hayles                   |             |  |
|   |               |               | 6351              | \$ 853.86    | Embassy Suites - hotel for ACHD - 72nd Annual Meeting - September 25-27, 2024 - Sacramento, CA - Chris Christensen                    |             |  |
|   |               |               | 6351              | \$ 853.86    | Embassy Suites - hotel for ACHD - 72nd Annual Meeting - September 25-27, 2024 - Sacramento, CA - Director Rogers                      |             |  |
|   |               |               | 6351              | \$ 853.86    | Embassy Suites - hotel for ACHD - 72nd Annual Meeting - September 25-27, 2024 - Sacramento, CA - Andrea Hayles                        |             |  |
|   |               |               | 6351              | \$ 853.86    | Embassy Suites - hotel for ACHD - 72nd Annual Meeting - September 25-27, 2024 - Sacramento, CA - Secretary Barraza                    |             |  |
|   |               |               | 6351              | \$ 853.86    | Embassy Suites - hotel for ACHD - 72nd Annual Meeting - September 25-27, 2024 - Sacramento, CA - Will Dean                            |             |  |
|   |               |               | 6351              | \$ 853.86    | Embassy Suites - hotel for ACHD - 72nd Annual Meeting - September 25-27, 2024 - Sacramento, CA - Director Zende                       |             |  |
|   |               |               | 6351              | \$ 853.86    | Embassy Suites - hotel for ACHD - 72nd Annual Meeting - September 25-27, 2024 - Sacramento, CA - Vice-President Zavala                |             |  |
|   |               |               | 6351              | \$ 853.86    | Embassy Suites - hotel for ACHD - 72nd Annual Meeting - September 25-27, 2024 - Sacramento, CA - Alejandro Espinoza Santacruz         |             |  |
|   |               |               | 5230              | \$ 285.00    | CSDA 2024 Annual Conference - Indian Wells, CA - September 9-12, 2024 - Vice-President Zavala   |             |  |
|   |               |               | 6351              | \$ 12.00     | Parking for CSDA 2024 Annual Conference - Indian Wells, CA - September 9-12, 2024 - Chris Christensen                                 |             |  |
|   |               |               | 5240              | \$ 115.31    | Blaze Pizza - food for September 11, 2024 Environmental Health Summit meeting   |             |  |
|   |               |               | 6351              | \$ 12.00     | Parking for CSDA 2024 Annual Conference - Indian Wells, CA - September 9-12, 2024 - Chris Christensen                                 |             |  |
|   |               |               | 6355              | \$ 254.94    | Zoom webinar/audio conference expense   |             |  |
|   |               |               | 5230              | \$ 60.00     | Palm Springs Chamber of Commerce Business Expo - September 18, 2024 - Palm Springs, CA - Vice-President Zavala +1                     |             |  |
|   |               |               | 6351              | \$ 72.00     | Ontario Airport - parking for ACHD - 72nd Annual Meeting - September 25-27, 2024 - Sacramento, CA - Andrea Hayles                     |             |  |
|   |               |               | 6351              | \$ 35.00     | American Airlines - checked bag for flight to ACHD - 72nd Annual Meeting - September 25-27, 2024 - Sacramento, CA - Chris Christensen |             |  |
|   |               |               |                   | \$ 11,650.36 |   |             |  |

| Desert Healthcare District  |               |               |                                     |                  |   |             |  |
|---|---------------|---------------|-------------------------------------|------------------|---|-------------|--|
| Details for Credit Card Expenditures  |               |               |                                     |                  |   |             |  |
| Credit Card Purchases - September 2024 - Paid September 2024  |               |               |                                     |                  |   |             |  |
| Number of Credit Cards Held by District Personnel -3  |               |               |                                     |                  |   |             |  |
| Credit Card Limit - \$75,000  |               |               |                                     |                  |   |             |  |
| Credit Card Holders:  |               |               |                                     |                  |   |             |  |
| Chris Christensen - Chief Executive Officer   |               |               |                                     |                  |   |             |  |
| Eric Taylor - Chief Administration Officer  |               |               |                                     |                  |   |             |  |
| Alejandro Espinoza Santacruz - Chief of Community Engagement  |               |               |                                     |                  |   |             |  |
| Routine types of charges:   |               |               |                                     |                  |   |             |  |
| Office supplies, dues for membership, computer supplies, meals, travel including airlines and hotels, catering, supplies for BOD meetings, CEO Discretionary for small grant & gift items |               |               |                                     |                  |   |             |  |
| Statement   |               |               |                                     |                  |   |             |  |
| Year  | Month Charged | Total Charges | Expense Type                        | Amount           | Purpose   | Description |  |
|   |               |               | <b>Eric Taylor</b>                  |                  |   |             |  |
|   |               |               | GL                                  | Dollar           | Description   |             |  |
|   |               |               | 6309                                | \$ 266.46        | Indeed - promotion for Accounting Manager position  |             |  |
|   |               |               | 6530                                | \$ 16.99         | Desert Sun subscription - marketing   |             |  |
|   |               |               |                                     | <b>\$ 283.45</b> |   |             |  |
|   |               |               | <b>Alejandro Espinoza Santacruz</b> |                  |   |             |  |
|   |               |               | GL                                  | Dollar           | Description   |             |  |
|   |               |               | 5160                                | \$ 105.00        | Vision Y Compromiso - 22nd Annual Conference - Los Angeles, CA - October 3-5, 2024 - Sergio Rodriguez         |             |  |
|   |               |               | 6360                                | \$ 137.98        | Amazon - cleaning supplies & facemasks for Healthy Desert, Healthy You event                                  |             |  |
|   |               |               | 6351                                | \$ 43.20         | Ontario Airport - parking for ACHD 72nd Annual Meeting - September 25-27, 2024 - Alejandro Espinoza Santacruz |             |  |
|   |               |               |                                     | <b>\$ 286.18</b> |   |             |  |

**Las Palmas Medical Plaza  
Check Register - LPMP  
As of September 30, 2024**

| Type  | Date       | Num   | Name                               | Amount          |
|---|------------|-------|------------------------------------|-----------------|
| <b>1000 - CHECKING CASH ACCOUNTS</b>          |            |       |                                    |                 |
| <b>1044 - Las Palmas Medical Plaza - 1241</b> |            |       |                                    |                 |
| Bill Pmt -Check                               | 09/03/2024 | 10957 | Green Security Solutions           | (11,955)        |
| Bill Pmt -Check                               | 09/03/2024 | 10958 | INPRO Construction Inc.            | (11,830)        |
| Bill Pmt -Check                               | 09/12/2024 | 10959 | Desert Water Agency                | (1,287)         |
| Bill Pmt -Check                               | 09/12/2024 | 10960 | Frazier Pest Control, Inc.         | (275)           |
| Bill Pmt -Check                               | 09/12/2024 | 10961 | Palm Springs Disposal Services Inc | (2,452)         |
| Bill Pmt -Check                               | 09/30/2024 | 10962 | Desert Water Agency                | (1,746)         |
| Bill Pmt -Check                               | 09/30/2024 | 10963 | Frontier Communications            | (315)           |
| Bill Pmt -Check                               | 09/30/2024 | 10964 | Green Security Solutions           | (11,955)        |
| Bill Pmt -Check                               | 09/30/2024 | 10965 | INPRO Construction Inc.            | (11,830)        |
| Bill Pmt -Check                               | 09/30/2024 | 10966 | Southern California Edison         | (940)           |
| Bill Pmt -Check                               | 09/30/2024 | 10967 | Stericycle, Inc.                   | (1,326)         |
| Check   | 09/30/2024 |       | Bank Service Charge                | (514)           |
| <b>TOTAL</b>                                  |            |       |                                    | <b>(56,425)</b> |

**Desert Healthcare District**  
**CEO Discretionary Fund Detail**  
 July through September 2024

| Date                                 | Name                                      | Memo   | Amount        |
|--------------------------------------|---|--|---------------|
| <b>6325 - CEO Discretionary Fund</b> |   |  |               |
| 07/30/2024                           | Codex Creation Committee (RWLM)           | 2024 Run With Los Muertos Community Sponsorship  | 1,000         |
| 07/30/2024                           | Transgender Health and Wellness Center    | Silver Flame Sponsorship for Transgender Day of Remembrance - November 20, 2024  | 1,000         |
| 08/06/2024                           | Riverside County Physician's Memorial Fdn | Silver Sponsorship for 14th Annual Caring for Our Future Medical Scholarship Fundraiser - October 30, 2024 - Approved by Board President | 3,000         |
| 08/12/2024                           | The LGBTQ Community Center                | Patron Sponsor for 2024 Center Stage Event - October 19, 2024 - Board President approved   | 5,000         |
| 08/13/2024                           | UC Riverside Foundation                   | UCR SOM 2024 Celebration of Medical Education Gala - Friend Sponsor  | 2,500         |
| 08/13/2024                           | Lift To Rise                              | \$2,500 sponsorship for Lift To Rise's 2nd annual Community Investment Awards  | 2,500         |
| 08/15/2024                           | Coachella Valley Economic Partnership     | Silver Sponsorship for CVEP 2024 Greater Palm Springs Summit - November 19, 2024 - Board President approved                              | 5,000         |
| 08/22/2024                           | Inland Coalition on Aging                 | Silver Sponsorship for Inland Coalition on Aging Conference - September 27, 2024   | 500           |
| 08/28/2024                           | Boo2Bullying                              | Silver Sponsorship for 2nd Annual Kick Bullying To The Curb event - September 28, 2024   | 1,000         |
| <b>TOTAL</b>                         |   |  | <b>21,500</b> |



**MEMORANDUM**

DATE: October 9, 2024  
 TO: F&A Committee  
 RE: Retirement Protection Plan (RPP)

Current number of participants in Plan:

|   | <u>August</u> | <u>September</u> |
|---|---------------|------------------|
| Active – still employed by hospital     | 61            | 59               |
| Vested – no longer employed by hospital | 46            | 47               |
| Former employees receiving annuity      | <u>6</u>      | <u>6</u>         |
| Total                                   | <u>113</u>    | <u>112</u>       |

The outstanding liability for the RPP is approximately **\$2.6M** (Actives - \$1.4M and Vested - \$1.2M). US Bank investment account balance \$4.4M. Per the June 30, 2024, Actuarial Valuation, the RPP has an Overfunded Pension Asset of approximately **\$1.7M**.

The payouts, excluding monthly annuity payments, made from the Plan for the three months ended September 30, 2024, totaled **\$53K**. Monthly annuity payments (6 participants) total **\$903** per month.

| DESERT HEALTHCARE DISTRICT                                       |  |                             |                     |                      |                                |                                 |                     |
|--|--|-----------------------------|---------------------|----------------------|--------------------------------|---------------------------------|---------------------|
| OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE                    |  |                             |                     |                      |                                |                                 |                     |
| September 30, 2024   |  |                             |                     |                      |                                |                                 |                     |
| TWELVE MONTHS ENDING JUNE 30, 2025                               |  |                             |                     |                      |                                |                                 |                     |
| Grant ID Nos.  | Name   | Approved Grants - Prior Yrs | 6/30/2024 Bal Fwd   | Current Yr 2024-2025 | Total Paid Prior Yrs July-June | Total Paid Current Yr July-June | Open BALANCE        |
| 2014-MOU-BOD-11/21/13  | Memo of Understanding CVAG CV Link Support   | \$ 10,000,000               | \$ 1,650,000        |                      | \$ -                           |                                 | \$ 1,650,000        |
| 2022-1325-BOD-06-28-22   | Vision Y Compromiso - CVEC Unrestricted Grant Funds - 2 Yrs.   | \$ 150,000                  | \$ 15,000           |                      | \$ (3,063)                     |                                 | \$ 18,063           |
|  | Unexpended funds Grant #1325   |                             |                     |                      |                                |                                 | \$ (18,063)         |
| 2022-1327-BOD-06-28-22   | Youth Leadership Institute - Youth Voice in Mental Health - 2 Yrs.   | \$ 50,000                   | \$ 5,000            |                      | \$ 332                         |                                 | \$ 4,668            |
|  | Unexpended funds Grant #1327   |                             |                     |                      |                                |                                 | \$ (4,668)          |
| 2022-1328-BOD-06-28-22   | El Sol - Expanding Access to Educational Resources for Promotoras - 2 Yrs.   | \$ 150,000                  | \$ 15,000           |                      | \$ 12,032                      |                                 | \$ 2,968            |
|  | Unexpended funds Grant #1328   |                             |                     |                      |                                |                                 | \$ (2,968)          |
| 2022-1331-BOD-06-28-22   | Pueblo Unido - Improving Access to Behavioral Health Education & Prevention Services - 2 Yrs.                            | \$ 50,000                   | \$ 5,000            |                      | \$ 5,000                       |                                 | \$ -                |
| 2022-1324-BOD-07-26-22   | Galilee Center - Our Lady of Guadalupe Shelter - 2 Yrs.  | \$ 100,000                  | \$ 10,000           |                      | \$ 10,000                      |                                 | \$ -                |
| 2022-1332-BOD-07-26-22   | Alianza CV - Expanding & Advancing Outreach Through Increasing Capacity Development - 2 Yrs.                             | \$ 100,000                  | \$ 10,000           |                      | \$ -                           |                                 | \$ 10,000           |
| 2022-1329-BOD-09-27-22   | DPMG - Mobile Medical Unit - 3 Yrs.  | \$ 500,000                  | \$ 252,458          |                      | \$ 39,304                      |                                 | \$ 213,154          |
| 2022-1358-BOD-10-25-22   | Foundation for Palm Springs Unified School District - School-Based Wellness Center Project - 1 Yr.                       | \$ 110,000                  | \$ 60,500           |                      | \$ -                           |                                 | \$ 60,500           |
| 2022-1362-BOD-10-25-22   | Jewish Family Service of the Desert - Mental Health Counseling Services for Underserved - 2 Yrs.                         | \$ 160,000                  | \$ 16,000           |                      | \$ -                           |                                 | \$ 16,000           |
| 2022-1326-BOD-12-20-22   | TODEC - TODEC's Equity Program - 2 Yrs.  | \$ 100,000                  | \$ 55,000           |                      | \$ -                           |                                 | \$ 55,000           |
| 2022-1330-BOD-12-20-22   | OneFuture Coachella Valley - Building a Healthcare Workforce Pipeline - 2 Yrs.   | \$ 605,000                  | \$ 196,625          |                      | \$ 68,063                      |                                 | \$ 128,563          |
| 2023-1333-BOD-01-24-23   | Organizacion en California de Lideres Campesinas - Healthcare Equity for ECV Farmworker Women - 2 Yrs.                   | \$ 150,000                  | \$ 48,750           |                      | \$ -                           |                                 | \$ 48,750           |
| 2023-1363-BOD-01-24-23   | Pegasus Riding Academy - Pegasus Equine Assisted Therapy - 1 Yr.   | \$ 60,092                   | \$ 6,012            |                      | \$ 1,593                       |                                 | \$ 4,419            |
|  | Unexpended funds Grant #1363   |                             |                     |                      |                                |                                 | \$ (4,419)          |
| 2023-1391-BOD-05-23-23   | Lift To Rise - Driving Regional Economic Stability Through Collective Impact - 3 Yrs.                                    | \$ 900,000                  | \$ 630,000          |                      | \$ 135,000                     |                                 | \$ 495,000          |
| 2023-1392-BOD-05-23-23   | Galilee Center - Galilee Center Extended Shelter - 1 Yr.   | \$ 268,342                  | \$ 26,834           |                      | \$ 26,834                      |                                 | \$ -                |
| 2023-1393-BOD-06-27-23   | DAP Health - DAP Health Expands Access to Healthcare - 1 Yr.   | \$ 1,025,778                | \$ 102,578          |                      | \$ 102,578                     |                                 | \$ -                |
| 2023-1389-BOD-07-25-23   | Step Up on Second Street - Step Up's ECM/ILOS Programs in the Coachella Valley - 1 Yr.                                   | \$ 64,401                   | \$ 35,421           |                      | \$ 28,980                      |                                 | \$ 6,441            |
| 2023-1394-BOD-07-25-23   | CSU San Bernardino Palm Desert Campus Nursing Street Medicine Program - 1 Yr.  | \$ 73,422                   | \$ 7,342            |                      | \$ 6,290                       |                                 | \$ 1,052            |
|  | Unexpended funds Grant #1394   |                             |                     |                      |                                |                                 | \$ (1,052)          |
| 2023-1400-BOD-09-26-23   | Desert Arc - Desert Arc Health Care Program - 1 Yr.  | \$ 291,271                  | \$ 94,663           |                      | \$ 65,536                      |                                 | \$ 29,127           |
| 2023-1404-BOD-09-26-23   | Martha's Village and Kitchen - Homeless Housing & Wrap-Around Services Expansion - 2 Yrs.                                | \$ 369,730                  | \$ 203,352          |                      | \$ -                           |                                 | \$ 203,352          |
| 2023-1405-BOD-09-26-23   | Variety Children's Charities of the Desert - Expansion of Core Programs & Services - 1Yr.                                | \$ 120,852                  | \$ 12,086           |                      | \$ -                           |                                 | \$ 12,086           |
| 2023-1408-BOD-10-24-23   | Coachella Valley Volunteers In Medicine - Ensuring Access to Healthcare - 1 Yr.  | \$ 478,400                  | \$ 155,480          |                      | \$ 107,640                     |                                 | \$ 47,840           |
| 2023-1410-BOD-10-24-23   | Alianza Nacional de Campesinas, Inc. - Coachella Valley Farmworkers Food Distribution - 1 Yr.                            | \$ 57,499                   | \$ 5,749            |                      | \$ -                           |                                 | \$ 5,749            |
| 2023-1413-BOD-10-24-23   | Voices for Children - Court Appointed Special Advocate Program - 1 Yr.   | \$ 81,055                   | \$ 8,107            |                      | \$ -                           |                                 | \$ 8,107            |
| 2023-1412-BOD-10-24-23   | DPMG - DPMG Health Community Medicine - 2 Yrs.   | \$ 1,057,396                | \$ 876,622          |                      | \$ 58,436                      |                                 | \$ 818,186          |
| 2023-1403-BOD-12-19-23   | Vision To Learn - Palm Desert & Coachella Valley VTL Program - 1 Yr.   | \$ 50,000                   | \$ 27,500           |                      | \$ -                           |                                 | \$ 27,500           |
| 2023-1419-BOD-12-19-23   | Blood Bank of San Bernardino/Riverside Counties - LifeStream's Attracting New Donors Initiative - 1 Yr.                  | \$ 104,650                  | \$ 57,558           |                      | \$ -                           |                                 | \$ 57,558           |
| 2023-1420-BOD-12-19-23   | Braille Institute of America - Low Vision Telehealth Services - 1Yr.   | \$ 36,697                   | \$ 20,183           |                      | \$ 16,514                      |                                 | \$ 3,669            |
| 2023-1421-BOD-12-19-23   | Olive Crest - General Support for Counseling & Mental Health Services to Vulnerable Children & Families - 2 Yrs.         | \$ 359,594                  | \$ 278,686          |                      | \$ 80,908                      |                                 | \$ 197,778          |
| 2024-1429-BOD-02-27-24   | Desert Cancer Foundation - Patience Assistance Program & Community Outreach - 1 Yr.                                      | \$ 163,750                  | \$ 90,063           |                      | \$ -                           |                                 | \$ 90,063           |
| 2024-1432-BOD-04-23-24   | Variety Children's Charities of the Desert - Outreach & Future Program Expansion - 2Yrs.                                 | \$ 102,949                  | \$ 79,786           |                      | \$ -                           |                                 | \$ 79,786           |
| 2024-1437-BOD-04-23-24   | Youth Leadership Institute - Community Advocates for Resilient Emotional Safety - 2 Yrs.                                 | \$ 100,000                  | \$ 77,500           |                      | \$ -                           |                                 | \$ 77,500           |
| 2024-1441-BOD-04-23-24   | DAP Health - DAP Health Community Health Workers Build Community Connections - 2 Yrs.                                    | \$ 125,000                  | \$ 96,875           |                      | \$ -                           |                                 | \$ 96,875           |
| 2024-1443-BOD-04-23-24   | Voices for Children - Court Appointed Special Advocate Program - 2 Yrs.  | \$ 60,000                   | \$ 46,500           |                      | \$ -                           |                                 | \$ 46,500           |
| 2024-1445-BOD-04-23-24   | The Joslyn Center - Increasing Behavioral Health Access & Social Connectedness - 2 Yrs.                                  | \$ 200,000                  | \$ 155,000          |                      | \$ -                           |                                 | \$ 155,000          |
| 2024-1452-BOD-04-23-24   | El Sol - Coachella Valley Community Assistance, Resources, & Empowerment Services - 2 Yrs.                               | \$ 200,000                  | \$ 155,000          |                      | \$ -                           |                                 | \$ 155,000          |
| 2024-1453-BOD-04-23-24   | Vision y Compromiso - Cultivando Community Connections - 2 Yrs.  | \$ 199,914                  | \$ 154,934          |                      | \$ -                           |                                 | \$ 154,934          |
| 2024-1455-BOD-04-23-24   | Angel View - Outreach Program to Reduce Social Isolation & Loneliness - 2 Yrs.   | \$ 86,250                   | \$ 66,844           |                      | \$ -                           |                                 | \$ 66,844           |
| 2024-1460-BOD-05-28-24   | ABC Recovery Center - Nursing Care and Prescription Medications - 1 Yr.  | \$ 150,134                  | \$ 82,574           |                      | \$ -                           |                                 | \$ 82,574           |
| 2024-BOD-06-25-24  | Carry over of remaining Fiscal Year 2023/2024 Funds*   | \$ 305,939                  | \$ 305,939          |                      | \$ -                           |                                 | \$ 305,939          |
| 2024-1469-MINI-08-01-24  | The Bridges 2 Hope - Mini-Grant - 1 Yr.  |                             |                     | \$ 10,000            |                                | \$ 10,000                       | \$ -                |
| 2024-1473-MINI-08-14-24  | Theresa A. Mike Scholarship Foundation - Mini-Grant - 1 Yr.  |                             |                     | \$ 10,000            |                                | \$ 10,000                       | \$ -                |
| 2024-1465-BOD-09-30-24   | UCR - Increasing Access to Primary Care for Latinx and Indigenous Latin American Patients in the CV - 2 Yrs.             |                             |                     | \$ 228,863           |                                | \$ -                            | \$ 228,863          |
| 2024-1472-BOD-09-30-24   | Riverside County Office of Education Alternative Education - Cross County Support: Mental Health for CV Students - 1 Yr. |                             |                     | \$ 199,874           |                                | \$ -                            | \$ 199,874          |
|  |  |                             |                     |                      |                                | \$ -                            | \$ -                |
| <b>TOTAL GRANTS</b>  |  | <b>\$ 19,318,115</b>        | <b>\$ 6,198,521</b> | <b>\$ 448,737</b>    | <b>\$ 761,975</b>              | <b>\$ 20,000</b>                | <b>\$ 5,834,112</b> |
| <b>Amts available/remaining for Grant/Programs - FY 2024-25:</b> |  |                             |                     |                      |                                |                                 |                     |
| Amount budgeted 2024-2025  |  |                             | \$ 5,000,000        |                      |                                | G/L Balance:                    | 9/30/2024           |
| Amount granted YTD:  |  |                             | \$ (448,737)        |                      |                                |                                 | \$ 4,651,311        |
| Financial Audits of Non-Profits; Organizational Assessments;     |  |                             | \$ -                |                      |                                |                                 | \$ 1,138,781        |
| Net adj - Grants not used:                                       | FY 2023-2024 Carry Over Funds; 1325; 1327; 1328; 1363; 1394  |                             | \$ 337,109          |                      |                                |                                 | \$ -                |
| Matching external grant contributions                            |  |                             | \$ -                |                      |                                | Total                           | \$ 5,834,112        |
| <b>Balance available for Grants/Programs</b>                     |  |                             | <b>\$ 4,888,372</b> |                      |                                |                                 | <b>\$ (0)</b>       |





**DESERT HEALTHCARE**  
DISTRICT & FOUNDATION

Date: October 9, 2024  
To: Finance & Administration Committee  
Subject: Moss Levy & Hartzheim – FY2024 Audit Reports – District & RPP

---

**Staff Recommendation:** Consideration to approve the FY2024 Audit reports for the Desert Healthcare District and the Retirement Protection Plan (RPP).

