



# MORONGO BASIN HEALTHCARE DISTRICT

## AGENDA

HI-DESERT MEMORIAL HEALTH CARE DISTRICT dba MORONGO BASIN HEALTHCARE DISTRICT

### BOARD OF DIRECTORS REGULAR BUSINESS MEETING

Thursday, July 2, 2026 at 6:15 p.m.

Meeting will be held at 6530 La Contenta Road, Suite 400, Yucca Valley CA 92284  
and may be attended by the remote platform, Microsoft Teams.

INSTRUCTIONS TO JOIN THIS MEETING FROM A REMOTE SITE: This public meeting may be accessed through the Microsoft Teams platform. Join the meeting by **(1)** visiting the District website at MorongoBasinHealth.org and **(2)** selecting at the top of the website page the purple tab “Board Meeting Agendas” **(3)** Click on the link presented under the agenda buttons. Access to the meeting will require the download of the Microsoft Teams application on the device used if not already done so.

#### CALL TO ORDER

#### ROLL CALL

#### OBSERVANCE

- **READING OF STATEMENTS:**
  - ❖ **Mission Statement:** To improve the health and wellness of the communities we serve.
  - ❖ **Vision Statement:** A healthy Morongo Basin
  - ❖ **Core Values:** Commitment, Collaboration, Accountability, Dignity, Integrity, Equity
- *The Pledge of Allegiance was observed in the previous meeting.*

#### PUBLIC COMMENTS

The public comment portion of this agenda provides an opportunity for the public to address the Governing Board on items not listed on the agenda that are of interest to the public at large and are within the subject matter jurisdiction of this Board. The Board is prohibited by law from acting on matters discussed that are not on the agenda, and no adverse conclusions should be drawn if the Board does not respond publicly because of California Brown Act and/or due to patient confidentiality obligations. In all cases, concerns will be referred to the Chief Executive Officer for review and a timely response. Comments are limited to three minutes per speaker and shall not exceed a total of 20 minutes for all speaking. Comments should be made to the Board and should not consist of any personal attacks. Members of the public are expected to maintain a professional, courteous decorum during their comments. Public input may be offered on an agenda item when the item comes up for discussion and/or action. Members of the public who wish to speak should notify the meeting chairperson; and for remote attendees through the application’s “Chat” option.

#### APPROVAL OF MEETING AGENDA

- **Motion 26-43** Motion to approve the meeting agenda as published.

#### APPROVE CONSENT AGENDA ----- Tab 1

Minutes of the regular business meeting of the Board of Directors, June 4, 2026.

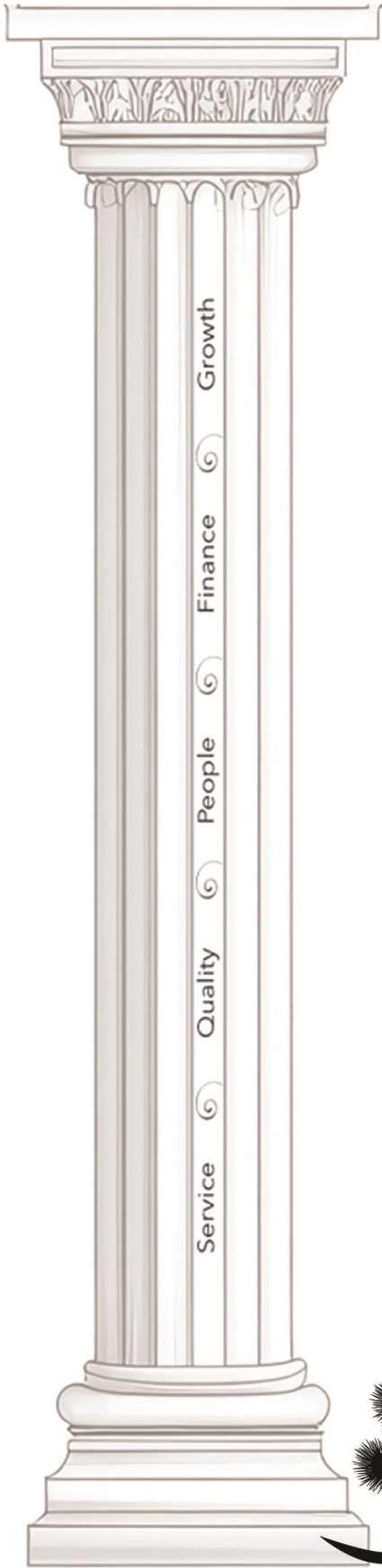
- **Motion 26-44** to approve the minutes of the June 4, 2026 meeting as presented.

#### **ACTION ITEM**

#### APPROVE RESOLUTION #26-03 – Cindy Schmall, CEO ----- Tab 2

- **Motion 26-45** to approve Resolution #26-03 to add Tricia Gehrlein and Tina Huff and remove Janeen Duff as authorized signatures for District bank accounts.





# **TAB #1 CONSENT AGENDA**

## **MINUTES FOR LAST MONTH'S MEETINGS**



**MORONGO BASIN  
HEALTHCARE DISTRICT**  
MorongoBasinHealth.org

Hi-Desert Memorial Health Care District dba  
**Morongo Basin Healthcare District**  
**BOARD OF DIRECTORS REGULAR MEETING MINUTES**

June 4, 2026 at 6:15 p.m.

*Convened on the La Contenta campus; the public was invited to attend the meeting on campus or via Microsoft Teams, an electronic, remote platform.*

- **Mission Statement:** *To improve the health and wellness of the communities we serve.*
- **Vision:** *A healthy Morongo Basin.*
- **Core Values:** *Commitment, Collaboration, Accountability, Dignity, Integrity, Equity.*

Board of Directors:

- Director Cooper – not present
- Director Evans – not present
- Director Markle-Greenhouse
- Director Stiemsma
- Jacqueline Todd

Administrative Staff:

- CEO Cindy Schmall
- Tricia Gehrlein, Chief Administrative Officer
- Karen Graley, Board Clerk (*remote*)
- Beverly Krushat, Office Services Manager
- Janeen Duff, Quality Director

Guests

- Linda Evans, Chief Strategy Officer, Desert Care Network (*remote*)
- Marc Greenhouse, CHC board member
- Grant Chaney, CFA, Senior Vice President, Financial Advisor, RBC Wealth Management
- Robert McCarthy, Financial Advisor | Senior Portfolio Manager, RBC Wealth Management

## CALL TO ORDER

Director Greenhouse called the meeting to order at 6:15 p.m. The meeting was convened on the La Contenta campus and by electronic platform using Microsoft Teams.

## ROLL CALL

Karen Graley, Board Clerk, conducted a roll call and declared a quorum.

## OBSERVANCE

Director Stiemsma read the mission and vision statements. Director Todd led the assembly in the pledge of allegiance.

## PUBLIC COMMENT

None presented.

## APPROVAL OF THE MEETING AGENDA

- **Motion 26-35:** Director Stiemsma motioned to approve the meeting agenda as presented; second by Director Todd, motion passed by unanimous vote.

## APPROVAL OF THE CONSENT AGENDA

- **Motion 26-36:** Director Todd motioned to approve the minutes of May 7, 2026, regular monthly business meeting, second by Director Stiemsma. Motion passed by unanimous vote.

## PRESENTATION

DISTRICT INVESTMENT UPDATE – *Grant Chaney, CFA, Senior VP, and Robert McCarthy, Financial Advisor | Senior Portfolio Manager, RBC Wealth Management*

Mr. McCarthy noted that RBC has been working with the District since 1994. RBC has clients in 37 states and six countries, and works with non-profits, family offices and high net worth individuals, universities and colleges.



He presented a brief summary of the 2025 economic picture where global tensions increased, not only between Russia and Ukraine but also in the Middle East. Trade policies were primary movers of the daily bond market and stock market performance. The GDP cooled a bit but was still resilient, then plunging in the fourth quarter. Core inflation hovered in the three percent range which was favorable to the overall market. College graduates had an extreme difficulty finding employment with the highest unemployment rates in 50 years for kids coming out of school. Tax policies favored corporate spending, which is important as AI is overtaking the country as a big driver of the markets and corporate growth.

With the cooling GDP, the loss of jobs, the Feds worried about the overall economy cooling too much and causing recession, RBC, heading into 2026, felt that the economy was resilient, that AI spending would continue to be a big driver, that company earnings were resilient and solid at the beginning of the year. RBC predicted a two to three percent rate cut for 2026.

The war in Iran was unexpected from a market perspective and has driven up oil prices. Supply has been challenging around the globe, especially in Europe, the Middle and Far East regions. It created a lot of angst among market makers and overall investors. The initial assumption was it would be a brief encounter. Now it is uncertain, but consensus at RBC is that the administration doesn't want to languish in this war. The problem with oil pricing is it tends to lag three to six months. The Administration knows to drive inflation down oil prices must fall.

Mr. McCarthy shared his screen to show a high-level overview of the portfolio. The portfolio currently has 51% government agency securities and 43 percent in U.S. Treasuries, and about four percent in negotiable CDs that are FDIC insured. All are less than \$250,000. RBC has kept the portfolio risk adverse for the last few years, even though your policy allows corporate investment; the reward isn't worth the risk. The yield in the portfolio is over four percent. Some bonds that were priced under par at a discount have the highest coupon the portfolio has had so far.

Mr. McCarthy said, "I think we're where we need to be. We don't want to take a big bet here. There's too much uncertainty and I just think this is the smart thing to do with the overall direction of the portfolio. In addition, I've seen how things change in healthcare." He continued, "If needed, we can press a button and within hours have the entire portfolio liquidated and back to you."

Mr. Chaney spoke to the performance of the portfolio. He stated that the portfolio is divided into a main account and a cash account with \$2 million in it so cash is available as needed. It's paying just over three percent and is FDIC insured. He explained RBC is one of the highest rated banks in North America and doesn't take a lot of risk with the balance sheet. RBC has the ability to insure up to \$200 million in cash for FDIC purposes. This is a big change from just a few years ago when the insured limit was \$10 million in cash. This means all of the District's cash is FDIC insured even if it's above the \$250,000 mark. It is liquid and available the same day.

At the start of 2025 the portfolio was at \$35.27 million and is now at \$46.37 million. In 2022 the portfolio was \$17 million, that's only four years ago. Mr. McCarthy said, "It's been amazing to watch the growth of this portfolio over the last few years." Mr. Chaney presented an historical overview of the portfolio.

Director Greenhouse thanked Mr. McCarthy and Mr. Chaney for taking such good care of the District.



### DESERT CARE NETWORK QUARTERLY UPDATE - Linda Evans, CSO DCN

Ms. Evans presented the quarterly update on Hi-Desert Medical Center (HDMC) and Desert Care Network (DCN) on behalf of Karen Faulis, CEO.

#### Regarding People:

- We welcomed Tara Hupp, the new licensed RN administrator for the Continuing Care Center.
- A nurse director for both medical/surgical and ICU departments hired; an RN who was promoted from her position at Desert Regional Medical Center (DRMC) to HDMC.
- The Labor & Delivery director position was filled for HDMC by a former DRMC L&D RN.
- Dr. Jeffrey Seip is the new Chief of Staff for HDMC.
- Emergency Medicine resident graduates will be joining the ER physician group at HDMC and DRMC.
- Family medicine resident graduates (2-4) will join the Foundation and/or hospitalist programs.

#### Services:

- Mammography screening services are in full swing at HDMC; volume has increased with the addition of new techs; services include breast ultrasound capabilities.
- The new Dexascan is nearing completion; staff training will follow.

#### Event Participation:

- LifeStream Blood Drive at HDMC held on April 15, with another scheduled for June 10 at Helen Gray Education Center. Drives occurring at each DCN hospital throughout the year.
- DCN participated in the May 2 Morongo Basin Community Health Fair in Yucca Valley.
- Recognition events occurred for the following: Doctors' Day (3/30); Nurses Week (5/6-10); Hospital Week (5/10-16); and EMS Week (5/17-23) at all DCN hospitals.

#### Capital Project Update:

- Acute Hospital
  - CT Scan replacement project is in process with completion estimated in July 2026.
  - Mobile CT is now operational.
  - Generator project continues.
  - New mattresses have been installed for all acute beds.

