



DESERT HEALTHCARE
DISTRICT & FOUNDATION

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

DESERT HEALTHCARE DISTRICT
BOARD MEETING

Board of Directors Meeting

October 22, 2024

5:30 P.M.

Regional Access Project Foundation
Conference Room 103
41550 Eclectic Street
Palm Desert, CA 92211

This meeting is handicapped-accessible

In lieu of attending the meeting in person, members of the public can participate by webinar using the following link:

<https://us02web.zoom.us/j/88671987917?pwd=T29iRktDZiRDM3ITbmJDWkFiMnVMdz09>

Password: 355860

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

(669) 900-6833 or Toll Free (833) 548-0282

Webinar ID: 886 7198 7917

Password: 355860

You may also email ahayles@dhcd.org with your public comment no later than 4 p.m., Monday, 10/22

Page(s)

AGENDA

Item Type

Any item on the agenda may result in Board Action

A. CALL TO ORDER – President PerezGil

Roll Call

Director Rogers, RN____Director De Lara____

Director Zendle, MD____Director Shorr____

Secretary Barraza____ Vice-President Zavala, PsyD____President PerezGil

B. PLEDGE OF ALLEGIANCE

1-3 C. APPROVAL OF AGENDA

D. 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 Board has a policy of limiting speakers to no more than three minutes.** The Board cannot take action on items not listed on the agenda. Public input may be offered on agenda items when they come up for discussion and/or action.

E. CONSENT AGENDA

Action

All Consent Agenda item(s) listed below are considered routine by the B Directors and will be enacted by one motion. There will be no separate discussion of items unless a Board member so requests, in which event item(s) will be considered following approval of the Consent Agenda.



DESERT HEALTHCARE
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- 4-12** 1. BOARD MINUTES
 - a. Board of Directors Meeting – September 30, 2024
- 13-39** 2. FINANCIALS
 - a. September 2024 Financial Statements – F&A Approved October 09, 2024
- 40-43** 3. AGREEMENTS
 - a. Consulting Services Agreement – Deveau Burr Group, LLC – Addendum #1 – Cost Decrease from \$9,500 to \$4,500 per month and a revised term of November 1, 2024 – April 30, 2025
- 44-48** b. Consulting Services Agreement – NPO Centric – Addendum #4 – Extending the term to February 28, 2025, and increasing the cost NTE \$12,000

F. PRESENTATIONS

Actions

- 49** 1. Bin Zeng, Principle, Moss Levy & Hartzheim, Presentation of the FY 2024 Audit Reports – District & Retirement Protection Plan (RPP)
- 50-58** a. Management Letter, Communication Letter, Internal Controls Report –
- 59-99** b. District Audit Report
- 100-121** c. RPP Audit Report
- 122-137** d. Foundation Audit Report – Consideration for Approval During the Foundation Board of Directors Meeting

G. REPORTS

Information

- 1. Desert Regional Medical Center CEO Report – Michele Finney, CEO
- 2. Desert Regional Medical Center Governing Board Meeting – October 24 – President Evett PerezGil and Director Les Zendle, MD
- 3. Desert Healthcare District CEO Report – Chris Christensen, CEO
- 138-157** a. Hospital Lease Purchase Agreement Fact Sheet & Frequently Asked Questions (FAQs) – English & Spanish Descriptions
- 158-160** b. New Hire Jorge Rodriguez, Accounting Manager
- c. CEO Engagements and District Media Visibility
- 4. Legal – Jeffrey G. Scott, Esq., Law Offices of Jeffrey G. Scott



DESERT HEALTHCARE
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H. COMMITTEE MEETINGS

- 1. PROGRAM COMMITTEE** – Chair/President Evett PerezGil, Vice-President Carmina Zavala, PsyD, and Director Leticia De Lara
 - a. The Program Committee did not convene in October.
- 2. FINANCE, LEGAL, ADMINISTRATION & REAL ESTATE COMMITTEE** – Chair/Treasurer Arthur Shorr, Vice-President Carmina Zavala, PsyD, and Director Leticia De Lara
 - a. Draft Meeting Minutes – October 09, 2024

161-164

I. NEW BUSINESS

Actions

165-167

- 1. Consideration to approve Ordinance 24-01– 5% Increase to the Director’s monthly meeting stipend from \$115.76 to \$121.55 effective January 01, 2025

168-172

- 2. Consideration to approve Resolution 24-04 – 5% Increase to the Director’s monthly meeting stipend from \$115.76 to \$121.55 effective January 01, 2025

J. BOARD MEMBER COMMENTS

K. 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, California, and the front entrance of the Desert Healthcare District office located at the Regional Access Project Foundation, 41550 Eclectic Street, Suite G100, Palm Desert California at least 72 hours prior to the meeting. If you have a disability or require a translator for accommodation to enable you to participate in this meeting, please email Andrea S. Hayles, Special Assistant to the CEO and Board Relations Officer at ahayles@dhcd.org or call (760) 567-0298 at least 72 hours prior to the meeting.

Andrea S. Hayles

Andrea S. Hayles, Board Relations Officer



**DESERT HEALTHCARE DISTRICT
BOARD OF DIRECTORS MEETING MINUTES
MEETING MINUTES
September 30, 2024**

Directors Present	District Staff Present	Absent
President Evett PerezGil Vice-President Carmina Zavala, PsyD Secretary Kimberly Barraza Director Arthur Shorr Director Les Zendle, MD Director Leticia De Lara, MPA Director Carole Rogers, RN	Chris Christensen, CPA, Chief Executive Officer Eric Taylor, CPA, Chief Administration Officer Donna Craig, Chief Program Officer Alejandro Espinoza, MPH, Chief of Community Engagement Will Dean, Director of Communications and Marketing Andrea S. Hayles, MBA, Board Relations Officer <u>Legal Counsel</u> Jeff Scott	

AGENDA ITEMS	DISCUSSION	ACTION
A. Call to Order Roll Call	President PerezGil called the meeting to order at 5:30 p.m. The Clerk of the Board called the roll with all directors present.	
B. Pledge of Allegiance	President PerezGil led the pledge of allegiance.	
C. Approval of Agenda	President PerezGil asked for a motion to approve the agenda.	#24-59 MOTION WAS MADE by Director Zendle and seconded by Director Rogers to approve the agenda. Motion passed unanimously. AYES – 7 President PerezGil, Vice-President Zavala, Secretary Barraza, Director Shorr, Director Rogers, Director Zendle, and Director De Lara NOES – 0 ABSENT – 0
D. Public Comment		
E. Consent Agenda		

DESERT HEALTHCARE DISTRICT
BOARD OF DIRECTORS MEETING MINUTES
MEETING MINUTES
September 30, 2024

<p>1. BOARD MINUTES</p> <p>a. Special Meeting of the Board of Directors Community Forum – July 11, 2024</p> <p>b. Special Meeting of the Board of Directors Community Forum – July 16, 2024</p> <p>c. Special Meeting of the Board of Directors Closed Session – July 16, 2024</p> <p>d. Special Meeting of the Board of Directors Closed Session – July 22, 2024</p> <p>e. Board of Directors Meeting – July 23, 2024</p> <p>f. Special Meeting of the Board of Directors Closed Session – July 25, 2024</p> <p>g. Special Meeting of the Board of Directors Closed Session – July 30, 2024</p> <p>h. Special Meeting of the Board of Directors Community Forum – August 01, 2024</p> <p>i. Special Meeting of the Board of Directors Community Forum – August 06, 2024</p> <p>2. FINANCIALS</p> <p>a. July & August 2024 Financial Statements – F&A Approved September 11, 2024</p> <p>3. LAS PALMAS MEDICAL PLAZA LEASE AGREEMENTS</p> <p>a. Global Premier – Suite 3W-101 – Lease Termination</p> <p>b. Coachella Valley Volunteers in Medicine – Suite 1W-204 – Rent and CAM Fees Waiver</p> <p>4. GRANTS</p> <p>a. Addendum #1 – Grant #1453 Vision y Compromiso – Cultivando Community Connections Project</p>	<p>President PerezGil asked for a motion to approve the consent agenda.</p> <p>Director Barraza pulled item 3.b., questioning whether the matter should have been presented through the grant procedure or as an amendment to the existing grant. Following a thorough board discussion, Director Zendle made a motion to approve consent agenda item 3.b. - Coachella Valley Volunteers in Medicine - Suite 1W-204 - Rent and CAM Fees Waiver, and Director Rogers seconded the motion.</p>	<p>#24-60 MOTION WAS MADE by Director Rogers and seconded by Director Shorr to approve the consent agenda except item 3.b. Motion passed unanimously. AYES – 7 President PerezGil, Vice-President Zavala, Secretary Barraza, Director Shorr, Director Rogers, Director Zendle, and Director De Lara NOES – 0 ABSENT – 0</p> <p>#24-61 MOTION WAS MADE by Director Zendle and seconded by Director Rogers to approve consent agenda item 3.b. Motion passed. AYES – 6 President PerezGil, Vice-President Zavala, Director Shorr, Director Rogers, Director Zendle, and Director De Lara ABSTAIN – 1 Secretary Barraza NOES – 0 ABSENT – 0</p>
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DESERT HEALTHCARE DISTRICT
BOARD OF DIRECTORS MEETING MINUTES
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<p>5. RESOLUTIONS a. Resolution #24-03 – Biennial 2024 Conflict of Interest Code Update</p>		
<p>F. Presentations</p> <p>1. Feasibility Report – Director of Development, Presentation by Stephanie Minor, CEO/Founder, Success for Nonprofits and Greg Charleston, Consultant, Success for Nonprofits</p> <p>2. Bill VanHemert, Director of Institutional Giving, DAP Health, Presentation on Update of Grant #1393 – DAP Health Expands Access to Healthcare – \$1,025,778 – Strategic Plan Goal #2</p>	<p>Stephanie Minor, CEO/Foundation, Success for Nonprofits, and Greg Charleston, Consultant, Success for Nonprofits, provided a presentation on the Director of Development Feasibility Report and answered questions from the Board.</p> <p>Bill VanHemert, Director of Institutional Giving, DAP Health, provided a presentation on the DAP Health healthcare access expansion grant and also answered questions from the Board.</p>	
<p>G. Strategic Grant Funding</p> <p>1. Grant # 1465 Regents of the University of CA at Riverside (UCR) – Increasing Access to Primary Care for Latinx and Indigenous Latin American Patients in the CV – \$228,863 for a 24-month period – Strategic Plan Goal #2: Access to Primary Care and Specialty Care</p>	<p>Donna Craig, Chief Program Officer, provided an overview of the Regents of the University of California at Riverside (UCR) grant request, and described the recommendation from the Program Committee.</p> <p>The board asked the staff several questions and expressed their support for the grant.</p>	<p>#24-62 MOTION WAS MADE by Director De Lara and seconded by Director Barraza to approve Grant #1465 Regents of the University of CA at Riverside (UCR) – Increasing Access to Primary Care for Latinx and Indigenous Latin American Patients in the CV – \$228,863 for a 24-month period Motion passed unanimously. 7 AYES – President PerezGil, Vice-President Zavala, Secretary Barraza, Director Shorr, Director Rogers, Director Zendle, and Director De Lara NOES – 0</p>

DESERT HEALTHCARE DISTRICT
BOARD OF DIRECTORS MEETING MINUTES
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<p>2. Grant # 1472 Riverside County Office of Education Alternative Education: Cross County Support: Mental Health Services for CV Students – \$199,874 for a 12-month period – Strategic Plan Goal #3: Access to Behavioral Health Care</p>	<p>Donna Craig, Chief Program Officer, provided an overview of the Riverside County Officer of Education Alternative Education grant request, and described the recommendation from the Program Committee.</p> <p>The board asked the staff several questions and expressed their support for the grant.</p>	<p>ABSENT – 0</p> <p>#24-63 MOTION WAS MADE by Director Zavala and seconded by Director Rogers to approve Grant #1472 Riverside County Office of Education Alternative Education: Cross County Support: Mental Health Services for CV Students – \$199,874 for a 12-month period Motion passed unanimously. 7 AYES – President PerezGil, Vice-President Zavala, Secretary Barraza, Director Shorr, Director Rogers, Director Zendle, and Director De Lara</p> <p>NOES – 0 ABSENT – 0</p>
<p>3. Recommendation from the Program Committee to the Board for staff to proceed with the full due diligence of the grant application process for Grant #1466 Eisenhower Health: Psychiatric Care Expansion and Psychiatry Residency Program – \$1,989,493 for a 36-month period – Strategic Plan Goal #3: Access to Behavioral Health Care</p>	<p>President PerezGil inquired with the board concerning any questions about the Program Committee’s decision to forward the Eisenhower Health grant request to the board and direct staff to proceed with the full due diligence application review process.</p> <p>Public Comment: Dakota Cater, MD, Eisenhower Health</p> <p>After a lengthy discussion about the services offered, such as low-cost or free services to Medi-Cal patients, and serving the Spanish-speaking community, the legal aspects concerning the lease with the potential for an</p>	<p>#24-64 MOTION WAS MADE by Director De Lara and seconded by Director Rogers to approve proceeding with the full due diligence of the application process. Motion passed unanimously. 7 AYES – President PerezGil, Vice-President Zavala, Secretary Barraza, Director Shorr, Director Rogers, Director Zendle, and Director De Lara</p> <p>NOES – 0 ABSENT – 0</p>