**Background:**

- Moss Levy & Hartzheim LLP performed the audits of the District, Retirement Protection Plan, & Foundation.
- During the fiscal year, the Foundation continued to receive federal funding via Riverside County and other sources.
- The A-133 single audit is not required due to expenditures not exceeding the \$750,000 threshold.
- All audit reports will be presented during the District committee meeting. However, the Foundation report will be approved during the Foundation’s committee meeting.
- Craig Hartzheim, CPA, will present the following reports for your review and consideration for approval:
  1. Management Report and Auditor’s Communication Letter
  2. District Audit Report
  3. Retirement Protection Plan (RPP) Audit Report
  4. Desert Healthcare Foundation Audit Report (Information only). To be approved during the Foundation’s F&A Committee meeting)
- The District, Retirement Protection Plan, and Foundation audits received unmodified opinions with no findings.
- Staff recommends approval of the FY2024 Audit Reports for the District and Retirement Protection Plan.

**Fiscal Impact:**

None

**DESERT HEALTHCARE DISTRICT,  
DESERT HEALTHCARE FOUNDATION, AND  
DESERT HOSPITAL RETIREMENT PLAN**

**MANAGEMENT REPORT  
AND  
AUDITOR'S COMMUNICATION LETTER**

**JUNE 30, 2024**

**DESERT HEALTHCARE DISTRICT,  
DESERT HEALTHCARE FOUNDATION, AND  
DESERT HOSPITAL RETIREMENT PLAN**

**JUNE 30, 2024**

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**MOSS, LEVY & HARTZHEIM LLP**

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To the Honorable Board of Directors, of the Desert Healthcare District,  
Desert Healthcare Foundation, and Desert Hospital Retirement Plan (the entities)  
Palm Springs, California

In planning and performing our audit of the financial statements of the Desert Healthcare District, Desert Healthcare Foundation, and Desert Hospital Retirement Plan (the entities), as of and for the fiscal year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the entities' 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entities' internal control. Accordingly, we do not express an opinion on the effectiveness of the entities' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

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 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.

During our audit, we noted no matters involving internal controls and their operations that are required to be reported under Government Auditing Standards, except for a potential of inadequate segregation of duties due to the small staff of the entities. This appears to be mitigated by the strong oversight of the Board of Directors in the operations of the entities.

We have included in this letter a summary of communications with the members of the Board of Directors as required by professional auditing standards. We would like to thank the entities' management and staff for the courtesy and cooperation extended to us during the course of our engagement.

The accompanying communications and recommendations are intended solely for the information and use of management, the members of the Board of Directors, and others within the entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
September 25, 2024



# MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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To the Honorable Board of Directors, of the Desert Healthcare District,  
Desert Healthcare Foundation, and Desert Hospital Retirement Plan (the entities)  
Palm Springs, California

We have audited the financial statements of the Desert Healthcare District, Desert Healthcare Foundation, and Desert Hospital Retirement Plan (the entities) for the fiscal year ended June 30, 2024, and have issued our reports thereon dated September 17, 2024 and September 25, 2024. Professional standards require that we provide you with the 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 dated May 15, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

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 estimates affecting the financial statements were:

The estimated historical cost and useful lives of certain capital assets, the net fair market value of the charitable remainder trusts, the funding progress of the District's RPP plan and OPEB plan, and the estimate of an allowance for uncollectable receivables. Management's estimates of the estimated historical cost and useful lives of certain capital assets are based on historical data and industry guidelines, while the funding progress of the RPP plan and OPEB plan, and are based on consultants' estimates. The amount of estimated allowance for uncollectable receivables is based on historical data. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The estimates for the Defined Benefit Pension Plan are in the notes to the financial statements.  
The estimates for the OPEB Plan are in the footnotes to the financial statements.

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

*Difficulties Encountered in Performing the Audit*

We encountered no 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 trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as 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 September 25, 2024.

### *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 principle to the entities' 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 entities' 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

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### Restriction on Use

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

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
September 25, 2024



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# MOSS, LEVY & HARTZHEIM LLP

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CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

CRAIG A HARTZHEIM, CPA  
HADLEY Y HUI, CPA  
ALEXANDER C HOM, CPA  
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To the Honorable Board of Directors, of the Desert Healthcare District,  
Desert Healthcare Foundation, and Desert Hospital Retirement Plan (the entities)  
Palm Springs, 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 Desert Healthcare District, Desert Healthcare Foundation, and Desert Hospital Retirement Plan (the entities), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the entities' basic financial statements, and have issued our reports thereon dated September 17, 2024 and September 25, 2024.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the entities' 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entities' internal control. Accordingly, we do not express an opinion on the effectiveness of the entities' 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 entities' 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 entities internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entities' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moss, Levy & Hartzheim*

MOSS, LEVY & HARTZHEIM, LLP  
Culver City, California  
September 25, 2024



## **CURRENT YEAR RECOMMENDATIONS**

### **Other Matters**

None

**STATUS OF PRIOR YEAR RECOMMENDATION**

None

**DESERT HEALTHCARE DISTRICT**  
**PALM SPRINGS, CALIFORNIA**  
**INDEPENDENT AUDITOR'S REPORT AND**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

DESERT HEALTHCARE DISTRICT

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MOSS, LEVY & HARTZHEIM LLP

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**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Board of Directors  
of the Desert Healthcare District  
Palm Springs, California

**Report on Financial Statements**

***Opinions***

We have audited the financial statements of the business type activities and the fiduciary fund financial statements of the Desert Healthcare District (District) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the business type activities and the fiduciary fund financial statements of the District as of June 30, 2024, and the respective changes in financial position and cash flows where applicable for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment 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 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 judgment, 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, Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios and the Schedule of Changes in Net OPEB Liability and Related Ratios 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, 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide 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 September 17, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

***Report on Comparative Information***

We audited the District's financial statements as of and for the fiscal year ended June 30, 2023 and expressed an unmodified opinion on those audited financial statements in our report dated October 6, 2023. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
September 17, 2024

## **DESERT HEALTHCARE DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

#### **JUNE 2024 AND 2023**

The Desert Healthcare District ("District") has issued its financial statements for the fiscal years ended June 30, 2024, and June 30, 2023, in conformity with the format prescribed by the provisions of Government Accounting Standards Board Statement 34 (GASB 34). This report, Management's Discussion and Analysis, is an overview of the financial activities for the fiscal years and is an integral part of the accompanying basic financial statements.

#### **ACCOUNTING METHOD**

The District's revenues and expenses are recognized on a full accrual basis; revenues and expenses are recognized in the period incurred. All assets and liabilities associated with the activity of the District are included on the Statement of Net Position.

#### **THE BASIC FINANCIAL STATEMENTS**

The basic financial statements reflect the activities of two funds. The financial statements include the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position (income statement) and Statement of Cash Flows, and the Fiduciary Fund, which is the Desert Healthcare Foundation's Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. Together with this report, these financial statements provide information about the significant events, assumptions and decisions which resulted in the financial performance reflected in those statements.

The Statement of Net Position provides information regarding the financial position of the District, including its capital assets and debts.

The Statement of Revenues, Expenses, and Changes in Net Position (income statement) provides information regarding the revenues received by the District, and the expenses incurred in carrying out the District's programs.

The Statement of Cash Flows provides information regarding the sources and uses of the cash which flowed into and out of the District as a result of its operations and financing decisions.

#### **FINANCIAL ACTIVITIES & FISCAL YEAR 2024 HIGHLIGHTS**

Desert Healthcare District is a government entity operating under the Local Health Care District Law. The District was created by the state of California in 1948 for the purpose of providing hospital services to the residents of the District. The District was responsible for building Desert Hospital, now known as Desert Regional Medical Center. In 1997, the Board of Directors voted to lease the hospital to Tenet Health System Desert, Inc. for 30 years. Since 1997, the District has provided funding and access to programs and services to residents of the healthcare district. By a vote of the public in November 2018, the District boundaries expanded to include the entire Coachella Valley, more than doubling its population and service area. The Board of Directors was then increased from 5 to 7 members.



**DESERT HEALTHCARE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 2024 AND 2023**

**THE STATEMENT OF NET POSITION**

A condensed version of the Statements of Net Position is presented in Table A below and the changes which occurred between Fiscal Year 2024 and 2023.

|   | <b>Table A</b>       |                      |                       |
|---|----------------------|----------------------|-----------------------|
|   | 6/30/2024            | 6/30/2023            | Change                |
| <b>ASSETS</b>                                 |                      |                      |                       |
| Cash and cash equivalents                     | \$ 4,811,481         | \$ 4,351,293         | \$ 460,188            |
| Investments                                   | 66,435,095           | 63,214,530           | 3,220,565             |
| Lease receivables                             | 3,439,433            | 3,048,911            | 390,522               |
| Capital assets, net                           | 10,575,721           | 11,108,118           | (532,397)             |
| Net pension asset                             | 1,728,337            | 1,457,140            | 271,197               |
| All other assets                              | 392,485              | 558,178              | (165,693)             |
| <b>Total Assets</b>                           | <b>\$ 87,382,552</b> | <b>\$ 83,738,170</b> | <b>\$ 3,644,382</b>   |
| <b>DEFERRED OUTFLOWS</b>                      |                      |                      |                       |
| Pension plans                                 | \$ 362,042           | \$ 587,440           | \$ (225,398)          |
| <b>Total Deferred Outflows of Resources</b>   | <b>362,042</b>       | <b>587,440</b>       | <b>(225,398)</b>      |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>     | <b>\$ 87,744,594</b> | <b>\$ 84,325,610</b> | <b>\$ 3,418,984</b>   |
| <b>LIABILITIES</b>                            |                      |                      |                       |
| Grants payable                                | \$ 6,198,520         | \$ 8,944,394         | \$ (2,745,874)        |
| All other liabilities                         | 559,056              | 813,430              | (254,374)             |
| <b>Total Liabilities</b>                      | <b>\$ 6,757,576</b>  | <b>\$ 9,757,824</b>  | <b>\$ (3,000,248)</b> |
| <b>DEFERRED INFLOWS</b>                       |                      |                      |                       |
| Pension plans                                 | \$ 397,911           | \$ 564,584           | \$ (166,673)          |
| Leases  | 3,268,842            | 2,982,703            | 286,139               |
| <b>Total Deferred Inflows of Resources</b>    | <b>\$ 3,666,753</b>  | <b>\$ 3,547,287</b>  | <b>\$ 119,466</b>     |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b> | <b>\$ 10,424,329</b> | <b>\$ 13,305,111</b> | <b>\$ (2,880,782)</b> |
| <b>NET POSITION</b>                           |                      |                      |                       |
| Net investment in capital assets              | \$ 10,571,988        | \$ 11,105,377        | \$ (533,389)          |
| Restricted for pension                        | 1,728,337            | 1,479,996            | 248,341               |
| Unrestricted                                  | 65,019,940           | 58,435,126           | 6,584,814             |
| <b>Total Net Position</b>                     | <b>\$ 77,320,265</b> | <b>\$ 71,020,499</b> | <b>\$ 6,299,766</b>   |

The \$6,299,766 increase in total net position is due to the net income of \$6,288,267 for the current fiscal year ended June 30, 2024, and a prior year adjustment of \$11,499\*. This compares to net income of \$3,238,989 for the fiscal year ended June 30, 2023. The increase is primarily due to a net combination of a \$1,441,207 increase in property tax revenue and \$2,624,152 increase in investment revenue. The \$460,188 increase in cash and cash equivalents, and \$3,220,565 increase in investments are due primarily to an increase in property tax receipts, increase in investment income and gains, and increase in annual disbursements. The \$390,522 increase in lease receivables and \$286,139 increase in deferred inflows from leases are due to changes in how leases are recognized in compliance with GASB Stmt No.87. The \$271,197 increase in net pension assets, \$225,398 decrease in deferred outflows, and \$166,673 decrease in deferred inflows are due to the current GASB Stmt No.68 valuation report for the Retirement Protection Plan. The \$165,693 decrease in all other assets is due primarily to a decrease in prepaid items, decrease in net accounts receivable, and decrease in the right of use assets. The \$2,745,874 decrease in grants payable is due primarily to more grant disbursements than new accrued grants. The \$254,374 decrease in all other liabilities is due primarily to decreases in accrued accounts payable and the right of use assets.

\* This prior year adjustment was applied to retained earnings to comply with how leases are accounted for under GASB Stmt No.87.

**DESERT HEALTHCARE DISTRICT**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**JUNE 2024 AND 2023**

**THE STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**

The District’s business is comprised of two major segments:

- Revenues – The District receives from the County of Riverside an apportionment of the property taxes paid by the residents of the District. Additional revenues include the investment income the District receives from the Facility Replacement Fund (Reserve), which was established to provide working capital in the event that the lease with Tenet Health System Desert, Inc. is terminated prematurely or for future seismic retrofit needs, and rental income from the Las Palmas Medical Plaza which is owned and managed by the District.
- Grant Program – The District administers grant and preventative health initiative programs that donate a significant portion of the District’s annual property tax revenues to health-related programs serving residents of Desert Hot Springs, Thousand Palms, Palm Springs, Cathedral City, Rancho Mirage, Palm Desert, Indian Wells, La Quinta, Indio, Coachella, Thermal, Mecca, North Shore, and the unincorporated areas of the County that are within the District’s boundaries.

Table B, below, is a condensed version of the Statements of Revenues, Expenses, and Changes in Net Position; it summarizes the District’s revenue and expenses, and compares Fiscal Year 2024 results to Fiscal Year 2023.

|                                       | <b><u>Table B</u></b>       |                            |                            |
|---------------------------------------|-----------------------------|----------------------------|----------------------------|
|                                       | <u>6/30/24</u>              | <u>6/30/23</u>             | <u>Change</u>              |
| <b>Revenue:</b>                       |                             |                            |                            |
| Property tax revenue                  | \$ 11,066,177               | \$ 9,624,970               | \$ 1,441,207               |
| All other income                      | 154,100                     | 10,184                     | 143,916                    |
| <b>Total Revenue</b>                  | <b><u>\$ 11,220,277</u></b> | <b><u>\$ 9,635,154</u></b> | <b><u>\$ 1,585,123</u></b> |
| <b>Expenses:</b>                      |                             |                            |                            |
| Grants program                        | \$ 5,000,000                | \$ 4,000,000               | \$ 1,000,000               |
| Administrative expense                | 3,872,162                   | 3,732,100                  | 140,062                    |
| <b>Total Expense</b>                  | <b><u>\$ 8,872,162</u></b>  | <b><u>\$ 7,732,100</u></b> | <b><u>\$ 1,140,062</u></b> |
| <b>Nonoperating Income(Expenses):</b> |                             |                            |                            |
| Rental income, net of expenses        | \$ 827,535                  | \$ 870,051                 | \$ (42,516)                |
| All other nonoperating income         | 3,112,617                   | 465,884                    | 2,646,733                  |
| <b>Total Nonoperating</b>             | <b><u>\$ 3,940,152</u></b>  | <b><u>\$ 1,335,935</u></b> | <b><u>2,604,217</u></b>    |
| <b>Net Income</b>                     | <b><u>\$ 6,288,267</u></b>  | <b><u>\$ 3,238,989</u></b> | <b><u>\$ 3,049,278</u></b> |

**REVENUE**

Property taxes are the District’s primary source of operating revenues. The property tax revenue for the fiscal year ended June 30, 2024, was \$11,066,177, which was an increase of \$1,441,207 from the fiscal year ended June 30, 2023.

Rental income is not listed for the year ended June 30, 2024, and is now listed under nonoperating expenses as rental income, net of expenses. This listing change was a result of applying GASB Stmt No.87 regarding the treatment of leases.

**DESERT HEALTHCARE DISTRICT**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**JUNE 2024 AND 2023**

All other income for the fiscal year ended June 30, 2024, increased \$143,916 compared to the fiscal year ended June 30, 2023. The increase was due primarily to a \$144,707 increase in miscellaneous income compared to the fiscal year ended June 30, 2023.

**EXPENSES**

Grant program expenses for the fiscal year ended June 30, 2024, increased by \$1,000,000 compared to the fiscal year ended June 30, 2023. This is due to a budget increase of \$1,000,000. Grants are recorded in the fiscal year that they are approved by the District’s Board of Directors.

Administrative expenses for the fiscal year ended June 30, 2024, increased \$140,062 from the fiscal year ended June 30, 2023. This net increase is due to a \$96,193 decrease in general expenses, \$288,521 increase in salary and benefits, \$25,815 increase in legal expenses, \$9,459 decrease in depreciation, \$28,584 increase in other, and \$97,206 decrease in election fees.

Nonoperating Income (Expenses) for the fiscal year ended June 30, 2024, varies by \$2,604,217 from the fiscal year ended June 30, 2023. The variance is due to a \$2,624,152 increase in investment income, a \$42,516 decrease in net rental income, a \$25,619 increase in the Retirement plan, and a \$3,038 increase in investment expenses.

**CAPITAL ASSETS**

At June 30, 2024, the District had \$24,156,988 in capital assets and \$13,581,267 in accumulated depreciation, resulting in \$10,575,721 net capital assets. At June 30, 2023, the District had \$23,979,572 in capital assets and \$12,871,454 in accumulated depreciation, resulting in \$11,108,118 net capital assets.

A summary of the activity and balances in capital assets is presented in Table C:

Table C

|                     | Balance<br>6/30/22 | Net<br>Additions | Net<br>Retirements | Balance<br>6/30/23 | Net<br>Additions | Net<br>Retirements | Balance<br>6/30/24 |
|---------------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|--------------------|
| Cost                | \$ 23,673,762      | \$ 309,196       | \$ (3,387)         | \$ 23,979,572      | \$ 306,966       | \$ (129,550)       | \$ 24,156,988      |
| Acc. Depreciation   | (12,155,568)       | (719,272)        | 3,387              | (12,871,454)       | (709,813)        |                    | (13,581,267)       |
| Capital Assets, Net | \$ 11,518,194      | \$ (410,076)     | \$ -               | \$ 11,108,118      | \$ (402,847)     | \$ (129,550)       | \$ 10,575,721      |

**DEBT ADMINISTRATION**

The District has no outstanding debt.

## **DESERT HEALTHCARE DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

#### **JUNE 2024 AND 2023**

#### **ECONOMIC OUTLOOK AND MAJOR INITIATIVES**

In November 2018, the residents of the Eastern Coachella Valley voted to expand the Desert Healthcare District to all cities and unincorporated areas of the Coachella Valley. The expansion more than doubled the population and service area. However, the expansion did not include a funding source. The Desert Healthcare District and Foundation continue to seek resources in its efforts to equitably connect District residents to programs and services to meet their healthcare needs.

The Fiscal Year 2025 budgets for the District and the Foundation reflect revenues of \$12,791,673 and \$1,395,915, respectively, and operating expenses of \$11,769,679 and \$2,400,319, respectively. Capital expenditures are budgeted at \$420,000. During the fiscal year ended June 30, 2024, the District and Foundation awarded \$4,672,964, and \$238,572 respectively, in new grants and distributed grants in the amount of \$6,234,774 and \$2,132,773, respectively. Projected new grants to be awarded for the fiscal year 2024–2025 amount to \$5,000,000, and \$1,710,000, respectively, and distributions for grants could possibly total \$11,198,521 and \$2,228,077, respectively, due to the existing grant liability as of June 30, 2024, and the projected grant awards.

The District has established a reserve fund of approximately \$65,000,000 to cover grant liabilities, hospital operating expenses for a short period should the lease with Tenet Health System Desert, Inc. terminate prior to May 30, 2027, and seismic or other related facilities costs.

The Hospital is required to meet SB 1953 and OSHPD regulations for seismic retrofit standards by 2030. The District conducted an assessment of the seismic retrofit needs and costs, with an estimate of \$222,000,000.

Termination Assets are assets constructed or installed by Tenet Health System in the hospital during the lease period with a net book value or fair market value at the termination of the lease. In accordance with the 1997 Lease, the District is required to purchase the Termination Assets at the lesser of net book value or fair market value. The 1997 Lease provides that the purchase can be satisfied with a 5-year promissory note and also provides the option of a possible extension of the lease if the Termination Assets exceed \$10,000,000.

A recently negotiated 30-year lease-purchase agreement would extend the current Hospital lease from 2027 to 2057 and include a transfer of the Hospital to Desert Regional Medical Center, Inc., a wholly owned subsidiary of Tenet Health Systems. The lease-purchase agreement will be on the November 2024 ballot for a vote of District residents. If approved, the District will receive approximately \$650,000,000 over 30 years. The seismic retrofit needs of the hospital will be assumed by Desert Regional Medical Center, Inc. and the Termination Assets requirement will be eliminated. Additionally, the restrictions on the \$65,000,000 reserve fund will be eliminated.