#### Healthy Over Hungry Cereal Drive:

- Annual event to support summer feeding program when kids are not in school
- June 8 – June 18
- Supports the Way Station and FIND Food Bank
- The community is welcome to participate through both cereal and monetary donations
- Drop off sites include all Desert Care Network hospitals

#### Measure AA – Validation Action Update:

- Measure AA passed with 72.34% of the voters in November 2024
- Desert Healthcare District chose to file a validation action on the lease purchase agreement with Desert Regional / Tenet
- Eisenhower Medical Center filed legal action against the District's validation action arguing and opposing the non-compete clause and other items
- Judge continued the Sept 30 court hearing to December 17



- Judge scheduled Trial Setting conference for 1/12/26
- Judge scheduled Court Hearing on Summary Motions on 2/19/26; another hearing was held 3/10/26
- The Motion for Summary Judgment hearing is scheduled for 3/23/26
- Judge scheduled Court Trial (judge only; not jury) on 9/4/26 for 2-3 days -if needed

## **ACTION ITEMS**

### AUTHORIZED BANK SIGNATURES – *Cindy Schmall, CEO*

CEO Cindy Schmall presented Resolution #26-02 to add Tricia Gehrlein as an authorized signature to District bank and investment accounts. Currently, only Cindy Schmall is authorized to manage the RBC accounts. This resolution corrects this oversight. There was no discussion.

**Motion 26-37** Motion by Director Stiemsma, second by Director Todd, to approve Resolution #26-02 to add Tricia Gehrlein as an authorized signature to District bank and investment accounts. A roll call vote was taken. Motion passed 4:0 with Director Evans not present to cast her vote.

### RATIFY CO-APPLICATION AGREEMENT – *Cindy Schmall, CEO*

A red-lined version of the co-application agreement between the District Board of Directors and the Community Health Center Governing Board was presented in the agenda packet. Redline edits showed changes to document date and the signature lines; no other changes were made to the document. The CHC Governing Board ratified the document in their monthly meeting preceding this meeting. CEO Schmall explained the purpose of the agreement. No changes were made to the content.

**Motion 26-38** Motion by Director Stiemsma, second by Director Todd, to ratify the Co-Application Agreement as presented. Motion passed by unanimous vote.

### CAPITAL EXPENSE REQUEST: DENTAL X-RAY SENSORS – *Cindy Schmall, CEO*

Ms. Schmall referred the Directors to the staff recommendation in the agenda packet. The dental equipment sensors are at end-of-life and were scheduled to be placed on the capital budget next year. However, two have ceased function and for the continuity of patient care, staff is requesting to replace the two non-functional sensors now.

- **Motion 26-39** Motion by Director Stiemsma, second by Director Todd, to approve the capital expense of \$15,639 to purchase two Dexis Sensor kits for dental X-ray equipment. Motion passed by unanimous vote.

### CAPITAL EXPENSE REQUEST: FORD TRANSIT REPAIR – *Cindy Schmall, CEO*

Ms. Schmall referred the Directors to the staff recommendation in the agenda packet. She explained that typically this would be an operational decision and not brought to the board, but the CFO felt it was important to present it for approval as it was regarding a capital asset.

- Transportation staff frequently complained that the Ford Transit van was unreliable for traversing the Morongo Grade because of the transmission. The vehicle has 131,625 miles on it but still has useful life with a new transmission.
- Current community programs staff use their personal vehicles to transport items to health fairs and other events throughout the year.
- The District owns seven vehicles, five are associated with Wellness Wheels Transportation and two are older vehicles that are used by the facilities department. The Ford Transit vehicle has been out of working order because of the failing transmission. Staff considered disposal of the



vehicle through sale. Instead, staff proposed to replace the transmission and then transfer it to the community programs department. This resolves community programs staff using their personal vehicles to transport District items, or “borrowing” one of the other vans to transport items. It also makes a vehicle available for District use, such as when we have tours or other events.

- **Motion 26-40** Motion by Director Stiemsma, second by Director Todd, to approve the capital expense of \$7,746 to repair the 2019 Ford Transit vehicle. Motion passed by unanimous vote.

#### CAPITAL EXPENSE REQUEST: SPLIT ROCK PROJECT FIRE SYSTEM AND ELECTRICAL INSTALLATIONS – *Cindy Schmall, CEO*

CEO Schmall referred the Directors to the staff recommendation in the agenda packet for the Split Rock project. She reported that the building finally has electricity. However, the electrical engineer initially specified the incorrect fire suppression system which has been corrected. The request for additional funds is to install the correct system, plus a buffer of \$15,000 for unforeseen related costs. Once the system is installed, we can pursue the occupancy permit.

- **Motion 26-41** Motion by Director Stiemsma, second by Director Todd, to approve the capital expense of \$55,000 for the installation of the Split Rock modular building fire system and for unknown electrical expenses as needed. Motion passed by unanimous vote.

#### **STAFF REPORTS**

##### FINANCIAL REPORT - *Cindy Schmall, CEO*

CEO Schmall presented the report in Ms. Anderson’s absence. Consolidated financials for the month of April 2026 show income of \$416,048 and year to date income of \$3,422,818. Non-clinic financials for April show income of \$465,191 and a year-to-date income of \$2,853,973. The health center financials for the month of April show loss of income of \$(49,142) and year to date income of \$568,846.

Clinics had a net loss for this month. As previously discussed, we are anticipating that the clinics will once again start showing losses due to grants ending that helped offset expenses and the 340B program not being able to contribute as much income to the change in net position.

There was a grant revenue variance due to the receipt of a MBTA award. Another operating revenue variance is due to donations received from various sources to offset expenses of the health fairs. A purchased services variance is from savings on legal fees. IT, Network & Phones variance is related to anticipated IT license renewals that have not been invoiced yet. Other variances are related to savings on vehicle and community relations expenses.

Since there were savings on expenses, there is not as much movement of costs between the District and the Clinics. Investment income variance is because of market factors including interest / dividend rates and realized/unrealized losses on investments. The non-operating donation is from the HCMHCD Foundation towards the purchase of a vehicle for the Wellness Wheels Program.

**Motion 26-32:** Director Stiemsma motioned to accept the financial report as presented, second by Director Todd; motion passed by unanimous vote.

##### CEO STAFF REPORT

CEO Schmall referred the Directors to her written report in the agenda packet.



- Last week, we attended the Copper Mountain College RN and LVN graduation. These students spend time with us at the health fairs and do clinical hours in our clinics. It is a wonderful partnership that we value very much.
- The District has selected monthly health topics that we want to have providers, staff and patients in the clinics support. These are national recognition months that will be our focus for each month. Clinic leadership also approved these topics, and the District will use them to do community education.
- We are currently working with one nurse practitioner and one physician for recruitment purposes. Initial interviews have been held and interviews with other providers will take place. If all goes well, we will have the providers on site for a tour.
- Electrical at Split Rock was in process but hit a snag due to a broken bolt on the panel. We are awaiting an update from SCE on when the replacement part can be placed into service.
- Last month I introduced the Colorado River Water Board mandate to install a monitor at great expense. Next week is the first meeting with Joshua Basin Water District and HDMC staff to identify a location for the mandated monitor.

#### **CALENDAR REVIEW AND COORDINATION**

The July calendar was reviewed.

#### **DIRECTOR COMMENTS**

**DIRECTOR GREENHOUSE:** Thanked Linda Evans for her report, thanked staff for an excellent and informative business meeting.

#### **ADJOURN MEETING**

The meeting was adjourned at 7:30 p.m.

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Heidi Stiemsma, Secretary of the Board

*Board meeting minutes recorded by K. Graley, Board Clerk.*



## **TAB #2 ACTION ITEM**

Resolution #26-03  
Authorized Bank Signatures



**MORONGO BASIN  
HEALTHCARE DISTRICT**  
MorongoBasinHealth.org



**RESOLUTION NO. 26-03**  
**RESOLUTION OF THE BOARD OF DIRECTORS**  
**HI-DESERT MEMORIAL HEALTHCARE DISTRICT**  
Morongo Basin Healthcare District

**AUTHORIZED SIGNATURES FOR DISTRICT BANK AND INVESTMENT ACCOUNTS**

WHEREAS, Hi-Desert Memorial Health Care District, a public agency duly organized and existing under and by virtue of the laws of the State of California, does hereby resolve and establish bank accounts with Pacific Western Bank, and have designated certain individuals to sign those instruments as per Article III, Section 4.f of the District bylaws:

WHEREAS: Additional authorized signatures are needed from time-to-time by District staff;

BE IT RESOLVED: That Tricia Gehrlein, Chief Administrative Officer, and Tina Huff, Director of Behavioral Health, are hereby added as an authorized signatures for District accounts;

BE IT FURTHER RESOLVED: That Janeen Duff is hereby removed as an authorized signature for District accounts;

BE IT FURTHER RESOLVED: That the following people are of this District and are hereby authorized to draw checks on accounts of this healthcare District, signed as provided herein, with duly certified to said bank by the Secretary of this District; and said bank is hereby authorized to honor and pay all checks so signed.

**BOARD OF DIRECTORS:**

- Patricia Cooper
- Misty Evans-Sharma
- Dianne Markle-Greenhouse
- Heidi Stiemsma

**ADMINISTRATIVE STAFF:**

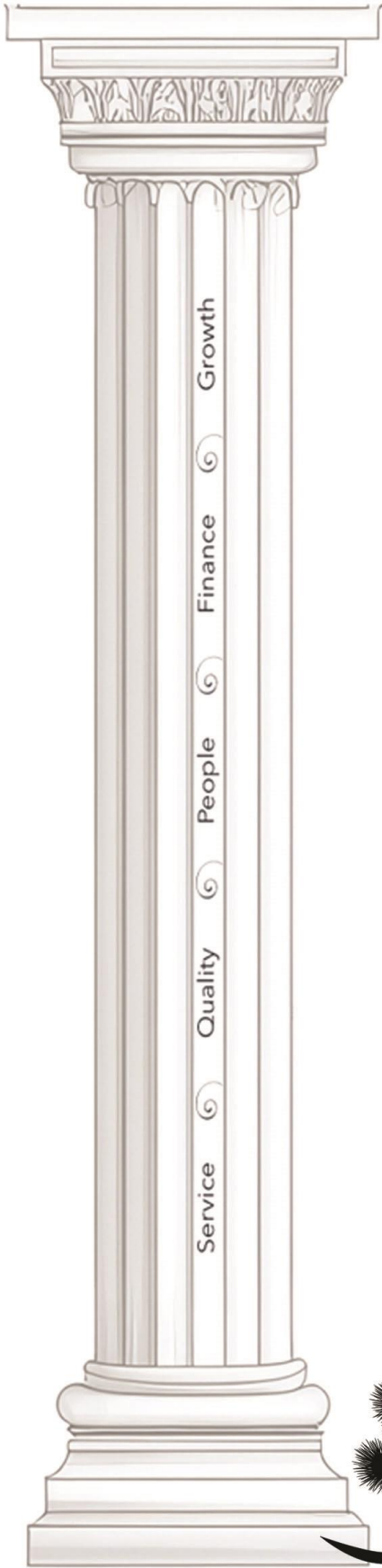
- Cynthia Schmall
- Tricia Gehrlein
- Tina Huff

CERTIFICATION: This Resolution was passed and adopted at the regular meeting of the Board of Directors of the Hi-Desert Memorial Health Care District on the second day of July 2026 by the following roll call vote:

- |                             |   |
|-----------------------------|---|
| Director Cooper:            | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain <input type="checkbox"/> Absent |
| Director Evans:             | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain <input type="checkbox"/> Absent |
| Director Markle-Greenhouse: | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain <input type="checkbox"/> Absent |
| Director Stiemsma           | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain <input type="checkbox"/> Absent |
| Director Todd               | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain <input type="checkbox"/> Absent |

\_\_\_\_\_  
Misty Evans, President

\_\_\_\_\_  
Heidi Stiemsma, Secretary



**TAB #3  
ACTION ITEM**

DZA Accountants | Advisors  
Engagement Letter



MORONGO BASIN  
HEALTHCARE DISTRICT  
[MorongoBasinHealth.org](http://MorongoBasinHealth.org)



June 15, 2026

Board of Directors  
and Cindy Schmall, CEO  
Morongo Basin Healthcare District  
6530 La Contenta Road, Suite 100  
Yucca Valley, California 92284

We are pleased to confirm our understanding of the services we are to provide Morongo Basin Healthcare District (the District) for the year ending June 30, 2026.

#### **Audit Scope and Objectives**

We will audit the financial statements of the District, which comprise the statement of net position as of June 30, 2026, the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ending, and the disclosures.