**DESERT HEALTHCARE DISTRICT
BOARD OF DIRECTORS MEETING MINUTES
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	<p>external opinion, including dividing the grant into three different components, Director De Lara motioned and Director Rogers seconded to direct staff to proceed with the full due diligence application review process.</p>	
<p>H. Reports</p> <p>1. Desert Regional Medical Center CEO Report – Michele Finney, CEO</p> <p>2. Desert Regional Medical Center Governing Board Meeting August and September Reports – President Evett PerezGil and Director Les Zendle, MD</p>	<p>Michele Finney, CEO, Desert Care Network, Desert Regional Medical Center, highlighted OneFuture Coachella Valley’s healthcare workforce leadership roundtable to expand nurse training at College of the Desert, the DaVinci 5 robot, sponsorship, support, and participation in the District’s Healthy Desert, Healthy You Environmental Health Summit, capital projects, and the seismic retrofit legislation.</p> <p>Director Zendle, MD, provided an overview of the August and September governing board meetings, highlighting the August HR presentation, the Chief Nursing Officer’s presentation on the professional nursing council, and the comprehensive stroke program in September.</p> <p>A few board members recommended a media campaign requesting ideas from the CEO for partnerships and funding to increase awareness, including in Spanish with useful data from</p>	

**DESERT HEALTHCARE DISTRICT
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<p>3. Desert Healthcare District CEO Report – Chris Christensen, CEO</p> <p>a. Healthy Desert, Healthy You Environmental Health Summit</p> <p>b. South Coast Air Quality Management District (AQMD) 2024 Annual Report for AB 617 Community Emission Reductions Plans (CERP)</p> <p>c. Measure AA Ballot Placement – Desert Healthcare District Lease Purchase Agreement between Desert Regional Medical Center</p>	<p>Desert Regional Medical Center and Eisenhower Health.</p> <p>Chris Christensen, CEO, recognized Director Carole Rogers for receiving the Trustee of the Year Award at this year’s Association of Healthcare Districts (ACHD) Annual Meeting, also acknowledging Director Zendle’s nomination.</p> <p>Mr. Christensen, CEO, described the successful environmental health summit, thanking the sponsors, board, staff, and committee members.</p> <p>Jeff Hocker, Hocker Productions, thanked the board and staff and provided an overview of the attendees, speakers, vendors, and \$82k in sponsorships.</p> <p>Alejandro Espinoza, Chief of Community Engagement, provided an update on the the AQMD AB 617 steering committee and the annual report for the Community Emission Reductions Plans (CERP).</p> <p>Mr. Christensen, CEO, described the Measure AA ballot placement impartial analysis ballot placement, as well as the argument in favor</p>	
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DESERT HEALTHCARE DISTRICT
BOARD OF DIRECTORS MEETING MINUTES
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<p>d. Consideration to approve a Measure AA educational campaign</p>	<p>of the measure and the rebuttal to argument.</p> <p>Mr. Christensen, CEO, described the significance of the Measure AA community meetings educational campaigns, misinformation about the non-compete covenant, also outlining the guidelines concerning considerations of the law and what’s permissible of the District.</p> <p>The board discussed the aspects of a fact sheet, the short notice given for the upcoming mailing of the ballots, an outline of the presentation, and the potential impact of the community meetings. However, in-kind costs for a fact sheet website publication are acceptable. Legal counsel described the financial expenditures and emphasized avoiding an educational campaign.</p>	<p>#24-64 MOTION WAS MADE by Director De Lara and seconded by Director Shorr not to proceed with the Measure AA educational campaign community meetings or the \$15,000 expenses associated with the educational campaign of the community meetings. Motion passed unanimously. 7 AYES – President PerezGil, Vice-President Zavala, Secretary Barraza, Director Shorr, Director Rogers, Director Zendle, and Director De Lara</p> <p>NOES – 0</p> <p>ABSENT – 0</p>
<p>e. November 5, 2024, General District Election – Registrar of Voters Candidate List</p>	<p>Mr. Christensen, CEO, described the final candidates in zones 1, 3, and 5, and the petition to the board of supervisors to appoint Director De Lara to zone 7 instead of an election since the number of qualified candidates does not exceed the number of offices to be filled.</p>	

**DESERT HEALTHCARE DISTRICT
BOARD OF DIRECTORS MEETING MINUTES
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<p>f. Special District Risk Management Authority (SDRMA) President’s Special Acknowledgement Award</p> <p>g. CEO Engagements and District Media Visibility</p> <p>4. Legal – Jeffrey G. Scott, Esq., Law Offices of Jeffrey G. Scott</p>	<p>Mr. Christensen, CEO, described the Special District Risk Management Authority (SDRMA) President’s Special Acknowledgement Award for no paid claims during 2023-2024 for 5 consecutive years.</p> <p>Mr. Christensen, CEO, described his CEO engagements and media visibility report.</p> <p>Counsel Scott emphasized the significance of obtaining public input before making decisions on agenda items, citing a recent case resolution in San Diego. Attorney Scott also mentioned Governor Newsom's veto of SB 1432, which aimed to permit hospitals to request a state extension of up to five years for the 2030 seismic compliance deadline.</p>	
<p>I. Committee Meetings</p> <p>I.1. Program Committee</p> <p>a. Draft Meeting Minutes – September 10, 2024</p> <p>b. Progress and Final Reports Update</p> <p>c. Grant Applications Status Report</p> <p>d. Grant Payment Schedule</p> <p>I.2. Finance, Legal, Administration, and Real Estate Committee</p> <p>a. Draft Meeting Minutes – September 11, 2024</p>	<p>President PerezGil inquired about any questions concerning items a. through d. of the Program Committee.</p> <p>There were no questions or comments.</p> <p>President PerezGil inquired about any questions concerning items F&A Committee meeting minutes.</p>	

**DESERT HEALTHCARE DISTRICT
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	There were no questions or comments.	
J. Old Business		
1. Coachella Valley Association of Governments (CVAG) Q2 CV LINK Project Report	<p>President PerezGil inquired about any questions concerning the Q2 CV Link project report.</p> <p>There were no questions concerning the Q2 CV Link project report.</p>	
K. Board Member Comments	<p>Director Rogers will provide an overview of the CVAG and Lift to Rise Homelessness Committee meetings to the board.</p> <p>Director De Lara provided an overview of the California Association of Special Districts Conference workshops on the Brown Act and good governance and the one-day district-sponsored IEHP Master Plan for Aging.</p>	
L. Adjournment	President PerezGil adjourned the meeting at 7:54 p.m.	Audio recording available on the website at http://dhcd.org/Agendas-and-Documents

ATTEST: _____
 Kimberly Barraza, Secretary, Board of Directors
 Desert Healthcare District and Foundation

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%						
Total - Vacancies						2,680	5.43%						
Total Suites - 32 - 30 Suites Occupied		\$55,789.40				49,356	94.57%	\$ 82,301.98	\$ 987,623.76	\$ 1.76	\$ 39,037.12	\$ 121,339.10	\$ 1,456,069.20
Summary - All Units													
			Occupied	46,676	94.57%								
			Vacant	2,680	5.43%								
			Pending	0	0.00%								
			Total	49,356	100%								

DESERT HEALTHCARE DISTRICT
SEPTEMBER 2024 FINANCIAL STATEMENTS
INDEX
Year to Date Variance Analysis
Cumulative Profit & Loss Budget vs Actual - Summary
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Cumulative Profit & Loss Budget vs Actual - LPMP
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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**

Scope: \$25,000 Variance per Statement of Operations Summary				
Account	YTD		Over(Under)	Explanation
	Actual	Budget	Budget	
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.
Las Palmas Medical Plaza - Net	\$ 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
Income						
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)
Total Income	720,703	247,620	473,083	2,254,845	742,860	1,511,985
Expense						
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)
Total Expense Before Grants	450,378	522,473	(72,095)	1,419,816	1,628,531	(208,715)
7000 · Grants Expense	401,986	416,667	(14,681)	417,567	1,250,001	(832,434)
Net Income	(131,661)	(691,520)	559,859	417,462	(2,135,672)	2,553,134

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
Income						
4000 - Income						
4010 - Property Tax Revenues	0	0	0	75,439	0	75,439
4200 - Interest Income						
4220 - Interest Income (FRF)	240,760	106,667	134,093	466,270	320,001	146,269
9999-1 - Unrealized gain(loss) on invest	335,970	(30,333)	366,303	1,260,557	(90,999)	1,351,556
Total 4200 - Interest Income	576,730	76,334	500,396	1,726,827	229,002	1,497,825
4300 - DHC Recoveries	4,075	2,000	2,075	8,173	6,000	2,173
Total 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)
Total Income	720,703	247,620	473,083	2,254,845	742,860	1,511,985
Expense						
5000 - Direct Expenses						
5100 - Administration Expense						
5110 - Wages Expense	97,524	107,221	(9,697)	297,793	382,774	(84,981)
5111 - Allocation to LPMP - Payroll	(6,428)	(7,139)	711	(19,284)	(21,417)	2,133
5112 - Vacation/Sick/Holiday Expense	13,137	15,000	(1,863)	49,739	45,000	4,739
5114 - Allocation to Foundation	(16,403)	(17,692)	1,289	(49,209)	(53,076)	3,867
5119 - Allocation-FED FUNDS/CVHIP-DHCF	(4,006)	0	(4,006)	(6,117)	0	(6,117)
5120 - Payroll Tax Expense	6,688	10,333	(3,645)	26,794	30,999	(4,205)
5130 - Health Insurance Expense						
5131 - Premiums Expense	19,546	23,553	(4,007)	58,003	70,659	(12,656)
5135 - Reimb./Co-Payments Expense	1,075	1,800	(725)	3,294	5,400	(2,106)
Total 5130 - Health Insurance Expense	20,621	25,353	(4,732)	61,297	76,059	(14,762)
5140 - Workers Comp. Expense	2,901	572	2,329	3,777	1,716	2,061
5145 - Retirement Plan Expense	7,454	11,154	(3,700)	27,305	33,462	(6,157)
5160 - Education Expense	1,965	7,417	(5,452)	5,110	22,251	(17,141)
Total 5100 - Administration Expense	123,453	152,219	(28,766)	397,205	517,768	(120,563)
5200 - Board Expenses						
5210 - Healthcare Benefits Expense	3,113	4,109	(996)	6,716	12,327	(5,611)
5230 - Meeting Expense	1,205	3,708	(2,503)	13,502	11,124	2,378
5235 - Director Stipend Expense	1,158	3,646	(2,488)	5,326	10,938	(5,612)
5240 - Catering Expense	477	1,000	(523)	2,154	3,000	(846)
5250 - Mileage Reimbursement Expense	173	250	(77)	342	750	(408)
Total 5200 - Board Expenses	6,126	12,713	(6,587)	28,040	38,139	(10,099)
Total 5000 - Direct Expenses	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
6000 · General & Administrative Exp						
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)
Total 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						
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
Total 6500 · Professional Fees Expense	190,437	174,959	15,478	556,298	524,877	31,421

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)
Total Expense Before Grants	450,378	522,473	(72,095)	1,419,816	1,628,531	(208,715)
7000 · Grants Expense						
7010 · Major Grant Awards Expense	401,986	416,667	(14,681)	417,567	1,250,001	(832,434)
Net Income	(131,661)	(691,520)	559,859	417,462	(2,135,672)	2,553,134

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
Income						
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)
Total 4500 · LPMP Income	124,398	124,786	(388)	372,906	374,358	(1,452)
Expense						
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)
Total 6445 · LPMP Expenses	83,720	113,138	(29,418)	252,252	339,414	(87,162)
Net Income	40,678	11,648	29,030	120,654	34,944	85,710