#### **CONTACTING THE DISTRICT'S MANAGEMENT**

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**DESERT HEALTHCARE DISTRICT**

**STATEMENT OF NET POSITION**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023**

|   | <u>2024</u>          | <u>2023</u>          |
|---|----------------------|----------------------|
| <b>CURRENT ASSETS</b>                         |                      |                      |
| Cash and cash equivalents                     | \$ 4,811,481         | \$ 4,351,293         |
| Investments                                   | 43,012,233           | 7,355,380            |
| Accounts receivable - net                     | 183,322              | 195,891              |
| Prepaid items and deposits                    | 37,284               | 168,230              |
| Total current assets                          | <u>48,044,320</u>    | <u>12,070,794</u>    |
| <b>NON-CURRENT ASSETS</b>                     |                      |                      |
| Investments                                   | 23,422,862           | 55,859,150           |
| Lease receivables                             | 3,439,433            | 3,048,911            |
| Capital assets, net                           | 10,575,721           | 11,108,118           |
| Right of use assets, net                      | 171,879              | 194,057              |
| Net pension asset                             | 1,728,337            | 1,457,140            |
| Total non-current assets                      | <u>39,338,232</u>    | <u>71,667,376</u>    |
| <b>DEFERRED OUTFLOWS</b>                      |                      |                      |
| Deferred Outflows of Resources:               |                      |                      |
| Pension plans                                 | 362,042              | 587,440              |
| Total deferred outflows of resources          | <u>362,042</u>       | <u>587,440</u>       |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>     | <u>87,744,594</u>    | <u>84,325,610</u>    |
| <b>CURRENT LIABILITIES</b>                    |                      |                      |
| Current liabilities:                          |                      |                      |
| Accounts payable and accrued liabilities      | 235,791              | 429,398              |
| Grants payable                                | 5,059,739            | 6,469,394            |
| Compensated absences                          | 90,160               | 97,596               |
| Lease payable, current portion                | 21,504               | 21,186               |
| Total current liabilities                     | <u>5,407,194</u>     | <u>7,017,574</u>     |
| <b>NON-CURRENT LIABILITIES</b>                |                      |                      |
| Grants payable                                | 1,138,781            | 2,475,000            |
| Lease payable                                 | 154,108              | 175,612              |
| Deposits payable                              | 57,493               | 89,638               |
| Total non-current liabilities                 | <u>1,350,382</u>     | <u>2,740,250</u>     |
| <b>DEFERRED INFLOWS</b>                       |                      |                      |
| Deferred Inflows of Resources:                |                      |                      |
| Pension plans                                 | 397,911              | 564,584              |
| Leases  | 3,268,842            | 2,982,703            |
| Total deferred inflows of resources           | <u>3,666,753</u>     | <u>3,547,287</u>     |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b> | <u>10,424,329</u>    | <u>13,305,111</u>    |
| <b>NET POSITION</b>                           |                      |                      |
| Net investment in capital assets              | 10,571,988           | 11,105,377           |
| Restricted for pension                        | 1,728,337            | 1,479,996            |
| Unrestricted                                  | 65,019,940           | 58,435,126           |
| <b>TOTAL NET POSITION</b>                     | <u>\$ 77,320,265</u> | <u>\$ 71,020,499</u> |

The accompanying notes are an integral part of these financial statements

**DESERT HEALTHCARE DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

|  | <u>2024</u>          | <u>2023</u>          |
|--|----------------------|----------------------|
| <b>OPERATING REVENUES</b>                          |                      |                      |
| Property taxes                                     | \$ 11,066,177        | \$ 9,624,970         |
| Other income                                       | 154,100              | 10,184               |
| Total revenues                                     | <u>11,220,277</u>    | <u>9,635,154</u>     |
| <b>OPERATING EXPENSES</b>                          |                      |                      |
| Grant allocations                                  | 5,000,000            | 4,000,000            |
| General expenses                                   | 933,890              | 1,030,083            |
| Salaries and benefits                              | 1,658,217            | 1,369,696            |
| Legal fees   | 146,613              | 120,798              |
| Depreciation and amortization                      | 731,991              | 741,450              |
| Other  | 401,451              | 372,867              |
| Election fees                                      | 97,206               | 97,206               |
| Total expenditures                                 | <u>8,872,162</u>     | <u>7,732,100</u>     |
| Income from operations                             | <u>2,348,115</u>     | <u>1,903,054</u>     |
| <b>NONOPERATING INCOME (EXPENSES)</b>              |                      |                      |
| Investment income                                  | 2,971,742            | 347,590              |
| Rental income, net of expenses                     | 827,535              | 870,051              |
| Retirement plan/benefits change                    | 212,472              | 186,853              |
| Investment expenses                                | <u>(71,597)</u>      | <u>(68,559)</u>      |
| Total nonoperating income                          | <u>3,940,152</u>     | <u>1,335,935</u>     |
| Change in net position                             | <u>6,288,267</u>     | <u>3,238,989</u>     |
| <b>NET POSITION</b>                                |                      |                      |
| Beginning of fiscal year                           | 71,020,499           | 67,758,460           |
| Prior period adjustments                           | <u>11,499</u>        | <u>23,050</u>        |
| Net position at beginning of fiscal year, restated | <u>71,031,998</u>    | <u>67,781,510</u>    |
| End of fiscal year                                 | <u>\$ 77,320,265</u> | <u>\$ 71,020,499</u> |

The accompanying notes are an integral part of these financial statements

**DESERT HEALTHCARE DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

|   | <u>2024</u>         | <u>2023</u>         |
|---|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                     |                     |
| Cash received from County   | \$ 11,066,177       | \$ 9,624,970        |
| Cash payments to suppliers for goods and services                                   | (1,447,210)         | (1,662,630)         |
| Cash payments to employees for services and benefits                                | (1,665,653)         | (1,367,071)         |
| Cash payments to grantees   | (7,745,874)         | (5,607,673)         |
| Other operating revenues  | 166,669             | 67,643              |
| Net cash provided by operating activities   | <u>374,109</u>      | <u>1,055,239</u>    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                     |                     |                     |
| Purchases of capital assets   | (306,966)           | (309,196)           |
| Lease related expenses  | (24,000)            | (24,000)            |
| Net cash provided (used) by capital and related financing activities                | <u>(330,966)</u>    | <u>(333,196)</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                     |                     |
| Investment earnings   | 2,851,276           | 248,235             |
| Rental income, net  | 786,334             | 862,252             |
| Net investment sales (purchases)  | (3,220,565)         | (6,598,121)         |
| Net cash provided (used) by investing activities                                    | <u>417,045</u>      | <u>(5,487,634)</u>  |
| Net increase (decrease) in cash   | 460,188             | (4,765,591)         |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR</b>                          | <u>4,351,293</u>    | <u>9,116,884</u>    |
| <b>CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR</b>                                | <u>\$ 4,811,481</u> | <u>\$ 4,351,293</u> |
| <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b> |                     |                     |
| Cash and cash equivalents   | <u>\$ 4,811,481</u> | <u>\$ 4,351,293</u> |

(Continued)

The accompanying notes are an integral part of these financial statements

**DESERT HEALTHCARE DISTRICT**

**STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| <b>RECONCILIATION OF OPERATING INCOME TO<br/>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>               | <u>2024</u>       | <u>2023</u>         |
|--|-------------------|---------------------|
| Income from operations   | \$ 2,348,115      | \$ 1,903,054        |
| Adjustments to reconciliation of income from operations to<br>net cash provided by operating activities: |                   |                     |
| Depreciation and amortization  | 731,991           | 741,450             |
| Changes in assets, deferred outflows, liabilities and deferred inflows:                                  |                   |                     |
| Accounts receivable  | 12,569            | 57,459              |
| Prepaid items and deposits   | 130,946           | (55,296)            |
| Accounts payable and accrued liabilities   | (64,057)          | (13,813)            |
| Grants payable   | (2,745,874)       | (1,607,673)         |
| Deposits payable   | (32,145)          | 27,433              |
| Compensated absences   | (7,436)           | 17,428              |
| Long-term disability claims reserve  |                   | (14,803)            |
| Net cash provided by operating activities  | <u>\$ 374,109</u> | <u>\$ 1,055,239</u> |

The accompanying notes are an integral part of these financial statements



**DESERT HEALTHCARE DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION**

**DESERT HEALTHCARE FOUNDATION**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023**

|  | <u>Private- Purpose Trust Fund</u> |                     |
|--|------------------------------------|---------------------|
|  | <u>2024</u>                        | <u>2023</u>         |
| <b>CURRENT ASSETS</b>                                  |                                    |                     |
| Cash and cash equivalents                              | \$ 1,533,326                       | \$ 479,488          |
| Grants receivable                                      | 22,587                             | 183,530             |
| Prepaid items  | 7,253                              | 6,747               |
| Accrued interest and dividend receivable               | 7,849                              | 14,345              |
|  | <u>1,571,015</u>                   | <u>684,110</u>      |
| <b>OTHER ASSETS</b>                                    |                                    |                     |
| Contributions receivable - charitable remainder trusts | 195,054                            | 196,140             |
| Investments  | 3,868,092                          | 4,429,454           |
| Total other assets                                     | <u>4,063,146</u>                   | <u>4,625,594</u>    |
| <b>TOTAL ASSETS</b>                                    | <u>5,634,161</u>                   | <u>5,309,704</u>    |
| <b>LIABILITIES</b>                                     |                                    |                     |
| Current liabilities:                                   |                                    |                     |
| Accounts payable                                       | 8,777                              | 21,965              |
| Grants payable - current portion                       | 484,957                            | 1,741,281           |
| Total current liabilities                              | <u>493,734</u>                     | <u>1,763,246</u>    |
| Long-term liabilities:                                 |                                    |                     |
| Grants payable - long-term                             | 33,120                             |                     |
| Total long-term liabilities                            | <u>33,120</u>                      |                     |
| Total liabilities                                      | <u>526,854</u>                     | <u>1,763,246</u>    |
| <b>NET POSITION</b>                                    | <u>\$ 5,107,307</u>                | <u>\$ 3,546,458</u> |

The accompanying notes are an integral part of these financial statements

**DESERT HEALTHCARE DISTRICT**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**DESERT HEALTHCARE FOUNDATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

|   | <u>Private-Purpose Trust Fund</u> |                            |
|---|-----------------------------------|----------------------------|
|   | <u>2024</u>                       | <u>2023</u>                |
| <b>ADDITIONS</b>                              |                                   |                            |
| Contributions                                 | \$ 76,635                         | \$ 219,714                 |
| Grants  | 2,616,525                         | 935,828                    |
| Bequests                                      | 57,510                            | 57,520                     |
| Interest and dividends                        | 119,917                           | 114,841                    |
| Investment gains and losses                   | 306,468                           | 190,543                    |
| Change in value - charitable trusts           | (1,085)                           | 7,751                      |
|   | <u>3,175,970</u>                  | <u>1,526,197</u>           |
| <b>DEDUCTIONS</b>                             |                                   |                            |
| Grants and services                           | 1,429,170                         | 3,379,746                  |
| Management and general                        | 185,951                           | 698,382                    |
|   | <u>1,615,121</u>                  | <u>4,078,128</u>           |
| <b>INCREASE (DECREASE) IN NET POSITION</b>    | 1,560,849                         | (2,551,931)                |
| <b>NET POSITION, BEGINNING OF FISCAL YEAR</b> | <u>3,546,458</u>                  | <u>6,098,389</u>           |
| <b>NET POSITION, END OF FISCAL YEAR</b>       | <u><u>\$ 5,107,307</u></u>        | <u><u>\$ 3,546,458</u></u> |

The accompanying notes are an integral part of these financial statements

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Desert Healthcare District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**Financial Reporting Entity**

The District was organized on December 14, 1948, by a Resolution adopted by the Board of Supervisors, County of Riverside, under the provisions of The Local Hospital District Law (Sections 32000-32314 of the California Health and Safety Code) to provide and operate health care facilities within the area known as the Western Coachella Valley.

Each of the seven members of the District's Board of Directors holds office for a four-year term, which is staggered against the other terms. Elections are by popular vote of the constituents within the District's boundaries.

Effective June 29, 1986, the District transferred control of Desert Hospital and all related assets and liabilities to Desert Health Systems, Inc. (System) under the terms of a master lease agreement. The purpose of the transfer was to permit the hospital to operate more competitively and efficiently by becoming a private not-for-profit entity. On December 8, 1988, the System merged with Desert Hospital Corporation (Corporation), the surviving entity. This transaction had no impact with respect to the District.

Until June 1, 1997, the District served as a pass-through entity between the Corporation and the trustee of Hospital Revenue Certificates of Participation issued in 1990 and 1992 and as a recipient of District tax revenues. The District annually pledged the tax revenues it received to the Corporation to be utilized for general corporate purposes. Historically, tax revenues were used to support capital improvement programs.

Effective May 30, 1997, the District entered into a 30-year lease of Desert Hospital with Tenet Health System Desert, Inc. (Tenet). Terms of the lease included payment by Tenet of the Hospital Revenue Certificates of Participation issued in 1990 and 1992 (approximately \$80,000,000) as prepaid rent. Tenet also paid the District \$15,400,000 cash, representing additional prepaid rent. (See Note 2)

As a result of AB2414 and a vote of the residents of the Eastern Coachella Valley in November 2018, the District expanded its boundaries and service area to encompass the broader Coachella Valley. The District has and continues to assess the healthcare needs of the Coachella Valley. The District makes grants to healthcare providers who provide needed healthcare services.

As required by U.S. GAAP, these financial statements present the District and its component unit entity for which the District is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the District's operations and so data from these units are combined with data of the District. Component units should be included in the reporting entity financial statement using blending method if either of the following criteria are met:

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Financial Reporting Entity — Continued

- The component unit's governing body is the same as the governing body of the District.
- The component unit provides services entirely, or almost entirely, to the District or otherwise exclusively, or almost exclusively, benefits the District even though it does not provide services directly to the District.

Basis of Accounting and Measurement Focus

*Business-Type Activities*

The basic financial statements include a Statement of Net Position, Statement of Revenues, Expenditures, and Changes in Net Position, and a Statement of Cash Flows. These statements present summaries of business-type activities for the District.

These basic financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents changes in net position for the fiscal year. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. All proprietary funds are accounted for on a cost of services of "*economic resources*" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with the activity are included on the Statement of Net Position. Their reported fund equity presents total net position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. The Statement of Cash Flows is presented with cash, cash equivalents, and investments.

*Fiduciary Fund Financial Statements*

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The District's Fiduciary fund includes Private Purpose Trust Funds, which account for resources that are being held for the benefit of the District. The Fiduciary fund is accounted for using the accrual basis of accounting.

The District reports the following fiduciary fund:

*Desert Healthcare Foundation (Foundation)*

The Foundation is a nonprofit health and welfare organization created to identify the health care needs of the Desert Healthcare District and to work toward alleviating those needs through various programs and services. The Foundation operates primarily in the Coachella Valley area of Southern California and, as such, is subject to market conditions, which could affect charitable giving and the realization of recorded assets values at various times.

The foundation's condensed financial statements are included in these financial statements as a Private-Purpose Trust Fund fiduciary fund type. Complete financial statements of the Foundation can be requested from the District, 1140 North Indian Canyon Drive, Palm Springs, California 92262.

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

Cash, Cash Equivalent and Investments

All cash and cash equivalents are considered to be demand deposits, money market funds and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value. Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

Leases Receivable/Payable

GASB issued Statement No. 87 "Leases" to better meet the information needs of financial statements users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease asset and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement a lessee is required to recognize a lease liability and an intangible right-f-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. See Notes 5, 10, and 11 for additional information on right of use assets, lease receivables, and lease payable, respectively.

Prepaid Items and Deposits

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair value on the date donated. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

|                            |               |
|----------------------------|---------------|
| Buildings and Improvements | 40 – 50 years |
| Furniture and Equipment    | 3 – 7 years   |

Right of Use Assets

The District has recorded right of use lease assets as a result of implementing GASB Stmt No.87. The right of use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right of use assets are amortized on a straight-line basis over the life of the related lease. See Note 5 for additional information.

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Compensated Absences

Employees have vested interests in varying levels of vacation and sick leave based on their length of employment. Sick leave is payable only when an employee is unable to work due to personal or family illness. Unused sick leave does not vest and is forfeited upon termination.

Property Tax

The County of Riverside (the County) bills and collects property taxes on behalf of numerous special districts and incorporated cities, including the District. The District's collections of current year's taxes are received through periodic apportionments from the County.

The County's tax calendar is from July 1 to June 30. Property taxes attach as a lien on property on January 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

Since the passage of California's Proposition 13, beginning with fiscal year 1978-79 general property taxes are based either on a flat 1% rate applied to the 1975-1976 full value of the property or on 1% of the sales price of any property sold or of the cost of any new construction after the 1975-1976 valuation. Taxable values on properties (exclusive of increases related to sales and new construction) can rise at a maximum of 2% per year.

The Proposition 13 limitation on general property taxes does not apply to taxes levied to pay the debt service on any indebtedness approved by the voters prior to June 6, 1978 (the date of passage of Proposition 13).

Property tax revenue is recognized in the fiscal year for which the taxes have been levied. Property taxes received after this date are subject to accrual and considered available as a resource that can be used to finance the current year operations of the District.

Income Taxes

The District is a political subdivision of the State of California and, as such, is exempt from federal and state income taxes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurement

The District and Foundation apply Generally Accepted Accounting Principles (U.S. GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis in accordance with GASB Statement Nos. 31 and 40.

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Net Assets

*Net Investment in Capital Assets* — this amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

*Restricted Net Position* — This amount is restricted by external creditors, grantors, contributors, or laws of regulations of other governments.

*Unrestricted Net Position* — This amount is all net assets that do not meet the definition of “net investment in capital assets”, or “restricted net position”.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 65, the District recognizes deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. Refer to Note 14 for a detailed listing of the deferred outflow of resources that the District has recognized.

Pursuant to GASB Statement No. 65, the District recognizes deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of fund balance/net position by the government that is applicable to a future reporting period. Refer to Notes 10 and 14 for a detailed listing of the deferred inflow of resources that the District has recognized.

**2. LEASE AGREEMENT — TENET HEALTH SYSTEM DESERT, INC.**

The District, as described in the Summary of Significant Accounting Policies, entered into a thirty (30) year lease agreement for Desert Regional Medical Center (Hospital) with Tenet Health System Desert, Inc. (Tenet). In the event that Tenet or the District decide to terminate the lease, the District would be responsible for operating the Hospital which would require upfront operating capital of approximately \$125,000,000 to maintain the operations without interruption during the transition period. The District, recognizing this obligation, established an investment fund, with a net value of \$66,435,095 as of June 30, 2024, identified as the Facility Replacement Fund.

**3. CASH AND INVESTMENTS**

The cash and investments are classified in the financial statements as shown below:

|                                       | <u>June 30, 2024</u> | <u>June 30, 2023</u> |
|---------------------------------------|----------------------|----------------------|
| District's Statement of Net Position: |                      |                      |
| Cash and cash equivalents             | \$ 4,811,481         | \$ 4,351,293         |
| Investments                           | 66,435,095           | 63,214,530           |
| Fiduciary Statement of Net Position:  |                      |                      |
| Cash and cash equivalents             | 1,533,326            | 479,488              |
| Investments                           | <u>3,868,092</u>     | <u>4,429,454</u>     |
| Total Cash and Investments            | <u>\$ 76,647,994</u> | <u>\$ 72,474,765</u> |

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**3. CASH AND INVESTMENTS (CONTINUED)**

Cash and Investments consist  
of the following:

|                            | <u>June 30, 2024</u> | <u>June 30, 2023</u> |
|----------------------------|----------------------|----------------------|
| Cash on Hand               | \$ 737               | \$ 707               |
| Cash in Bank-District      | 4,810,981            | 2,733,799            |
| Cash in Bank-Foundation    | 1,467,189            | 360,890              |
| Money Market Funds         | 520,518              | 1,735,385            |
| Investments                | <u>69,848,569</u>    | <u>67,643,984</u>    |
| Total Cash and Investments | <u>\$ 76,647,994</u> | <u>\$ 72,474,765</u> |

**Investments Authorized by the California Government Code and the District's Investment Policy**

The table below identifies the investment types that are authorized for the Desert Healthcare District (District) by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

| <u>Authorized<br/>Investment Type</u>            | <u>Maximum<br/>Maturity</u> | <u>Maximum<br/>Percentage<br/>of Portfolio</u> | <u>Maximum<br/>Investment<br/>in One Issuer</u> |
|--|-----------------------------|--|---|
| Local Agency Bonds                               | 5 years                     | None   | None  |
| Local Agency Investment Fund (State Pool)        | N/A                         | None   | \$75 million                                    |
| U.S. Treasury Obligations                        | 5 years                     | None   | None  |
| U.S. Government Agency Issues                    | 5 years                     | None   | None  |
| Reverse Repurchase Agreements                    | 92 days                     | 20% of base                                    | None  |
| Repurchase Agreements                            | 1 year                      | None   | None  |
| Bankers' Acceptance                              | 180 days                    | 40%  | 30%   |
| Commercial Paper - Pooled Funds                  | 270 days                    | 40%  | 10%   |
| Commercial Paper - Non-Pooled Funds              | 270 days                    | 25%  | 10%   |
| Negotiable Time Certificates of Deposit          | 5 years                     | 30%  | None  |
| Non-negotiable Time Certificates of Deposit      | 5 years                     | None   | None  |
| State of California and Local Agency Obligations | 5 years                     | None   | None  |
| Placement Service Certificates of Deposit        | 5 years                     | 30%  | None  |
| Medium-Term Notes                                | 5 years                     | 30%  | None  |
| Mutual Funds and Money Market Mutual Funds       | N/A                         | 20%  | None  |
| Collateralized Bank Deposits                     | 5 years                     | None   | None  |
| Mortgage Pass-Through Securities                 | 5 years                     | 20%  | None  |
| County Pooled Investment Funds                   | N/A                         | None   | None  |
| Joint Powers Authority Pool                      | N/A                         | None   | None  |
| Voluntary Investment Program Fund                | N/A                         | None   | None  |
| Supranational Obligations                        | 5 years                     | 30%  | None  |



**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**3. CASH, AND INVESTMENTS - Continued**

**Disclosures 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 District 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.