Accounting standards generally accepted in the United States of America (GAAS) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such 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. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis

We have also been engaged to report on supplementary information other than RSI that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditors' report on the financial statements:

- Schedule of expenditures of federal awards.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditors' report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles (GAAP) and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement of a reasonable user made based on the financial statements. The objective also includes reporting on —

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

#### **Auditors' Responsibilities for the Audit of the Financial Statements and Single Audit**

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of your accounting records, a determination of major programs in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

With respect to cost reports that may be filed with a third party (such as federal and state regulatory agencies), the auditors have not been engaged to test in any way, or render any form of assurance on, the propriety or allowability of the specific costs to be claimed on, or charges to be reported in, a cost report. Management is responsible for the accuracy and propriety of all cost reports filed with Medicare, Medicaid, or other third parties.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable amount of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include direct confirmation of certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We may request written representations from your attorneys as part of the engagement.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve you of your responsibilities.

#### **Audit Procedures — Internal Control**

We will obtain an understanding of the entity and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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, misrepresentation, or the override of internal control.

Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

### **Audit Procedures — Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the District's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

The auditors' procedures do not include testing compliance with laws and regulations in any jurisdiction related to Medicare and Medicaid antifraud and abuse. It is the responsibility of management of the entity, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures on the entity's financial statements. Therefore, management's responsibilities for compliance with laws and regulations applicable to its operations, including, but are not limited to, those related to Medicare and Medicaid antifraud and abuse statutes.

### **Responsibilities of Management for the Financial Statements and Single Audit**

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements.

You are responsible for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes), rules, and the provisions of contracts and grant agreements (including award agreements.) Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is responsible for making all financial records, including the schedule of expenditures of federal awards, and related information available to us and for the accuracy and completeness of that information, including information from outside of general and subsidiary ledgers) and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for the 12 months after the financial statement date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as: records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements, that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review at the beginning of audit fieldwork.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon.

Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

### **Other Services**

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the District in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement, schedule of expenditures of federal awards, and related notes previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes, and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

### **Preparation of Cost Reports and Consulting**

We will prepare the District's Medicare cost report and Medi-Cal FQHC Clinic Reconciliation for the year ending June 30, 2026.

We remind you that you have the final responsibility for the Medicare cost report and Medi-Cal FQHC Clinic Reconciliation and, therefore, you should review them carefully before you sign and file them. We make no representation that our services will identify any or all opportunities to maximize reimbursement.

All of the information included in the cost reports is the representation of management. We direct your attention to the fact that management has the responsibility for the proper recording of the transactions in the books of account, for the safeguarding of assets, for the substantial accuracy of the cost reports, and for identifying and ensuring the District complies with the laws and regulations applicable to its activities.

We will also provide Medicare and other reimbursement consulting services as requested throughout the year, including but not limited to review of Medicare rate settings and desk-review and audit adjustments. These services will be provided at our standard rates.

You are also responsible for management decisions and functions; for designating a senior management-level individual with suitable skill, knowledge, or experience to oversee the cost report preparation services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

### **Conformance with Section 952 of Public Law 96-499**

Section 952 of P.L. 96-499 requires access by the Secretary of Health and Human Services and the U.S. Comptroller General to the books and records of subcontractors of Medicare providers. Absent the allowability of such access, the provider's cost for such services would not be allowable for Medicare reimbursement purposes if the contract value over 12 months is \$10,000 or more. We would grant such access if this law is applicable to our services.

### **HIPAA Business Associate Agreement**

You agree that you are solely responsible for the accuracy, completeness, and reliability of all data and information you provide us for our engagement. You agree to provide any requested information on or before the date we commence performance of the services. To protect the privacy and provide for the security of any protected health information, as such is defined by the Health Insurance Portability and Accountability Act of 1996, as amended from time to time, and the regulations and policy guidances thereunder ("HIPAA"), we shall enter into a HIPAA Business Associate Agreement ("BAA").

### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the Federal Audit Clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of DZA PLLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the regulatory agency, cognizant or oversight agency for the audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of DZA PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

Suralink is used solely as a method of exchanging information and is not intended to store your information. At the end of the engagement, DZA PLLC will provide you with a copy (in an agreed-upon format) of deliverables and data related to the engagement from Suralink. For multi-year engagements, this exchange will occur annually.

Upon completion of the engagement, data and other content will either be removed from Suralink or become unavailable to DZA PLLC within a reasonable time frame. For multi-year engagements, completion of the engagement occurs when the deliverables are completed for that year.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by a regulatory agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in approximately September 2026 and to issue our reports no later than December 2026. Shaun Johnson is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be as follows:

Audit	\$39,500
Preparation of Medicare cost report	\$6,250
Medi-Cal FQHC Clinic Reconciliation	\$14,000

Our fee for the Uniform Guidance Single Audit includes one major program to be audited. Each additional major program will increase our fee by \$7,500.

Out-of-pocket travel and shipping costs will be billed at our cost in addition to the above fees.

Travel time will be billed in addition to the above fees at hourly rates ranging from \$80 to \$180 per hour.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

You have requested that we provide you with a copy of our most recent external peer review report and any subsequent reports received during the contract period. Accordingly, our 2022 peer review report accompanies this letter.

## Reporting

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to management and those charged with governance of the District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditors' report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express an opinion or withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We appreciate the opportunity to be of service to Morongo Basin Healthcare District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please print and sign a copy or e-sign and return it to us.

DZA PLLC

A handwritten signature in black ink, appearing to read "Shaun Johnson". The signature is fluid and cursive, with a large initial "S" and "J".

Shaun Johnson, CPA  
Owner

RESPONSE:

This letter correctly sets forth the understanding of Morongo Basin Healthcare District.

Management signature: \_\_\_\_\_

Title: \_\_\_\_\_

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

Governance signature: \_\_\_\_\_

Title: \_\_\_\_\_

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



## Report on the Firm's System of Quality Control

To the Members of  
Dingus, Zarecor & Associates PLLC  
and the Peer Review Committee of  
the Colorado Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Dingus, Zarecor & Associates PLLC (the firm) in effect for the year ended November 30, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of the applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act; and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

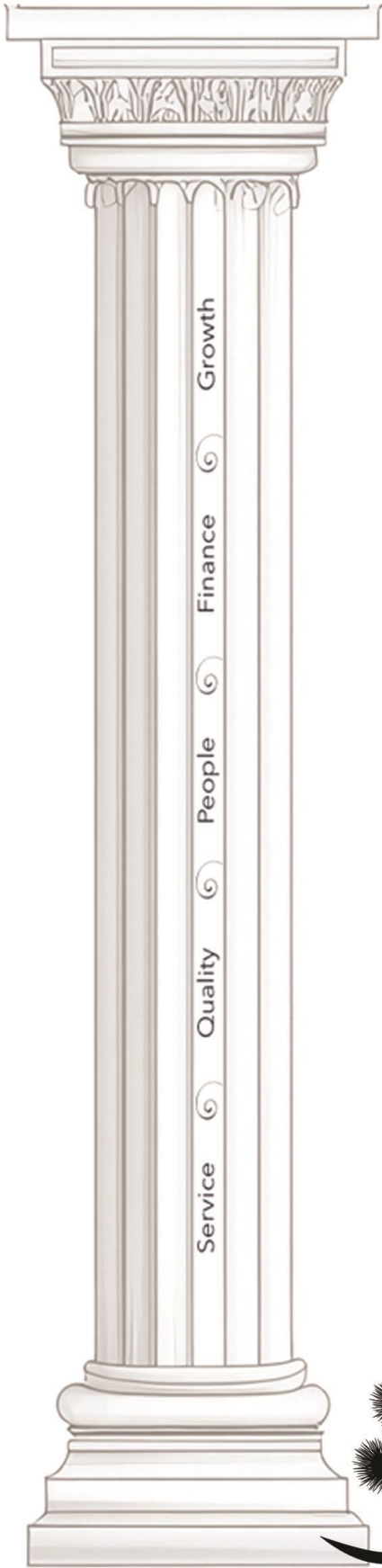
## Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Dingus, Zarecor & Associates PLLC in effect for the year ended November 30, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Dingus, Zarecor & Associates PLLC has received a peer review rating of *pass*.

*KraftCPAs PLLC*

KraftCPAs PLLC

May 30, 2023




# TAB #4 ACTION ITEM

## Financial Policies



MORONGO BASIN  
HEALTHCARE DISTRICT  
[MorongoBasinHealth.org](http://MorongoBasinHealth.org)

 <b>MORONGO BASIN</b> HEALTHCARE DISTRICT	<b>DEPARTMENT / MANUAL: HUMAN RESOURCES</b>
<b>ORIGINAL DATE:</b> April 2017	<b>REVIEW &amp; REVISION DATES:</b> (supersedes CHC-201) 2/22, 2/25
<b>TITLE:</b> <b>CASH</b> <b>DISBURSEMENTS &amp;</b> <b>ACCOUNTS PAYABLE</b>	<b>APPROVED BY:</b>  ADMIN: _____ Date: _____  CEO: _____ Date: _____  GOVERNING BOARD: _____ Date: _____

**PURPOSE**

To set forth the policy and procedures for the timely and correct payment of cash disbursements and Accounts Payable.

**POLICY**

**Cash Disbursements**

Cash disbursements should be made timely and accurately. Cash disbursements will be limited to expenses that further the operations of the district. In no case will cash disbursements be made for personal purposes or for reasons that do not benefit the district. Loans to officers or directors are not allowed. Cash disbursements should typically be payments for: district backed loan repayments, vendors for goods and services, patient refunds, staff training and development, memberships and subscriptions, meeting expenses, employee reimbursements, reimbursements of petty cash funds, payments to credit cards for district expenses, and outreach & community notification materials.

Checks will be processed weekly. Invoices submitted to finance are paid based on terms and due dates. Reimbursements which are submitted by Tuesday will be processed on Thursday and paid on Friday of the same week. For provider payments, if the first of the month falls on Monday or Tuesday, checks will be provided by Friday. If the first of the month falls on Wednesday, Thursday or Friday, then checks will be provided the following Friday. Checks can be prepared manually within one day, but this should be limited to emergency situations or last day manual payroll checks.

Requests for cash disbursements are submitted to finance in four ways: Check request (submitted on approved form), Employee expense reimbursement request, Mailed Original invoice, or downloaded electronic invoice.

**Credit Cards**

Credit card issuance is based on the needs of the district. These credit cards are only to be used for district business expenses, and personal expenditures are prohibited. Credit card expenditures greater than \$5000 need to be preauthorized by the Chief Financial Officer. Also, credit card usage should be limited to expenditures that demand immediate payment prior to shipment (for goods) or for performance (for services). Occasionally, some vendors demand recurring payments to be paid via credit card (such as Facebook, Adobe, etc.). In these cases, the need for the specified good or service will be weighed against incurring a recurring credit card charge every month.

Additionally, credit card use is only for expenditures that cannot be obtained through vendor terms, either because the vendor does not grant terms or because the amounts being charged are so small in

nature it is not worth the time to pursue vendor terms. The limit on recurring monthly charges to the credit card is to be no more than \$1000 a month (for vendors that offer terms)

### ***ACH's***

ACH disbursements are utilized by the District. However, strict controls must be followed to ensure no unauthorized activity occurs. Additionally, all ACH Accounts Payable (AP) transactions are to be disbursed through the M&O bank account. All payroll ACH's must be disbursed through the payroll bank account. And all FSA ACH's must be disbursed through the FSA bank account.

Payroll & FSA ACH's are initiated by iSolved, our payroll & FSA vendor. Payroll ACH's are secured through controls in the payroll system, which has been setup to only allow certain individuals to submit the payroll which generates the payroll ACH and payroll can only be transmitted during the standard payroll processing window. Outside of that window, iSolved must be contacted by the authorized individuals in order to process a special payroll. FSA ACH's are only allowed by FSA iSolved, which manages the FSA activity. A special account was setup so FSA iSolved only has access to this account, and FSA transactions must be reviewed monthly.

Vendor ACHs are either automated or done individually. For automated ACH's, this involves a setup process that must be approved by both the Chief Executive Officer (CEO) & Chief Financial Officer (CFO) and business reasons for the automated ACH process must be weighed and documented (frequency of the ACH's, typical amounts of the ACH's, complexity of transactions going through ACH, potential for incorrect payments to go through ACH, and vendor requirements that may mandate ACH). Automated ACH setup goes directly through the vendor (as opposed to the accounting system Financial Edge, FE) and only that particular vendor can initiate ACH's for their invoices.

Vendor ACH done individually can be will run through FE, using the payment assistant function or through individual vendor websites. When using payment assistant through FE, ~~Since these are check runs are approved for release/payment (which includes ACH) instead of a MBHD employee doing the printing and mailing of the vendor payments individually approved,~~ so all AP invoice approvals must be obtained prior to a ~~payment assistant check run n ACH~~ being released. Once invoice approvals are obtained, to then process payment assistant check runs, which include ACH's, individual ACH payments, payment assistant is set up to require 2 levels of approval before a batch can be released ~~for ACH~~, the 1<sup>st</sup> level being approved by the CFO or controller and the second level of approval being tied to the authorized check signers on the bank account. The tiers in FE will take into consideration the current check signing structure as stated in FN-AP-104, which means if two check signers are required on a physical check, then the 2<sup>nd</sup> approval tier in FE will also require 2 approvals before the payment assistant ACH-batch is released for payment.