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

		Sep 30, 24	Sep 30, 23
ASSETS			
Current Assets			
Checking/Savings			
	1000 · CHECKING CASH ACCOUNTS	3,058,135	572,252
	1100 · INVESTMENT ACCOUNTS	68,144,795	65,149,459
	Total Checking/Savings	71,202,930	65,721,711
	Total Accounts Receivable	113,136	(16,517)
Other Current Assets			
	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
	Total Other Current Assets	167,463	159,453
	Total Current Assets	71,483,529	65,864,647
Fixed Assets			
	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
	Total Fixed Assets	8,759,556	9,413,896
Other Assets			
	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
	Total Other Assets	7,395,491	6,966,348
	TOTAL ASSETS	87,638,576	82,244,891

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

		Sep 30, 24	Sep 30, 23
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
	2000 · Accounts Payable	(391)	149,533
	2001 · LPMP Accounts Payable	2,342	15,379
	Total Accounts Payable	1,951	164,912
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
	Total Other Current Liabilities	4,861,961	5,846,149
	Total Current Liabilities	4,863,912	6,011,061
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
	Total Long Term Liabilities	5,036,935	6,276,578
	Total Liabilities	9,900,847	12,287,639
Equity			
	3900 · *Retained Earnings	77,320,267	71,020,500
	Net Income	417,462	(1,063,248)
	Total Equity	77,737,729	69,957,252
	TOTAL LIABILITIES & EQUITY	87,638,576	82,244,891

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

		Sep 30, 24	Sep 30, 23
ASSETS			
Current Assets			
Checking/Savings			
1000 - CHECKING CASH ACCOUNTS			
	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
	Total 1000 - CHECKING CASH ACCOUNTS	3,058,135	572,252
1100 - INVESTMENT ACCOUNTS			
	1130 - Facility Replacement Fund	67,388,999	67,477,696
	1135 - Unrealized Gain(Loss) FRF	755,796	(2,328,237)
	Total 1100 - INVESTMENT ACCOUNTS	68,144,795	65,149,459
	Total Checking/Savings	71,202,930	65,721,711
	Total Accounts Receivable	113,136	(16,517)
Other Current Assets			
	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
	Total Other Current Assets	167,463	159,453
	Total Current Assets	71,483,529	65,864,647
Fixed Assets			
1300 - FIXED ASSETS			
	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
	Total 1300 - FIXED ASSETS	5,310,398	5,265,403
1335-00 - ACC DEPR			
	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)
	Total 1335-00 - ACC DEPR	(2,974,930)	(2,681,470)

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

		Sep 30, 24	Sep 30, 23
	1400 - LPMP Assets		
	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
	Total 1406 - Building Improvements	3,505,652	3,432,456
	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)
	Total 1409 - Accumulated Depreciation	(10,776,996)	(10,356,437)
	Total 1400 - LPMP Assets	6,424,088	6,829,963
	Total Fixed Assets	8,759,556	9,413,896
	Other Assets		
	1600 - RIGHT TO USE ASSETS		
	1610 - Right to Use Asset	216,235	216,235
	1611 - RTU Accumulated Amortization	(44,356)	(22,178)
	1700 - OTHER ASSETS		
	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
	Total 1700 - OTHER ASSETS	3,784,179	3,723,380
	1800 - OTHER RECEIVABLES		
	1810 - Lease Receivable	3,439,433	3,048,911
	Total Other Assets	7,395,491	6,966,348
	TOTAL ASSETS	87,638,576	82,244,891

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

		Sep 30, 24	Sep 30, 23
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2000 · Accounts Payable		(391)	149,533
2001 · LPMP Accounts Payable		2,342	15,379
Total Accounts Payable		1,951	164,912
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
Total Other Current Liabilities		4,861,961	5,846,149
Total Current Liabilities		4,863,912	6,011,061
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
Total Long Term Liabilities		5,036,935	6,276,578
Total Liabilities		9,900,847	12,287,639
Equity			
3900 · *Retained Earnings		77,320,267	71,020,500
Net Income		417,462	(1,063,248)
Total Equity		77,737,729	69,957,252
TOTAL LIABILITIES & EQUITY		87,638,576	82,244,891

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

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

**Desert Healthcare District
Deposit Detail
September 2024**

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

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

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

Type	Date	Name	Amount
Deposit	09/04/2024		2,297
Payment	09/02/2024	DPMG	(2,297)
TOTAL			(2,297)
Deposit	09/05/2024		3,486
Payment	09/03/2024	Cure Cardiovascular Consultants	(3,486)
TOTAL			(3,486)
Deposit	09/09/2024		16,624
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)
Deposit	09/09/2024		4,233
Payment	09/05/2024	Desert Family Medical Center	(4,233)
TOTAL			(4,233)
Deposit	09/10/2024		17,416
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)
Deposit	09/11/2024		35
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
Deposit	09/12/2024		54,454
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)
Deposit	09/12/2024		3,451
Payment	09/10/2024	Coachella Valley Volunteers in Medicine-	(3,451)
TOTAL			(3,451)
Deposit	09/23/2024		14,525
		Steven Gundry, M.D.	(6,376)
		F CPP	(3,461)
Payment	09/23/2024	Global Premier Fertility	(4,689)
TOTAL			(14,526)
Deposit	09/30/2024		3,397
Payment	09/26/2024	Aijaz Hashmi, M.D., Inc.	(3,397)
TOTAL			(3,397)
		TOTAL	119,918

Desert Healthcare District
Check Register
As of September 30, 2024

Type	Date	Num	Name	Amount
1000 - CHECKING CASH ACCOUNTS				
1016 - US Bank Operating - 5018				
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)
1017 - US Bank Operating - 7455				
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)
TOTAL				(657,894)

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			

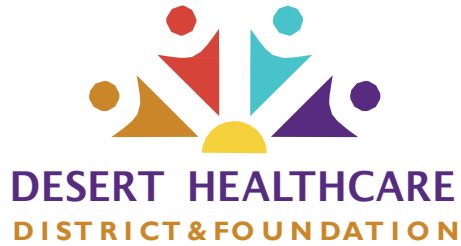
Desert Healthcare District							
Details for Credit Card Expenditures							
Credit Card Purchases - September 2024 - Paid September 2024							
Number of Credit Cards Held by District Personnel -3							
Credit Card Limit - \$75,000							
Credit Card Holders:							
Chris Christensen - Chief Executive 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	
			Eric Taylor				
			GL	Dollar	Description		
			6309	\$ 266.46	Indeed - promotion for Accounting Manager position		
			6530	\$ 16.99	Desert Sun subscription - marketing		
				\$ 283.45			
			Alejandro Espinoza Santacruz				
			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		
				\$ 286.18			

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

Type	Date	Num	Name	Amount
1000 - CHECKING CASH ACCOUNTS				
1044 - Las Palmas Medical Plaza - 1241				
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)
TOTAL				(56,425)

Desert Healthcare District
CEO Discretionary Fund Detail
 July through September 2024

Date	Name	Memo	Amount
6325 - CEO Discretionary Fund			
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
TOTAL			21,500



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
						\$ -	\$ -
TOTAL GRANTS		\$ 19,318,115	\$ 6,198,521	\$ 448,737	\$ 761,975	\$ 20,000	\$ 5,834,112
Amts available/remaining for Grant/Programs - FY 2024-25:							
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
Balance available for Grants/Programs			\$ 4,888,372				\$ (0)



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: October 22, 2024
To: Board of Directors
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 April 30, 2025

Staff Recommendation: Consideration to approve Consulting Services Agreement Addendum #1 for Deveau Burr Group for legislative work related to healthcare district issues through April 30, 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 the following scope of work.

Policy Support:

The team at Deveau Burr Group will work to thoroughly understand existing and potential issues and relevant policy areas to Desert Healthcare District and Foundation. Policy support includes tracking, monitoring, reporting, engaging and influencing both legislative, regulatory and budgetary issues critical to DHCD.

Advocacy:

Assist DHCD with all legislation, regulations impacting the district on all issues. Assist with state advocacy specific to advancing the goals of DHCD and protect the advancements made in 2023-24 legislative session.

Legislative and Budget Strategy Development:

1. By all appearances, the transaction with Tenet seems well positioned to pass this November. That said, whether the initiative is approved or not, there may be opportunities for DHCD to engage on policy, and the creation of a comprehensive legislative, Executive Branch, and State Agency strategy may be necessary. If so, we will want to discuss an

increase in retainer to compensate for intensive engagement that includes sponsorship of legislation and/or serving as primary witnesses in hearings for sponsored bills.

2. Strategic counsel on budget and policy issues impacting DHCD, including legislation.

3. Providing “me-too” testimony in hearings on bills that DHCD has decided to support or oppose.

State Legislator and State Agency Meetings:

With the large amount of turnover expected this November, there will be legislators that have had no exposure to the unique needs of DHCD and will need educating and support as they consider new legislation that could directly impact DHCD. It will be imperative that DHCD have representation in Sacramento.

1. Support DHCD in strategic engagement, i.e., developing relationships with leaders in the Assembly and Senate on issues impacting the district, as well as the Administration and relevant state departments, as needed.

2. Follow-up communications and relationship-building efforts with legislators to garner support for proposed resolutions and bills.

Our amended retainer will also include continued intelligence gathering and biweekly meetings with DHCD.

- The monthly fees would reduce from \$9,500 per month to \$4,500 per month with a contract period of November 1, 2024, to April 30, 2025.
- At the October 9, 2024, Finance & Administration Committee meeting, the Committee recommended forwarding Addendum #1 with a 6-month duration for consideration of approval by the full Board.
- 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. The scope of work in Section 1.1 is amended to include the following:

Policy Support:

The team at Deveau Burr Group will work to thoroughly understand existing and potential issues and relevant policy areas to Desert Healthcare District and Foundation. Policy support includes tracking, monitoring, reporting, engaging and influencing both legislative, regulatory and budgetary issues critical to DHCD.

Advocacy:

Assist DHCD with all legislation, regulations impacting the district on all issues. Assist with state advocacy specific to advancing the goals of DHCD and protect the advancements made in 2023-24 legislative session.

Legislative and Budget Strategy Development:

1. By all appearances, the transaction with Tenet seems well positioned to pass this November. That said, whether the initiative is approved or not, there may be opportunities for DHCD to engage on policy, and the creation of a comprehensive legislative, Executive Branch, and State Agency strategy maybe necessary. If so, we will want to discuss an increase in retainer to compensate for intensive engagement that includes sponsorship of legislation and/or serving as primary witnesses in hearings for sponsored bills.

2. Strategic counsel on budget and policy issues impacting DHCD, including legislation.

3. Providing “me-too” testimony in hearings on bills that DHCD has decided to support or oppose.

State Legislator and State Agency Meetings:

With the large amount of turnover expected this November, there will be legislators that have had no exposure to the unique needs of DHCD and will need educating and support as they consider new legislation that could directly impact DHCD. It will be imperative that DHCD have representation in Sacramento.

1. Support DHCD in strategic engagement, i.e., developing relationships with leaders in the Assembly and Senate on issues impacting the district, as well as the Administration and relevant state departments, as needed.

2. Follow-up communications and relationship-building efforts with legislators to garner support for proposed resolutions and bills.

Our amended retainer will also include continued intelligence gathering and biweekly meetings with DHCD.

2. This Addendum decreases the compensation amount in Section 2.1 of the agreement from \$9,500 to \$4,500 per month. The reduction is effective November 1, 2024.
3. This Addendum also revises the termination date in Section 3.1 to April 30, 2025.
4. 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 22, 2024
To: Board of Directors
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.

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.
- At the October 9, 2024, Finance & Administration Committee meeting, the Committee recommended forwarding Addendum #4 for consideration of approval by the full Board.
- 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">• Data Research• Marketing/Outreach• Creation of Materials• Event Logistics and Timing• Event Follow Up Processes
Refinement and development
Estimated budget: Not to exceed 40 hours: \$12,000.00

Project Team:

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



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: October 22, 2024
To: Board of Directors
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 Board meeting. However, the Foundation report will be approved during the Foundation’s Board meeting.
- Bin Zeng from Moss, Levy, & Hartzheim will present the following reports for 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 Board meeting)
- The District, Retirement Protection Plan, and Foundation audits received unmodified opinions with no findings.
- At the October 9, 2024, Finance & Administration Committee meeting, the Committee recommended forwarding the reports for consideration of approval by the full Board.
- 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

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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



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

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.