**As of June 30, 2024**

| 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 |
| Corporate Bonds*       | \$ 484,807           | \$ 98,743                      | \$ 44,244           | \$ 106,336          | \$ 41,334           | \$ 194,150          |
| U.S. Treasury Notes    | 65,980,477           | 42,557,615                     | 8,205,790           | 4,299,450           | 8,523,418           | 2,394,204           |
| U.S. Treasury Notes*   | 365,791              |                                | 13,346              | 18,411              | 32,751              | 301,283             |
| Domestic Common Stock* | 3,017,494            | 3,017,494                      |                     |                     |                     |                     |
| Total                  | <u>\$ 69,848,569</u> | <u>\$ 45,673,852</u>           | <u>\$ 8,263,380</u> | <u>\$ 4,424,197</u> | <u>\$ 8,597,503</u> | <u>\$ 2,889,637</u> |

\* Held by Foundation

**As of June 30, 2023**

| 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 |
| Corporate Bonds*       | \$ 1,152,794         | \$ 114,560                     | \$ 203,289           | \$ 91,389           | \$ 213,038          | \$ 530,518          |
| U.S. Treasury Notes    | 63,214,530           | 7,355,380                      | 41,061,390           | 8,090,990           | 3,760,980           | 2,945,790           |
| U.S. Treasury Notes*   | 654,290              |                                | 100,461              |                     |                     | 553,829             |
| Domestic Common Stock* | 2,622,370            | 2,622,370                      |                      |                     |                     |                     |
| Total                  | <u>\$ 67,643,984</u> | <u>\$ 10,092,310</u>           | <u>\$ 41,365,140</u> | <u>\$ 8,182,379</u> | <u>\$ 3,974,018</u> | <u>\$ 4,030,137</u> |

\* Held by Foundation

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**3. 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 District's investment policy, and the actual rating as of fiscal year end for each investment type.

**As of June 30, 2024:**

| Investment Type        | Carrying Amount      | Minimum Legal Rating | Exempt From Disclosure | Rating as of Fiscal Year End |                   |                   |                     |
|------------------------|----------------------|----------------------|------------------------|------------------------------|-------------------|-------------------|---------------------|
|                        |                      |                      |                        | AAA/AA                       | A                 | BBB/BB            | Not Rated           |
| Corporate Bonds*       | \$ 484,807           | N/A                  | \$ -                   | \$ 64,994                    | \$ 172,430        | \$ 247,383        | \$ -                |
| U.S. Treasury Notes    | 65,980,477           | N/A                  | 65,980,477             |                              |                   |                   |                     |
| U.S. Treasury Notes*   | 365,791              | N/A                  | 365,791                |                              |                   |                   |                     |
| Domestic Common Stock* | 3,017,494            | N/A                  |                        |                              |                   |                   | 3,017,494           |
| <b>Total</b>           | <b>\$ 69,848,569</b> |                      | <b>\$ 66,346,268</b>   | <b>\$ 64,994</b>             | <b>\$ 172,430</b> | <b>\$ 247,383</b> | <b>\$ 3,017,494</b> |

\* Held by Foundation. No Foundation policy establishing minimum legal rating.

**As of June 30, 2023:**

| Investment Type        | Carrying Amount      | Minimum Legal Rating | Exempt From Disclosure | Rating as of Fiscal Year End |                   |                   |                     |
|------------------------|----------------------|----------------------|------------------------|------------------------------|-------------------|-------------------|---------------------|
|                        |                      |                      |                        | AAA/AA                       | A                 | BBB/BB            | Not Rated           |
| Corporate Bonds*       | \$ 1,152,794         | N/A                  | \$ -                   | \$ 137,653                   | \$ 408,007        | \$ 607,134        | \$ -                |
| U.S. Treasury Notes    | 63,214,530           | N/A                  | 63,214,530             |                              |                   |                   |                     |
| U.S. Treasury Notes*   | 654,290              | N/A                  | 654,290                |                              |                   |                   |                     |
| Domestic Common Stock* | 2,622,370            | N/A                  |                        |                              |                   |                   | 2,622,370           |
| <b>Total</b>           | <b>\$ 67,643,984</b> |                      | <b>\$ 63,868,820</b>   | <b>\$ 137,653</b>            | <b>\$ 408,007</b> | <b>\$ 607,134</b> | <b>\$ 2,622,370</b> |

\* Held by Foundation. No Foundation policy establishing minimum legal rating.

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**3. CASH AND INVESTMENTS - Continued**

Concentration of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments at June 30, 2024 and 2023 that represent 5% or more of total District investments (other than U.S. Treasury Notes).

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the 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 District'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: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2024 and 2023, the District's deposits with financial institutions in excess of federal depository insurance limits are legally required by the California Government Code to be collateralized as noted above.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles 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;
- Level 3: Investments reflect prices based upon unobservable sources.

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**3. CASH AND INVESTMENTS – Continued**

The District has the following recurring fair value measurements;

| As of June 30, 2024       | Total                | Fair Value Measurement Using  |   |   |
|---------------------------|----------------------|---|---|---|
|                           |                      | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets (Level 1) | Significant Other<br>Observable<br>Inputs (Level 2) | Significant<br>Unobservable<br>Inputs (Level 3) |
| Investments by fair value |                      |   |   |   |
| Debt Securities           |                      |   |   |   |
| Corporate Bonds           | \$ 484,807           | \$ 484,807  | \$ -  | \$ -  |
| U.S. Treasury Notes       | 66,346,268           | 66,346,268  |   |   |
| Domestic Common Stock     | 3,017,494            | 3,017,494   |   |   |
|                           | <u>\$ 69,848,569</u> | <u>\$ 69,848,569</u>  | <u>\$ -</u>   | <u>\$ -</u>                                     |

| As of June 30, 2023       | Total                | Fair Value Measurement Using  |   |   |
|---------------------------|----------------------|---|---|---|
|                           |                      | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets (Level 1) | Significant Other<br>Observable<br>Inputs (Level 2) | Significant<br>Unobservable<br>Inputs (Level 3) |
| Investments by fair value |                      |   |   |   |
| Debt Securities           |                      |   |   |   |
| Corporate Bonds           | \$ 1,152,794         | \$ 1,152,794  | \$ -  | \$ -  |
| U.S. Treasury Notes       | 63,868,820           | 63,868,820  |   |   |
| Domestic Common Stock     | 2,622,370            | 2,622,370   |   |   |
|                           | <u>\$ 67,643,984</u> | <u>\$ 67,643,984</u>  | <u>\$ -</u>   | <u>\$ -</u>                                     |

**4. CAPITAL ASSETS**

**Business-Type Activities**

At June 30, 2024 and 2023, the capital assets of the business-type activities consisted of the following:

| <u>June 30, 2024</u>          | Balance              |                     |                     |                  | Balance<br>June 30, 2024 |
|-------------------------------|----------------------|---------------------|---------------------|------------------|--------------------------|
|                               | July 1, 2023         | Additions           | Deletions           | Transfers        |                          |
| Non-depreciable assets        |                      |                     |                     |                  |                          |
| Land                          | \$ 3,859,100         | \$ -                | \$ -                |                  | \$ 3,859,100             |
| Construction in progress      | 860,082              | 52,426              | (129,550)           | (730,532)        | 52,426                   |
| Total non-depreciable assets  | <u>4,719,182</u>     | <u>52,426</u>       | <u>(129,550)</u>    | <u>(730,532)</u> | <u>3,911,526</u>         |
| Depreciable assets:           |                      |                     |                     |                  |                          |
| Buildings and improvements    | 19,108,373           | 45,395              |                     | 730,532          | 19,884,300               |
| Furniture and equipment       | 152,017              | 209,145             |                     |                  | 361,162                  |
| Total                         | <u>19,260,390</u>    | <u>254,540</u>      |                     | <u>730,532</u>   | <u>20,245,462</u>        |
| Less accumulated depreciation | <u>(12,871,454)</u>  | <u>(709,813)</u>    |                     |                  | <u>(13,581,267)</u>      |
| Total depreciable assets, net | <u>6,388,936</u>     | <u>(455,273)</u>    |                     | <u>730,532</u>   | <u>6,664,195</u>         |
| Total Capital Assets, Net     | <u>\$ 11,108,118</u> | <u>\$ (402,847)</u> | <u>\$ (129,550)</u> | <u>\$ -</u>      | <u>\$ 10,575,721</u>     |

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**4. CAPITAL ASSETS (CONTINUED)**

Business-Type Activities (Continued)

Depreciation expense consists of operating expense depreciation of \$266,570 and rental expense depreciation of \$443,243.

| <u>June 30, 2023</u>          | Balance<br><u>July 1, 2022</u> | Additions           | Deletions      | Balance<br><u>June 30, 2023</u> |
|-------------------------------|--------------------------------|---------------------|----------------|---------------------------------|
| Non-depreciable assets        |                                |                     |                |                                 |
| Land                          | \$ 3,859,100                   | \$ -                | \$ -           | \$ 3,859,100                    |
| Construction in progress      | 722,368                        | 137,714             |                | 860,082                         |
| Total non-depreciable assets  | <u>4,581,468</u>               | <u>137,714</u>      |                | <u>4,719,182</u>                |
| Depreciable assets:           |                                |                     |                |                                 |
| Buildings and improvements    | 18,968,473                     | 139,900             |                | 19,108,373                      |
| Furniture and equipment       | 123,822                        | 31,582              | (3,387)        | 152,017                         |
| Total                         | <u>19,092,295</u>              | <u>171,482</u>      | <u>(3,387)</u> | <u>19,260,390</u>               |
| Less accumulated depreciation | <u>(12,155,569)</u>            | <u>(719,272)</u>    | <u>3,387</u>   | <u>(12,871,454)</u>             |
| Total depreciable assets, net | <u>6,936,726</u>               | <u>(547,790)</u>    |                | <u>6,388,936</u>                |
| Total Capital Assets, Net     | <u>\$ 11,518,194</u>           | <u>\$ (410,076)</u> | <u>\$ -</u>    | <u>\$ 11,108,118</u>            |

Depreciation expense consists of operating expense depreciation of \$221,966 and rental expense depreciation of \$497,306.

**5. RIGHT OF USE ASSET**

The District has recorded one right of use leased asset. The asset is a right of use asset for office space. The related lease payable is discussed in Note 11. The right of use lease asset is amortized on a straight-line basis over the terms of the related leases.

Right of use asset activity for the District for the fiscal year ended June 30, 2024, was as follows:

| <u>June 30, 2024</u>          | Balance<br><u>July 1, 2023</u> | Additions          | Deletions   | Balance<br><u>June 30, 2024</u> |
|-------------------------------|--------------------------------|--------------------|-------------|---------------------------------|
| Right of use asset            |                                |                    |             |                                 |
| Building                      | \$ 216,235                     | \$ -               | \$ -        | \$ 216,235                      |
| Total right of use asset      | <u>216,235</u>                 |                    |             | <u>216,235</u>                  |
| Less accumulated amortization | <u>(22,178)</u>                | <u>(22,178)</u>    |             | <u>(44,356)</u>                 |
| Total right of use asset, net | <u>\$ 194,057</u>              | <u>\$ (22,178)</u> | <u>\$ -</u> | <u>\$ 171,879</u>               |

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**6. RESTRICTED NET POSITION**

The District had \$1,728,337 and \$1,479,996 of restricted net position at June 30, 2024 and 2023, respectively, related to the District’s net pension asset.

**7. SPLIT INTEREST AGREEMENTS – FOUNDATION**

At June 30, 2024 and 2023, the split interest agreements of the fiduciary fund consisted of the following:

|  | 2024       | 2023       |
|--|------------|------------|
| Contributions receivable - charitable remainder trusts | \$ 195,054 | \$ 196,140 |
| Total  | \$ 195,054 | \$ 196,140 |

**Charitable Remainder Trusts**

The Foundation was named beneficiary to two additional charitable remainder unitrusts (whose trustees are someone other than the Foundation), all of which are recorded at fair market value. The general terms of the two trusts are as follows:

Trust 4 (dated October 3, 1989): The lesser of the trust income or 8% of the net fair market value of trust assets is to be distributed to the life beneficiary annually. Upon the death of the life beneficiary, 50% of the principal and income not required to have been distributed to the life beneficiary shall become the property of the Foundation, to be used for cancer treatment, or for general purposes if a cure for cancer has been found.

At December 31, 2023, which is the most current information available, the estimated present value of future cash flows at June 30, 2024 and 2023 was \$114,737 and \$126,022, respectively.

Trust 7 (dated May 17, 1990): 8.5% of the net fair market value of trust assets is to be distributed to the life beneficiary annually. Upon the death of the life beneficiary, all of the principal and income not required to have been distributed to the life beneficiary shall become the property of the Foundation, to be used for general purposes. The estimated present value of future cash flows at June 30, 2024 and 2023 was \$80,317 and \$70,118, respectively.

**8. GRANTS**

The District has granted awards to various healthcare providers that provide needed healthcare services. Awards not fully funded in the current fiscal year are carried over to the subsequent fiscal year. At June 30, 2024 and 2023, the total grant awards payable were \$6,198,520 and \$8,944,394, respectively. Total grant expense for the fiscal years ended June 30, 2024 and 2023 amounted to \$5,000,000 and \$4,000,000, respectively.

The Foundation has granted awards to various healthcare providers that provide needed healthcare services. At June 30, 2024 and 2023, the total grant awards payable were \$518,077 and \$1,741,281, respectively. Total grants and services expense for the fiscal years ended June 30, 2024 and 2023 amounted to \$1,429,170 and \$3,379,746, respectively.

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**9. LONG-TERM DISABILITY CLAIMS RESERVE**

Long-term disability claims were self-insured by the District. Claimants' payments are administered internally and made pursuant to the plan. Claimants are paid either to age 65 or until they return to work. At June 30, 2024 and 2023, the long-term disability claims reserves were as follows:

|                | Balance at<br>July 1, 2023 | Claims<br>Paid | Changes in<br>Estimates | Balance at<br>June 30, 2024 | Due Within<br>One Year |
|----------------|----------------------------|----------------|-------------------------|-----------------------------|------------------------|
| Claims payable | \$ -                       | \$ -           | \$ -                    | \$ -                        | \$ -                   |
|                | Balance at<br>July 1, 2022 | Claims<br>Paid | Changes in<br>Estimates | Balance at<br>June 30, 2023 | Due Within<br>One Year |
| Claims payable | \$ 17,785                  | \$ (17,785)    | \$ -                    | \$ -                        | \$ -                   |

**10. LEASE RECEIVABLE**

Las Palmas Medical Plaza

The District currently has 20 office building lease agreements that are subject to GASB Stmt No.87 in place as of June 30, 2024 at the Las Palmas Medical Plaza. Revenue recognition is in accordance with GASB Statement No. 87. The leases were entered into at various dates but under reporting requirements of GASB Statement No.87, they all commence on July 1, 2021, without the need to restate balances that existed prior to that date. Summarized information for each lease is as follows:

| Lessee                                  | Location   | Monthly rent for fiscal year<br>ended June 30, 2024 | Expiration | Lease receivable<br>as of June 30, 2024 |
|---|------------|---|------------|---|
| Eyecare Services Partner                | 1E 101-102 | \$ 4,986  | 3/31/2033  | \$ 526,354                              |
| Palm Tree Clinical                      | 1E 201-203 | 5,163   | 1/31/2028  | 227,017                                 |
| Pathway Pharmaceuticals                 | 1W 101     | 1,864   | 12/31/2027 | 80,216                                  |
| Quest Diagnostics                       | 1W 102-103 | 3,250   | 5/31/2035  | 455,806                                 |
| Cohen, Musch, Thomas Med Group          | 1W 105-106 | 3,410   | 11/30/2024 | 16,988                                  |
| Cure Cardiovascular Consultants         | 1W 202-203 | 2,316   | 8/31/2027  | 90,869                                  |
| Coachella Valley Volunteers in Medicine | 1W 204     | 2,350   | 11/30/2028 | 128,796                                 |
| Wolfson, MD                             | 2W 101     | 2,795   | 7/31/2025  | 37,018                                  |
| Global Premier Fertility                | 3W 101     | 3,264   | 12/31/2026 | 99,544                                  |
| Gundry and Ehrman, MD                   | 3W 103-104 | 4,346   | 7/31/2027  | 166,361                                 |
| DPMG                                    | 1E 204     | 1,540   | 10/31/2025 | 24,382                                  |
| Howard Aronow                           | 2W 102     | 1,152   | 8/31/2027  | 45,196                                  |
| Hashmi                                  | 2W 105-106 | 2,296   | 5/31/2028  | 109,626                                 |
| Desert Family Medical                   | 2W 203-204 | 2,260   | 12/31/2030 | 233,956                                 |
| Labcorp                                 | 3E 104-105 | 3,872   | 10/31/2026 | 109,922                                 |
| Ramy Awad                               | 3W 105-106 | 2,642   | 9/30/2028  | 139,883                                 |
| Jamieson                                | 1W 201     | 2,543   | 9/30/2024  | 7,610                                   |
| Desert Oasis                            | 2W 107     | 1,962   | 12/31/2027 | 83,731                                  |

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**10. LEASE RECEIVABLE (CONTINUED)**

Imperial Park Land Lease

In July 1994, the District was distributed certain parcels of land that underlies the Park Imperial North Condominium Project on Vista Chino in Palm Springs, California. The term of the lease is for 98 years beginning in October 1959, prior to distribution to the District. Rent payments from the condominium project are \$750 per month. Payments received during the fiscal year were \$750 monthly from July 2023 through June 2024. The lease will expire in June 2057.

T-Mobile Cell Tower

In August 2021, the District entered into a lease with T-Mobile West LLC for use of land for the operation of cellular towers at 1150 No. Indian Canyon Dr. in Palm Springs, California. The term was for 5 years and includes four additional optional 5-year terms. If all extensions are exercised the lease would end in August of 2046. The options to extend are exercised unless written notification of cancellation occurs within 60 days prior to the expiration of the existing term. Initial rent payments were \$2,000 a month increasing by 15% every exercise of extension following the first extension under the terms of the lease. Payments received during the fiscal year were \$2,000 monthly from July 2023 through June 2024. The current 5-year term would end in June of 2026.

**11. LEASE PAYABLE**

The District has entered into agreements to lease office space. The lease agreements qualify as other than short-term leases under GASB Statement No.87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed on July 1, 2021, to lease office space at 41550 Eclectic St. in Palm Springs, California. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 1.49%, which is Federal funds rate at the time of inception. As a result of the lease, the District has recorded a right of use asset with a net book value of \$171,879 at June 30, 2024. The right of use asset is discussed in more detail in Note 5.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024, were as follows:

| Fiscal Year<br>Ended June 30, | Lease Payable     |                  |                   |
|-------------------------------|-------------------|------------------|-------------------|
|                               | Principal         | Interest         | Total             |
| 2025                          | \$ 21,504         | \$ 2,496         | \$ 24,000         |
| 2026                          | 21,827            | 2,173            | 24,000            |
| 2027                          | 22,154            | 1,846            | 24,000            |
| 2028                          | 22,487            | 1,513            | 24,000            |
| 2029                          | 22,824            | 1,176            | 24,000            |
| 2030-2032                     | 66,544            | 1,456            | 68,000            |
|                               | <u>\$ 177,340</u> | <u>\$ 10,660</u> | <u>\$ 188,000</u> |



**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**12. INSURANCE**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; and natural disasters for which the District carries commercial insurance. The District purchases commercial insurance to cover the risk of loss for property, business liability, and medical payments.

**13. COMMITMENT AND CONTINGENCIES**

Earthquake Retrofit

Senate Bill 1953 imposes certain requirements that acute care hospitals would be required to meet within a specified time. These requirements include conducting seismic evaluations. The deadline was extended to January 1, 2030. After January 1, 2030, all hospitals must be determined to be in compliance.

Litigation

In the ordinary course of operations, the District is subject to other claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters will not materially affect its financial condition.

**13. 401(K) RETIREMENT PLAN**

The District converted from a 401(k) retirement plan to 457(B) and 401(A) retirement plans. 457(B) (employee contribution) and 401(A) (employer contribution) retirement plans were determined to be more appropriate for a governmental agency. The 401(K) plan was terminated and the 457(B) and 401(A) retirement plans became effective October 1, 2014.

The District contributes a dollar for dollar match for the first 4% of employee salary deferral and two dollars match for each additional dollar of the next 2% of employee salary deferral. The District's match contribution for the fiscal years ended June 30, 2024 and 2023 were \$115,348 and \$120,339, respectively.

**14. DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

Effective July 1, 1971, Desert Hospital Corporation (Corporation) established a defined benefit pension plan (Plan) covering eligible employees of Desert Hospital. The Corporation was dissolved as of May 31, 1997 and the Plan has been frozen as of that date. The Desert Healthcare District (the "District") has assumed sponsorship of the Plan. Refer to the Plan's separate financial statements for more detailed information.

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 HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**14. DESERT HOSPITAL RETIREMENT PROTECTION PLAN – Continued**

Contributions

There have been no contribution requirements by the District since May 31, 1997. Participant contributions to the Plan are not permitted. In the most recent actuarial valuation (dated as of June 30, 2024), the Plan's independent actuary determined that the actuarial value of the Plan's net pension asset was \$1,728,337 at June 30, 2024 and \$1,457,140 at June 30, 2023. In the report it was recommended that an actuarially determined contribution of \$0 as of June 30, 2024 and \$0 as of June 30, 2023, should be made due to the Plan's funded status.

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 US Bank N.A. to provide for the investment, reinvestment, administration and distribution of contributions made under the Plan.

Schedule of Funding Progress

| Actuarial<br>Valuation<br>Date (1) | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL<br>as a % of<br>Covered<br>Payroll<br>((b-a)/c) |
|------------------------------------|--|---|------------------------------------|--------------------------|---------------------------|--|
| 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                          | 44%                      | 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                          | 5,189,834                              | 8,467,627   | 3,277,793                          | 61%                      | N/A                       | N/A  |
| 6/30/2019                          | 4,913,907                              | 8,309,530   | 3,395,623                          | 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  |
| 6/30/2022                          | 4,597,838                              | 3,588,592   | (1,009,246)                        | 128%                     | N/A                       | N/A  |
| 6/30/2023                          | 4,493,259                              | 3,036,119   | (1,457,140)                        | 148%                     | N/A                       | N/A  |
| 6/30/2024                          | 4,444,098                              | 2,715,761   | (1,728,337)                        | 164%                     | N/A                       | N/A  |

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

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**14. DESERT HOSPITAL RETIREMENT PROTECTION PLAN – Continued**

***General Information about the Desert Hospital Retirement Protection Plan (Plan) Pension Plan***

Plan Description

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

Employees Covered

At June 30, 2024 and 2023, the following employees were covered by the benefit terms:

|   | <b>2024</b> | <b>2023</b> |
|---|-------------|-------------|
| Inactive plan members if beneficiaries currently receiving benefits | 7           | 7           |
| Inactive plan members entitled to but not yet receiving benefits    | 58          | 58          |
| Active plan members   | 68          | 68          |
| Total Employees Covered   | 133         | 133         |

Contributions

There have been no contribution requirements by the District since May 31, 1997. Participant contributions to the Plan are not permitted.