Vendor ACH done individually through individual websites must be linked to the M&O account. While payment assistant involves MBHD obtaining the vendors bank account information and inputting it into MBHD records so that ACH can be initiated by MBHD as necessary, vendor ACH involves the vendor obtaining MBHD's bank account information, the vendor storing that banking information and then the vendor initiating the ACH transfer when MBHD initiates the payment in the vendor's website. Since no check is created to pay the vendor nor is the ACH initiated through FE, a list of all vendors that will be paid via ACH through the vendor website portals will be created and printed. This ACH payment list will then be approved by CFO or controller and the authorized check signers, taking into consideration the current check signing structure as stated in FN-AP-104, which means if two check signers are required on a physical check, then two check signers will need to sign the ACH payment list. Once all signatures have been obtained, ACH payments can be made via the vendor portals.

### **PROCEDURE**

#### **For check requests and employee expense reports**

1. The check request/employee expense form must be completely filled out prior to being

submitted to finance. This includes who the check is made payable to, the address of where the check is to be mailed, an explanation as to the necessity of the expense or reimbursement, the full G/L account number, and signature of the person initiating the request/reimbursement as well as an appropriate approval signature.

2. The AP Accountant will review the disbursement request for mathematical accuracy, existing employee reimbursement status (IE: is this an existing employee in the accounting system or a new employee), employee signatures, and appropriate manager or supervisor signatures.
3. The AP Accountant will also review the G/L account number. If there are questions about the appropriateness of the G/L coding, the AP Accountant will research with the manager or supervisor and change if needed.
4. Check requests and expense reimbursements will also go to the Chief Financial Officer for review and approval. Approval should be indicated by signature or initials.
5. Check requests and expense reimbursements will then be entered into the accounting system and stored in a locked cabinet awaiting payment.

#### **For mailed in invoices:**

1. Mailed in invoices are routed to finance during the mail sorting process and given ~~Page 3 of 4~~ Accountants.
2. The invoice is block stamped and the fields of the stamp are filled in with the date received by finance, the initials of the person prepping the invoice for payment, general ledger account number (for those bills that are recurring and have the same account number every time, such as electric bills, rent bills, insurance bills, etc.), and the vendor number.
3. The AP Accountant reviews the invoice for mathematical accuracy and if the invoice is for goods, matches the invoices to the corresponding receiving report for quantity accuracy and to ensure all goods were received. All receiving reports should indicate where the goods were received and what department received them. However, if proper GL coding cannot be ascertained from the receiving report, the accountant will call or e-mail the person who received the goods to find out the information to enable proper GL coding.
4. Once the invoice package has been created, it is sent to the appropriate approver for review and approval. Approval should be indicated by signature or initials.
5. It is next routed to the Chief Financial Officer for review and approval. Approval should be indicated signature or initials.
6. The invoice is then entered into the accounting system and held in a locked cabinet until aging and terms dictate that it should be paid.

#### **Downloaded invoices**

1. Downloaded invoices will follow the same procedures as the mailed in invoices, with some additional steps to ensure a downloaded invoice is not paid twice.
2. The AP Accountant will research the accounting system to ensure the invoice has not already been paid. This includes researching that the invoice number has not already been entered into the accounting system, scanning the vendor for recent payments of the same amount, and reviewing invoices with close dates.
3. Even though the accounting system does not allow for duplicate invoice number entry, it can happen if an incorrect invoice number is entered. To counter that, and to also search for monthly vendors not recorded, a general ledger export is performed monthly by the Chief Financial Officer or Controller and all monthly, quarterly and yearly

recurring vendors on the master list are compared against the export. Any exceptions are investigated.

**For all check requests, employee expense reports, mailed in invoices, & downloaded invoices paid via check**

1. On Thursdays, the AP accountant will compile a list of cash disbursements to be paid, taking into consideration aging and terms.
2. The AP accountant will run a query from the accounts payable module, print it, and determine the amount of the check run. This is given to the CFO for approval, and the CFO will initial the check run request.
3. The key for the blank check is kept in a locked file cabinet. . The AP accountant will request the key, take the checks they need for the check run, return the key, and then print the checks.
4. The check package will then be sent to the Chief Executive Officer (CEO) for signature. If a second signature is needed, the CEO and/or the Accountant AP will coordinate for the appropriate second signature
5. The checks will be returned to the AP accountant, with the mitigating control that all checks are reviewed for vendor & sequential order by the CFO or controller.
6. The backup for the checks is filed and the check along with the appropriate backup is mailed. Some checks are held for pickup by the providers, and those are placed in a locked file cabinet until they are picked up.
7. Once the checks are cut and check numbers are assigned to the cash disbursements, a positive pay file is created and uploaded to the bank by the AP Accountants. The CFO is responsible for approving those files in the banking online portal.

**For all check requests, employee expense reports, mailed in invoices, & downloaded invoices paid via payment assistant**

1. . On Thursdays, the AP accountant will compile a list of cash disbursements to be paid, taking into consideration aging and terms.
2. The AP accountant will determine which invoices are to be paid will be paid via check (using the procedures above) and which invoices to be paid will be done via payment assistant (payment assistant cannot be used if certain information is not present or if a board member needs to sign since board members don't have access to the accounting system).
3. The AP accountant will select those which invoices should to be paid and create a pre-payment report, which should then be attached to the payment assistant run inside of FE. Then the payment assistant run is sent for electronic approval.
4. Two tiers are required for electronic approval. The first tier is approval by the CFO. The second tier requires the physical check signers to approve the payment assistant run. The tiers in FE will take into consideration the current check signing structure as stated in FN-AP-104, which means if two check signers are required on a physical check, then the 2<sup>nd</sup> approval tier in FE will also require 2 approvals before the ACH batch is released for payment Only once both tiers are approved will the ACH's be released for payment. At that point, the payment assistant will take the amount of vendor payments owed from the M&O checking account in one lump

sum via ACH and then deposit those funds into a beneficiary checking account.

5. The payment assistant will then pay the vendors according to the vendor preference: ACH, check or a virtual card.
6. Positive pay is utilized for the M&O account, so that ACH transactions are limited to authorized transactions only.

**For all check requests, employee expense reports, mailed in invoices, & downloaded invoices paid on vendor websites via ACH**

1. . On Thursdays, the AP accountant will compile a list of cash disbursements to be paid, taking into consideration aging and terms.
2. The AP accountant will determine which invoices to be paid will be paid via ACH on vendor websites.
3. The AP accountant will select those invoices to be paid and create an ACH payment list.
4. The ACH payment list must be approved by the CFO, as well as the physical check signers. Check signing will take into consideration the current check signing structure as stated in FN-AP-104, which means if two check signers are required on a physical check, then two check signers must approve the ACH payment list.
5. Once approved, the AP accountant can go into the vendor website to initiate ACH payment.
6. Positive pay is utilized for the M&O account, so that ACH transactions are limited to authorized transactions only.

**Other Procedures**

1. New vendors can only be setup by the CFO or controller and require a W-9 to ensure proper 1099 reporting. New vendors will be set up in both the accounting system as well as added to the master vendor list. New vendors should be verified using a know phone number or other trusted source.
2. A master vendor list is maintained of recurring vendors and approved supply vendors. This list is distributed to all finance staff. Any exceptions are investigated.
3. Blank checks are in sequential order and kept under lock and key.
4. The CFO or controller will review checks used for the month for sequential order of checks.
5. Vendor statements are to be reconciled to individual invoices and are periodically reviewed by the CFO or Controller for overdue items. Additionally, many vendors are setup online, so that account history and statements can be downloaded. Vendor website access is to be restricted to authorized employees only. Passwords are to be unique to the user and if the site supports multi factor authentication (MFA), MFA must be enables and used. most sites require a secondary authentication in order to log into the site. User access to vendor websites is to be reviewed annually or upon changes in the finance

department.


6. All ACH's are to be reviewed monthly during the bank reconciliation process.
7. At year end, careful attention is paid to dates and cutoff timing for general ledger entry. Both the AP accountants and the CFO/controller are looking at receiving report & invoice dates so that the proper fiscal year is entered into the accounts payable module.

**REFERENCES**

FN-AP-104

**ATTACHMENTS**

- NA

 <p><b>MORONGO BASIN</b> HEALTHCARE DISTRICT</p>	<p><b>DEPARTMENT/MANUAL: FINANCE</b></p>
<p><b>ORIGINAL DATE:</b> June 1991</p>	<p><b>REVIEW &amp; REVISION DATES:</b> (Supersedes LD-208) 1/94, 1/96, 4/00, 12/00, 4/01, 9/07, 1/08, 6/08, 6/11, 6/13, 11/14, 10/15, 7/16, 5/17, 8/19, 2/22, 9/22, 6/24, 11/24, 4/26</p>
<p><b>TITLE:</b></p> <p><b>LEVELS OF AUTHORIZATION</b></p>	<p><b>APPROVED BY:</b></p> <p>ADMIN: _____ Date: _____</p> <p>CEO: _____ Date: _____</p> <p>Governing Board: _____ Date: _____</p>

**PURPOSE**

The purpose of this policy is to define the check signing signature policy and the levels of authority each member of the Morongo Basin Health District (MBHD) management possesses relating to conduction of all aspects of District business.

**POLICY**

**CHECK SIGNING & ACH TRANSMITTAL**

In order to meet operational needs, the District requires at a minimum (more can be assigned based on the needs of the District) there be two District check signers, one being the CEO along with one other District employee (who is not a part of the finance department). The secondary District signer must be either an Officer or Director. Additionally, a minimum of 2 board members are designated to be check signers. More check signers can be assigned based on District needs. The secondary District signer is to be utilized only when the CEO is unavailable to sign and only for checks below \$200,000. Check signing is independent of approvals for expenses/limits of authority. Check signing may require one or two signatures, depending upon the dollar amount of the check, as per the table below:

One signature: CEO* or Board Member	Up to \$ 75,000
Two signatures: CEO^ and 2 <sup>nd</sup> District signer	Between \$75,000 and \$200,000
Two signatures: CEO** and Board Member	Over \$ 200,000

\*The secondary District check signer can sign if the CEO is unavailable.

^If the CEO or 2<sup>nd</sup> District signer is unavailable, then a board member can sign

\*\*If the CEO is unavailable, then a second board member must sign.

In the case of individual ACH's, these same limits apply. For recurring ACH's, these have been setup ahead of time and allowed to be recurring (See FN-AP-101 for more detail). Recurring ACH's typically have their own set of controls, (such as initiation through a web site that is keyed to specific individuals or initiated by the vendor, not by District staff). Since with recurring ACH's the amounts are paid on a schedule (usually monthly or bi-weekly in the case of payroll), review of the ACH's is to take place within the week. Additionally, positive pay is to be utilized for ACH transactions to prevent unauthorized withdrawals.

## **POLICY LIMITS OF AUTHORITY (AP & INVOICE APPROVAL)**

1. It is the policy of the District to strictly observe specific levels of authority in conducting District business. It is further the policy of MBHD to periodically re-evaluate the levels of authority to ensure that it meets the District's needs and promotes efficiency in conducting District business while ensuring an adequate system of internal controls. Compliance with these levels of authority is the responsibility of all District management. Non-compliance with the levels of authority, outlined below, may subject the personnel involved to disciplinary action. The Administrative Team is responsible for periodically reviewing this policy to ensure that it meets District needs and promotes efficiency in conducting District business.

Approvals requiring higher levels of authority should also reflect all prior approvals, which are cumulative and consistent with organization structure.

Approvals can be made by physically written signature or through electronic means. While the District utilizes Adobe & DocuSign for electronic signatures, outside vendors may use other programs to collect electronic signatures. In all cases, the programs utilized for electronic signatures should create either an audit trail or a certified signature. The audit trail should be retained either electronically or printed out and kept with the paper document that utilized the electronic signature (if created). Certified signature documents should keep the original e-mail conveying the electronic signature.

2. Limits of Authority (General): The following limits of authority are solely for operational expenses, and specifically exclude monthly/recurring expenses with contracts, monthly/recurring expenses with no contracts, and capital items, that meet certain parameters (see section 56). This will typically include purchases for medical, office and janitorial supplies, pharmaceuticals, check expense & mileage reimbursements, medical, office, and IT equipment, and other expenses that aren't recurring in nature and are for a tangible good or service.