	Table A		
	6/30/2024	6/30/2023	Change
ASSETS			
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)
Total Assets	\$ 87,382,552	\$ 83,738,170	\$ 3,644,382
DEFERRED OUTFLOWS			
Pension plans	\$ 362,042	\$ 587,440	\$ (225,398)
Total Deferred Outflows of Resources	362,042	587,440	(225,398)
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 87,744,594	\$ 84,325,610	\$ 3,418,984
LIABILITIES			
Grants payable	\$ 6,198,520	\$ 8,944,394	\$ (2,745,874)
All other liabilities	559,056	813,430	(254,374)
Total Liabilities	\$ 6,757,576	\$ 9,757,824	\$ (3,000,248)
DEFERRED INFLOWS			
Pension plans	\$ 397,911	\$ 564,584	\$ (166,673)
Leases	3,268,842	2,982,703	286,139
Total Deferred Inflows of Resources	\$ 3,666,753	\$ 3,547,287	\$ 119,466
TOTAL LIABILITIES AND DEFERRED INFLOWS	\$ 10,424,329	\$ 13,305,111	\$ (2,880,782)
NET POSITION			
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
Total Net Position	\$ 77,320,265	\$ 71,020,499	\$ 6,299,766

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.

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

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	Net	Net	Balance	Net	Net	Balance
	6/30/22	Additions	Retirements	6/30/23	Additions	Retirements	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

Desert Healthcare District
1140 N. Indian Canyon Drive
Palm Springs, CA 92262
(760) 323-6113 Office
(760) 323-6825 Fax
www.dhcd.org Website

DESERT HEALTHCARE DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2024

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023

	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
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>
NON-CURRENT ASSETS		
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>
DEFERRED OUTFLOWS		
Deferred Outflows of Resources:		
Pension plans	362,042	587,440
Total deferred outflows of resources	<u>362,042</u>	<u>587,440</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>87,744,594</u>	<u>84,325,610</u>
CURRENT LIABILITIES		
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>
NON-CURRENT LIABILITIES		
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>
DEFERRED INFLOWS		
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>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>10,424,329</u>	<u>13,305,111</u>
NET POSITION		
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
TOTAL NET POSITION	<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>
OPERATING REVENUES		
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>
OPERATING EXPENSES		
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>
NONOPERATING INCOME (EXPENSES)		
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>
NET POSITION		
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

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
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	374,109	1,055,239
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
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	(330,966)	(333,196)
CASH FLOWS FROM INVESTING ACTIVITIES		
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	417,045	(5,487,634)
Net increase (decrease) in cash	460,188	(4,765,591)
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	4,351,293	9,116,884
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	\$ 4,811,481	\$ 4,351,293
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and cash equivalents	\$ 4,811,481	\$ 4,351,293

(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

RECONCILIATION OF OPERATING INCOME TO

NET CASH PROVIDED BY OPERATING ACTIVITIES

	<u>2024</u>	<u>2023</u>
Income from operations	\$ 2,348,115	\$ 1,903,054
Adjustments to reconciliation of income from operations to 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>
CURRENT ASSETS		
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>
OTHER ASSETS		
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>
TOTAL ASSETS	<u>5,634,161</u>	<u>5,309,704</u>
LIABILITIES		
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>
NET POSITION	<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>
ADDITIONS		
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>
DEDUCTIONS		
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>
INCREASE (DECREASE) IN NET POSITION	1,560,849	(2,551,931)
NET POSITION, BEGINNING OF FISCAL YEAR	<u>3,546,458</u>	<u>6,098,389</u>
NET POSITION, END OF FISCAL YEAR	<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 Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment 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
Total	\$ 69,848,569		\$ 66,346,268	\$ 64,994	\$ 172,430	\$ 247,383	\$ 3,017,494

* 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
Total	\$ 67,643,984		\$ 63,868,820	\$ 137,653	\$ 408,007	\$ 607,134	\$ 2,622,370

* 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 Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable 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 Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable 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 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 <u>July 1, 2022</u>	Additions	Deletions	Balance <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 <u>July 1, 2023</u>	Additions	Deletions	Balance <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 July 1, 2023	Claims Paid	Changes in Estimates	Balance at June 30, 2024	Due Within One Year
Claims payable	\$ -	\$ -	\$ -	\$ -	\$ -
	Balance at July 1, 2022	Claims Paid	Changes in Estimates	Balance at June 30, 2023	Due Within 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 ended June 30, 2024	Expiration	Lease receivable 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 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 Valuation Date (1)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((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:

	2024	2023
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 (a)	Plan Fiduciary Net Position (b)	Net Position Liability/(Asset) (c) = (a) - (b)
Balance, June 30, 2023	\$ 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 Employee Contributions	(510,257)	(510,257)	
Administrative Expenses			
Net Changes during 2023-2024	(320,358)	(49,161)	(271,197)
Balance, June 30, 2024	\$ 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:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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:

Fiscal Year Ended June 30,	Deferred Outflows (Inflows) of Resources
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>
Total pension liability					
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	(320,358)	(552,473)	80,652	(5,880,277)	1,078,687
Total pension liability - beginning	3,036,119	3,588,592	3,507,940	9,388,217	8,309,530
Total pension liability - ending (a)	\$ 2,715,761	\$ 3,036,119	\$ 3,588,592	\$ 3,507,940	\$ 9,388,217
Plan fiduciary net position					
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	\$(49,161)	\$(104,579)	\$(717,134)	\$531,009	\$(129,944)
Plan fiduciary net position - beginning	4,493,259	4,597,838	5,314,972	4,783,963	4,913,907
Plan fiduciary net position - ending (b)	\$ 4,444,098	\$ 4,493,259	\$ 4,597,838	\$ 5,314,972	\$ 4,783,963
Net pension liability - ending (a) - (b)	\$ (1,728,337)	\$ (1,457,140)	\$ (1,009,246)	\$ (1,807,032)	\$ 4,604,254
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>
Total pension liability					
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	(158,097)	248,333	(3,349,646)	1,389,735	(423,807)
Total pension liability - beginning	8,467,627	8,219,294	11,568,940	10,179,205	10,603,012
Total pension liability - ending (a)	\$ 8,309,530	\$ 8,467,627	\$ 8,219,294	\$ 11,568,940	\$ 10,179,205
Plan fiduciary net position					
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	\$(275,927)	\$(154,339)	\$3,419,935	\$(481,018)	\$(251,351)
Plan fiduciary net position - beginning	5,189,834	5,344,173	1,924,238	2,405,256	2,656,607
Plan fiduciary net position - ending (b)	\$ 4,913,907	\$ 5,189,834	\$ 5,344,173	\$ 1,924,238	\$ 2,405,256
Net pension liability - ending (a) - (b)	\$ 3,395,623	\$ 3,277,793	\$ 2,875,121	\$ 9,644,702	\$ 7,773,949
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>
Total OPEB Liability							
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)
Net Change in Total OPEB Liability				(67,364)	(20,609)	(20,714)	(18,530)
Total OPEB Liability - Beginning	-	-	-	67,364	87,973	108,687	127,217
Total OPEB Liability - Ending (a)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,364</u>	<u>\$ 87,973</u>	<u>\$ 108,687</u>
Plan Fiduciary Net Position							
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	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position				-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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>
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>
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>
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
<u>ASSETS</u>		
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
<u>LIABILITIES</u>		
Accrued trustee fees	7,122	7,246
<u>NET POSITION RESTRICTED FOR PENSION</u>		
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
<u>ADDITIONS:</u>		
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
<u>DEDUCTIONS:</u>		
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 intergral 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 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

	<u>2024</u>	<u>2023</u>
Total pension liability:		
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)
Net change in total pension liability	(320,358)	(552,473)
Total pension liability - beginning	3,036,119	3,588,592
Total pension liability - ending (a)	<u>\$ 2,715,761</u>	<u>\$ 3,036,119</u>
Plan fiduciary net position		
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)
Net change in plan fiduciary net position	(49,161)	(104,579)
Plan fiduciary net position - beginning	4,493,259	4,597,838
Plan fiduciary net position - ending (b)	<u>4,444,098</u>	<u>4,493,259</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (1,728,337)</u>	<u>\$ (1,457,140)</u>
Plan fiduciary net position as a percentage of the total pension liability	163.64%	147.99%
Covered - employee payroll	N/A	N/A
Net pension liability as percentage of covered - employee payroll	N/A	N/A

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

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

For the Fiscal Year Ended June 30, 2023

	<u>1% Decrease (5.56%)</u>	<u>Current Discount Rate (6.56%)</u>	<u>1% Increase (7.56%)</u>
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
TOTAL PENSION LIABILITY					
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)
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
Total Pension Liability - Ending	<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>
PLAN FIDUCIARY NET POSITION					
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)
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
Plan Fiduciary Net Position - Ending	<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>
Plan Net Pension Liability (Asset) - Ending	<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>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	<u>163.64%</u>	<u>147.99%</u>	<u>128.12%</u>	<u>151.51%</u>	<u>50.96%</u>
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability (Asset) as a percentage of Covered Payroll	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
TOTAL PENSION LIABILITY					
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)
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
Total Pension Liability - Ending	<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>
PLAN FIDUCIARY NET POSITION					
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)
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
Plan Fiduciary Net Position - Ending	<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>
Plan Net Pension Liability (Asset) - Ending	<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>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	<u>59.14%</u>	<u>61.29%</u>	<u>65.02%</u>	<u>16.63%</u>	<u>23.63%</u>
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability (Asset) as a percentage of Covered Payroll	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
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- 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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MOSS, LEVY & HARTZHEIM LLP

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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.

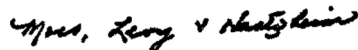
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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
ASSETS		
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/>
OTHER ASSETS		
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/>
TOTAL ASSETS	<u>\$ 5,634,161</u>	<u>\$ 5,309,704</u>
	<hr/>	<hr/>
LIABILITIES AND NET ASSETS		
LIABILITIES		
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/>
NET ASSETS		
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/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,634,161</u>	<u>\$ 5,309,704</u>
	<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 Restrictions	With Donor Restrictions	Totals	
			2024	2023
REVENUES AND GAINS				
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
EXPENSES				
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
INCREASE (DECREASE) IN NET ASSETS	1,738,137	(177,288)	1,560,849	(2,551,931)
NET ASSETS, BEGINNING OF FISCAL YEAR	1,996,320	1,550,138	3,546,458	6,098,389
NET ASSETS, END OF FISCAL YEAR	<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 Services	Management 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
TOTAL FUNCTIONAL EXPENSES	\$ 1,429,170	\$ 185,951	\$ 1,615,121	\$ 4,078,127

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
CASH FLOWS FROM OPERATING ACTIVITIES		
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
CASH FLOWS FROM INVESTING ACTIVITIES		
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)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,053,838	(37,148)
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	479,488	516,636
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	\$ 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 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 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>
 <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>
 <u>Other Pass-Through Grants</u>		
ABC Recovery	-	2,143
	<u>-</u>	<u>2,143</u>
 Total Grants Payable	<u>\$ 518,077</u>	<u>\$ 1,741,281</u>
 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 22, 2024
To: Board of Directors
Subject: Measure AA – Education Materials

Recommendation: Information Only

Background:

- At the September 2024 Board meeting, the Board was presented options for an education campaign that included preparing Key Messages, a Fact Sheet, and conducting community meetings.
- After legal and Board discussion, staff was directed to prepare written materials (i.e. Fact Sheet) to provide to the Board and to publish on the website, etc.
- The District’s legal counsel and staff have prepared a Fact Sheet and Frequently Asked Questions as educational materials related to Measure AA.
- Both English and Spanish version reside on the website and are available for reference and providing to the public when questions are asked from the public.
- The Fact Sheet and FAQs documents are included in the packet for reference.

Fiscal Impact:

None



DESERT HEALTHCARE
DISTRICT & FOUNDATION

LEASE-PURCHASE AGREEMENT – Frequently Asked Questions

What is the Desert Healthcare District?

The Desert Healthcare District is a local government agency whose mission is to optimize health at all stages of life for all District residents. The District’s geographic boundaries encompass the entire Coachella Valley, which has more than 400,000 residents.

Today, the District is primarily a grantmaking organization. Together, with the Desert Healthcare Foundation, it is one of the largest funders in the valley. It has awarded more than \$100 million to assist residents — especially the underserved — in accessing vitally needed resources, such as primary and behavioral healthcare.

However, the District was formed in 1948 to build a hospital in Palm Springs to improve access to healthcare in the desert communities. It operated Desert Hospital as a nonprofit entity for many years, establishing its Foundation in 1967 to financially support hospital activities.