**Net Pension Liability (Asset)**

The District’s net pension liability (asset) for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liability in the June 30, 2024 actuarial valuations were determined using the following actuarial assumptions:

|                                 |  |
|---------------------------------|--|
| Inflation                       | 2.50%  |
| Discount rate                   | 6.25%, net of pension plan investment expense, including inflation.  |
| Measurement date                | June 30, 2024, based on a valuation date of June 30, 2023.   |
| Ad hoc cost-of-living increases | Not applicable   |
| Mortality                       | Pre-Retirement: None    Post-Retirement: PubG-2010 Sex distinct mortality tables projected generationally with Scale MP-2021   |
| 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. |
| Retirement                      | 100% retirement 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.   |
| Other assumptions               | See actuarial assumptions provided in the June 30, 2023 funding valuation for other relevant assumptions.  |

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

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**14. DESERT HOSPITAL RETIREMENT PROTECTION PLAN – Continued**

**Net Pension Liability (Asset) (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.25 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, the Plan stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.25 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 6.25 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 6.71 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. The Plan checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

The Plan expects to continue using a discount rate net of administrative expenses for GASB Stmt No.67 and 68 calculations through the 2024-2025 fiscal year. The Plan will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**14. DESERT HOSPITAL RETIREMENT PROTECTION PLAN – Continued**

**Net Pension Liability (Asset) (Continued)**

Expected Rate of Return

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

| Asset Class                      | Target Allocation | Long-term expected real rate of return |
|----------------------------------|-------------------|--|
| Domestic fixed income securities | 35.0%             | 2.20%                                  |
| Domestic equities                | 48.0%             | 5.05%                                  |
| International equities           | 12.0%             | 4.56%                                  |
| Cash                             | 5.0%              | 0.22%                                  |

**Changes in the Net Pension Liability (Asset)**

The changes in the Net Pension Liability (Asset) for the Plan are as follows:

|  | Increase (Decrease)            |                                    |   |
|--|--------------------------------|------------------------------------|---|
|  | Total Pension Liability<br>(a) | Plan Fiduciary Net Position<br>(b) | Net Position Liability/(Asset)<br>(c) = (a) - (b) |
| <b>Balance, June 30, 2023</b>                                    | \$ 3,036,119                   | \$ 4,493,259                       | \$ (1,457,140)                                    |
| Changes in Recognized for the Measurement Period:                |                                |                                    |   |
| Employer Contributions   |                                |                                    |   |
| Interest on the Total Pension Liability                          | 182,433                        |                                    | 182,433   |
| Differences between Expected and Actual Experience               |                                |                                    | -   |
| Changes in Assumptions   | 7,466                          |                                    | 7,466   |
| Net Investment Income *  |                                | 461,096                            | (461,096)   |
| Benefit Payments, including Refunds of<br>Employee Contributions | (510,257)                      | (510,257)                          |   |
| Administrative Expenses  |                                |                                    |   |
| Net Changes during 2023-2024                                     | (320,358)                      | (49,161)                           | (271,197)   |
| <b>Balance, June 30, 2024</b>                                    | \$ 2,715,761                   | \$ 4,444,098                       | \$ (1,728,337)                                    |

\* Net of administrative expenses.

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**14. DESERT HOSPITAL RETIREMENT PROTECTION PLAN – Continued**

***Changes in the Net Pension Liability (Asset) (Continued)***

***Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate***

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.25 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (5.25 percent) or 1 percentage-point higher (7.25 percent) than the current rate:

|                       | <b>1% Decrease<br/>(5.25%)</b> | <b>Current Discount<br/>Rate (6.25%)</b> | <b>1% Increase<br/>(7.25%)</b> |
|-----------------------|--------------------------------|--|--------------------------------|
| Net pension liability | \$ (1,700,730)                 | \$ (1,728,337)                           | \$ (1,750,771)                 |

***Plan Fiduciary Net Position***

Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial reports.

***The Plan’s Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions***

For the fiscal year ended June 30, 2024, the District recognized pension expense of \$(212,472). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual experience                                | \$ -  | \$ -   |
| Net differences between projected and actual earnings on pension plan investments | 358,309                                       | (397,911)                                    |
| Changes in assumptions  | 3,733   |  |
| Total   | \$ 362,042                                    | \$ (397,911)                                 |

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

| <b>Fiscal Year<br/>Ended June 30,</b> | <b>Deferred<br/>Outflows (Inflows)<br/>of Resources</b> |
|---------------------------------------|---|
| 2025                                  | \$ (47,055)   |
| 2026                                  | 113,479   |
| 2027                                  | (65,678)  |
| 2028                                  | (36,615)  |
| Total                                 | \$ (35,869)   |

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**15. RELATED PARTY TRANSACTIONS**

The Desert Healthcare District and the Desert Healthcare Foundation are related parties. The Foundation is organized to provide health and welfare assistance to Coachella Valley residents in need. The District donated funds of \$750,000 and \$750,000 to the Foundation, to help fulfill their purpose during June 30, 2024 and 2023, respectively. The District also provided the Foundation with office space and personnel of \$449,805 and \$650,785 during June 30, 2024 and 2023, respectively.

Grants payable to the Foundation as of June 30, 2024 amounted to \$0. As of June 30, 2024 accounts receivable from the Foundation were \$0.

The Desert Healthcare District awarded and disbursed grant funds to a grantee, Vision y Compromiso, whose associate director is the District's CEO's wife. At June 30, 2024 and 2023, total grants awarded to Vision y Compromiso were \$199,914 and \$0, respectively. Total grant funds expended to Vision y Compromiso for the fiscal year ended June 30, 2024 and 2023 amounted to \$112,480 and \$67,500, respectively. During the 2023-2024 fiscal year, the prior CEO's contract was terminated.

**16. PRIOR PERIOD ADJUSTMENTS**

There was a prior period adjustment of \$11,499 on the statement of activities related to the understatement of lease receivables and the understatement of deferred inflows of resources.

**17. SUBSEQUENT EVENT**

The District Board of Directors on August 6, 2024 approved a resolution to direct the Riverside County Registrar of Voters to place Measure AA on the November 5 election ballot regarding the approval of a Lease/Purchase Agreement with Desert Regional Medical Center Inc., a wholly-owned subsidiary of Tenet HealthSystems Inc. Should the measure pass, the Lease/Purchase Agreement will be executed extending the lease period from 2027 to 2057 with the transfer of ownership of the hospital to Tenet HealthSystems, Inc. in 2057. The District will receive approximately \$650 million in installments, including \$100M in 2057 as the final installment to transfer ownership. Additionally, seismic retrofit responsibility will transfer to Tenet HealthSystems Inc.

**18. UPCOMING ACCOUNTING AND REPORTING CHANGES**

GASB Statements listed below will be implemented in future financial statements. The provisions of Statement Number 100 "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62" are effective for fiscal years beginning after June 15, 2023.

The provisions of Statement Number 101 "Compensated Absences" are effective for fiscal years beginning after December 15, 2023.

The provisions of Statement Number 102 "Certain Risk Disclosures" are effective for fiscal years beginning after June 15, 2024.

The provisions of Statement Number 103 "Financial Reporting Model Improvements" are effective for fiscal years beginning after June 15, 2025.

**REQUIRED SUPPLEMENTARY INFORMATION**



**DESERT HEALTHCARE DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2024**

Prepared for the Desert Healthcare District, a Single-Employer Defined Benefit Pension Plan as of June 30, 2024

**Note 1 – Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios – Last 10 Years**

|  | <u>06/30/2024</u>     | <u>06/30/2023</u>     | <u>06/30/2022</u>     | <u>06/30/2021</u>     | <u>06/30/2020</u>   |
|--|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| <b>Total pension liability</b>   |                       |                       |                       |                       |                     |
| Service cost   | \$ 0                  | \$ 0                  | \$ 0                  | \$ 0                  | \$ 0                |
| Interest   | 182,433               | 207,687               | 229,605               | 342,696               | 374,170             |
| Changes of benefit terms   | 0                     | 0                     | 0                     | 0                     | 0                   |
| Differences between expected and actual experience                         | 0                     | (224,667)             | 0                     | (1,123,559)           | 0                   |
| Changes of assumptions   | 7,466                 | (14,943)              | 23,267                | (4,503,151)           | 912,601             |
| Benefit payments, including refunds of member contributions                | (510,257)             | (520,550)             | (172,220)             | (596,263)             | (208,084)           |
| Net change in total pension liability                                      | <u>(320,358)</u>      | <u>(552,473)</u>      | <u>80,652</u>         | <u>(5,880,277)</u>    | <u>1,078,687</u>    |
| Total pension liability - beginning  | 3,036,119             | 3,588,592             | 3,507,940             | 9,388,217             | 8,309,530           |
| <b>Total pension liability - ending (a)</b>                                | <b>\$ 2,715,761</b>   | <b>\$ 3,036,119</b>   | <b>\$ 3,588,592</b>   | <b>\$ 3,507,940</b>   | <b>\$ 9,388,217</b> |
| <b>Plan fiduciary net position</b>   |                       |                       |                       |                       |                     |
| Contributions - employer   | \$ 0                  | \$ 0                  | \$ 0                  | \$ 0                  | \$ 0                |
| Contributions - member   | 0                     | 0                     | 0                     | 0                     | 0                   |
| Contributions - nonemployer contributing member                            | 0                     | 0                     | 0                     | 0                     | 0                   |
| Net investment income  | 461,096               | 415,971               | (544,914)             | 1,127,272             | 78,140              |
| Benefit payments, including refunds of member contributions                | (510,257)             | (520,550)             | (172,220)             | (596,263)             | (208,084)           |
| Administrative expenses  | 0                     | 0                     | 0                     | 0                     | 0                   |
| Other  | 0                     | 0                     | 0                     | 0                     | 0                   |
| Net change in plan fiduciary net position                                  | <u>(49,161)</u>       | <u>(104,579)</u>      | <u>(717,134)</u>      | <u>531,009</u>        | <u>(129,944)</u>    |
| Plan fiduciary net position - beginning                                    | 4,493,259             | 4,597,838             | 5,314,972             | 4,783,963             | 4,913,907           |
| <b>Plan fiduciary net position - ending (b)</b>                            | <b>\$ 4,444,098</b>   | <b>\$ 4,493,259</b>   | <b>\$ 4,597,838</b>   | <b>\$ 5,314,972</b>   | <b>\$ 4,783,963</b> |
| <b>Net pension liability - ending (a) - (b)</b>                            | <b>\$ (1,728,337)</b> | <b>\$ (1,457,140)</b> | <b>\$ (1,009,246)</b> | <b>\$ (1,807,032)</b> | <b>\$ 4,604,254</b> |
| Plan fiduciary net position as a percentage of the total pension liability | 163.64%               | 147.99%               | 128.12%               | 151.51%               | 50.96%              |
| Covered-employee payroll   | Not Applicable        | Not Applicable        | Not Applicable        | Not Applicable        | Not Applicable      |
| Net pension liability as percentage of covered - employee payroll          | Not Applicable        | Not Applicable        | Not Applicable        | Not Applicable        | Not Applicable      |

|  | <u>06/30/2019</u>   | <u>06/30/2018</u>   | <u>06/30/2017</u>   | <u>06/30/2016</u>    | <u>12/31/2014</u>    |
|--|---------------------|---------------------|---------------------|----------------------|----------------------|
| <b>Total pension liability</b>   |                     |                     |                     |                      |                      |
| Service cost   | \$ 0                | \$ 0                | \$ 0                | \$ 0                 | \$ 0                 |
| Interest   | 385,951             | 399,298             | 321,990             | 397,980              | 418,035              |
| Changes of benefit terms   | 0                   | 0                   | 0                   | 0                    | 0                    |
| Differences between expected and actual experience                         | (802,110)           | 0                   | (437,093)           | (493,455)            | (537,578)            |
| Changes of assumptions   | 769,854             | 315,705             | (2,852,163)         | 1,944,607            | 0                    |
| Benefit payments, including refunds of member contributions                | (511,792)           | (466,670)           | (382,380)           | (459,397)            | (304,264)            |
| Net change in total pension liability                                      | <u>(158,097)</u>    | <u>248,333</u>      | <u>(3,349,646)</u>  | <u>1,389,735</u>     | <u>(423,807)</u>     |
| Total pension liability - beginning  | 8,467,627           | 8,219,294           | 11,568,940          | 10,179,205           | 10,603,012           |
| <b>Total pension liability - ending (a)</b>                                | <b>\$ 8,309,530</b> | <b>\$ 8,467,627</b> | <b>\$ 8,219,294</b> | <b>\$ 11,568,940</b> | <b>\$ 10,179,205</b> |
| <b>Plan fiduciary net position</b>   |                     |                     |                     |                      |                      |
| Contributions - employer   | \$ 0                | \$ 0                | \$ 3,400,000        | \$ 0                 | \$ 0                 |
| Contributions - member   | 0                   | 0                   | 0                   | 0                    | 0                    |
| Contributions - nonemployer contributing member                            | 0                   | 0                   | 0                   | 0                    | 0                    |
| Net investment income  | 235,865             | 347,969             | 426,828             | (6,638)              | 70,805               |
| Benefit payments, including refunds of member contributions                | (511,792)           | (466,670)           | (382,380)           | (459,397)            | (304,264)            |
| Administrative expenses  | 0                   | (35,638)            | (24,513)            | (14,983)             | (17,892)             |
| Other  | 0                   | 0                   | 0                   | 0                    | 0                    |
| Net change in plan fiduciary net position                                  | <u>(275,927)</u>    | <u>(154,339)</u>    | <u>3,419,935</u>    | <u>(481,018)</u>     | <u>(251,351)</u>     |
| Plan fiduciary net position - beginning                                    | 5,189,834           | 5,344,173           | 1,924,238           | 2,405,256            | 2,656,607            |
| <b>Plan fiduciary net position - ending (b)</b>                            | <b>\$ 4,913,907</b> | <b>\$ 5,189,834</b> | <b>\$ 5,344,173</b> | <b>\$ 1,924,238</b>  | <b>\$ 2,405,256</b>  |
| <b>Net pension liability - ending (a) - (b)</b>                            | <b>\$ 3,395,623</b> | <b>\$ 3,277,793</b> | <b>\$ 2,875,121</b> | <b>\$ 9,644,702</b>  | <b>\$ 7,773,949</b>  |
| Plan fiduciary net position as a percentage of the total pension liability | 59.14%              | 61.29%              | 65.02%              | 16.63%               | 23.63%               |
| Covered-employee payroll   | Not Applicable      | Not Applicable      | Not Applicable      | Not Applicable       | Not Applicable       |
| Net pension liability as percentage of covered - employee payroll          | Not Applicable      | Not Applicable      | Not Applicable      | Not Applicable       | Not Applicable       |

**(Continued)**

**DESERT HEALTHCARE DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**JUNE 30, 2024**

**Prepared for the Desert Healthcare District, a Single-Employer Defined Benefit Pension Plan as of June 30, 2024**

**Note 1 – Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios – Last 10 Years**

**Notes to Schedule**

*Changes in Assumptions:*

- 2017 to 2018 Investment rate of return, including inflation, and net of investment expenses changed from 5.00 % to 4.70%.
- 2017 to 2018 Discount Rate changed from 5.00% to 4.70%.
- 2018 to 2019 Discount Rate changed from 4.70% to 4.56%.
- 2018 to 2019 Investment rate of return, including inflation, and net of investment expenses changed from 4.70 % to 4.56%.
- 2019 to 2020 Discount rate changed from 4.56% to 3.77%
- 2020 to 2021 Discount rate changed from 3.77% to 6.71%
- 2021 to 2022 Discount rate changed from 6.71% to 6.24%
- 2022 to 2023 Discount rate changed from 6.24% to 6.56%
- 2023 to 2024 Discount rate changed from 6.56% to 6.25%

**DESERT HEALTHCARE DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2024**

**Note 2 – Schedule of Changes in Net OPEB Liability and Related Ratios – Last 10 Fiscal Years\***

| Measurement period  | <u>6/30/2024</u> | <u>6/30/2023</u> | <u>6/30/2022</u> | <u>6/30/2021</u> | <u>6/30/2020</u> | <u>6/30/2019</u> | <u>6/30/2018</u>  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| <b>Total OPEB Liability</b>   |                  |                  |                  |                  |                  |                  |                   |
| Service Cost  | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -              |
| Changes in assumptions  | -                | -                | -                | -                | (3,245)          | (908)            | -                 |
| Interest on the Total OPEB Liability                                    | -                | -                | -                | -                | 2,957            | 3,684            | 4,057             |
| Benefit Payments and write offs   | -                | -                | -                | (67,364)         | (20,321)         | (23,490)         | (22,587)          |
| <b>Net Change in Total OPEB Liability</b>                               |                  |                  |                  | (67,364)         | (20,609)         | (20,714)         | (18,530)          |
| <b>Total OPEB Liability - Beginning</b>                                 | -                | -                | -                | 67,364           | 87,973           | 108,687          | 127,217           |
| <b>Total OPEB Liability - Ending (a)</b>                                | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 67,364</u> | <u>\$ 87,973</u> | <u>\$ 108,687</u> |
| <br>  |                  |                  |                  |                  |                  |                  |                   |
| <b>Plan Fiduciary Net Position</b>                                      |                  |                  |                  |                  |                  |                  |                   |
| Contribution from the Employer  | \$ -             | \$ -             | \$ -             | \$ 21,400        | \$ 20,321        | \$ 23,490        | \$ 22,587         |
| Net investment income   | -                | -                | -                | -                | -                | -                | -                 |
| Benefit Payments  | -                | -                | -                | (21,400)         | (20,321)         | (23,490)         | (22,587)          |
| Administrative Expenses   | -                | -                | -                | -                | -                | -                | -                 |
| <b>Net Change in Plan Fiduciary Net Position</b>                        |                  |                  |                  | -                | -                | -                | -                 |
| <b>Plan Fiduciary Net Position - Beginning</b>                          | -                | -                | -                | -                | -                | -                | -                 |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                         | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>       |
| <br>  |                  |                  |                  |                  |                  |                  |                   |
| Net OPEB Liability - Ending (a)-(b)                                     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 67,364</u> | <u>\$ 87,973</u> | <u>\$ 108,687</u> |
| <br>  |                  |                  |                  |                  |                  |                  |                   |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | <u>N/A</u>       | <u>N/A</u>       | <u>N/A</u>       | <u>N/A</u>       | <u>0.00%</u>     | <u>0.00%</u>     | <u>0.00%</u>      |
| <br>  |                  |                  |                  |                  |                  |                  |                   |
| Covered - Employee Payroll  | <u>N/A</u>       | <u>N/A</u>       | <u>N/A</u>       | <u>N/A</u>       | <u>N/A</u>       | <u>N/A</u>       | <u>N/A</u>        |
| <br>  |                  |                  |                  |                  |                  |                  |                   |
| Net OPEB Liability as Percentage of Covered-Employee Payroll            | <u>N/A</u>       | <u>N/A</u>       | <u>N/A</u>       | <u>N/A</u>       | <u>N/A</u>       | <u>N/A</u>       | <u>N/A</u>        |

Notes to Schedule:

During the year ended June 30, 2021, the remaining covered retiree passed away and therefore there was no remaining OPEB liability.

Changes of Assumption: Investment/Discount rate changed from 3.50% to 3.80% from 2018 to 2019 measurement period.

\*Fiscal year 2018 was the first year of implementation, therefore only seven years are shown.

**DESERT HOSPITAL**  
**RETIREMENT PROTECTION PLAN**

**PALM SPRINGS, CALIFORNIA**

**INDEPENDENT AUDITOR'S REPORT,**  
**FINANCIAL STATEMENTS, AND**  
**SUPPLEMENTARY INFORMATION**

**JUNE 30, 2024**

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Desert Healthcare District  
Desert Healthcare Hospital Retirement Protection Plan  
Palm Springs, CA

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of the fiduciary activities of the Desert Healthcare Hospital Retirement Protection Plan (the Plan) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the fiduciary activities of the Plan as of June 30, 2024, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Plan, 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 the 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 Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment 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 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, 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan'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 Schedules of Changes in the Net Pension Liability (Asset) and Related Ratios and the Schedule of Plan Contributions 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, 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management’s Discussion and Analysis and the Schedule of the Annual Money-Weighted Rate of Return on Plan Investments that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2024, on our consideration of the Plan’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 Plan’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 Plan’s internal control over financial reporting and compliance.

***Report on Comparative Information***

We have previously audited the Plan’s financial statements as of and for the fiscal year ended June 30, 2023, and expressed an unmodified audit opinion on those audited financial statements in our report dated September 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Moss, Levy & Hartzheim*  
Moss, Levy & Hartzheim, LLP  
Culver City, CA  
September 23, 2024



**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2024**  
**WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023**

|   | 2024         | 2023         |
|---|--------------|--------------|
| <b><u>ASSETS</u></b>                              |              |              |
| Cash  | \$ 107,117   | \$ 200,936   |
| Investments, at fair value                        |              |              |
| U.S. Government securities                        | -            | 394,369      |
| Corporate debt securities                         | -            | 683,184      |
| Mutual funds                                      | 4,342,654    | 3,209,553    |
| Total investments                                 | 4,342,654    | 4,287,106    |
| Interest and dividends receivable                 | 1,449        | 12,463       |
| Total Assets                                      | 4,451,220    | 4,500,505    |
| <b><u>LIABILITIES</u></b>                         |              |              |
| Accrued trustee fees                              | 7,122        | 7,246        |
| <b><u>NET POSITION RESTRICTED FOR PENSION</u></b> |              |              |
| Net position restricted for pension               | \$ 4,444,098 | \$ 4,493,259 |

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

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

|  | 2024         | 2023         |
|--|--------------|--------------|
| <b><u>ADDITIONS:</u></b>                         |              |              |
| Contributions                                    | \$ -         | \$ -         |
| Investment income:                               |              |              |
| Net appreciation in fair value of Plan assets    | 59,175       | 32,067       |
| Interest, dividends, and other investment income | 122,558      | 129,401      |
| Net gain(loss) from sale of investments          | 307,678      | 283,511      |
| Net income                                       | 489,411      | 444,979      |
| <b><u>DEDUCTIONS:</u></b>                        |              |              |
| Distributions of benefits                        | 510,257      | 520,549      |
| Administrative expenses                          | 28,315       | 29,009       |
| Total deductions                                 | 538,572      | 549,558      |
| NET INCREASE (DECREASE) IN NET POSITION          | (49,161)     | (104,579)    |
| NET POSITION RESTRICTED FOR PENSION:             |              |              |
| BEGINNING OF THE FISCAL YEAR                     | 4,493,259    | 4,597,838    |
| END OF THE FISCAL YEAR                           | \$ 4,444,098 | \$ 4,493,259 |

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

# DESERT HOSPITAL RETIREMENT PROTECTION PLAN

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

### 1. PLAN STATUS

From June 1986 to May 1997, the Desert Hospital Corporation (the Corporation), as 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 asset 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 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, 2024**

**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, 2024, by the Plan's independent actuary determined that the actuarial value of the Plan's net pension asset was \$(1,728,337) at June 30, 2024 and \$(1,457,140) at June 30, 2023, The actuary recommended to the District an actuarially determined contribution of \$0 for the fiscal year ended June 30, 2024 and \$0 for the fiscal year ended June 30, 2023.