CEO with one Board Signer	over \$ 75,000
CEO	up to \$ 75,000
District Officers	up to \$10,000
Directors	up to \$ 5,000
Program Manager	up to \$ 1,000

District officers include the, Chief Financial Officer, Chief Executive Officer, Chief Administrative Officer or any other title that includes the word Officer in it. In the case of the CFO, another Officer or Board member should co-approve any authorization over \$1,000 if the CFO is also performing the secondary review below.

In addition to the above approvers, a secondary review will be performed prior to payment by either the CFO or Controller.

3. Limits of Authority (Monthly/Recurring Expenses) with contracts

Monthly/recurring expenses with contracts include rental, software, provider, equipment, and service payments that have a valid contract on file. It also includes monthly insurance payments for which a certificate of insurance is in force.

Monthly/recurring expenses with contracts must be approved by the CEO at the onset of the contract, with secondary review by another Officer, preferably the CFO. Board approval of contracts is required for operating contracts (as defined by GAAP for operating expenses on the Statement of Revenue & Expenses) that exceed \$500,000, non-operating contracts that exceed \$125,000, or the

contract relates to capital. The value of the contract should take into consideration all periodic payments that are required by the terms of the agreement, including any down payments and/or residual payments at the end of the contract. The contract should contain the CEO signature, which then authorizes the payments as stipulated per the contract. Occasionally, the CEO may delegate contract authorization to another officer of the District; in these rare cases the delegation must be supported in writing and the sum of all payments of the contract being authorized cannot be more than \$10,000.

Once the contract has been approved, the total recurring periodic payment required under the contract should be the threshold used for the limits of authority below.

CEO with one Board Signer	over \$125,000
CEO	up to \$125,000
Officers	up to \$10,000
Directors	up to \$ 5,000
Program Manager	up to \$ 1,000

4. Limits of Authority (Monthly/Recurring Expenses) with no contracts

Monthly/recurring expenses with no contracts includes disbursements that are recurring monthly, bi-monthly, quarterly, semi-annually, and annually that do not have an agreement obligating the District to pay for such services for more than 1-2 months (IE: can cancel with no repercussions with only one or two months notice). Typical recurring, non-contracted disbursements may include expense such as utilities (gas/electric/water), trash services, pest control services, recurring internet & phone usage bills (provided there is not a minimum period you must use the service provider, in which case it would under limits of authority with contracts), landscaping services, tax remittances, monthly gasoline payments, monthly director fee payments, employee benefit payments (such as health/dental/life insurance), month to month software agreements, and other services billed monthly that can be cancelled within 1-2 months with no cancellation fees. For these types of expenses, only the monthly amount needs to be considered when looking at the limits of authority.

CEO with one Board Signer	over \$125,000
CEO	up to \$125,000
Officers	up to \$10,000
Directors	up to \$ 5,000
Program Manager	up to \$ 1,000

5. Limits of Authority (Capital):

- a. Approved Capital Expenditures – Every effort will be made to include known capital expenses on the capital budget. However, not all capital expenditures can be predicted and known ahead of time. As such, capital expenditures (both approved and not approved on the annual capital budget) shall use the limits of authority (general).
- b. All unapproved capital expenditures will be presented to the Board of Directors at the next regular monthly business meeting.
  - i. If a prior approved capital item exceeds 25% of the amount originally budgeted or is \$50,000 more than originally budgeted, then said item will need to go back to the Board for re-approval.

~~e. Capital items that meet these parameters will be submitted for approval to the Board of Directors on a Capital Equipment Request Form.~~

## **PROCEDURE**

### For authorizations that pertain to monthly/recurring expenses with contracts:

1. Prior to execution, all potential contracts, including Provider/Directorship Contracts, will be reviewed and the total value of the contract calculated, taking into consideration all periodic payments that are required by the terms of the agreement, including any down payments and/or residual payments at the end of the contract.
2. All executed contracts will be signed by the appropriate person(s), depending upon the type of contract and limits above.
3. If Board approval is needed due to the amount of the contract, Board approval will be sought before the signing of the contract by the appropriate person(s). Board minutes shall document Board approval.
4. A copy of all contracts, once executed, should be routed to accounting.
5. Monthly requests for disbursement that pertain to said contracts will be presented for authorization to the appropriate manager, director or officer and the limits of authority as detailed in section 3 (limits of authority monthly/recurring expenses with contracts) will apply. Authorization will be documented by the signing or initialing of the appropriate person(s).
6. The CFO will review all contracted cash disbursements in addition to the procedures above, as evidenced by his/her signature or initials.

### For authorizations that pertain to monthly/recurring, expenses with no contracts:

1. Prior to the first recurring billing, the CFO should be informed by the appropriate person(s) that recurring, non-contracted vendor services will be starting. The CFO will then set up the vendor in the accounting system and the finance staff will obtain a W-2.
2. Requests for disbursement that pertain to recurring, non-contracted disbursements will be presented for authorization to the appropriate manager, director or officer, e, within 5 days of receipt by the finance department. Authorization will be documented by the signing or initialing of the appropriate person(s).
3. Variances between expected, averaged monthly amounts that exceed 25% will be investigated and researched.
4. The CFO will review all recurring, non-contracted disbursements in addition to the procedures above, as evidenced by his/her signature or initials.

### For authorizations that pertain to non-recurring, non-contracted disbursements:

1. Prior to purchase, authorization must first be obtained. If authorization is not obtained prior to purchase, the District reserves the right to not reimburse and/or return items acquired.
2. The District can utilize check request forms, mileage & expense reimbursement forms, estimates, purchase orders, and/or printouts from vendor websites to facilitate obtaining prior approval.
3. If a new vendor is being used, the CFO should be informed by the appropriate person(s) that

a non-recurring, non-contracted vendor is going to be utilized. The CFO will then set up the vendor in the accounting system and the finance staff will obtain a W-2.

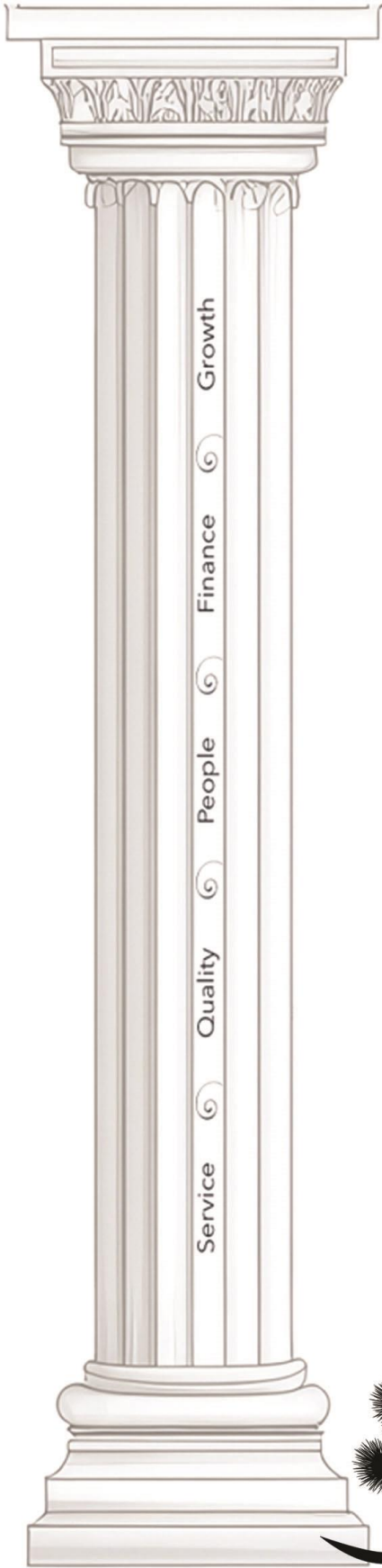
4. Invoices requesting payment and/or check/mileage reimbursements needing payment will be matched to any and all documentation indicating approval and/or will be presented to the manager, director or officer who authorized said expense for authorization. Authorization will be documented by the signing or initialing of the appropriate person(s).
5. The CFO will review all non-recurring, non-contracted disbursements cash disbursements in addition to the procedures above, as evidenced by his/her signature or initials.

**REFERENCES**

N/A

**ATTACHMENTS**

N/A




**TAB #5  
ACTION ITEM**

Human Resource Policies



MORONGO BASIN  
HEALTHCARE DISTRICT  
[MorongoBasinHealth.org](http://MorongoBasinHealth.org)

 <p><b>MORONGO BASIN</b> HEALTHCARE DISTRICT</p>	<p><b>DEPARTMENT / MANUAL: HUMAN RESOURCES</b></p>
<p>ORIGINAL DATE: January 1997</p>	<p>REVIEW &amp; REVISION DATES: (supersedes 307), 12/01, 03/03, 09/05, 7/11, 6/13, 4/17, 6/24</p>
<p>TITLE: <b>Performance Evaluations</b></p>	<p>APPROVED BY:</p> <p>ADMIN: _____ Date: _____</p> <p>CEO: _____ Date: _____</p> <p>GOVERNING BOARD: _____ Date: _____</p>

**PURPOSE**

To provide a means for discussing, planning and reviewing the performance of each employee that is equitable and meaningful.

**POLICY**

~~All employees will be evaluated by their immediate supervisor, on an informal basis continually and formally following the introductory period and on an annual basis using a standardized format of performance/competence criteria. Upon hire, all employees will be given a job description as part of their orientation process. The job description will explain the performance expectations. The signed original of the job description will be placed in the employee's personnel file in Human Resources and a copy will be given to the employee. The Morongo Basin Healthcare District (MBHD) provides performance feedback to employees both informally through open communication between the manager and employee and formally through a performance evaluation/assessment conducted during the first ninety (90) days and annually thereafter. The feedback process is intended to be an opportunity to improve in areas that might not be up to standards and to provide education or training where necessary for the employee to be successful. Employees should report immediately to management if they feel they are unable to meet the expectations for their position to receive training or assistance timely.~~

**PROCEDURE**

~~Employee performance appraisals will be done after the 90-day introductory period (180 days for exempt personnel) and on an annual basis.~~

- ~~1. Thereafter, if an employee is promoted or changes classification, a new 90 day evaluation (180 days for managers) will be conducted and the review date will be one year from the date of change.~~

**90 Day Assessment**

1. Prior to the completion of the first ninety (90) days of employment, Human Resources will send a reminder to management to complete a 90 day assessment. Employees that transfer or receive promotion will be placed on a new 90 day cycle from the date of change.
2. If the manager feels that the employee is not meeting expectations they will develop a performance improvement plan with Human Resources for an additional 30 days to determine if the employee can be successful.
3. If the employee meets all expectations, the manager will meet with the employee and provide

feedback to the employee and recommend continued employment.

4. If the employee does not meet expectations within the 30 day extension, the manager will meet with Human Resources to determine next steps.
5. The Chief Executive Officer will sign all "Not Meets" assessments and review the performance improvement plan prior to the manager providing to the employee.

### Annual evaluation

1. Annually on a date determined by the district, all employees will be evaluated using a tool approved by the district, to determine if the employee is performing according to expectations or if there is additional training or remediation that is needed.
2. Human Resources will send reminders to managers to complete the evaluations by a designated date.
3. The manager will review key performance areas and provide a rating based on a three (3) point scale.
  - a. 1=Below Expectations
  - b. 2=Meeting Expectations
  - c. 3=Exceeding Expectations
4. A rating of 1 or 3 will require an explanation from the manager on why this rating was chosen using specific information. Statements such as "Has trouble with communication", "Always happy" or "Always helps others" is not acceptable. Indicate dates of incidents if appropriate or provide detail of the occurrences of not meeting or exceeding expectations.
5. Employees that are on a final warning will have the evaluation extended for 90 days from the date of the warning to provide time to correct issues.
6. A performance improvement plan should be provided to the employee on areas that require improvement.
7. The evaluation should be reviewed by the administrator over that department prior to being given to the employee.
8. Employees that are currently on a disciplinary action should still have the evaluation completed and the disciplinary issue should be noted in the evaluation.
9. Human Resources should be consulted for any performance improvement plan to ensure the plan is specific, achievable and appropriate.
10. The CEO must sign all evaluations that are not meeting expectations and the improvement plan prior to being given to the employee.
11. Once the evaluation is approved, and signed, the evaluation will go to Human Resources for the employees file and a copy should be given to the employee.
12. Managers should not retain copies in an open file. Any confidential information should be kept secured.
13. Contracted Physicians will receive Peer Reviews and will be assessed during the recredentialing process and will not receive performance evaluations through this policy.