Ongoing financial challenges prompted the District to bring in a hospital operator in 1997, signing a 30-year lease with Tenet Healthcare Corporation to manage the facility and its staff with some District oversight. The current lease expires on May 30, 2027.

How is the Desert Healthcare District funded?

The District receives revenue from various sources, but a primary source is a small percentage – less than 1 percent – of Riverside County property taxes collected each year from western Coachella Valley residents. The tax revenue averages about \$10 million to \$11 million a year. The District also receives revenue from the Las Palmas Medical Plaza in Palm Springs.

Does the Desert Healthcare District own Desert Regional Medical Center?

Yes. The Desert Healthcare District currently owns Desert Regional Medical Center, formerly known as Desert Hospital. The medical center currently has 360 beds, tertiary acute care services, critical care services, and a skilled nursing unit. Tenet has operated the hospital since 1997. In September 2023, Tenet presented a new lease-purchase agreement to the Desert Healthcare District Board.

What does the Lease-Purchase Agreement propose?

The Lease Purchase Agreement (LPA) would extend Tenet’s current lease of Desert Regional Medical Center from 2027 to 2057 at which time ownership of Desert Regional Medical Center will transfer to Tenet.

The LPA would pay Desert Healthcare District multiple installments, totaling approximately \$650 million.

The first \$100 million payment would be made in 2027 with annual installments of more than \$20 million over 20 years. The deal would transfer ownership of the hospital to Tenet at the end of the lease with a final payment of \$100 million.

Does Tenet own or operate other hospitals in the area?

Tenet Healthcare owns John F. Kennedy Memorial Hospital in Indio, and it currently leases the Hi-Desert Medical Center in Joshua Tree from the Morongo Basin Healthcare District.

How would the LPA affect the state’s seismic mandates for Desert Regional Medical Center?

Under the terms of the LPA, Tenet will maintain seismic compliance of the hospital —without requiring the support of valley taxpayers. State law currently requires compliance to be completed by 2030.

Could Tenet sell or transfer ownership of Desert Regional Medical Center before the new agreement ends in 2057?

The LPA has restrictions in place to help ensure the District does not lose the revenue of lease payments. These restrictions include limiting whom Tenet could sell the asset to during the first 10 years covered in the agreement. It stipulates that a potential buyer would have to be financially secure to continue payments to the District and to ensure that mandatory seismic work is completed in accordance with the state’s deadline.

How did the Desert Healthcare District arrive at the decision to place the ballot measure?

Following Tenet’s proposal of a LPA in September 2023, the Desert Healthcare District Board engaged with a consultant and its legal counsel to explore the terms of Tenet’s proposal.

During ongoing negotiations, the District remained committed to transparency and keeping the public informed throughout the process. The District invited the community to 11 open forum information sessions and Board meetings during the LPA proposal period. Community members offered valuable feedback, and the District is grateful for opportunities to engage with the public.

The District also provided outreach materials on its website, dhcd.org, and in The Desert Sun. A social media campaign was posted on the following platforms:

Facebook: www.facebook.com/DesertHealthcareDistrict

Instagram: www.instagram.com/deserthealthcare

On August 6, 2024, the District Board took the action required to place Measure AA on the November 5, 2024, ballots for voter consideration.

What is the noncompete clause in the LPA?

The noncompete clause states that the Desert Healthcare District will not make grants for projects that support a competing business or create substantial revenues/save significant expenses for another acute care hospital within the District. ([See the list of competing businesses here.](#))

The District can fund any project not involved in the businesses on the list that are owned by a Federally Qualified Health Center, community service organization, or an acute care hospital outside the District. This includes urgent care centers, psychiatric facilities, skilled nursing facilities, drug treatment and rehabilitation centers.

The noncompete clause makes an exception for Desert Healthcare District's property taxes. The District can make grants to projects owned by Riverside County, up to the amount of property taxes it receives in any year, minus District administration costs.

There are no restrictions on whom Desert Healthcare District can rent to in the highest-need areas, including an acute care hospital in the District. The noncompete clause provides different rules for communities with the highest healthcare needs. Desert Healthcare District has defined those as the government-identified medically underserved areas plus several other designated areas, i.e., Desert Hot Springs. ([See map here, Schedule 12.2.](#))

Outside the highest need areas, the noncompete clause allows Desert Healthcare District to own property and lease it to anyone so long as they are not in a competing business on the list, or if they generate revenues for an acute care hospital in the District.

[Read the full noncompete clause \(Article 12, Page 28\).](#)

What happens next?

Coachella Valley voters will make the final decision on the lease-purchase agreement between the Desert Healthcare District and Tenet Healthcare on Election Day, Nov. 5, 2024.



DESERT HEALTHCARE

DISTRICT & FOUNDATION

ACUERDO DE ALQUILER CON OPCIÓN A COMPRA: preguntas

frecuentes ¿Qué es Desert Healthcare District?

Desert Healthcare District es un organismo gubernamental local cuya misión es optimizar la salud en todas las etapas de la vida para todos los residentes de District. Los límites geográficos de District abarcan todo el valle de Coachella, que tiene más de 400 000 residentes.

En la actualidad, District es, principalmente, una organización de otorgamiento de subvenciones. En conjunto con Desert Healthcare Foundation es uno de las organizaciones de financiamiento más grandes del valle. Otorgó más de \$100 millones para ayudar a los residentes, en especial los subatendidos, a acceder a los recursos necesarios para la vida, como atención de la salud primaria y conductual.

Sin embargo, District se formó en 1948 para construir un hospital en Palm Springs con el fin de mejorar el acceso a la atención de la salud en las comunidades de Desert. Operó Desert Hospital como una organización sin fines de lucro durante muchos años y estableció su fundación en 1967 para brindar ayuda financiera a las actividades del hospital.

En 1997, las dificultades financieras constantes impulsaron a District a convocar a un operador de hospital, por lo que se firmó un acuerdo de alquiler por 30 años con Tenet Healthcare Corporation para que administrara las instalaciones y su personal con cierta supervisión de District. El acuerdo de alquiler actual vence el 30 de mayo de 2027.

¿Cómo se financia Desert Healthcare District?

District recibe ingresos de varias fuentes, pero la fuente principal es un pequeño porcentaje, inferior al 1 %, de los impuestos sobre la propiedad del condado de Riverside que se recaudan cada año de los residentes del valle de Coachella occidental. Los ingresos por impuestos dan un promedio de aproximadamente \$10 millones a \$11 millones por año. District también recibe ingresos de Las Palmas Medical Plaza en Palm Springs.

¿Desert Healthcare District es propietario de Desert Regional Medical Center?

Sí. Desert Healthcare District actualmente es propietario de Desert Regional Medical Center, anteriormente conocido como Desert Hospital. En la actualidad, el centro médico tiene 360 camas, servicios terciarios de atención aguda, servicios de atención crítica y una unidad de enfermería especializada. Tenet opera el hospital desde 1997. En septiembre de 2023, Tenet presentó un nuevo acuerdo de alquiler con opción a compra ante la Junta de Desert Healthcare District.

¿Qué se propone en el Acuerdo de alquiler con opción a compra?

El Acuerdo de alquiler con opción a compra (LPA) extendería el alquiler actual de Tenet de Desert Regional Medical Center desde 2027 hasta 2057, tiempo durante el cual la propiedad de Desert Regional Medical Center se transferirá a Tenet.

Mediante el LPA, se pagaría a Desert Healthcare District en varias cuotas, un total de aproximadamente \$650 millones.

El primer pago de \$100 millones se realizaría en 2027 con cuotas anuales de más de \$20 millones durante 20 años. Mediante el acuerdo, se transferiría la propiedad del hospital a Tenet al finalizar el alquiler con un último pago de \$100 millones.

¿Acaso Tenet es propietario u opera otros hospitales en el área?

Tenet Healthcare es propietario de John F. Kennedy Memorial Hospital en Indio y en la actualidad alquila Hi-Desert Medical Center en Joshua Tree a Morongo Basin Healthcare District.

¿De qué manera el LPA afecta las obligaciones fundamentales estatales del Desert Regional Medical Center?

Conforme a los términos del LPA, Tenet mantendrá las disposiciones fundamentales de cumplimiento del hospital, sin la ayuda de los contribuyentes del valle. En la actualidad, la ley estatal exige que se cumpla con lo dispuesto antes de 2030.

¿Puede Tenet vender o transferir la propiedad de Desert Regional Medical Center antes de que termine el nuevo acuerdo en 2057?

El LPA tiene restricciones para garantizar que District no pierda los ingresos de los pagos del alquiler. Estas restricciones incluyen limitar a quienes Tenet podría vender los activos durante los primeros 10 años cubiertos en el acuerdo. Estipula que el posible comprador tiene que tener seguridad financiera para continuar con los pagos a District y garantizar que los trabajos fundamentales obligatorios se completen de acuerdo con los plazos estatales.

¿Cómo Desert Healthcare District tomó la decisión de incluir la propuesta a votación?

Luego de la propuesta de Tenet de un LPA en septiembre de 2023, la Junta de Desert Healthcare District trabajó con un asesor y su asesor legal para explorar los términos de la propuesta de Tenet.

Durante las negociaciones, District continuó comprometido con la transparencia y mantuvo al público informado durante el proceso. District invitó a la comunidad a 11 sesiones informativas de foro abierto y a las reuniones de la Junta durante el período de la propuesta del LPA. Los miembros de la comunidad hicieron valiosos aportes y District está agradecido por las oportunidades de participación del público.

District también proporcionó materiales de compromiso en su sitio web, dhcd.org, y en The Desert Sun. Se publicó una campaña en las redes sociales en las siguientes plataformas:

Facebook: www.facebook.com/DesertHealthcareDistrict

Instagram: www.instagram.com/deserthealthcare

DHCD.ORG

El 6 de agosto de 2024, la Junta de District tomó la medida de incluir la Propuesta AA en la votación del 5 de noviembre de 2024 para la consideración de los votantes. ¿Cuál es la cláusula de no competencia en el LPA?

La cláusula de no competencia indica que Desert Healthcare District no otorgará subvenciones para proyectos que respalden a una empresa competidora o que generen ingresos significativos o permitan ahorrar gastos importantes a otro hospital de atención aguda en District. ([Consulte la lista de empresas competidoras aquí](#)).

District puede financiar cualquier proyecto que no forme parte de las empresas de la lista que son propiedad de un centro de salud calificado a nivel federal, una organización de servicios comunitarios o un hospital de atención aguda fuera de District. Esto incluye centros de atención de urgencia, instalaciones psiquiátricas, instalaciones de enfermería especializada, centros de tratamiento y rehabilitación por consumo de estupefacientes.

La cláusula de no competencia hace una excepción de los impuestos a la propiedad de Desert Healthcare District. District puede otorgar subvenciones para proyectos que sean de propiedad del condado de Riverside, hasta el importe de los impuestos a la propiedad que recibe en un año, menos los costos de administración de District.

No hay restricciones respecto de a quienes Desert Healthcare District puede alquilarles en las áreas con mayores necesidades, incluido un hospital de atención aguda en District. La cláusula de no competencia dispone de diferentes reglas para las comunidades con las más altas necesidades de atención de la salud. Desert Healthcare District las definió como las áreas médicamente subatendidas identificadas por el gobierno más otras áreas designadas, como por ejemplo, Desert Hot Springs. ([Consulte el mapa aquí, anexo 12.2](#)).

Fuera de las áreas de mayor necesidad, la cláusula de no competencia permite a Desert Healthcare District ser dueño de una propiedad y alquirla a alguien mientras que esta persona no pertenezca a una empresa competidora que figure en la lista o si genera ingresos para un hospital de atención aguda en District.

[Lea la cláusula completa de no competencia \(artículo 12, página 28\)](#).

¿Qué sucede después?

Los votantes del valle de Coachella tomarán la decisión final respecto del acuerdo de alquiler con opción a compra entre Desert Healthcare District y Tenet Healthcare el día de las elecciones, el 5 de noviembre de 2024.

FACT SHEET FOR THE LEASE PURCHASE AGREEMENT WITH TENET

- I. **The Parties.** The Parties are the Desert Healthcare District (“District”) and the Desert Regional Medical Center, Inc., a California corporation formerly known as Tenet HealthSystems Desert Inc. (“Lessee” or “Tenet”), and is a wholly owned subsidiary corporation of Tenet Healthcare Corporation.

- II. **The Property.** Tenet will lease all of the real property and improvements of the District, which includes the Desert Regional Medical Center (“DRMC” or “Hospital”) and all related Desert Businesses supporting the Hospital, and Tenet will become the owner of the real property and improvements at the end of the lease term. The real property and improvements do not include the Las Palmas Medical Plaza or the Wellness Park.