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 accounting principles generally accepted 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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and 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.

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.

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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:

| <u>Investment Type</u>     | <u>2024</u>         |                     | <u>2023</u>         |                     |
|----------------------------|---------------------|---------------------|---------------------|---------------------|
|                            | <u>Cost</u>         | <u>Fair Value</u>   | <u>Cost</u>         | <u>Fair Value</u>   |
| Cash                       | <u>\$ 107,117</u>   | <u>\$ 107,117</u>   | <u>\$ 200,936</u>   | <u>\$ 200,936</u>   |
| Investments                |                     |                     |                     |                     |
| U.S. Government securities | -                   | -                   | 415,536             | 394,369             |
| Corporate debt securities  | -                   | -                   | 707,510             | 683,184             |
| Mutual funds               | <u>3,715,916</u>    | <u>4,342,654</u>    | <u>2,596,498</u>    | <u>3,209,553</u>    |
| Investments total          | <u>3,715,916</u>    | <u>4,342,654</u>    | <u>3,719,544</u>    | <u>4,287,106</u>    |
| Total cash and investments | <u>\$ 3,823,033</u> | <u>\$ 4,449,771</u> | <u>\$ 3,920,480</u> | <u>\$ 4,488,042</u> |

Disclosures 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.

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**4. CASH AND INVESTMENTS (Continued)**

Disclosures Relating to Interest Rate Risk (Continued)

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, 2024**

| 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 | \$ 2,676,370        | \$ 2,676,370                   | \$ -            | \$ -         | \$ -         | \$ -                |
| Fixed Income Mutual Funds | 1,666,284           | 1,666,284                      | -               | -            | -            | -                   |
| Total                     | <u>\$ 4,342,654</u> | <u>\$ 4,342,654</u>            | <u>\$ -</u>     | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>         |

**As of June 30, 2023**

| 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 | \$ 2,654,131        | \$ 2,654,131                   | \$ -             | \$ -             | \$ -             | \$ -                |
| Fixed Income Mutual Funds | 503,705             | 503,705                        | -                | -                | -                | -                   |
| Balanced Mutual Funds     | 51,717              | 51,717                         | -                | -                | -                | -                   |
| Corporate Bonds           | 683,184             | 198,521                        | 23,729           | 47,845           | 46,446           | 366,643             |
| U.S. Government Agencies  | 202,576             | -                              | -                | -                | -                | 202,576             |
| U.S. Treasury Notes       | 191,793             | 99,074                         | -                | -                | -                | 92,719              |
| Total                     | <u>\$ 4,287,106</u> | <u>\$ 3,507,148</u>            | <u>\$ 23,729</u> | <u>\$ 47,845</u> | <u>\$ 46,446</u> | <u>\$ 661,938</u>   |

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**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, 2024:**

| 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 | \$ 2,676,370        | N/A                  | \$ -                   | \$ -                         | \$ -        | \$ -        | \$ 2,676,370        |
| Fixed Income Mutual Funds | 1,666,284           | N/A                  | -                      | -                            | -           | -           | 1,666,284           |
| Total                     | <u>\$ 4,342,654</u> |                      | <u>\$ -</u>            | <u>\$ -</u>                  | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,342,654</u> |

**As of June 30, 2023:**

| 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 | \$ 2,654,131        | N/A                  | \$ -                   | \$ -                         | \$ -             | \$ -              | \$ 2,654,131        |
| Fixed Income Mutual Funds | 503,705             | N/A                  | -                      | -                            | -                | -                 | 503,705             |
| Balanced Mutual Funds     | 51,717              | N/A                  | -                      | -                            | -                | -                 | 51,717              |
| Corporate Bonds           | 683,184             | A                    | -                      | 145,178                      | 99,789           | 438,217           | -                   |
| U.S. Government Agencies  | 202,576             | N/A                  | -                      | -                            | -                | -                 | 202,576             |
| U.S. Treasury Notes       | 191,793             | N/A                  | 191,793                | -                            | -                | -                 | -                   |
| Total                     | <u>\$ 4,287,106</u> |                      | <u>\$ 191,793</u>      | <u>\$ 145,178</u>            | <u>\$ 99,789</u> | <u>\$ 438,217</u> | <u>\$ 3,412,129</u> |

## DESERT HOSPITAL RETIREMENT PROTECTION PLAN

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

#### **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 eight investments at June 30, 2024 that represent 5% or more of total Plan investments. These investments are:

- 6,039 Shares of Columbia Contrarian Core Fund valued at \$227,138.
- 1,028 Shares of Dodge Cox Stock Fund I valued at \$264,061.
- 5,490 Shares of Ishares SP 500 Growth Etf valued at \$508,045.
- 541 Shares of Vanguard S&P 500 Etf valued at \$270,570.
- 23,018 Shares of Baird Aggregate Bond Fund valued at \$222,357.
- 23,335 Shares of Dodge Cox Income valued at \$264,128
- 23,335 Shares of Ishares Core US Aggregate Bond Etf valued at \$261,118
- 22,402 Shares of Pгим Total Return Bond Cl R6 valued at \$265,244.

There are five investments at June 30, 2023 that represent 5% or more of total Plan investments. These investments are:

- 5,390 Shares of IShares S&P 500 Growth Etf valued at \$379,887.
- 2,581 Shares of IShares S&P 500 Value Etf valued at \$416,031.
- 5,026 Shares of Vanguard Ftse Developed Etf valued at \$232,101.
- 600 Shares of Vanguard S&P 500 Etf valued at \$244,368.
- 21,011 Shares of Pгим Total Return Bond Cl R6 valued at \$301,813.

##### Custodial Credit

Custodial credit risk for deposits is the risk that, in the event of the 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, 2024, there were no Plan 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 requirements 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.

Money-weighted rate of return is 9.59% assuming mid-year timing for inflow/outflows.



**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**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 principles 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, 2024:

| <u>Investment Type</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           |                     |   |  |  |
| Equity Based Mutual Funds | \$ 2,676,370        | \$ 1,593,414  | \$ 1,082,956   | \$ -   |
| Fixed Income Mutual Funds | <u>1,666,284</u>    | <u>565,505</u>  | <u>1,100,779</u>                                     | <u>-</u>   |
| Total                     | <u>\$ 4,342,654</u> | <u>\$ 2,158,919</u>   | <u>\$ 2,183,735</u>                                  | <u>\$ -</u>                                      |

The Plan has the following recurring fair value measurements as of June 30, 2023:

| <u>Investment Type</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       | \$ 394,369          | \$ 191,793  | \$ 202,576   | \$ -   |
| Corporate Issues           | 683,184             | -   | 683,184  | -  |
| Mutual Funds- Equity       | 2,654,131           | 2,401,307   | 252,824  | -  |
| Mutual Funds- Balanced     | 51,717              | -   | 51,717   | -  |
| Mutual Funds- Fixed Income | <u>503,705</u>      | <u>-</u>  | <u>503,705</u>                                       | <u>-</u>   |
| Total                      | <u>\$ 4,287,106</u> | <u>\$ 2,593,100</u>   | <u>\$ 1,694,006</u>                                  | <u>\$ -</u>                                      |

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**5. ACTUARIAL ASSUMPTIONS**

The total pension liability as of June 30, 2024, was determined using the following actuarial assumptions:

|                                 |   |
|---------------------------------|---|
| Inflation                       | 2.50%   |
| Discount rate                   | 6.25%, net of pension plan investment expense, including inflation.   |
| Measurement date                | June 30, 2024, based on the valuation date of June 30, 2023.  |
| Ad hoc cost-of-living increases | Not applicable  |
| Mortality                       | Pre-Retirement: None<br>Post-Retirement: PubG-2010 sex distinct mortality tables projected generationally with Scale MP-2021 from 2010  |
| Experience study                | Given the size of the plan, there is not enough data available to conduct a credible 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. |
| Retirement                      | 100% retirement 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.  |
| Other assumptions               | See actuarial assumptions provided in the June 30, 2024 funding valuation for other relevant assumptions.   |

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

The date of the June 30, 2024 actuarial report was September 10, 2024.

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**6. NET PENSION LIABILITY OF THE PLAN**

**Schedule of Changes in Net Pension Liability and Related Ratios**

|   | <b><u>2024</u></b>           | <b><u>2023</u></b>           |
|---|------------------------------|------------------------------|
| <b>Total pension liability:</b>   |                              |                              |
| Service cost  | \$ -                         | \$ -                         |
| Interest  | 182,433                      | 207,687                      |
| Changes of benefit terms  |                              |                              |
| Differences between expected and actual experience                                | -                            | (224,667)                    |
| Changes of assumptions  | 7,466                        | (14,943)                     |
| Benefit payments, including refunds of member contributions                       | (510,257)                    | (520,550)                    |
| <b>Net change in total pension liability</b>                                      | <b>(320,358)</b>             | <b>(552,473)</b>             |
| <b>Total pension liability - beginning</b>  | <b>3,036,119</b>             | <b>3,588,592</b>             |
| <b>Total pension liability - ending (a)</b>                                       | <b><u>\$ 2,715,761</u></b>   | <b><u>\$ 3,036,119</u></b>   |
| <b>Plan fiduciary net position</b>  |                              |                              |
| Contributions - employer  | \$ -                         | \$ -                         |
| Net investment income   | 484,012                      | 444,979                      |
| Benefit payments, including refunds of member contributions                       | (510,257)                    | (520,549)                    |
| Administrative expenses   | (22,916)                     | (29,009)                     |
| <b>Net change in plan fiduciary net position</b>                                  | <b>(49,161)</b>              | <b>(104,579)</b>             |
| <b>Plan fiduciary net position - beginning</b>                                    | <b>4,493,259</b>             | <b>4,597,838</b>             |
| <b>Plan fiduciary net position - ending (b)</b>                                   | <b><u>4,444,098</u></b>      | <b><u>4,493,259</u></b>      |
| <b>Net pension liability (asset) - ending (a) - (b)</b>                           | <b><u>\$ (1,728,337)</u></b> | <b><u>\$ (1,457,140)</u></b> |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | <b>163.64%</b>               | <b>147.99%</b>               |
| <b>Covered - employee payroll</b>   | <b>N/A</b>                   | <b>N/A</b>                   |
| <b>Net pension liability as percentage of covered - employee payroll</b>          | <b>N/A</b>                   | <b>N/A</b>                   |

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**6. NET PENSION LIABILITY OF THE PLAN (Continued)**

Discount Rate and Net Pension Liability Sensitivity

1. Discount Rate

The discount rate used to measure the total pension liability was 6.25%. 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 the member rate. 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 depleted for current members during the 2037 fiscal year. Therefore, the long-term expected rate of return 6.25% was used to discount funded projected benefit payments and the municipal bond rate 3.15% was used to discount unfunded projected benefit payments to determine the total pension liability. The single effective discount rate was 6.25%.

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

The following presents the net pension asset for 2024 and 2023, calculated using the discount rate of 6.25% (6.56%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25% and 5.56%) or 1-percentage-point higher (7.25% and 7.56%) than the current rate:

For the Fiscal Year Ended June 30, 2024

|                   | <b><u>1% Decrease<br/>(5.25%)</u></b> | <b><u>Current Discount<br/>Rate (6.25%)</u></b> | <b><u>1% Increase<br/>(7.25%)</u></b> |
|-------------------|---------------------------------------|---|---------------------------------------|
| Net pension asset | \$ (1,700,730)                        | \$ (1,728,337)                                  | \$ (1,750,771)                        |

For the Fiscal Year Ended June 30, 2023

|                   | <b><u>1% Decrease<br/>(5.56%)</u></b> | <b><u>Current Discount<br/>Rate (6.56%)</u></b> | <b><u>1% Increase<br/>(7.56%)</u></b> |
|-------------------|---------------------------------------|---|---------------------------------------|
| Net pension asset | \$ (1,406,256)                        | \$ (1,457,140)                                  | \$ (1,502,525)                        |

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**6. NET PENSION LIABILITY OF THE PLAN (Continued)**

**Plan membership**

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

|   | <u>2024</u> | <u>2023</u> |
|---|-------------|-------------|
| Inactive plan members if beneficiaries currently receiving benefits | 7           | 7           |
| Inactive plan members entitled but not yet receiving benefits       | 58          | 58          |
| Active plan members   | <u>68</u>   | <u>68</u>   |
|   | <u>133</u>  | <u>133</u>  |

**Net Pension Liability**

The components of the net pension liability at June 30,

|   | <u>2024</u>           | <u>2023</u>           |
|---|-----------------------|-----------------------|
| Total pension liability   | \$ 2,715,761          | \$ 3,036,119          |
| Plan fiduciary net position                                       | <u>(4,444,098)</u>    | <u>(4,493,259)</u>    |
| Net pension asset   | <u>\$ (1,728,337)</u> | <u>\$ (1,457,140)</u> |
| Plan fiduciary net position as a % of the total pension liability | 163.64%               | 147.99%               |

**Actuarial Assumptions**

The total pension liability was determined using the following actuarial assumptions.

|                           | <u>2024</u> | <u>2023</u> |
|---------------------------|-------------|-------------|
| Inflation                 | 2.50%       | 2.75%       |
| Salary increases          | NA          | NA          |
| Investment rate of return | 6.25%       | 6.56%       |
| Discount rate             | 6.25%       | 6.56%       |

**7. SUBSEQUENT EVENTS**

Management of the Plan has evaluated all potential subsequent events as of September 23, 2024, the date when the financial statements were available to be issued. No subsequent events or transactions were identified after June 30, 2024, that require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION**

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**  
**Schedule of Changes in the Net Pension Liability and Related Ratios- Last 10 Fiscal Years**  
**June 30, 2024**

|   | 2024                  | 2023                  | 2022                  | 2021                  | 2020                |
|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| <b>TOTAL PENSION LIABILITY</b>  |                       |                       |                       |                       |                     |
| Service Cost  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                |
| Interest  | 182,433               | 207,687               | 229,605               | 342,696               | 374,170             |
| Changes of Benefit Terms  | -                     | -                     | -                     | -                     | -                   |
| Difference between Expected and Actual Experience   | -                     | (224,667)             | -                     | (1,123,559)           | -                   |
| Changes of Assumptions  | 7,466                 | (14,943)              | 23,267                | (4,503,151)           | 912,601             |
| Benefit Payments  | (510,257)             | (520,550)             | (172,220)             | (596,263)             | (208,084)           |
| <b>Net Change in Total Pension Liability</b>  | <u>(320,358)</u>      | <u>(552,473)</u>      | <u>80,652</u>         | <u>(5,880,277)</u>    | <u>1,078,687</u>    |
| <b>Total Pension Liability - Beginning</b>  | 3,036,119             | 3,588,592             | 3,507,940             | 9,388,217             | 8,309,530           |
| <b>Total Pension Liability - Ending</b>   | <u>\$ 2,715,761</u>   | <u>\$ 3,036,119</u>   | <u>\$ 3,588,592</u>   | <u>\$ 3,507,940</u>   | <u>\$ 9,388,217</u> |
| <b>PLAN FIDUCIARY NET POSITION</b>  |                       |                       |                       |                       |                     |
| Contributions from the Employer/Member  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                |
| Net Investment Income   | 484,012               | 444,979               | (512,520)             | 1,127,272             | 78,140              |
| Administrative Expenses   | (22,916)              | (29,009)              | (32,394)              | -                     | -                   |
| Benefit Payments  | (510,257)             | (520,549)             | (172,220)             | (596,263)             | (208,084)           |
| <b>Net Change in Plan Fiduciary Net Position</b>  | <u>(49,161)</u>       | <u>(104,579)</u>      | <u>(717,134)</u>      | <u>531,009</u>        | <u>(129,944)</u>    |
| <b>Plan Fiduciary Net Position - Beginning</b>  | 4,493,259             | 4,597,838             | 5,314,972             | 4,783,963             | 4,913,907           |
| <b>Plan Fiduciary Net Position - Ending</b>   | <u>\$ 4,444,098</u>   | <u>\$ 4,493,259</u>   | <u>\$ 4,597,838</u>   | <u>\$ 5,314,972</u>   | <u>\$ 4,783,963</u> |
| <b>Plan Net Pension Liability (Asset) - Ending</b>  | <u>\$ (1,728,337)</u> | <u>\$ (1,457,140)</u> | <u>\$ (1,009,246)</u> | <u>\$ (1,807,032)</u> | <u>\$ 4,604,254</u> |
| <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</b> | <u>163.64%</u>        | <u>147.99%</u>        | <u>128.12%</u>        | <u>151.51%</u>        | <u>50.96%</u>       |
| <b>Covered Payroll</b>  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                |
| <b>Net Pension Liability (Asset) as a percentage of Covered Payroll</b>                   | N/A                   | N/A                   | N/A                   | N/A                   | N/A                 |

**Notes to Schedule:**

**Changes in Assumption**

- In 2017, the post-retirement mortality tables were changed from 2015 annuitant tables to 2017 annuitant tables
- In 2019, the interest rate changed to 6.82% per annum compounded from 7.5% pre-retirement and 6.5% post retirement.
- In 2019, the post-retirement mortality tables were changed from 2017 IRS Static Mortality table to Scale MP-2018 PubG-2010 sex distinct mortality tables
- In 2021, the interest rate changed to 6.71% from 6.82%
- In 2021, the interest credit rate changed to 2% per annum from 4% per annum
- In 2021, the conversion rate changed to 3% per annum from 5% per annum
- In 2021, the form of payment assumption changed to assume 95% of participants take a lump sum payment and 5% take an annuity
- In 2021, the retirement assumption was updated to assume the active participants retire at age 65 and terminated vested participants take an immediate lump sum payment
- In 2021, the post-retirement mortality tables were changed from Scale MP-2018 PubG-2010 sex distinct mortality tables to Scale MP-2020 PubG-2010 sex distinct mortality tables
- In 2023, the interest rate changed to 6.56% from 6.71%
- In 2023, the post-retirement mortality tables were changed from Scale MP-2020 PubG-2010 sex distinct mortality tables to Scale MP-2021 PubG-2010 sex distinct mortality tables
- In 2024, the inflation rate changed to 2.50% from 2.75%
- In 2024, the discount rate changed to 6.25% from 6.56%

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**  
**Schedule of Changes in the Net Pension Liability and Related Ratios- Last 10 Fiscal Years (Continued)**  
**June 30, 2024**

|   | 2019                | 2018                | 2017                | 2016                 | 2015                 |
|---|---------------------|---------------------|---------------------|----------------------|----------------------|
| <b>TOTAL PENSION LIABILITY</b>  |                     |                     |                     |                      |                      |
| Service Cost  | \$ -                | \$ -                | \$ -                | \$ -                 | \$ -                 |
| Interest  | 385,951             | 399,298             | 321,990             | 397,980              | 418,035              |
| Changes of Benefit Terms  | -                   | -                   | -                   | -                    | -                    |
| Difference between Expected and Actual Experience   | (802,110)           | -                   | (437,093)           | (493,455)            | (537,578)            |
| Changes of Assumptions  | 769,854             | 315,705             | (2,852,163)         | 1,944,607            | -                    |
| Benefit Payments  | (511,792)           | (466,670)           | (382,380)           | (459,397)            | (304,264)            |
| <b>Net Change in Total Pension Liability</b>  | <u>(158,097)</u>    | <u>248,333</u>      | <u>(3,349,646)</u>  | <u>1,389,735</u>     | <u>(423,807)</u>     |
| <b>Total Pension Liability - Beginning</b>  | 8,467,627           | 8,219,294           | 11,568,940          | 10,179,205           | 10,603,012           |
| <b>Total Pension Liability - Ending</b>   | <u>\$ 8,309,530</u> | <u>\$ 8,467,627</u> | <u>\$ 8,219,294</u> | <u>\$ 11,568,940</u> | <u>\$ 10,179,205</u> |
| <b>PLAN FIDUCIARY NET POSITION</b>  |                     |                     |                     |                      |                      |
| Contributions from the Employer/Member  | \$ -                | \$ -                | \$ 3,400,000        | \$ -                 | \$ -                 |
| Net Investment Income   | 235,865             | 347,969             | 426,828             | (6,638)              | 70,805               |
| Administrative Expenses   | -                   | (35,638)            | (24,513)            | (14,983)             | (17,892)             |
| Benefit Payments  | (511,792)           | (466,670)           | (382,380)           | (459,397)            | (304,264)            |
| <b>Net Change in Plan Fiduciary Net Position</b>  | <u>(275,927)</u>    | <u>(154,339)</u>    | <u>3,419,935</u>    | <u>(481,018)</u>     | <u>(251,351)</u>     |
| <b>Plan Fiduciary Net Position - Beginning</b>  | 5,189,834           | 5,344,173           | 1,924,238           | 2,405,256            | 2,656,607            |
| <b>Plan Fiduciary Net Position - Ending</b>   | <u>\$ 4,913,907</u> | <u>\$ 5,189,834</u> | <u>\$ 5,344,173</u> | <u>\$ 1,924,238</u>  | <u>\$ 2,405,256</u>  |
| <b>Plan Net Pension Liability (Asset) - Ending</b>  | <u>\$ 3,395,623</u> | <u>\$ 3,277,793</u> | <u>\$ 2,875,121</u> | <u>\$ 9,644,702</u>  | <u>\$ 7,773,949</u>  |
| <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</b> | <u>59.14%</u>       | <u>61.29%</u>       | <u>65.02%</u>       | <u>16.63%</u>        | <u>23.63%</u>        |
| <b>Covered Payroll</b>  | \$ -                | \$ -                | \$ -                | \$ -                 | \$ -                 |
| <b>Net Pension Liability (Asset) as a percentage of Covered Payroll</b>                   | N/A                 | N/A                 | N/A                 | N/A                  | N/A                  |