~~Supervisory personnel responsible for evaluations will be trained on the process to provide consistent application.~~

Merit increases for performance are at the discretion of the MBHD board of directors and are not guaranteed.

~~The completed evaluation will be routed as follows prior to being discussed with the employee being evaluated:~~

- ~~▪ To Human Resources for review of employee file and verification of eligibility for merit increase.~~

- ~~▪ Once verification has been completed, Human Resources forwards evaluation to the Chief Executive Officer (CEO).~~
- ~~▪ Evaluation will then be routed back to Department Director to be given to employee.~~
- ~~▪ After completion of this process, original evaluation will be forwarded to Human Resources for employee file.~~

~~7. The evaluation form is divided into two sections. The first, representing 50% of the evaluation defines traits, behaviors, and criteria that are used to express desirable performance indicators and safety and routine expectations in all employees. The second, representing 50% of the evaluation provides a ranking opportunity for duties that are specific to the employee being evaluated within his or her classification. Some of the duties may also be found in other classifications.~~

~~8. Employees will be rated on a five step scale in each area of performance. The choices ratings are Exceptional, Above Target, On Target, Development Opportunity and Needs Improvement. Examples and comments under each area are required for all ratings with the exception of "On Target." Comments may also be given with this rating to clarify or emphasize concerns or expectations. Examples of behavior include dates of observed behavior or determination of competencies, dates of particular incidents and disciplinary actions and shall not be retroactive.~~

~~9. If an employee is in the coaching or disciplinary process, the employee should still receive a performance evaluation which must be reflective of the discipline during the evaluation period. If at the time of the evaluation, the employee is under coaching or disciplinary action, any merit increase the employee may otherwise be entitled to receive will be postponed until the disciplinary issue is resolved.~~

~~There should be continuous communication and documentation regarding performance including problems or acclamations, which are not held just for appraisal time. The documentation should then be used as a basis for the evaluation and to set performance expectations. The evaluation should scan the entire scope of the evaluation period and not be heavily weighted toward most recent activity.~~

~~Based on the ratings in each category, total weighted points will be determined which relate to a certain percentage merit increase. The amount available for merit increases will be determined and announced at the beginning of each fiscal year. The amount may vary according to available financial resources and general prevailing practice.~~

~~10. Annual evaluations will have a scoring form will be used to accumulate to calculate ratings which will indicate the amount of merit increase to be provided. and will be submitted with the evaluation and Personnel Action Form (P.A.F) to Human Resources.~~

~~The annual competency review covers such topics as continuous quality improvement, fire safety, plant technology safety, radiation safety, disaster mechanics, infection control and risk management. In addition to the annual review, each employee is responsible for completing the annual health screening. Failure to complete either one of these requirements will delay the processing of the annual performance appraisal and make the employee ineligible for any increase in compensation.~~

~~11. It is the employee's responsibility to notify the immediate supervisor/manager if unable to meet any of the accountabilities in the job description or performance appraisal/evaluation. Additional training may be provided at the discretion of management. An action plan will be developed to assist the employee in reaching the competency level required. The inability to meet any of the accountabilities may result in limitations in scheduling until the employee is able to meet the competencies or may result in disciplinary action.~~

~~Employees who are approaching the maximum of their pay scale or who are at the maximum will be eligible, based upon receiving a satisfactory evaluation to receive a monetary bonus as follows:~~

- ~~• If the employee is at the maximum of the pay scale and is eligible for a percentage adjustment, the employee will be eligible for one-half of the recommended percentage adjustment in the form of a cash bonus payable within one pay period following the performance review with the employee.~~
- ~~• If the employee is approaching the maximum of the pay scale, the employee will be eligible for a percentage adjustment to the maximum, with one-half of the percentage remaining in excess of the maximum payable in the form of a cash bonus.~~

~~Calculation of any cash bonus will be determined by multiplying the employee's annual base earnings by the applicable percentage.~~


~~If the employee is eligible for a percentage adjustment to the maximum of their pay scale with one-half of the remaining percentage (if any) applied towards a cash bonus, the bonus amount payable will be based upon the employee's base earnings prior to any adjustment. If the employee's labor grade is adjusted following a bonus payment to reflect market trends, the employee will be eligible for a performance adjustment annually thereafter until he/she reaches the maximum of the pay scale. At that time, any future adjustments will be based upon the Incentive Bonus Plan.~~

~~Contract staff will be required to follow MBHD's policies and will have their competencies assessed.~~

~~12. Physicians employed through a contract will be evaluated during the re-credentialing period.~~

## **ATTACHMENT**

~~Performance Evaluation Scoring Form~~

 <p>MORONGO BASIN HEALTHCARE DISTRICT</p>	<p><b>DEPARTMENT / MANUAL: HUMAN RESOURCES</b></p>
<p>ORIGINAL DATE: November 1998</p>	<p>REVIEW &amp; REVISION DATES: 11/98, 8/23, <u>6/26</u></p>
<p>TITLE: <b>TUITION REIMBURSEMENT</b></p>	<p>APPROVED BY:</p> <p>ADMIN: _____ Date: _____</p> <p>CEO: _____ Date: _____</p> <p>GOVERNING BOARD: _____ Date: _____</p>

**PURPOSE**

To provide a process for assisting employees who wish to pursue additional educational opportunities.

**POLICY**

The MBHD provides tuition reimbursement for employees who have successfully completed one year of employment. Eligible employees must request reimbursement prior to enrollment to participate.

**PROCEDURE**

Employees who have completed one year of service and are not on a disciplinary action are eligible for tuition reimbursement for accredited college courses that are directly related to their current position or another position that is available within the District. Courses that are required for a job-related degree, such as general education courses, will also be eligible. Course time and work must be completed on non-work hours.

Payment is limited to tuition, lab fees, and required books for courses which have received approval prior to the course beginning. No other expenses are eligible. Courses must be taken at an accredited college or university and the employee must receive a passing grade of “C” or better. Maximum reimbursement is as follows:

- a. One to three years of service: Up to a maximum of \$3,000 per fiscal year (July 1-June 30)
- b. Over three years’ service: Up to a maximum of \$6,000 per fiscal year- (July 1-June 30)

Eligible employees who pursue trade or professional courses that lead to a certification enhancing an employee’s ability to perform the job will be eligible for reimbursement of limited costs. The costs reimbursed are classes that would be deductible under IRC-162 or IRC-167 on the employee’s income tax return.

Employees must continue to be employed with the District for six months-one (1) year after course ends or repay the amount that was reimbursed on a prorated basis.

**Procedure for Employee:**

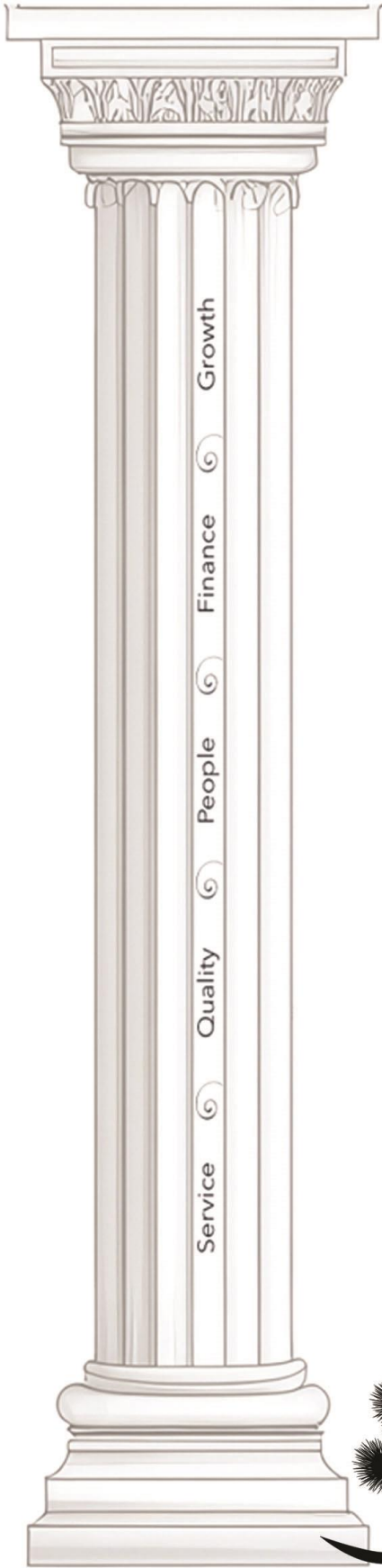
1. Submit a written request to your supervisor at least 30 days prior to the start of the course to obtain approval. The request will be reviewed by Human Resources for final approval by the CEO. Request should include title, cost and dates of course.
2. Employee will be notified of the determination within ten working days of request.
3. Upon completion of the particular education program, the employee will present a copy of a certificate of completion or other proof of successful attendance / completion along with copies

of receipts for books, tuition and other approved expenses deserving reimbursement.

4. The District will reimburse employee within 30 days of the submittal of the required documentation and receipts.
5. In the event an employee cannot afford the out-of-pocket costs for a program, a request for pre-payment may be made. Each case will be considered on individual merits with a final decision made by the District's CEO. Any pre-payment made will be in the form of a check payable to the educational institution/ organization.
6. When advance payment of any kind is requested, it must be accompanied by a Check Request and Payroll Deduction Authorization Form in the event the employee leaves employment with the District before the course is completed.
7. Continuing Education Units requirements to maintain licensure is not applicable to this policy.

#### **ATTACHMENTS**

- Form: Tuition Reimbursement Form



# TAB #6 REPORT

## Monthly Financial Report



MORONGO BASIN  
HEALTHCARE DISTRICT  
[MorongoBasinHealth.org](http://MorongoBasinHealth.org)



# MORONGO BASIN HEALTHCARE DISTRICT

6530 La Contenta Road, Suite 100, Yucca Valley California 92284 | 760.820.9229

June 25, 2026

To: MBHD Board of Directors

From: Deborah Anderson, CFO

Re: CFO's Report for May 2026

## OVERVIEW

The consolidated financials for the month of May shows income of \$192,495 and year to date shows income of \$3,615,313. (See Tables 1 & 2)

The non-clinic financials for the month of May shows income of \$179,428 and year to date shows income of \$3,033,400. (See Table 3 & 4)

The clinic financials for the month of May shows income of \$13,067 and year to date shows income of \$581,913. (See Table 5 & 6)

GASB 103, Financial Reporting Model Improvements issued in May 2024 modernizes the rules for state and local governments. It is effective for fiscal years beginning after June 15, 2025, which means it will be implemented this year. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability. Our most significant impact will be that grant revenue will be required to be reported as nonoperating revenue vs. operating revenue like it has been previously. This will have a negative impact on your operating indicator. However, the hospital lease revenue will continue to be reported as operating and the interest component of the lease will continue to be reported as nonoperating.