- III. **Term of the Lease Purchase Agreement (“LPA”).** The Term of the LPA begins on May 31, 2027, and ends on May 30, 2057, at which time the Hospital and the Desert Businesses will be owned and operated by the Lessee.

- IV. **The Legal Authority.** The LPA is authorized pursuant to Health & Safety Code sections 32121(p)(1) and 32126 and is subject to the approval of a majority vote of the residents of the District voting in the November 5, 2024, election.

- V. **Rent and Purchase Payments.** Tenet shall make an initial payment of \$100 million to the District on May 31, 2027. Beginning in May 2028, Tenet will make annual payments of approximately \$20 million which shall increase to approximately \$28 million by 2046. On May 31, 2057, Tenet shall make a final purchase payment of \$100 million at which time all rights, title, and interest to the Hospital and Desert Businesses shall be transferred to Tenet.

- VI. **Restrictions on Use of the Leased Assets.** Tenet must continuously operate the Hospital and the Desert Businesses for the benefit of District residents.

- VII. **Operating Covenants.** There are a series of operating covenants in the LPA that address how Tenet MUST operate the Hospital:
 - (1) Tenet will covenant to operate and maintain DRMC as an acute care hospital with a comprehensive range of health care-related services for the benefit of the community.
 - (2) Tenet is required to comply with all laws and regulations related to operating the Hospital (including state regulations related to patient care, building codes, and all environmental and seismic safety upgrades).

- (3) All major improvements shall be designed by Tenet such that the Hospital shall **maintain at least 360 acute care beds, 9 operating suites, and 29 emergency department bays.**
- (4) **Breach by Tenet.** In the event that Tenet breaches the foregoing covenant, the District shall be entitled to exercise all remedies available in law or in equity to enforce compliance including specific performance.
- (5) **Non-Discrimination in Operations.** All major decisions at DRMC must be made without discrimination against the District residents. No Core Services at DRMC may be relocated to High Desert Medical Center, for example, or to John F. Kennedy Memorial Hospital (“JFK”) in order to close or materially reduce the services at DRMC (except for temporary relocations that may be necessary during construction).
- (6) **Expansion of Care and JFK Commitments.** During the term of the LPA, Tenet shall continue to partner with the District to expand care throughout the Coachella Valley. Tenet has committed to pursue a major expansion of the Emergency Department and the admitting area at JFK.
- (7) **Termination of Core Services.** During the term of the LPA, and after consultation with the Medical Staff and the Local Governing Board, Tenet shall provide written notice of any proposed termination or material reduction of a Core Service at DRMC. The District Board shall have the right to hold public meetings and have an opportunity for the public to comment on any material reductions or termination of a core service and provide Tenet with its input and decision on the proposed reduction or termination.
- (8) **Core Services include:** (i) General Medical Services; (ii) Acute Care General Surgical Services; (iii) Intensive/Critical Care Services; (iv) Neonatal Intensive Care Services; (v) Perinatal Services; (vi) Pediatric Services; (vii) Acute Rehabilitation Services; (viii) Cardiac Services (includes Cardiovascular Surgery and Cardiac Catheterization Lab); (ix) Comprehensive Emergency Medical Services (including Trauma, Stroke and Orthopedics); and (x) Comprehensive Cancer Center Services.
- (9) **Licensing, Accreditation, and Payors:** During the term of the LPA, Tenet must use its best efforts to maintain Hospital licensure and accreditation with the Joint Commission and must use commercially reasonable efforts to participate in the Medicare, Medi-Cal, and other third-party payment programs.
- (10) **Insurance.** During the term of the LPA, Tenet at its sole cost must maintain insurance coverages that are commonly maintained by hospitals, including insurance against loss or damage by fire, comprehensive general liability, and professional liability and malpractice. Tenet must maintain

earthquake insurance on the Hospital, if it maintains similar coverage for its other Southern California hospitals. All insurance policies must name the District as an additional insured and must be reviewed by Tenet periodically after making major capital improvements.

VIII. **Governance of the Hospital**. During the term of the LPA, Tenet will maintain the current Local Governing Board to provide for community participation regarding the medical aspects of DRMC's operation and the delivery of healthcare to the community. A majority of the 13 Local Governing Board members will continue to be members of the Medical Staff and 2 of the Local Governing Board members will continue to be members of the District Board. The Local Governing Board will have authority to (i) appoint and reappoint the medical staff; (ii) review the quality of Hospital services; (iii) maintain licensure and accreditation; and (iv) provide input on operating budgets and physician contracts. The Rules and Regulations of the Local Governing Board may not be amended without mutual consent of the Parties.

IX. **Non-Competition Clause**

- (1) In general, the District cannot make any grants for projects that support a competing business OR that create substantial revenues/save substantial expenses for another acute care hospital WITHIN THE DISTRICT. Competing businesses include: General Acute Care Hospitals, Medical Office Buildings, Comprehensive Cancer Centers, Imaging Centers, Ambulatory Surgery Centers, Physician Joint Ventures, Primary and Specialty Care Foundation Practices, Weight Management Centers, Maternal Fetal Medicine Centers, and Advanced Wound Healing and Amputation Prevention Centers.
- (2) The District is still allowed make grants for any project that is **not** on the competing businesses list so long as it is not owned by an acute care hospital IN THE DISTRICT.
- (3) The District can fund any project not involved in the competing businesses list that are owned by an FQHC, by any community service organization, or by an acute care hospital OUTSIDE THE DISTRICT. This would include urgent care centers, psychiatric facilities, skilled nursing facilities, and drug treatment/rehab programs.
- (4) The LPA makes an exception to this clause for the District's property taxes. The District can make grants to projects owned by Riverside County, up to the amount of the property taxes it receives in any year, less District administrative costs.

- (5) The District cannot own, operate, or manage any business on the competing businesses list, except for the existing medical office building that the District owns.
- (6) There are special provisions for situations where the District wants to act as a landlord (e.g., owns a building and leases it to healthcare service providers).
- (7) The LPA provides different rules for areas with highest healthcare needs, which are defined as the government identified Medically Underserved Areas and a number of other designated areas including: MUA 10-218, MUA 109-2958, MUA 84-312; Desert Hot Springs, Palm Springs – North of I-10; Cathedral City – North of I-10; Indio – North of I-10; Coachella; and the unincorporated areas of Garnet, Desert Edge, Sky Valley, Indio Hills, Thousand Palms, Desert Palms, Bernardo Dunes, Thermal, Mecca, Oasis, Vista Santa Rosa, and North Shore.
- (8) There are NO restrictions as to whom the District can rent in these highest need areas, even an acute care hospital in the District. Outside the highest need areas, the District can own property but shall not be permitted to lease it to anyone who is in a competing business on the list or if they generate revenues for an acute care hospital IN THE DISTRICT.

X. **Restrictions on Subletting, Assignment, and Transfers.**

- (1) Tenet may not sublet any space in the Hospital where patient care is provided without the District’s consent except to an “Affiliate” of Tenet. However, Tenet may sublet other portions of the Hospital not related to patient care including other medical office buildings on the Hospital campus.
- (2) **Full Transfer.** Tenet may not transfer its interest to another entity that is not an “Affiliate” of Tenet without the District’s consent (which consent cannot be unreasonably withheld) after notice to the District, **provided Tenet may not consummate a Full Transfer if the new entity** (1) does not operate another acute care hospital at the time of transfer, or (2) has been refused a hospital license in California, or (3) is subject to a non-prosecution agreement with Medicare regarding criminal charges. The District can also withhold its consent if the new entity refuses, based on religious grounds, to agree that the services then offered at the Hospital would not be diminished in any way.
- (3) As a condition of the Full Transfer, the District may require that the new entity: (1) furnish evidence of its capacity to meet its financial obligations under the LPA, and (2) deliver an executed agreement, assuming all of the terms and conditions of the LPA.

- (4) **For the First 10 Years:** The District may refuse to grant consent if the new entity has not provided evidence of its capacity to pay the rent or purchase price. In which case Tenet can consummate the transaction by providing an escrow which will secure the funding of all of the future rent and purchase payments.
- (5) The District can also object on any other grounds including that the new entity does not have the financial ability to fund the remaining seismic improvements to the Hospital.
- (6) All disputes with respect to whether the District's objections or refusal to grant consent to a Full Transfer is commercially reasonable shall be resolved in accordance with the dispute resolution provisions of Section 15.12 of the LPA.
- (7) **After 10 Years:** The District may refuse to grant consent if the new entity has not provided evidence of its capacity to pay the rent or purchase price. In which case Tenet can consummate the transaction by providing an escrow which will fund the future payments. If the bonds or security for the escrow are not available, then Tenet can exercise a "Transfer Buyout Option" by paying a premium of 8% of the net present value of the lease and purchase payments. Exercising the Transfer Buyout Option means that title to Hospital will transfer to Tenet.
- (8) The District can also object on commercially reasonable grounds if the new entity does not have the financial ability to fund the remaining seismic improvements to the Hospital.
- (9) The District may also object or refuse to grant consent to the Full Transfer on **any other** commercially reasonable grounds. In such a case, Lessee may exercise its "Transfer Buyout Option" by paying a premium of 8% of the net present value of the lease and purchase payments.
- (10) All disputes with respect to whether the District's objections or refusal to grant consent to a Full Transfer is commercially reasonable shall be resolved in accordance with the dispute resolution provisions of the LPA.

XI. **Default.** Subject to notice and opportunity to cure, the following events shall be considered a default by Tenet:

- (a) The failure to pay when due any sums required to be paid.
- (b) The subjection of any material right or interest of Tenet to attachment, execution, or other levy.
- (c) The appointment of a receiver to take possession of the leased premises or improvements or Tenet's interest in the leasehold estate.

- (d) An assignment by Tenet for the benefit of creditors or the filing of any type of bankruptcy.
 - (e) The failure to perform any other covenant or condition in the LPA that directly causes Tenet to be unable to operate the Hospital as an acute care hospital and related health care institutions.
 - (f) The failure to perform any other material covenant or condition of the LPA.
- If any default by Tenet continues uncured for items (a) through (e) following notice of default under the terms of the LPA, the District has the right to terminate the LPA and take back the Hospital.
 - If any default by Tenet continues uncured for item (f) following notice of default, the District has the right to exercise all remedies available by law or equity including specific performance and injunctive relief.

XII. **Termination.**

- The LPA may be terminated at any time by mutual agreement of the District and Tenet.
- As noted above, the LPA may be terminated for a number of reasons by the District if Tenet has defaulted and the default has not been cured.

HOJA DE DATOS DEL ACUERDO DE ALQUILER CON OPCIÓN A COMPRA CON TENET

- I. **Las partes.** Las partes son Desert Healthcare District (“District”) y Desert Regional Medical Center, Inc., una corporación de California anteriormente conocida como Tenet HealthSystems Desert Inc. (“Locatario” o “Tenet”), y es una corporación subsidiaria de propiedad absoluta de Tenet Healthcare Corporation.
- II. **La propiedad.** Tenet arrendará todo el inmueble y las mejoras de District, incluido el Desert Regional Medical Center (“DRMC” u “Hospital”) y todos los negocios relacionados de Desert que respaldan al hospital. Tenet se volverá propietario del inmueble y las mejoras al final del plazo del arrendamiento. El inmueble y las mejoras no incluyen Las Palmas Medical Plaza o Wellness Park.
- III. **Plazo del Acuerdo de alquiler con opción a compra (“LPA”).** El plazo del LPA comienza el 31 de mayo de 2027 y finaliza el 30 de mayo de 2057, fecha en la que el hospital y los negocios de Desert serán propiedad del Locatario y este los operará.
- IV. **La autoridad legal.** El LPA cuenta con autorización conforme a las secciones 32121(p)(1) y 32126 del Código de Salud y Seguridad y está sujeto a la aprobación mediante voto mayoritario de los residentes de District que votan en las elecciones del 5 de noviembre de 2024.
- V. **Pagos de arrendamiento y compra.** Tenet realizará un pago inicial de \$100 millones a District el 31 de mayo de 2027. Desde mayo de 2028, Tenet realizará pagos anuales de aproximadamente \$20 millones, importe que llegará a aproximadamente \$28 millones en 2046. El 31 de mayo de 2057, Tenet realizará un pago de compra final de \$100 millones, momento en el cual todos los derechos, títulos e intereses del hospital y los negocios de Desert se transferirán a Tenet.
- VI. **Restricciones en el uso de los activos arrendados.** Tenet debe operar de forma continua el hospital y los negocios de Desert para el beneficio de los residentes de District.
- VII. **Condiciones operativas.** Hay una serie de condiciones operativas en el LPA que abordan cómo Tenet DEBE operar el hospital:
 - (1) Tenet convendrá en operar y mantener el DRMC como un hospital de atención aguda con una serie completa de servicios relacionados con la

atención de la salud para el beneficio de la comunidad.