**Notes to Schedule:**

**Changes in Assumption**

- In 2017, the post-retirement mortality tables were changed from 2015 annuitant tables to 2017 annuitant tables
- In 2019, the interest rate changed to 6.82% per annum compounded from 7.5% pre-retirement and 6.5% post retirement.
- In 2019, the post-retirement mortality tables were changed from 2017 IRS Static Mortality table to Scale MP-2018 PubG-2010 sex distinct mortality tables
- In 2021, the interest rate changed to 6.71% from 6.82%
- In 2021, the interest credit rate changed to 2% per annum from 4% per annum
- In 2021, the conversion rate changed to 3% per annum from 5% per annum
- In 2021, the form of payment assumption changed to assume 95% of participants take a lump sum payment and 5% take an annuity
- In 2021, the retirement assumption was updated to assume the active participants retire at age 65 and terminated vested participants take an immediate lump sum payment
- In 2021, the post-retirement mortality tables were changed from Scale MP-2018 PubG-2010 sex distinct mortality tables to Scale MP-2020 PubG-2010 sex distinct mortality tables
- In 2023, the interest rate changed to 6.56% from 6.71%
- In 2023, the post-retirement mortality tables were changed from Scale MP-2020 PubG-2010 sex distinct mortality tables to Scale MP-2021 PubG-2010 sex distinct mortality tables
- In 2024, the inflation rate changed to 2.50% from 2.75%
- In 2024, the discount rate changed to 6.25% from 6.56%



**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**  
**Schedule of Contributions- Last 10 Fiscal Years**  
**As of June 30, 2024**

|  | <u>6/30/2024</u>  | <u>6/30/2023</u>  | <u>6/30/2022</u>    | <u>6/30/2021</u>  | <u>6/30/2020</u>    |
|--|-------------------|-------------------|---------------------|-------------------|---------------------|
| Actuarially Determined Contribution                                  | \$ -              | \$ -              | \$ -                | \$ 366,275        | \$ 366,275          |
| Contributions in Relation to the Actuarially Determined Contribution | -                 | -                 | -                   | -                 | -                   |
| Contribution Deficiency (Excess)                                     | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>         | <u>\$ 366,275</u> | <u>\$ 366,275</u>   |
| Covered Payroll  | \$ -              | \$ -              | \$ -                | \$ -              | \$ -                |
| Contributions as a Percentage of Covered Payroll                     |                   |                   |                     |                   |                     |
|  | <u>6/30/2019</u>  | <u>6/30/2018</u>  | <u>6/30/2017</u>    | <u>6/30/2016</u>  | <u>6/30/2015</u>    |
| Actuarially Determined Contribution                                  | \$ 288,378        | \$ 288,378        | \$ 928,460          | \$ 928,460        | \$ 1,631,186        |
| Contributions in Relation to the Actuarially Determined Contribution | -                 | -                 | 3,400,000           | -                 | -                   |
| Contribution Deficiency (Excess)                                     | <u>\$ 288,378</u> | <u>\$ 288,378</u> | <u>\$ 4,328,460</u> | <u>\$ 928,460</u> | <u>\$ 1,631,186</u> |
| Covered Payroll  | \$ -              | \$ -              | \$ -                | \$ -              | \$ -                |
| Contributions as a Percentage of Covered Payroll                     |                   |                   |                     |                   |                     |

**Notes to the Schedule**

**Changes in Assumptions**

- In 2017, the post-retirement mortality tables were changed from 2015 annuitant tables to 2017 annuitant tables
- In 2019, the interest rate changed to 6.82% per annum compounded from 7.5% pre-retirement and 6.5% post retirement.
- In 2019, the post-retirement mortality tables were changed from 2017 IRS Static Mortality table to Scale MP-2018 PubG-2010 sex distinct mortality tables
- In 2021, the interest rate changed to 6.71% from 6.82%
- In 2021, the interest credit rate changed to 2% per annum from 4% per annum
- In 2021, the conversion rate changed to 3% per annum from 5% per annum
- In 2021, the form of payment assumption changed to assume 95% of participants take a lump sum payment and 5% take an annuity
- In 2021, the retirement assumption was updated to assume the active participants retire at age 65 and terminated vested participants take an immediate lump sum payment
- In 2021, the post-retirement mortality tables were changed from Scale MP-2018 PubG-2010 sex distinct mortality tables to Scale MP-2020 PubG-2010 sex distinct mortality tables
- In 2023, the interest rate changed to 6.56% from 6.71%
- In 2023, the post-retirement mortality tables were changed from Scale MP-2020 PubG-2010 sex distinct mortality tables to Scale MP-2021 PubG-2010 sex distinct mortality tables
- In 2024, the inflation rate changed to 2.50% from 2.75%
- In 2024, the discount rate changed to 6.25% from 6.56%

**DESERT HEALTHCARE FOUNDATION**  
**PALM SPRINGS, CALIFORNIA**  
**INDEPENDENT AUDITOR'S REPORT AND**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**DESERT HEALTHCARE FOUNDATION**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Management  
Desert Healthcare Foundation  
1140 North Indian Canyon Drive  
Palm Springs, CA 92262

### **Opinion**

We have audited the accompanying financial statements of Desert Healthcare Foundation (the Foundation) (a California nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, and the changes in net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 Foundation 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 the 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment 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 Foundation'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

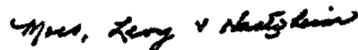
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2024, on our consideration of the Foundation'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 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 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 Foundation's internal control over financial reporting and compliance.

#### **Report on Summarized Comparative Information**

We have previously audited the Foundation's financial statements as of and for the fiscal year ended June 30, 2023, and expressed an unmodified audit opinion on those audited financial statements in our report dated September 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Moss, Levy & Hartzheim, LLP  
Culver City, CA  
September 25, 2024

**DESERT HEALTHCARE FOUNDATION**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023**

|  | Totals              |                     |
|--|---------------------|---------------------|
|  | 2024                | 2023                |
| <b>ASSETS</b>  |                     |                     |
| Cash and cash equivalents                              | \$ 1,533,326        | \$ 479,488          |
| Grants receivable                                      | 22,587              | 183,530             |
| Prepaid expenses                                       | 7,253               | 6,747               |
| Accrued interest and dividend receivable               | 7,849               | 14,345              |
|  | <hr/>               | <hr/>               |
| Total current assets                                   | 1,571,015           | 684,110             |
|  | <hr/>               | <hr/>               |
| <b>OTHER ASSETS</b>                                    |                     |                     |
| Contributions receivable - charitable remainder trusts | 195,054             | 196,140             |
| Investments  | 3,868,092           | 4,429,454           |
| Total other assets                                     | 4,063,146           | 4,625,594           |
|  | <hr/>               | <hr/>               |
| <b>TOTAL ASSETS</b>                                    | <b>\$ 5,634,161</b> | <b>\$ 5,309,704</b> |
|  | <hr/> <hr/>         | <hr/> <hr/>         |
| <b>LIABILITIES AND NET ASSETS</b>                      |                     |                     |
| <b>LIABILITIES</b>                                     |                     |                     |
| Current liabilities:                                   |                     |                     |
| Accounts payable and accrued payroll                   | \$ 8,777            | \$ 21,965           |
| Grants payable - current                               | 484,957             | 1,741,281           |
| Total current liabilities                              | 493,734             | 1,763,246           |
|  | <hr/>               | <hr/>               |
| Long-term liabilities:                                 |                     |                     |
| Grants payable - long-term                             | 33,120              | -                   |
| Total long-term liabilities                            | 33,120              | -                   |
|  | <hr/>               | <hr/>               |
| Total liabilities                                      | 526,854             | 1,763,246           |
|  | <hr/>               | <hr/>               |
| <b>NET ASSETS</b>                                      |                     |                     |
| Without donor restrictions                             | 2,256,541           | 452,164             |
| Without donor restrictions- Board designated           | 1,477,916           | 1,544,156           |
| With donor restrictions                                | 1,372,850           | 1,550,138           |
|  | <hr/>               | <hr/>               |
| Total net assets                                       | 5,107,307           | 3,546,458           |
|  | <hr/>               | <hr/>               |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                | <b>\$ 5,634,161</b> | <b>\$ 5,309,704</b> |
|  | <hr/> <hr/>         | <hr/> <hr/>         |

The accompanying notes are an integral part of these financial statements

**DESERT HEALTHCARE FOUNDATION**

**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Totals              |                     |
|---|-------------------------------|----------------------------|---------------------|---------------------|
|   |                               |                            | 2024                | 2023                |
| <b>REVENUES AND GAINS</b>                   |                               |                            |                     |                     |
| Contributions                               | \$ 76,635                     | \$ -                       | \$ 76,635           | \$ 219,714          |
| Grants                                      | 2,616,525                     | -                          | 2,616,525           | 935,828             |
| Bequests                                    | 57,510                        | -                          | 57,510              | 57,520              |
| Interest and dividends                      | 92,263                        | 27,654                     | 119,917             | 114,841             |
| Investment gains (losses)                   | 235,793                       | 70,675                     | 306,468             | 190,543             |
| Change in value - charitable trusts         | -                             | (1,085)                    | (1,085)             | 7,751               |
| Assets released from restrictions           | 274,532                       | (274,532)                  | -                   | -                   |
| Total revenues and gains                    | 3,353,258                     | (177,288)                  | 3,175,970           | 1,526,197           |
| <b>EXPENSES</b>                             |                               |                            |                     |                     |
| Program services                            | 1,429,170                     | -                          | 1,429,170           | 3,379,746           |
| Management and general                      | 185,951                       | -                          | 185,951             | 698,382             |
| Total expenses                              | 1,615,121                     | -                          | 1,615,121           | 4,078,128           |
| <b>INCREASE (DECREASE) IN NET ASSETS</b>    | 1,738,137                     | (177,288)                  | 1,560,849           | (2,551,931)         |
| <b>NET ASSETS, BEGINNING OF FISCAL YEAR</b> | 1,996,320                     | 1,550,138                  | 3,546,458           | 6,098,389           |
| <b>NET ASSETS, END OF FISCAL YEAR</b>       | <u>\$ 3,734,457</u>           | <u>\$ 1,372,850</u>        | <u>\$ 5,107,307</u> | <u>\$ 3,546,458</u> |

The accompanying notes are an integral part of these financial statements

**DESERT HEALTHCARE FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

|                                   | Program<br>Services | Management<br>and General | Totals              |                     |
|-----------------------------------|---------------------|---------------------------|---------------------|---------------------|
|                                   |                     |                           | 2024                | 2023                |
| Salaries and benefits             | \$ 114,792          | \$ 88,264                 | \$ 203,056          | \$ 148,751          |
| Grant and social service expenses | 1,314,378           | -                         | 1,314,378           | 3,866,780           |
| Accounting services               | -                   | 13,910                    | 13,910              | 11,500              |
| Dues and memberships              | -                   | 27                        | 27                  | 26                  |
| Investment fees                   | -                   | 46,733                    | 46,733              | 44,418              |
| Marketing and communications      | -                   | 5,545                     | 5,545               | 2,508               |
| Other expenses                    | -                   | 31,472                    | 31,472              | 4,144               |
| <b>TOTAL FUNCTIONAL EXPENSES</b>  | <b>\$ 1,429,170</b> | <b>\$ 185,951</b>         | <b>\$ 1,615,121</b> | <b>\$ 4,078,127</b> |

The accompanying notes are an integral part of these financial statements



**DESERT HEALTHCARE FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

|   | 2024         | 2023           |
|---|--------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |              |                |
| Increase (decrease) in net assets   | \$ 1,560,849 | \$ (2,551,931) |
| Adjustments to reconcile increase (decrease) in net position to net cash provided (used) by operating activities: |              |                |
| (Gains) losses on investments   | (235,793)    | (190,543)      |
| Increase (decrease) in operating assets:  |              |                |
| Grants receivable   | 160,943      | 2,033,679      |
| Prepaid expenses  | (506)        | (3,747)        |
| Contributions receivable  | 1,086        | (7,751)        |
| Accrued interest and dividends  | 6,496        | (14,345)       |
| Increase (decrease) in operating liabilities:   |              |                |
| Accounts payable  | (13,188)     | 8,992          |
| Grants payable  | (1,223,204)  | 746,253        |
| Net cash provided (used) by operating activities  | 256,683      | 20,607         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |              |                |
| Investment purchases  | (1,428,105)  | (1,001,327)    |
| Proceeds from the sale of investments   | 2,225,260    | 943,572        |
| Net cash provided (used) by investing activities  | 797,155      | (57,755)       |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>   | 1,053,838    | (37,148)       |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR</b>  | 479,488      | 516,636        |
| <b>CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR</b>  | \$ 1,533,326 | \$ 479,488     |

The accompanying notes are an integral part of these financial statements

**DESERT HEALTHCARE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Desert Healthcare Foundation (Foundation), a not-for-profit organization, is a health and welfare organization created to identify the health care needs of the Desert Healthcare District (District) and to work toward treating those needs through various programs and services. The Foundation is a component unit of the District due to the nature and significance of their relationship with the District. The Foundation operates primarily in the Coachella Valley area of Southern California and, as such, is subject to market conditions, which could affect charitable giving and the realization of recorded asset values at various times.

**Basis of Accounting**

The Foundation uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

**Financial Statement Presentation**

The financial statements of the Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, Not-for-Profit Entities, Presentation of Financial Statements. During 2018, the Foundation adopted the provisions of Accounting Standards Update (“ASU”) 2016-14: Not-for-Profit-Entities (Topic 958) Presentation of Financial Statements for Not-for-Profit Entities. In addition, the Foundation is required to present a statement of cash flows and a statement of functional expenses. Net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as follows:

**Net Assets Without Donor Restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation’s board may designate assets without restrictions for specific operational purposes from time to time.

**Net Assets Without Donor Restrictions – Board Designated:** These funds represent all resources over which the Board of Directors has discretionary control for use in operating the Foundation. The Board of Directors designated funds were \$1,477,916 and \$1,544,156 as of June 30, 2024 and 2023, respectively.

**Net Assets With Donor Restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Foundation has net assets with donor restrictions of \$1,372,850 and \$1,550,138 at June 30, 2024 and 2023, respectively.

**DESERT HEALTHCARE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donated Facilities and Services**

The District has provided to the Foundation the use of its office facilities at no charge. The value of the on-site facilities is not reflected in these statements, as they do not meet the criteria for recognition. For the fiscal year ended June 30, 2024 the District allocated to the Foundation \$449,805 related to personnel charges. See Note 8 for more details.

**Contributions**

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net position released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

**Cash and Cash Equivalents**

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Investments**

Investments are stated at fair value. Realized and unrealized gains and losses on investments are recognized as changes in net assets in the periods in which they occur.

**Income Taxes**

The Foundation is a not-for-profit organization that is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), and from California franchise taxes under related state tax regulations and classified by the Internal Revenue Service as other than a private foundation. The Foundation may be subject to tax on income from any unrelated business operations. The Foundation does not currently have any unrelated business operations. The Federal and State income tax returns are subject to examination over three and four years, respectively. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management analyzed the tax position taken by the Foundation and has concluded that as of June 30, 2024, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

**DESERT HEALTHCARE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Prior Fiscal Year Summarized Comparative Information

The financial statements include certain prior fiscal year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the prior fiscal year, from which the summarized information was derived.

Leases

The Foundation has adopted FASB ASC Topic 842, *Leases*, with a date of initial application of July 1, 2022. For leases with a lease term greater than one year, the Foundation recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The Foundation determines whether an arrangement is or contains a lease at contract inception. Operating leases with a duration greater than one year are included in operating lease right-of-use assets, current portion operating lease liabilities, and operating lease liabilities, net of current portion in the Foundation's balance sheet at June 30, 2024. Operating lease right-of-use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, the Foundation uses a risk-free rate of a period comparable with that of the lease term. The Foundation considers the lease term to be the noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the Foundation is reasonably certain to exercise the option, (2) terminate the lease if the Foundation is reasonably certain not to exercise that option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor. The Foundation had no leases as described in FASB ASC 842 as of June 30, 2024.

New Accounting Pronouncement

Effective July 1, 2023, the Foundation adopted the provisions of FASB ASU 2016-13 *Financial Instruments- Credit Losses (Topic 326); Measurement of Credit Losses on Financial Instruments*. The amendments in this update requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The new guidance affects organizations that hold financial assets and net investments in leases that are not accounted for at fair value with changes in fair value reported as net income. The new guidance also affects loans, debt securities, trade receivables and any other financial assets not excluded from the scope that have the contractual right to receive cash. Adoption of this standard had no effect on the Foundation for the fiscal year ended June 30, 2024.

**DESERT HEALTHCARE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**2. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2024 and 2023:

|  | <u>2024</u>                | <u>2023</u>                |
|--|----------------------------|----------------------------|
| Financial assets:  |                            |                            |
| Cash and investments   | \$ 1,533,326               | \$ 479,488                 |
| Investments  | 3,868,092                  | 4,429,454                  |
| Grants receivable  | 22,587                     | 183,530                    |
| Accrued interest and dividend receivable                       | 7,849                      | 14,345                     |
| Contributions receivable - CRT                                 | <u>195,054</u>             | <u>196,140</u>             |
| Total financial assets   | 5,626,908                  | 5,302,957                  |
| Less financial assets held to meet donor-imposed restrictions: |                            |                            |
| Donor-restricted funds (Note 7)                                | (1,372,850)                | (1,550,138)                |
| Board-designated funds (Note 1)                                | (1,477,916)                | (1,544,156)                |
| Interest in charitable remainder trust (Note 5)                | <u>(195,054)</u>           | <u>(196,140)</u>           |
| Amount available for general expenditures within one year      | <u><u>\$ 2,581,088</u></u> | <u><u>\$ 2,012,523</u></u> |

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2024.

The above table reflects donor-restricted and board-designated funds as unavailable because it is the Foundation's intention to invest resources for the long-term support of the organization. However, in the case of need, the Board of Directors could appropriate resources from the purpose-restricted funds available for general use. As part of the Foundation's liquidity management plan, they invest cash in excess of daily requirements in short-term investments (Note 3).

**3. CASH AND INVESTMENTS**

**Demand Deposits**

The carrying amounts, at June 30, 2024, of the Foundation's cash on hand was \$237, cash deposits was \$1,467,189, and money market funds were \$65,900. Bank balances were \$1,485,413 at June 30, 2024. Occasionally, the Foundation's cash balance in banks exceeds the Federal Deposit Insurance Corporation's insurance limits. At June 30, 2024, the Foundation's cash balance in banks exceeded the Federal Deposit Insurance Corporation's insurance limits in the amount of \$1,235,413.

**DESERT HEALTHCARE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**3. CASH AND INVESTMENTS (CONTINUED)**

Investments

At June 30, 2024, investments consisted of the following:

|                       | <u>Cost</u>         | <u>Fair Value</u>   | <u>Unrealized<br/>Gain (Loss)</u> |
|-----------------------|---------------------|---------------------|-----------------------------------|
| Corporate bonds       | \$ 516,918          | \$ 484,807          | \$ (32,111)                       |
| U.S. Treasury notes   | 426,260             | 365,791             | (60,469)                          |
| Marketable securities | <u>2,307,007</u>    | <u>3,017,494</u>    | <u>710,487</u>                    |
| Total Investments     | <u>\$ 3,250,185</u> | <u>\$ 3,868,092</u> | <u>\$ 617,907</u>                 |

At June 30, 2023, investments consisted of the following:

|                       | <u>Cost</u>         | <u>Fair Value</u>   | <u>Unrealized<br/>Gain (Loss)</u> |
|-----------------------|---------------------|---------------------|-----------------------------------|
| Corporate bonds       | \$ 1,259,479        | \$ 1,152,794        | \$ (106,685)                      |
| U.S. Treasury notes   | 765,870             | 654,290             | (111,580)                         |
| Marketable securities | <u>2,031,124</u>    | <u>2,622,370</u>    | <u>591,246</u>                    |
| Total Investments     | <u>\$ 4,056,473</u> | <u>\$ 4,429,454</u> | <u>\$ 372,981</u>                 |

**4. FAIR VALUE MEASUREMENTS**

The Foundation applies Generally Accepted Accounting Principles (US GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis.

U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

**DESERT HEALTHCARE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**4. FAIR VALUE MEASUREMENTS (CONTINUED)**

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

At June 30, 2024, all investments are measured at fair value on a recurring basis and were valued at Level 1 inputs (quoted prices in active markets for identical assets). Fair value for investments at June 30, 2024 was \$3,868,092. (See Note 3)

**5. CHARITABLE REMAINDER TRUSTS**

The Foundation was named beneficiary to two charitable remainder unitrusts (whose trustees are someone other than the Foundation), both of which are recorded at fair value. The balances at June 30, 2024 and 2023 amounted to \$195,054 and \$196,140, respectively, and the general terms of the two trusts are as follows:

Trust 4 (dated October 3, 1989): The lesser of the trust income or 8% of the net fair market value of trust assets is to be distributed to the life beneficiary annually. Upon the death of the life beneficiary, 50% of the principal and income not required to have been distributed to the life beneficiary shall become the property of the Foundation, to be used for cancer treatment, or for general purposes if a cure for cancer has been found. At December 31, 2024, which is the most current information available, the estimated present value of future cash flows was \$114,737.

Trust 7 (dated May 17, 1990): 8.5% of the net fair market value of trust assets is to be distributed to the life beneficiary annually. Upon the death of the life beneficiary, all of the principal and income not required to have been distributed to the life beneficiary shall become the property of the Foundation, to be used for general purposes. The estimated present value of future cash flows at June 30, 2024 was \$80,317.