## CONSOLIDATED CHANGE IN NET POSITION

**Table 1 Consolidated May 2026**

Consolidated	Actual Mth	Budget Mth	Over/(Under)	% of Budget
Income	1,349,641	1,025,590	324,051	31.60%
Expense	(1,286,040)	(1,176,407)	(109,633)	-9.32%
Operating Income/(Loss) before Allocation	<b>63,601</b>	<b>(150,817)</b>	214,418	142.17%
Non-Operating	128,832	154,952	(26,121)	-16.86%
Discontinued Operations	62	-	62	100.00%
<b>Change in Net Position</b>	<b>192,495</b>	<b>4,136</b>	<b>188,359</b>	<b>4554.60%</b>

**Table 2 Consolidated Year to Date**

Consolidated	Actual YTD	Budget YTD	Over/(Under)	% of Budget
Income	14,300,878	11,665,911	2,634,967	22.59%
Expense	(13,271,903)	(13,287,928)	16,025	0.12%
Operating Income/(Loss) before Allocation	<b>1,028,976</b>	<b>(1,622,017)</b>	2,650,992	163.44%
Non-Operating	2,585,395	1,829,999	755,396	41.28%
Discontinued Operations	943	-	943	100.00%
<b>Change in Net Position</b>	<b>3,615,313</b>	<b>207,982</b>	<b>3,407,331</b>	<b>1638.28%</b>

## NON-CLINICS CHANGE IN NET POSITION

Table 3 Non-Clinics May 2026

Non Clinic	Actual Mth	Budget Mth	Over/(Under)	% of Budget
GRANT REVENUE	15,901	3,125	12,776	408.85%
TENET LEASE -Amort of \$2M lease	197,321	197,321	-	0.00%
INTEREST INCOME	538	1,201	(663)	-55.19%
OTHER OPERATING REVENUE	(13,764)	125	(13,889)	-11111.27%
	<b>199,997</b>	<b>201,772</b>	<b>(1,775)</b>	<b>-0.88%</b>
Salaries	147,560	137,034	(10,527)	-7.68%
Fringe	37,001	31,484	(5,518)	-17.53%
Purchased Services	9,615	11,812	2,197	18.60%
IT, Network & Phones	44,395	20,425	(23,969)	-117.35%
Supplies	1,855	3,628	1,773	48.88%
R&M	3,688	4,623	934	20.21%
Leases/Rentals	152	42	(110)	-264.38%
Utilities	3,854	4,285	431	10.06%
Insurance	33,939	33,429	(510)	-1.53%
Other	16,337	18,920	2,583	13.65%
Depreciation	58,818	59,525	708	1.19%
	<b>357,214</b>	<b>325,207</b>	<b>(32,008)</b>	<b>-9.84%</b>
Operating Income/(Loss) before Allocation	(157,217)	(123,435)	(33,783)	-27.37%
Allocation of Overhead for Health Centers	207,951	169,006	38,945	23.04%
Operating Income/(Loss) after Allocation	50,734	45,572	5,162	11.33%
Non-Operating Tax Revenue	91,459	84,661	6,798	8.03%
Non-Operating Donations	27	-	27	100.00%
Non-Operating Investment Income	43,228	63,568	(20,339)	-32.00%
Non-Operating Rental Income	(6,083)	6,723	(12,807)	-190.48%
Discontinued Operations	62	-	62	100.00%
	128,694	154,952	(26,259)	-16.95%
<b>Change in Net Position</b>	<b>179,428</b>	<b>200,524</b>	<b>(21,096)</b>	<b>-10.52%</b>

Table 4 Non-Clinics Year to Date

Non Clinic	Actual YTD	Budget YTD	Over/(Under)	% of Budget
GRANT REVENUE	59,739	34,375	25,364	73.79%
TENET LEASE -Amort of \$2M lease	2,189,500	2,189,502	(1)	-0.00%
INTEREST INCOME	4,716	5,775	(1,059)	-18.34%
OTHER OPERATING REVENUE	(260)	1,375	(1,635)	-118.88%
	<b>2,253,696</b>	<b>2,231,026</b>	<b>22,669</b>	<b>1.02%</b>
Salaries	1,571,654	1,559,575	(12,079)	-0.77%
Fringe	358,608	374,059	15,451	4.13%
Purchased Services	104,795	130,879	26,083	19.93%
IT, Network & Phones	215,676	224,680	9,004	4.01%

Table 4 (continued)

Non Clinic		Actual YTD	Budget YTD	Over/(Under)	% of Budget
Supplies		28,506	41,903	13,397	31.97%
R&M		43,392	51,542	8,150	15.81%
Leases/Rentals		978	458	(520)	-113.37%
Utilities		47,438	59,212	11,774	19.89%
Insurance		365,042	367,713	2,671	0.73%
Other		187,341	214,243	26,901	12.56%
Depreciation		654,274	654,780	506	0.08%
		<b>3,577,704</b>	<b>3,679,044</b>	<b>101,340</b>	<b>2.75%</b>
Operating Income/(Loss) before Allocation		(1,324,009)	(1,448,017)	124,009	8.56%
Allocation of Overhead for Health Centers		1,771,840	1,952,022	(180,182)	-9.23%
Operating Income/(Loss) after Allocation		447,831	504,005	(56,174)	-11.15%
Non-Operating Tax Revenue		1,268,152	1,150,246	117,906	10.25%
Non-Operating Donations		20,027	-	20,027	100.00%
Non-Operating Investment Income		1,231,888	605,795	626,092	103%
Non-Operating Rental Income		61,754	73,957	(12,202)	-16.50%
Discontinued Operations		943	-	943	100.00%
		2,585,569	1,829,999	755,571	41.29%
<b>Change in Net Position</b>		<b>3,033,400</b>	<b>2,334,003</b>	<b>699,397</b>	<b>29.97%</b>

Grant revenue variance is due to receipt of MBTA award. Purchased services variance is due to savings on legal fees. Supplies variance is due savings in cleaning & office supplies. Utilities variance is due to savings on electricity. Other variance is due to savings on vehicle & community relations expenses. Since we've had savings on expenses, there is not as much movement of costs between the District and the Clinics. Investment income variance is due to market factors including interest / dividend rates and realized/unrealized losses on investments. The non-operating donation is from the Foundation towards the purchase of a vehicle for the Wellness Wheels Program. The non-operating rental income variance is due the non-collection of previously expected rental income.

### **CLINIC CHANGE IN NET POSITION**

Table 5 Clinics May 2026

Clinics	Actual Mth	Budget Mth	Over/(Under)	% of Budget
Patient services (net)	812,210	604,261	207,949	34.41%
Grant Revenue	231,827	127,742	104,084	81.48%
340B Revenue	42,673	27,163	15,510	57.10%
Capitation Fees	183,652	180,832	2,820	1.56%
Records & Interest	247	139	107	76.94%
Cost Report Adjustments	(137,361)	(137,360)	(0)	-0.00%
Quality & TRI/Prop 56, Misc	16,396	21,042	(4,645)	-22.08%
	<b>1,149,644</b>	<b>823,818</b>	<b>325,826</b>	<b>39.55%</b>
Salaries - Clinic	482,521	488,704	6,183	1.27%
Fringe - Clinic	148,978	118,687	(30,290)	-25.52%

Table 5 (continued)

Clinics	Actual Mth	Budget Mth	Over/(Under)	% of Budget
Phys Fees - Clinic	81,970	66,443	(15,527)	-23.37%
Purchases Services - Clinic	59,344	60,942	1,597	2.62%
IT, Network & Phones - Clinic	24,989	24,459	(529)	-2.16%
Supplies - Clinic	42,000	30,019	(11,982)	-39.91%
Supplies - 340B	33,027	23,311	(9,716)	-41.68%
R&M - Clinic	6,636	6,301	(335)	-5.31%
Leases/Rentals - Clinic	-	142	142	100.00%
Utilities - Clinic	7,342	5,677	(1,665)	-29.32%
Ins - Clinic	287	302	14	4.75%
Other - Clinic	24,717	7,423	(17,294)	-232.99%
Depreciation	17,015	18,792	1,776	9.45%
	<b>928,825</b>	<b>851,200</b>	<b>(77,625)</b>	<b>-9.12%</b>
Operating Income/(Loss) before Allocation	220,819	(27,382)	248,201	906.43%
Allocation of Overhead for Health Centers	(207,951)	(169,006)	(38,945)	-23.04%
Operating Income/(Loss) after Allocation	12,867	(196,388)	209,256	106.55%
Non-Operating	200	-	200	-100.00%
	200	-	200	-100.00%
<b>Change in Net Position</b>	<b>13,067</b>	<b>(196,388)</b>	<b>209,456</b>	<b>106.65%</b>

Table 6 Clinics Year to Date

Clinics	Actual YTD	Budget YTD	Over/(Under)	% of Budget
Patient services (net)	8,134,733	6,979,210	1,155,522	16.56%
Grant Revenue	2,172,092	1,430,692	741,400	51.82%
340B Revenue	467,698	313,732	153,967	49.08%
Capitation Fees	2,021,180	1,989,150	32,030	1.61%
Records & Interest	2,457	1,608	849	52.81%
Cost Report Adjustments	(1,510,550)	(1,510,966)	416	0.03%
Quality & TRI/Prop 56, Misc	759,572	231,458	528,114	228.17%
	<b>12,047,183</b>	<b>9,434,885</b>	<b>2,612,298</b>	<b>27.69%</b>
Salaries - Clinic	5,254,197	5,561,916	307,718	5.53%
Fringe - Clinic	1,279,823	1,279,138	(684)	-0.05%
Phys Fees - Clinic	949,325	767,413	(181,912)	-23.70%
Purchases Services - Clinic	671,147	677,065	5,917	0.87%
IT, Network & Phones - Clinic	248,853	269,054	20,201	7.51%
Supplies - Clinic	445,707	346,714	(98,993)	-28.55%
Supplies - 340B	336,992	265,704	(71,288)	-26.83%
R&M - Clinic	120,114	70,445	(49,669)	-70.51%
Leases/Rentals - Clinic	1,306	1,558	252	16.16%
Utilities - Clinic	82,584	75,657	(6,928)	-9.16%
Ins - Clinic	3,161	3,318	158	4.75%

Table 6 (continued)

<b>Clinics</b>	<b>Actual YTD</b>	<b>Budget YTD</b>	<b>Over/(Under)</b>	<b>% of Budget</b>
Other - Clinic	109,441	84,195	(25,246)	-29.98%
Depreciation	191,547	206,706	15,159	7.33%
	<b>9,694,198</b>	<b>9,608,884</b>	<b>(85,315)</b>	<b>-0.89%</b>
Operating Income/(Loss) before Allocation	2,352,984	(173,999)	2,526,984	1452.30%
Allocation of Overhead for Health Centers	(1,771,840)	(1,952,022)	180,182	9.23%
Operating Income/(Loss) after Allocation	581,144	(2,126,021)	2,707,166	127.33%
Non-Operating	768	-	768	-100.00%
	768	-	768	-100.00%
<b>Change in Net Position</b>	<b>581,913</b>	<b>(2,126,021)</b>	<b>2,707,934</b>	<b>127.37%</b>

Patient services variance is due to higher patient visits. Grant revenue variance is due to spending for the ARP capital and HIV grant that was not budgeted (the supplies – clinic line is also higher because some of the expenses for this grant spending is in this line). Quality revenue is higher because we anticipated cuts to quality; however, the cuts will take another year before they are realized. Physician fees are higher due to increased services being done by all providers. 340B supplies expense is higher due to drug manufacturer restrictions. R&M is higher than budgeted due to clinics replacing some windows at the various buildings, which individually don't meet the criteria for capitalization. Other expenses are higher due to recruitment fees being expended for another physician. Since the District had savings on expenses, there is not as much movement of costs between the District and the Clinics, which shows as a positive variance above.

## Statement of Net Position

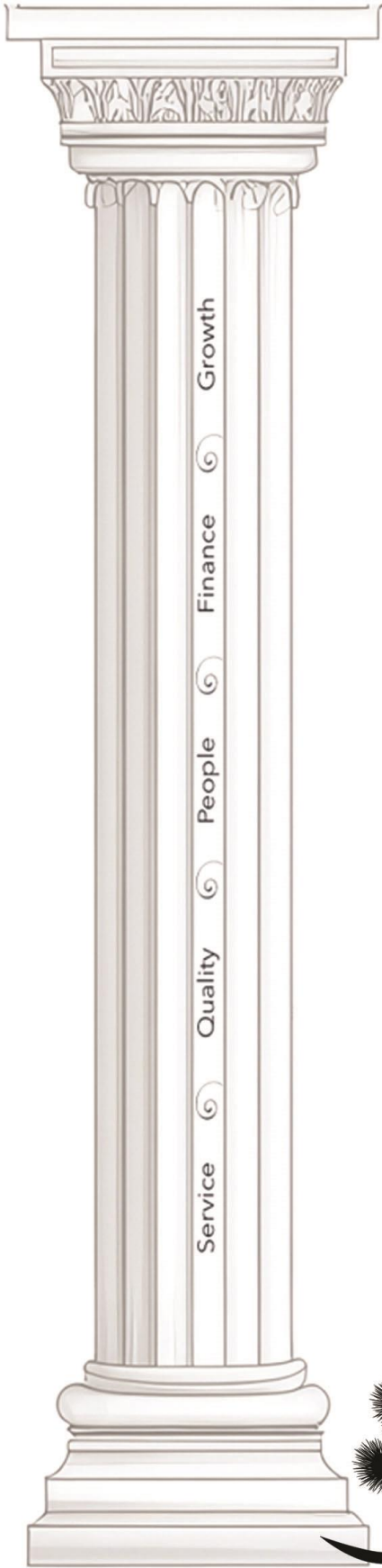
Assets and Deferred Outflow of Resources	June 30, 2025 (Audited)	May 31, 2026 (Unaudited)	Difference
<b>Current Assets</b>			
Cash and cash equivalents	5,863,721	2,349,096	(3,514,626)
Investments	39,305,358	46,387,246	7,081,888
Receivables			-
Patients	1,108,512	750,659	(357,853)
Estimated third-party payer settlements	-	-	-
Accrued Interest	563,165	453,500	(109,665)
Lease	873,671	911,600	37,929
Rentals	75,663	2,581	(73,082)
Grants	15,148	25,300	10,152
Other	303,839	224,292	(79,547)
Receivables Sub-Total	2,939,997	2,367,932	(572,065)
Prepaid expenses	172,408	90,108	(82,300)
<b>Total current assets</b>	<b>48,281,485</b>	<b>51,194,382</b>	<b>2,912,897</b>
<b>Noncurrent Assets</b>			
Lease receivable	25,070,557	24,219,848	(850,708)
Capital assets, net	9,616,009	10,184,222	568,213
<b>Total Noncurrent Assets</b>	<b>34,686,566</b>	<b>34,404,070</b>	<b>(282,495)</b>
<b>Deferred Outflow of Resources</b>			
Prepaid water capacity fee	149,221	74,610	(74,610)
<b>Total Assets and Deferred Outflow of Resources</b>	<b>83,117,271</b>	<b>85,673,063</b>	<b>2,555,791</b>
<b>Liabilities, Deferred Inflow of Resources, and Net Position</b>			
<b>Current Liabilities</b>			
Accounts payable	330,394	45,920	(284,473)
Accrued payroll and related liabilities	378,220	344,916	(33,304)
Accrued paid time off	375,723	441,589	65,866
Estimated 3rd party payor settlements	2,994,520	3,364,116	369,596
Current portion of long term debt	184,179	78,620	(105,559)
Deferred Revenue	-	41,243	41,243
<b>Total Current Liabilities</b>	<b>4,263,035</b>	<b>4,316,404</b>	<b>53,368</b>
<b>Noncurrent Liabilities</b>			
Long-term debt, net of current portion	103,011	106,454	3,443
<b>Total Liabilities</b>	<b>4,366,046</b>	<b>4,422,858</b>	<b>56,811</b>
<b>Deferred inflow of resources</b>			
Deferred lease revenue for hospital and equipment	25,655,272	24,479,600	(1,175,672)
<b>Total Deferred Inflow of Resources</b>	<b>25,655,272</b>	<b>24,479,600</b>	<b>(1,175,672)</b>
<b>Net position</b>			
Net investment in capital assets	9,616,009	10,184,222	568,213
Restricted by donors for specific operating purposes	-	-	-
Unrestricted	43,479,944	46,586,383	3,106,439
<b>Total net position</b>	<b>53,095,953</b>	<b>56,770,606</b>	<b>3,674,652</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Net Position</b>	<b>83,117,271</b>	<b>85,673,063</b>	<b>2,555,791</b>