- (2) Tenet tiene la obligación de cumplir con todas las leyes y normas relacionadas con la operación del hospital (incluidas las normas estatales relacionadas con la atención de pacientes, los códigos de construcción y todas las mejoras de seguridad ambientales y fundamentales).
- (3) Tenet diseñará todas las mejoras importantes, de modo que el hospital **mantendrá por lo menos 360 camas para pacientes de atención aguda, 9 suites operativas y 29 áreas del departamento de emergencia.**
- (4) **Incumplimiento por parte de Tenet.** En caso de que Tenet no cumpla con los convenios anteriores, District tendrá derecho a ejercer todos los recursos disponibles por ley o equidad para garantizar el cumplimiento, lo que incluye la ejecución específica.
- (5) **No discriminación en las operaciones.** Todas las decisiones importantes en DRMC deben tomarse sin discriminación contra los residentes de District. No se deberán reubicar los servicios esenciales en DRMC a High Desert Medical Center, por ejemplo, o a John F. Kennedy Memorial Hospital (“JFK”) para cerrar o reducir materialmente los servicios en DRMC (excepto en el caso de las reubicaciones temporarias que pudieran ser necesarias durante la construcción).
- (6) **Expansión de la atención y compromisos de JFK.** Durante el plazo del LPA, Tenet continuará asociándose con District para expandir la atención por todo el valle de Coachella. Tenet se comprometió en lograr una importante expansión del Departamento de Emergencias y el área de Admisiones en el JFK.
- (7) **Terminación de los servicios esenciales.** Durante el término del LPA, y luego de consultar al personal médico y a la Junta Directiva local, Tenet proporcionará un aviso por escrito de cualquier terminación o reducción material propuestas de un servicio esencial en DRMC. La Junta de District tendrá derecho a realizar reuniones públicas, y el público tendrá la oportunidad de proporcionar sus comentarios sobre cualquier reducción material o terminación de un servicio esencial y le brindará a Tenet sus aportes y decisiones sobre la reducción propuesta o terminación.
- (8) **Los servicios esenciales incluyen los siguientes:** (i) servicios médicos generales; (ii) servicios quirúrgicos generales de atención aguda; (iii) servicios de atención intensiva o crítica; (iv) servicios de atención intensiva neonatal; (v) servicios perinatales; (vi) servicios pediátricos; (vii) servicios de rehabilitación aguda; (viii) servicios cardíacos (incluidas la cirugía cardiovascular y el laboratorio de cateterización cardíaca); (ix) servicios médicos integrales de emergencia (que incluyen para

traumatismos, accidentes cerebrovasculares y ortopedia); y (x) servicios integrales del centro de cáncer.

- (9) **Licencias, acreditación y pagadores:** Durante el plazo del LPA, Tenet debe hacer su mejor esfuerzo para mantener las licencias y las acreditaciones del hospital ante la Comisión Conjunta y debe utilizar los esfuerzos comercialmente razonables para participar en los programas de Medicare, Medi-Cal y otros programas de pago de terceros.

(10) **Seguro.** Durante el plazo del LPA, Tenet, a su propio costo, debe mantener la cobertura del seguro que por lo general tienen los hospitales, lo que incluye el seguro contra pérdidas o daños por incendios, responsabilidad general integral y mala praxis y responsabilidad profesional. Tenet debe mantener un seguro contra terremotos en el hospital si posee una cobertura similar para sus otros hospitales de California del sur. En todas las pólizas de seguro, se debe nombrar a District como el asegurado adicional y Tenet debe revisarlas de forma periódica después de realizar grandes mejoras de capital.

- VIII. **Gobernanza del hospital.** Durante el término del LPA, Tenet mantendrá la Junta Directiva local actual para permitir la participación comunitaria respecto de los aspectos médicos de la operación de DRMC y la prestación de atención de la salud a la comunidad. Una mayoría de 13 miembros de la Junta Directiva local seguirán siendo miembros del personal médico y 2 miembros de la Junta Directiva local seguirán siendo miembros de la Junta de District. La Junta Directiva local tendrá la autoridad de (i) asignar y volver a asignar al personal médico; (ii) revisar la calidad de los servicios del hospital; (iii) mantener la licencia y la acreditación; y (iv) brindar sus aportes sobre los presupuestos operativos y los contratos de los médicos. Las reglas y las normas de la Junta Directiva local no se pueden enmendar sin el consentimiento mutuo de las partes.

IX. **Cláusula de no competencia**

- (1) En general, District no puede otorgar subvenciones para proyectos que respalden a una empresa competidora O que generen ingresos significativos o permitan ahorrar gastos importantes a otro hospital de atención aguda DENTRO DE DISTRICT. Las empresas competidoras incluyen las siguientes: hospitales de atención general aguda, instalaciones de consultorios médicos, centros integrales de atención del cáncer, centros de diagnóstico por imágenes, centros de cirugía ambulatoria, empresas conjuntas de médicos, prácticas esenciales de atención primaria y de especialidad, centros de tratamiento del peso, centros de medicina materno fetal, y centros avanzados de curación de heridas y prevención de amputaciones.

- (2) District tiene permitido realizar subvenciones para cualquier proyecto que **no** esté en la lista de empresas competidoras mientras que no sea propiedad de un hospital de atención aguda EN DISTRICT.
- (3) District puede financiar cualquier proyecto que no forme parte de la lista de las empresas competidoras que son propiedad de un centro de salud calificado federalmente (FQHC), una organización de servicios comunitarios o un hospital de atención aguda FUERA DE DISTRICT. Esto incluye centros de atención de urgencia, instalaciones psiquiátricas, instalaciones de enfermería especializada y programas de tratamiento y rehabilitación por consumo de estupefacientes.
- (4) En el LPA, se hace una excepción a esta cláusula en cuanto a los impuestos sobre la propiedad de District. District puede otorgar subvenciones para proyectos que sean de propiedad del condado de Riverside, hasta el importe de los impuestos a la propiedad que recibe en un año, menos los costos administrativos de District.
- (5) District no puede ser propietario, operar ni administrar ninguna empresa que figure en la lista de empresas competidoras, excepto las instalaciones existentes de consultorios médicos que son propiedad de District.
- (6) Hay disposiciones especiales para situaciones en las que District tiene la intención de ser arrendador (p. ej., ser propietario de instalaciones y alquilárselas a proveedores de servicios de atención de la salud).
- (7) En el LPA, se disponen diferentes reglas para las áreas con mayores necesidades de atención de la salud, que se definen como las áreas médicamente subatendidas identificadas por el gobierno y otras áreas designadas entre las que se incluyen las siguientes: MUA 10-218, MUA 109-2958, MUA 84-312; Desert Hot Springs, Palm Springs (al norte de I-10); Cathedral City (al norte de I-10); Indio (al norte de I-10); Coachella; y las áreas no incorporadas de Garnet, Desert Edge, Sky Valley, Indio Hills, Thousand Palms, Desert Palms, Bernardo Dunes, Thermal, Mecca, Oasis, Vista Santa Rosa y North Shore.
- (8) NO hay restricciones respecto de a quiénes District puede alquilarle en las áreas con mayores necesidades, incluido un hospital de atención aguda en District. Fuera de las áreas de mayor necesidad, District puede ser dueño de una propiedad y no tener permitido alquilársela a alguien que pertenezca a una empresa competidora que figure en la lista o si genera ingresos para un hospital de atención aguda EN DISTRICT.

X. **Restricciones respecto del subalquiler, la asignación y las transferencias.**

- (1) Tenet no puede subalquilar ningún espacio del hospital donde se proporcione atención al paciente sin el consentimiento de District, a excepción de un “afiliado” de Tenet. Sin embargo, Tenet puede

subalquilar otras partes del hospital no relacionadas con la atención de pacientes, incluidas otras instalaciones de consultorios médicos en el campus del hospital.

- (2) **Transferencia completa.** Tenet no puede transferir sus intereses a otra entidad que no sea “afiliada” de Tenet sin el consentimiento de District (cuyo consentimiento no se puede denegar de manera irrazonable) después de un aviso a District, **siempre y cuando Tenet no realice una transferencia total si la entidad nueva** (1) no opera otro hospital de atención aguda en el momento de la transferencia o (2) si se le denegó una licencia de hospital en California o (3) está sujeta a un acuerdo de no enjuiciamiento con Medicare respecto de los cargos penales. District también puede denegar su consentimiento si la nueva entidad se rehúsa, por motivos religiosos, a aceptar que los servicios ofrecidos en el hospital no se reduzcan de ninguna manera.
- (3) Como condición para la transferencia total, District puede exigirle a la nueva entidad lo siguiente: (1) proporcionar pruebas de su capacidad para cumplir con sus obligaciones financieras conforme al LPA y (2) proporcionare un acuerdo ejecutado en el que asuma todos los términos y las condiciones del LPA.
- (4) **Durante los primeros 10 años:** District puede rehusarse a proporcionar su consentimiento si la nueva entidad no proporcionó pruebas de su capacidad para pagar el precio de arrendamiento o compra. En cuyo caso, Tenet puede llevar a cabo la transacción al realizar un depósito de garantía que garantizará los fondos de todos los pagos futuros de arrendamiento y compra.
- (5) District también puede objetar por cualquier otro motivo, lo que incluye que la nueva entidad no tenga la capacidad financiera de financiar el resto de las mejoras fundamentales del hospital.
- (6) Todas las disputas respecto de si las objeciones o la denegación de consentimiento de District para una transferencia total son razonables a nivel comercial se resolverán de acuerdo con las disposiciones de resolución de disputas de la sección 15.12 del LPA.
- (7) **Después de 10 años:** District puede rehusarse a proporcionar su consentimiento si la nueva entidad no proporcionó pruebas de su capacidad para pagar el precio de arrendamiento o compra. En cuyo caso, Tenet puede llevar a cabo la transacción al realizar un depósito de garantía que asegurará los fondos para los pagos futuros. Si los bonos o valores para el depósito de garantía no están disponibles, Tenet puede aplicar una “opción de compra de transferencia” pagando una prima del 8 % del valor presente neto de los pagos de alquiler y compra. Aplicar la opción de compra de transferencia significa que el título del hospital se transferirá a

Tenet.

- (8) District también puede objetar por cualquier motivo razonable a nivel comercial si la nueva entidad no tiene la capacidad financiera de financiar el resto de las mejoras fundamentales del hospital.
- (9) District también puede objetar o negarse a brindar su consentimiento a la transferencia total **por cualquier otro** motivo razonable a nivel comercial. En dicho caso, el locatario puede ejercer su “opción de compra de transferencia” pagando una prima del 8 % del valor presente neto de los pagos de alquiler y compra.
- (10) Todas las disputas respecto de si las objeciones o la denegación de consentimiento de District para una transferencia total son razonables a nivel comercial se resolverán de acuerdo con las disposiciones de resolución de disputas del LPA.

XI. **Incumplimiento**. De conformidad con el aviso y la oportunidad de subsanación, los siguientes casos se considerarán actos de incumplimiento por parte de Tenet:

- (a) El incumplimiento de pago de cualquier suma que se debe pagar.
 - (b) Que cualquier derecho material o interés de Tenet esté sujeto a ejecución, embargo u otro gravamen.
 - (c) La designación de un receptor para que tome posesión de las instalaciones alquiladas o mejoras o los intereses de Tenet en el inmueble alquilado.
 - (d) La designación por parte de Tenet para el beneficio de los acreedores o la presentación de cualquier tipo de bancarrota.
 - (e) El incumplimiento de cualquier otro convenio o disposición en el LPA que cause de forma directa que Tenet no pueda operar el hospital como uno de atención aguda y las instituciones de atención de la salud relacionadas.
 - (f) El incumplimiento de cualquier otro convenio material o condición del LPA.
- Si cualquier incumplimiento por parte de Tenet continúa sin subsanarse en los puntos (a) a (e) luego del aviso de incumplimiento conforme a los términos del LPA, District tiene derecho a terminar el LPA y recuperar el hospital.
 - Si cualquier incumplimiento por parte de Tenet continúa sin subsanarse respecto del punto (f) luego del aviso de incumplimiento, District tiene derecho a usar todos los recursos disponibles por ley o equidad, lo que incluye un cumplimiento específico y medidas cautelares.