**DESERT HEALTHCARE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**6. GRANTS PAYABLE**

Grants payable consisted of the following for the fiscal year ended June 30:

|  | <u>2024</u>       | <u>2023</u>         |
|--|-------------------|---------------------|
| <u>Grants</u>                                    |                   |                     |
| Improving Healthcare Access in Black Communities | \$ 273,693        | \$ 423,971          |
| Avery Trust - Pulmonary                          | -                 | 47,000              |
| Coachella Valley Health Survey                   | 66,240            | -                   |
| Behavioral Health Initiative Collective Fund     | 178,144           | 1,137,201           |
|  | <u>518,077</u>    | <u>1,608,172</u>    |
| <br><u>COVID-19 Related Grants</u>               |                   |                     |
| El Sol Neighborhood Education Center             | -                 | 23,493              |
| Todec Legal Center                               | -                 | 11,752              |
| Alianza Coachella Valley                         | -                 | 11,275              |
| Vision Y Compromiso                              | -                 | 54,630              |
| Youth Leadership Institute                       | -                 | 6,808               |
| Galilee Center                                   | -                 | 23,008              |
|  | <u>-</u>          | <u>130,966</u>      |
| <br><u>Other Pass-Through Grants</u>             |                   |                     |
| ABC Recovery                                     | -                 | 2,143               |
|  | <u>-</u>          | <u>2,143</u>        |
| <br>Total Grants Payable                         | <u>\$ 518,077</u> | <u>\$ 1,741,281</u> |
| <br>Grants payable- current                      | 484,957           | 1,741,281           |
| Grants payable- long-term                        | 33,120            | -                   |
|  | <u>\$ 518,077</u> | <u>\$ 1,741,281</u> |



**DESERT HEALTHCARE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**WITH COMPARATIVE TOTALS AT JUNE 30, 2023**

**7. NET ASSETS – WITH DONOR RESTRICTIONS**

Donor restricted net assets consist for the following purposes as of June 30:

|   | <u>2024</u>         | <u>2023</u>         |
|---|---------------------|---------------------|
| Subject to expenditure for specified purpose: |                     |                     |
| Behavioral Health Initiative Collective Fund  | \$ 673,399          | \$ 795,702          |
| Avery Trust- Pulmonary Services               | 485,052             | 485,243             |
| West Valley Homelessness Initiative           | 19,345              | 71,557              |
| Health Portal                                 | -                   | 1,496               |
| Charitable Remainder Trust                    | <u>114,737</u>      | <u>126,022</u>      |
|   | <u>1,292,533</u>    | <u>1,480,020</u>    |
| Subject to the passage of time:               |                     |                     |
| Charitable Remainder Trust                    | <u>80,317</u>       | <u>70,118</u>       |
|   | <u>80,317</u>       | <u>70,118</u>       |
| Net Assets - with donor restrictions          | <u>\$ 1,372,850</u> | <u>\$ 1,550,138</u> |

**8. RELATED PARTY TRANSACTIONS**

The Foundation and the Desert Healthcare District are related parties. The Foundation is organized to provide health and welfare assistance to Coachella Valley residents in need. During the fiscal year ended June 30, 2024, the District provided the Foundation with personnel services in the amount of \$449,805, of which \$335,013 is included in management and general expenses and \$114,792 is included in grants and social services expenses.

In 2020, the Desert Healthcare Foundation created the Coachella Valley Equity Collaborative (CVEC), a group of community-based organizations (CBOs). The Foundation is the recipient of external grant funds directly related to COVID-19 testing, vaccinations, and community education. The Foundation awards grants to the CBOs, directly and indirectly through other grantees. The Foundation's prior CEO's wife is the associate director of one of the CBO's, Vision y Compromiso. The cumulative total of grants awarded to Vision y Compromiso were \$572,000. Total grant funds expended to Vision y Compromiso for the year ended June 30, 2024 and 2023 amounted to \$370,625 and \$0, respectively. During the 2023-2024 fiscal year, the prior CEO's contract was terminated.

**9. SUBSEQUENT EVENTS**

The Foundation evaluated all potential subsequent events as of September 25, 2024 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after June 30, 2024 or as of September 25, 2024 that require disclosure to the financial statements.



**DESERT HEALTHCARE**  
DISTRICT & FOUNDATION

Date: October 9, 2024  
To: Finance & Administration Committee  
Subject: Addendum #1 to the Consulting Services Agreement for Deveau Burr Group for legislative work related to healthcare district issues- \$4,500 per month through December 31, 2025

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**Staff Recommendation:** Consideration to approve Consulting Services Agreement Addendum #1 for Deveau Burr Group for legislative work related to healthcare district issues through December 31, 2025.

**Background:**

- The District entered into an agreement December 1, 2023 with Deveau Burr Group to lobby for and to develop legislation related to the seismic issues at Desert Regional Medical Center and other legislation related to healthcare districts.
- Deveau Burr Group has provided significant influence, along with ACHD, related to AB 869 and SB 1432 to assist with the seismic requirements and deadlines.
- As you are aware, AB 869, which allows small and rural hospitals to receive support and extensions to the seismic retrofit for these hospitals.
- Also, AB 1432, which would have allowed all hospitals, including Desert Regional Medical Center, to extend the required completion date beyond 2030. Governor Newsom vetoed this bill, which now requires seismic retrofit at DRMC to be completed by 2030.
- Staff would like to continue the services of Deveau Burr Group to assist the District with on-going legislative issues.
- Staff recommends continuing consulting services with Deveau Burr Group to assist the District with on-going legislative issues.
- The monthly fees would reduce from \$9,500 per month to \$4,500 per month with a contract period of November 1, 2024 to December 31, 2025.
- Staff recommends approval of Addendum #1 of the Consulting Services Agreement with Deveau Burr Group.

**Fiscal Impact:**  
\$4,500 per month

**CONSULTING SERVICES AGREEMENT  
ADDENDUM #1**

This Professional Services Agreement (“Agreement”) was entered into on December 01, 2023 by and between Desert Healthcare District(Foundation) (“District”), a public agency organized and operating pursuant to California Health and Safety Code section 32000 et seq., and Deveau Burr Group, LLC, (“Consultant”) as follows:

**R-E-C-I-T-A-L-S**

1. This Addendum decreases the compensation amount in Section 2.1 of the agreement from \$9,500 to \$4,500 per month.
2. This Addendum also revises the term in Section 3.1 from November 1, 2024 to December 31, 2025.
3. All other terms and conditions of the original service agreement remain unchanged.

“District”:

“Consultant”:

|                            |                        |
|----------------------------|------------------------|
| Desert Healthcare District | Deveau Burr Group, LLC |
|                            |                        |

By: \_\_\_\_\_  
Chris Christensen, CEO

By: \_\_\_\_\_  
Andrea Deveau, Managing Partner

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

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



**DESERT HEALTHCARE**  
**DISTRICT & FOUNDATION**

Date: October 9, 2024  
To: Finance & Administration Committee  
Subject: **Addendum #4** to Consulting Services Agreement for NPO Centric - Results Based Accountability (RBA) and Clear Impact – Extending the term from December 1, 2024 to February 28, 2025 and increasing the cost by a not to exceed amount of \$12,000 to a total of \$116,400.

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**Staff Recommendation:** Consideration to approve **Addendum #4** to the Consulting Services Agreement for NPO Centric - Results Based Accountability (RBA) and Clear Impact – Extending the term from December 1, 2024 to February 28, 2025 and increasing the cost by a not to exceed amount of \$12,000.

**Background:**

- In October 2021 the Board of Directors approved the 2021-2026 five-year strategic plan.
- Goal#4 of the Strategic Plan is to *proactively measure and evaluate the impact of DHCD/F funded programs and services on the health of the community residents.*
- Strategy 4.1 (HIGH Priority) – Adopt Clear Impact performance management and RBA (Results Based Accountability) platforms to track and report impact.
- The RBA approach is used as a means to demonstrate program success, improve programs that the DHCD/F administers and funds, and showcase these results in a meaningful, easy to understand way.
- DHCD/F embraced RBA and implemented the Clear Impact Scorecard and through a contract with a trained RBA/Clear Impact consultant, has been able to build the capacity of staff, the Board of Directors, and our community partners.
- This consultant, NPO Centric (a division of Regional Access Project Foundation) was approved to provide services by the Board of Directors at their May 24, 2022 meeting. The Scope of Work (SOW) of NTE \$48,000/160 hours was also approved.
- In March 2023 the Board of Directors approved **Addendum #2** to the Consulting Services Agreement, allowing an additional \$27,000/NTE 90 hours for a new total of NTE \$75,000 and as well extending the time frame of the Agreement to September 30, 2023.
- In November 2023, the Board approved increasing the contract amount from \$75,000 to \$104,400 and extending the term to November 30, 2024.

**Current:**

- Stephanie Minor, Executive Consultant with NPO Centric, began the agreed upon consulting services in May 2022.
- To date, Ms. Minor, has continued to consult with District staff,
- To date, SOW accomplishments to goals include:
  - Prerequisite work, development and design
  - Reporting and metrics management; survey development; continuation of work with staff on the RBA framework and its elements
  - Creation of wording and template for website for RBA page for joint Scorecards (RAP Foundation) and BH RFP #202221002
  - Development and refinement of RBA language for the website related to all of DHCD's grant programs.

- Facilitated creation of Clear Impact Scorecards (mini grants; rolling grants); scorecard for each goal; RFP scorecards
- Further developed the RBA web page on the District's website with new scorecard information
- RBA alignment for District's grant applications
- RFP work – **Social Isolation and Loneliness and Mitigating Air Quality-Related Health Conditions**: working with DHCD staff that includes RBA and many other activities such as holding Community Partner sessions (intro to RBA, priorities of DHCD; Data Walk; designing strategies with community partners); compile, organize and analyze the information gathered from the Community Partner Session; discuss strategies and develop Strategy Mapping.
- Addendum #4 increases the cost by a not to exceed amount of \$12,000 and will extend the term to February 28, 2025.
- Staff recommends approval of Addendum #4.

**Fiscal Impact:** Increase not to exceed \$12,000

**CONSULTING SERVICES AGREEMENT  
ADDENDUM #4**

This Professional Services Agreement (“Agreement”) was entered into on May 31, 2022 by and between Desert Healthcare District(Foundation) (“District”), a public agency organized and operating pursuant to California Health and Safety Code section 32000 et seq., and NPO Centric, (“Consultant”) as follows:

**R-E-C-I-T-A-L-S**

1. This Addendum increases the agreement amount by \$12,000 (Not to Exceed).
2. This Addendum also extends and revises the termination date in Section 3.1 to February 28, 2025.
3. All other terms and conditions of the original service agreement remain unchanged.

“District”:

“Consultant”:

|                            |                              |
|----------------------------|------------------------------|
| Desert Healthcare District | NPO Centric/ Regional Access |
|                            | Project Foundation           |

By: \_\_\_\_\_  
Chris Christensen, CEO

By: \_\_\_\_\_  
Leticia DeLara, CEO

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

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



## Project Scope of Work

### Desert Healthcare District and Foundation – RBA Capacity Building, Action Planning and Implementation

#### **Background**

- In October 2021 the Board of Directors approved the 2021-2026 five-year strategic plan.
- Goal #4 of the Strategic Plan is to proactively measure and evaluate the impact of DHCD/F funded programs and services on the health of the community residents.
- Strategy 4.1 (HIGH Priority) – Adopt Clear Impact performance management and RBA (Results Based Accountability) platforms to track and report impact.
- The RBA approach is used as a means to demonstrate program success, improve programs that the DHCD/F administers and funds, and showcase these results in a meaningful, easy to understand way.
- DHCD/F embraced RBA and implemented the Clear Impact Scorecard and through a contract with a trained RBA/Clear Impact consultant, Stephanie Minor, has been able to build the capacity of staff, the Board of Directors, and our community partners.
- Stephanie Minor, Director of Development For Regional Access Project Foundation was approved to provide services by the Board of Directors at their May 24, 2022 meeting.
- In March 2023 the Board of Directors approved Addendum #2 to the Consulting Services Agreement, extending the time frame of the Agreement to September 30, 2023.
- In November 2023, the Board approved Addendum #3 to the Consulting Services Agreement, increasing the contract amount from \$75,000 to \$104,400 and extending the term to November 30, 2024.
- Over the past several months, Stephanie Minor has continued to consult with District staff on reporting and metrics management, development and refinement of RBA language for the website related to all of DHCD's grant programs, creation of Clear Impact Scorecards (mini grants; rolling grants, and a special Scorecard for Lift To Rise); RBA alignment for District's grant applications, RFP work for the Social Isolation and Loneliness grant as well as new RFP work for the Mitigating Air Quality-Related Health Conditions: Prevention, Diagnosis, and Management RFP and grant which includes working with DHCD staff and many other activities such as marketing and outreach, holding a Community Partner session (intro to RBA, priorities of DHCD; Data Walk; designing strategies with community partners); compiling, organizing and analyzing the information gathered from the Community Partner Session; and strategy analysis and strategy mapping.

As the work described above has been accomplished, it has been determined that additional hours are necessary.

**Scope of Work**

Stephanie Minor will work with staff to fulfill the Action Plan below.

**Cost:** \$300.00 per hour.

**Time Period:** October 1, 2024 - February 28, 2025

| Description of Activities  |
|--|
| Continued work with staff on the Mitigating Air Quality-Related Health Conditions: Prevention, Diagnosis, and Management RFP and grant.  |
| Continuation of technical assistance and work with staff on the Results Based Accountability framework and its elements.   |
| Further development and updates of the RBA web page on DHCD’s website as scorecards are updated and created. Updates and adjustments to Templates and Terms.   |
| Further development and refinement of RBA alignment related to all of DHCD’s grant programs. Guide staff as they work through specific parts of the RBA process, and act as a sounding board throughout the process as needed.           |
| Continued work to help expand, adapt and test the Clear Impact platform.   |
| Data Walk training for DHCD staff. <ul style="list-style-type: none"><li>• Data Research</li><li>• Marketing/Outreach</li><li>• Creation of Materials</li><li>• Event Logistics and Timing</li><li>• Event Follow Up Processes</li></ul> |
| Refinement and development   |
| <b>Estimated budget:</b><br><br><b>Not to exceed 40 hours: \$12,000.00</b>   |

**Project Team:**

Stephanie Minor, Director of Development  
RAP Foundation  
41550 Eclectic Street  
Palm Desert, CA 92260





**DESERT HEALTHCARE**  
DISTRICT & FOUNDATION

Date: October 9, 2024  
To: Finance & Administration Committee  
Subject: Resolution #24-04 and Ordinance 24-01 to Increase Director's Stipends by 5% to \$121.55 per meeting

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**Staff Recommendation:** Consideration to approve Resolution #24-04 and Ordinance 24-01 to Increase Director's Stipends by 5% to \$121.55 per meeting.

**Background:**

- District Directors receive a per meeting stipend for up to 6 authorized meetings per month.
- The stipend is allowed to be increased 5% per year.
- The proposed increase is from \$115.76 to \$121.55 per meeting.
- A resolution and ordinance for the stipend and the allowable increase is required to be approved by the Board.
- Additionally, a public hearing announcement is required to be published in the local newspaper for 2 consecutive weeks.
- Resolution 24-04 and Ordinance 24-01 are included in the packet for your review and recommended approval.

**Fiscal Impact:**

Director meeting stipends increased from \$115.76 to \$121.55 per meeting for up to 6 meetings per month.

**RESOLUTION NO. 24-04**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE DESERT HEALTHCARE DISTRICT  
ADOPTING MEETING COMPENSATION GUIDELINES  
AND A POLICY OF SIX (6) MEETINGS PER MONTH**

WHEREAS, Health & Safety Code section 32103 authorizes the payment to members of the Board of Directors (“Board”) of \$100 per meeting, as plus authorized increases in accordance with Water Code 2023, not to exceed six meetings per month, and allows payment of actual and necessary traveling and incidental expenses incurred in the performance of official duties.

WHEREAS, Health & Safety Code section 32103 provides that if the District compensates Board members for more than five meetings per month, the Board must annually adopt a written policy describing, based on findings supported by substantial evidence, why more than five meetings are necessary; and

WHEREAS, Government Code section 53232.1 outlines the meetings in which Board members may receive compensation; and

WHEREAS, the Board desires by this Resolution to adopt meeting compensation guidelines, a policy of six meetings per month, and the guidelines for reimbursable expenses in accordance with Health & Safety Code section 32103 and Government Code section 53232.1

THEREFORE, BE IT RESOLVED by the Board of Directors as follows:

Section 1: Board Policy # BOD-21 related to the Meeting and Insurance compensation section is hereby incorporated into this Resolution.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Desert Healthcare District held on October 22, 2024, by the following roll call vote:

AYES: \_\_\_\_\_  
NOES: \_\_\_\_\_  
ABSENT: \_\_\_\_\_  
ABSTAIN: \_\_\_\_\_

\_\_\_\_\_  
Evelt PerezGil, President,  
Board of Directors

ATTEST:

\_\_\_\_\_  
Kimberly Barraza, Secretary,  
Board of Directors



**POLICY TITLE:** MEETING & INSURANCE COMPENSATION POLICY

**POLICY NUMBER:** BOD-21

**COMMITTEE APPROVAL:** 06-11-2024

**BOARD APPROVAL:** 06-25-2024

---

**POLICY #BOD-21:** Meeting & Insurance Compensation Guidelines for the Desert Healthcare District (“District”) Board of Directors (“Board”).

A) Board Members may receive a stipend for attendance at up to 6 meetings per month, provided the meetings have a healthcare nexus or are related to the District’s operations, mission, and vision, and include the following:

1. District Board and Board committee meetings, Including agenda review meetings.
2. Meetings for which a District Board member serves on the Desert Regional Medical Center’s Board of Directors or its committees.
3. Attendance at ethics or other required training.
4. Conferences and seminars held by organizations in which the District is a member, and for which the conference/seminar has a clear health care related nexus. Board members shall receive one stipend per conference or seminar.
5. Community meetings and events within the District, when attendance is requested or approved by the Board, the Board President, or the Chief Executive Officer (“CEO”), for which the meeting/event has a clear health care nexus, including the following:
  - a) Board, policy committee, and formal business meetings of organizations in which the District is a member.
  - b) Meetings with other government agencies or officials in which the subject involves health care or District business (e.g., State and local legislative officials, County Health & Human Services).
  - c) Formal Meetings requested, necessitated, or approved by the CEO.

B) Non-compensable meetings shall include the following:



1. Informal meetings with other Board members or with District staff members, regardless of the topic(s) addressed.
2. Meetings of a political nature, whether partisan or non-partisan, regardless of the topic(s) addressed.
3. Meetings for which payment of a stipend or honorarium is provided by the host organization.
4. Meetings of other public bodies, unless invited as a participant by the host body or sent as a delegate by the District Board.
5. Meetings of organizations in which the member holds an individual membership or the primary purpose of which is to receive continuing professional educational credits.
6. Charity fundraising events.

Board members shall have an opportunity to report on meetings attended at the next regularly scheduled Board meeting following the meeting for which a stipend is received. Any questions regarding interpretations of these guidelines should be addressed to the District's General Counsel.

If more than one Board meeting is held in succession on the same calendar day, they collectively shall count as a single meeting for the payment of a stipend. Such classification applies only to regular, special, closed and executive sessions and shall not apply to successive Committee meetings in which a Director may be a member.

C) Board members shall receive compensation of insurance premiums up to \$13,000 per fiscal year (July 1 to June 30). Insurance premiums (coverage may be applied to the Board member, their spouse or registered domestic partner, and eligible dependent children) include medical, dental, and vision and include any combination of the following.

1. Board members may receive insurance coverage through the District. Board members shall be responsible for reimbursing the District for premiums exceeding \$13,000 per fiscal year.
2. Reimburse Medicare premiums.
3. Reimburse supplemental insurance premiums.
4. Reimburse the portion of insurance premiums withheld from Board member's payroll.



**DESERT HEALTHCARE**  
DISTRICT & FOUNDATION

5. Reimbursement does not apply to COBRA insurance premiums when Board member leaves office.

**AUTHORITIES**

Desert Healthcare District Bylaws Article IV, section 4.6  
Desert Healthcare District Resolution No. 19-08

**DOCUMENT HISTORY**

|          |            |
|----------|------------|
| Revised  | 06-25-2024 |
| Revised  | 06-28-2022 |
| Revised  | 02-23-2021 |
| Revised  | 04-23-2019 |
| Approved | 07-24-2018 |

**ORDINANCE NO. 24-01**

**ORDINANCE OF THE BOARD OF DIRECTORS  
OF THE DESERT HEALTHCARE DISTRICT  
INCREASING COMPENSATION OF DIRECTORS**

BE IT ORDAINED BY THE BOARD OF DIRECTORS (“Board”) OF THE DESERT HEALTHCARE DISTRICT (“District”) as follows:

Section 1. Health & Safety Code section 32103(b) provides that the Board may, by ordinance adopted pursuant to Water Code Section 20200 et seq., increase the amount of compensation received by Board members in an amount not to exceed 5 percent for each calendar year following the operative date of the last adjustment; and

Section 2. Water Code section 20203 requires that the ordinance increasing compensation must be considered after a public hearing and notice of the hearing shall be published in a newspaper of general circulation pursuant to Government Code section 6066; and

Section 3. Notice of the public hearing was published once a week for two successive weeks with at least five days intervening between the respective publication dates, with the period of notice commencing on the first day of publication and terminating at the end of the fourteenth day, all in accordance with Government Code section 6066.

Section 4. After the public hearing, the Board determined that each director shall receive compensation of \$121.55 for attending compensable meetings of Board members in accordance with Board Policy # BOD-21 related to the Meeting and Insurance Compensation section in the District’s Policies and Procedural Manual.

Section 5. This Ordinance shall not become effective until January 1, 2025 and shall be published once a week for two (2) successive weeks in accordance with Government Code section 6066 in a newspaper of general circulation within the District.

PASSED, APPROVED, AND ADOPTED by the board of Directors of the Desert Healthcare District at a Regular meeting held on this 22<sup>th</sup> day of October, 2024, by the following roll call vote:

AYES: \_\_\_\_\_  
NOES: \_\_\_\_\_  
ABSENT: \_\_\_\_\_  
ABSTAIN: \_\_\_\_\_

\_\_\_\_\_  
Evet PerezGil, President, Board of Directors

ATTEST:

\_\_\_\_\_  
Kimberly Barraza, Secretary, Board of Directors

**NOTICE OF PUBLIC HEARING  
ON POSSIBLE 5% INCREASE  
IN DIRECTOR MEETING  
COMPENSATION**

The Governing Board of the Desert Healthcare District will conduct a Public Hearing on October 22, 2024, at 5:30 p.m. at the Regional Access Project Foundation Conference Room 103 4155 Eclectic Street Palm Desert, CA 92211. The purpose of the Public Hearing is to consider a possible 5% (\$5.51) increase in the stipend provided to Board members for attendance at meetings. For more information please contact Andrea Hayles Special Assistant to the Board at the Desert Health District (760-567-0298).