XII. **Terminación.**

- El LPA puede terminarse en cualquier momento por acuerdo mutuo entre District y Tenet.
- Como se indicó con anterioridad, District puede terminar el LPA por numerosos motivos si Tenet no cumplió con las disposiciones y el incumplimiento no se subsanó.



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: October 22, 2024
 To: Board of Directors
 Subject: CEO Meetings, Engagements, and CEO Discretionary Fund

Background:

- The following is brief information regarding the CEO’s current meetings and community engagements.
- The report includes District media visibility and the CEO Discretionary Fund expenditures.

Meetings and Engagements 09/18/24 – 10/18/24

- CV Strategies Weekly Meetings
- 2024 Association of California Healthcare Districts Annual Meeting
- Behavioral Health Collective — ACHD Webinar — Behavioral Health Transformation Update: Post Proposition 1 Passage — Molly Wiltshire, Director of External Affairs for Governor Gavin Newsom and Kim McCoy Wade, Senior Advisor on Aging, Disability, and Alzheimer’s, Office of the Governor
- Alianza Salton Sea Press Conference – Thriving Salton Sea Communities Kick-Off Campaign Event and Reception
- College of the Desert Board of Trustees – Healthcare Workforce Leadership Roundtable – RN Expansion Recognition
- Association of California Healthcare Districts (ACHD) CEO Roundtable

CEO Discretionary Fund - July 2024 through August 2024

Date	Name	Memo	Amount
6325 - CEO Discretionary Fund			
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



Date: October 22, 2024
To: Desert Healthcare District and Foundation Board Meeting
Subject: Media Visibility

Below are highlights of the District and Foundation’s news coverage during the past month, with descriptions and links to reports as available.

- “What is Measure AA? Explaining the measure regarding Desert Healthcare, Tenet agreement” (The Desert Sun, Oct. 16)
<https://www.desertsun.com/story/news/politics/elections/2024/10/16/election-2024-measure-aa-focuses-on-palm-springs-hospital-lease-desert-regional-tenet-agreement/75561515007/>
- “Healthcare District Board OKs more than \$400K in grants” (The Uken Report, Oct. 11) <https://ukenreport.com/healthcare-district-board-oks-more-than-400k-in-grants/>
- “FAQs about Hospital Lease-Purchase Agreement” (The Uken Report, Oct. 8)
https://ukenreport.com/faqs-about-hospital-lease-purchase-agreement/#google_vignette
- “Summit presents environmental challenges, solutions for Palm Springs-area residents” (Desertsun.com, Oct. 7)
<https://www.desertsun.com/story/life/entertainment/people/2024/10/07/summit-offers-environmental-discussions-for-coachella-valley-residents-palm-springs-area/75561068007/>
- “Carole Rogers honored as State Trustee of the Year” (The Uken Report, Oct. 1)
<https://ukenreport.com/carole-rogers-honored-as-state-trustee-of-year/>
- “Impact of local environment on health at Healthy Desert, Healthy You Environmental Summit” (KESQ-TV, Sept. 20)
<https://kesq.com/news/2024/09/20/impact-of-local-environment-on-health-at-healthy-desert-healthy-you-environmental-summit/>
- “Environmental health summit coming to Rancho Mirage to address air and water quality” (NBC Palm Springs, Sept. 16)
<https://www.nbcpalmsprings.com/2024/09/16/environmental-health-summit-coming-to-rancho-mirage-to-address-air-and-water-quality>
- “Free ‘Healthy Desert, Healthy You’ Summit coming to Rancho Mirage” (NBC Palm Springs, Sept. 12) <https://www.nbcpalmsprings.com/2024/09/12/free-healthy-desert-healthy-you-summit-coming-to-rancho-mirage>

- “Healthy Desert, Healthy You Summit: Environmental advocacy event open to all”
(September/October 2024 issue, Desert Health News)
<https://deserthealthnews.com/story/healthy-desert-healthy-you-summit/>

Fiscal Impact:

None



DESERT HEALTHCARE DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE, AND LEGAL COMMITTEE
MEETING MINUTES
October 09, 2024

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

AGENDA ITEMS	DISCUSSION	ACTION
I. Call to Order	Chair Shorr called the meeting to order at 5:02 p.m.	
II. Approval of Agenda	Chair Shorr asked for a motion to approve the agenda moving item 8.1. following approval of the meeting minutes.	Moved and seconded by Vice-President Zavala and Director De Lara to approve the agenda. Motion passed unanimously.
III. Public Comment	There was no public comment.	
IV. Approval of Minutes 1. F&A Minutes – Meeting September 11, 2024	Chair Shorr asked for a motion to approve the September 11, 2024, meeting minutes.	Moved and seconded by Director De Lara and Director Shorr and to approve the September 11, 2024, meeting minutes. Motion passed unanimously.
V. Chief Executive Officer’s Report	Chris Christensen, CEO, introduced Jorge Rodriguez, the new accounting manager. Mr. Christensen also described that staff would present a \$10k sponsorship request for the Palm Springs Health & Wellness Festival at the November committee meeting.	
VI. Chief Administration Officer’s Report 1. LPMP Leasing Update	Eric Taylor, CAO, described the FY 2023-2024 clean audit reports presented by Craig Hartzheim. Mr. Taylor also provided an update on the occupancy status of the Las Palmas Medical Plaza rental unit, which is currently 94.6% occupied, with two vacant	

**DESERT HEALTHCARE DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE, AND LEGAL COMMITTEE
MEETING MINUTES
October 09, 2024**

	suites available. The most recent vacancy is being prepared for marketing.	
<p>VII. Financial Reports</p> <ol style="list-style-type: none"> 1. District and LPMP Financial Statements 2. Accounts Receivable Aging Summary 3. District - Deposits 4. District - Property tax receipts 5. LPMP – Deposits 6. District – Check Register 7. Credit Card – Detail of Expenditures 8. LPMP – Check Register 9. CEO Discretionary Fund 10. Retirement Protection Plan Update 11. Grant Payment Schedule 	<p>Chair Shorr reviewed the financials with the committee. Mr. Taylor provided an overview and answered questions from the committee on the Year to Date Variance Analysis, Property Tax Receipts, and Check Register.</p>	<p>Moved and seconded by Director De Lara and Director Shorr to approve the September 2024 financial reports and forward to the Board for approval. Motion passed unanimously.</p>
<p>IX. Other Matters</p> <ol style="list-style-type: none"> 1. Craig Hartzheim – Moss Levy & Hartzheim – FY 2024 Audit Reports – District & RPP <ol style="list-style-type: none"> a. Management Letter, Communication Letter, Internal Controls Report b. District Audit Report c. RPP Audit Report d. Foundation Audit Report – (Information – Consideration for Approval during the Foundation Committee meeting) 	<p>Craig Hartzheim, Partner at Moss Levy & Hartzheim, commenced his overview of the audit reports by emphasizing the yearly concerns related to having a small finance staff but also highlighting the significant role of the board in overseeing the financials. Mr. Hartzheim reported that the District, Foundation, and RPP received an unmodified, clean opinion. He addressed questions from the committee regarding the Foundation's single audit with the county agreements, highlighting that the Foundation was operating as a contractor, not as a sub-</p>	<p>Moved and seconded by Director De Lara and Director Shorr to approve the FY 2024 District and RPP Audit Reports and forward to the Board for approval. Motion passed unanimously.</p>

**DESERT HEALTHCARE DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE, AND LEGAL COMMITTEE
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October 09, 2024**

<p>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</p>	<p>recipient, which is a single audit requirement for agreements over \$750k. Additionally, Mr. Hartzheim encouraged the committee members to review the Management’s Discussion and Analysis, which provides a summary of the reports.</p> <p>Mr. Christensen, CEO, discussed Deveau Burr’s Group’s involvement with seismic legislation bills AB 869 and SB 1432, recommending extending Deveau Burr’s services while reducing the monthly fees by \$5k in the consulting services agreement addendum from November 2024 through December 2025.</p> <p>The committee discussed the consulting services vague description, which is due to ongoing unidentified and undetermined legislative issues. After further discussion, Director De Lara motioned to modify the amendment for six months at the reduced rate with additional clarity for the ongoing legislative issues.</p>	<p>Moved and seconded by Director De Lara and Vice-President Zavala to approve the Consulting Services Agreement – Deveau Burr Group, LLC – Addendum #1 – Cost Decrease from \$9,500 to \$4,500 per month with a 6-month Term from November 1, 2024 – April 30, 2025, with additional clarity for the ongoing legislative issues, and forward to the Board for approval. Motion passed unanimously.</p>
<p>3. Consulting Services Agreement – NPO Centric – Addendum #4 – Time Extension to February 28, 2025</p>	<p>Director De Lara recused herself from the NPO Centric discussion.</p> <p>Donna Craig, Chief Program Officer, provided an overview of the background of the prior work on Results-Based Accountability and Clear</p>	<p>Moved and seconded by Vice-President Zavala and Director Shorr to approve the Consulting Services Agreement – NPO Centric – Addendum #4 – Time Extension</p>

**DESERT HEALTHCARE DISTRICT
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<p>4. Resolution 24-04 and Ordinance 24-01 – 5% Increase to the Director’s monthly meeting stipend from \$115.76 to \$121.55</p>	<p>Impact related to the strategic plan. Ms. Craig also discussed the consulting services agreement addendum scope of work and the time extension not to exceed \$12k through February 2025. Ms. Craig and Stephanie Minor, consultant, NPO Centric, also answered questions from the committee.</p> <p>Mr. Christensen, CEO, described resolution 24-04 and the accompanying ordinance of the 5% increase to the director’s monthly meeting stipend in accordance with the yearly allowable increase requirement.</p> <p>The committee inquired about the \$13k healthcare costs for the fiscal year. Staff will present the details of the insurance cost increase at the November committee meeting.</p>	<p>to February 28, 2025, and forward to the Board for approval. Motion passed unanimously.</p> <p>Moved and seconded by Director Shorr and Director De Lara to approve Resolution 24-04 and Ordinance 24-01 – 5% Increase to the Director’s monthly meeting stipend from \$115.76 to \$121.55 and forward to the Board for approval. Motion passed unanimously.</p>
<p>IX. Adjournment</p>	<p>Chair Shorr adjourned the meeting at 5:52 p.m.</p>	<p>Audio recording available on the website at http://dhcd.org/Agendas-and-Documents</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



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: October 22, 2024
To: Board of Directors
Subject: Ordinance 24-01 and Resolution #24-04 to Increase Director's Stipends by 5% to \$121.55 per meeting

Staff Recommendation: Consideration to approve Ordinance 24-01 and Resolution #24-04 to Increase the 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 increase is allowable at 5% per year.
- The proposed increase is from \$115.76 to \$121.55 per meeting.
- Board approval is required for the ordinance and resolution of the stipend and allowable increase.
- Additionally, the District is required to publish a notice of public hearing in the local newspaper for 2 consecutive weeks.
- At the October 9, 2024, Finance & Administration Committee meeting, the Committee recommended forwarding Ordinance 24-01 and Resolution #24-04 for consideration to the Board.
- Ordinance 24-01 and Resolution #24-04 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.

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 22th 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).

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, 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, attached Exhibit “A” to this Resolution are the written findings which support the justification for six compensable meetings; 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: _____

Evet PerezGil, President,
Board of Directors

ATTEST:

Kimberly Barraza, Secretary,
Board of Directors

EXHIBIT "A"

In accordance with Health & Safety Code Section 32103, the Board makes the following findings based on substantial evidence to support the six (6) meeting compensation requirement:

1. Desert Healthcare District is one of the largest health care districts in the State of California serving a population of approximately 500,000 residents.
2. Board members are responsible for ensuring that the unmet health care needs of the District residents are addressed, including providing financial support to numerous non-profit and public agency health-related programs and service provider organizations.
3. In addition to the regularly scheduled meeting the Board holds numerous Special Meetings and each Board member on average serves on at least 2 standing committees.
4. Besides Board and committee meetings, each Board member attends meetings of organizations in which the District is a member, including the Association of California Healthcare Districts and the California Special District Association.
5. In addition to attendance at educational conference workshops, which include curricula concerning community health issues, district hospitals, and special districts, Board members also attend meetings of non-political community groups that extend specific invitations and also meetings where Board members actively participate in the program.
6. Over the last 25 years, the Board members of the Desert Healthcare District have averaged well over six (6) meetings per month in the performance of their official business.



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:



DESERT HEALTHCARE
DISTRICT & FOUNDATION

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
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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