**MORONGO BASIN HEALTHCARE DISTRICT**  
**Schedule of Investments**  
**May 31, 2026**

Description	Institution	4/30/2026	5/31/2026	Variance
Public Interest Acct	PWB	3,766,108.72	2,385,581.88	(1,380,526.84)
Less O/S checks	PWB	(37,792.72)	(41,686.22)	(3,893.50)
		3,728,316.00	2,343,895.66	(1,384,420.34)
M & O Acct	PWB	1,000.00	1,000.00	-
Revenue Acct	PWB	1,000.00	1,000.00	-
Payroll Acct	PWB	1,000.00	1,000.00	-
FSA Acc't	PWB	1,000.00	1,000.00	-
Sub-Total		3,732,316.00	2,347,895.66	(1,384,420.34)
Investment Access**	RBC	43,853,696.53	43,989,872.03	136,175.50
Money Market	RBC	2,041,220.84	1,970,407.26	(70,813.58)
Total Value of Accts		45,894,917.37	45,960,279.29	65,361.92
Est Accured Bond Int.		449,100.26	426,966.79	(22,133.47)
Total Portfolio Value		46,344,017.63	46,387,246.08	43,228.45
Total Cash		49,627,233.37	48,308,174.95	(1,319,058.42)
Total Market Value		50,076,333.63	48,735,141.74	(1,341,191.89)

Chart A – Visits History Chart

Month	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Jul	2,942	3,283	3,091	2,877	2,670	2,758	3,030	3,467
Aug	3,766	3,587	3,015	3,425	3,315	3,195	2,975	3,099
Sep	3,043	3,501	3,065	3,134	3,256	2,593	3,041	3,346
Oct	3,551	3,892	3,264	3,282	3,071	3,027	3,697	3,296
Nov	3,229	3,353	2,627	3,116	2,936	2,928	2,952	2,595
Dec	2,858	3,304	2,976	2,705	2,881	2,556	3,027	3,000
Jan	3,698	4,010	2,921	2,925	3,001	3,226	3,316	3,210
Feb	3,198	3,763	3,190	3,068	2,882	2,980	3,303	2,903
Mar	3,515	2,927	3,516	3,332	3,331	3,032	3,338	3,415
Apr	3,660	2,066	3,460	3,094	2,896	3,016	3,648	3,430
May	3,662	2,200	3,043	3,239	3,247	3,143	3,564	3,241
Jun	3,344	2,786	3,082	3,218	2,939	2,652	3,275	-
Total	40,466	38,672	37,250	37,415	36,425	35,106	39,166	35,002
Total YTD	37,122	35,886	34,168	34,197	33,486	32,454	35,891	35,002



# TAB #7 REPORT

## CEO Staff Report



MORONGO BASIN  
HEALTHCARE DISTRICT  
[MorongoBasinHealth.org](http://MorongoBasinHealth.org)



# MORONGO BASIN HEALTHCARE DISTRICT

6530 La Contenta Road, Suite 100, Yucca Valley California 92284 | 760.820.9229

July 2, 2026

To: Board of Directors  
From: Cindy Schmall, CEO  
Re: CEO Board Report

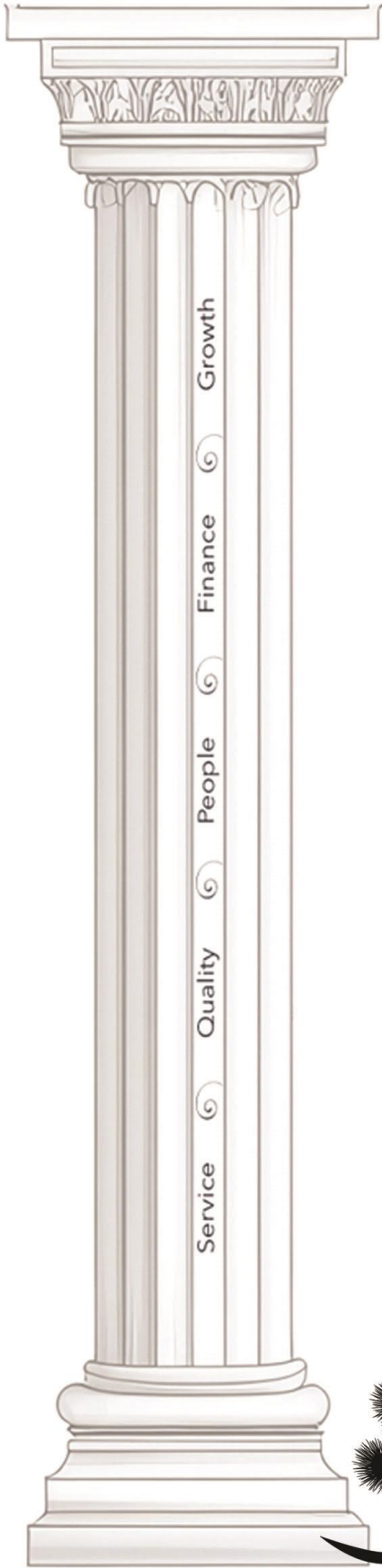
## DISTRICT

- Considering the significant \$2.7 million dollar expected budget deficit in the 26/27 Fiscal Year Budget, the administrative team is looking at all ways to cut expenses and increase revenue. These include:
  - ❖ In June, we eliminated three (3) positions. This was after a lengthy review of all positions in the districts service. Where we found redundancies, and identified other positions that could absorb the work, we determined that the management positions of Director, Strategic Initiatives, Facilities Manager and Office Services Manager would be removed. These are overhead positions and the duties have been centralized to other areas. This resulted in salary cost savings of nearly \$300,000 annually.
  - ❖ Tricia Gehrlein, Chief Administrative Officer, has been working with management to identify several grant opportunities and determine if we qualify. We are also looking at some collaboration opportunities which can increase revenues.
  - ❖ Finally, we have made a change to our Medical Directorship in Behavioral Health which will reduce costs by \$7,000 a month.
  - ❖ We have implemented new purchasing processes with more oversight and restrictions to ensure that we are as cost-effective as possible.
- The Colorado River Basin Regional Water Quality Control Board met in May 2026 and has notified us of the requirement to add two additional monitoring wells at the Hi-Desert Medical Center (HDMC) site. I am working with the attorneys, Josua Basin Water District and HDMC leadership to determine steps for compliance and will have a more complete report to you as soon as we know how we must proceed. This mandate is likely to cost the district about \$300,000. This decision was not made due to any problems with the existing equipment, rather it is a result of new requirements (since the existing well) that we are being asked to come into compliance with. The recent recertification of our existing well shows that it is performing optimally.

## HEALTH CENTER

- The Split Rock Building has power however we are still awaiting the fire alarm system installation. The fencing around the property is still in progress but is expected to be done soon. Repeated calls to the state regarding the permit for the removal of a single limb have been fruitless. We will continue to follow up with these items and hope to have the project up and running by the end of August.
- Additional work at the Yucca Valley campus includes the adjustment of fencing across the front of the buildings facing the highway. The Behavioral Health waiting room and reception area are complete, and staff are working to remove old carpet, replace lighting, paint, and provide more sound proofing of the offices for privacy. This will allow us to bring the referrals and case management teams onto the Yucca Valley campus creating a single site campus for all services except dental. Plans are still in process for moving dental services to our Ancillary Services building.
- We have hired a nurse practitioner part-time. He will be starting in a few weeks. Our search for a provider continues and we are currently in negotiation with a strong potential candidate.
- IEHP Quality requirements have continued to change, and our quality reimbursement monies have decreased. Tricia Gehrlein, Chief Administrative Officer will present a report to you next month on some of these changes.





# TAB #8 REPORT

## CALENDARS



MORONGO BASIN  
HEALTHCARE DISTRICT  
[MorongoBasinHealth.org](http://MorongoBasinHealth.org)

MORONGO BASIN HEALTHCARE DISTRICT

**JULY 2026**

SUN	MON	TUE	WED	THU	FRI	SAT
28	29	30	1	2 4:45p CHC board 6p Foundation board 6:15 District board	3  Independence Day Holiday observed	4  Independence Day
5	6	7	8  9-11a Resource Table YV Senior Center	9  12-1:30p MBasin Community Coalition, ReachOut YV	10	11
12	13	14	15	16	17	18
19	20	21	22	23  3-6p Back to School event, MCAGCC	24	25
26	27	28	29	30	31	1

<p><b>June 2026</b></p> <table border="1"> <thead> <tr> <th>S</th> <th>M</th> <th>T</th> <th>W</th> <th>T</th> <th>F</th> <th>S</th> </tr> </thead> <tbody> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> </tr> <tr> <td>7</td> <td>8</td> <td>9</td> <td>10</td> <td>11</td> <td>12</td> <td>13</td> </tr> <tr> <td>14</td> <td>15</td> <td>16</td> <td>17</td> <td>18</td> <td>19</td> <td>20</td> </tr> <tr> <td>21</td> <td>22</td> <td>23</td> <td>24</td> <td>25</td> <td>26</td> <td>27</td> </tr> <tr> <td>28</td> <td>29</td> <td>30</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>							S	M	T	W	T	F	S		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30					<p><b>Notes:</b></p>							<p><b>August 2026</b></p> <table border="1"> <thead> <tr> <th>S</th> <th>M</th> <th>T</th> <th>W</th> <th>T</th> <th>F</th> <th>S</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>1</td> </tr> <tr> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> <td>8</td> </tr> <tr> <td>9</td> <td>10</td> <td>11</td> <td>12</td> <td>13</td> <td>14</td> <td>15</td> </tr> <tr> <td>16</td> <td>17</td> <td>18</td> <td>19</td> <td>20</td> <td>21</td> <td>22</td> </tr> <tr> <td>23</td> <td>24</td> <td>25</td> <td>26</td> <td>27</td> <td>28</td> <td>29</td> </tr> <tr> <td>30</td> <td>31</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>							S	M	T	W	T	F	S							1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31					
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MORONGO BASIN HEALTHCARE DISTRICT

**AUGUST 2026**

SUN	MON	TUE	WED	THU	FRI	SAT
26	27	28	29	30	31	1
2	3	4	5	6 4:45p CHC board 6:15p District board	7	8
<b>NATIONAL COMMUNITY HEALTH CENTER WEEK!</b>						
9	10	11	12 12:30-3:30p JT Resource Fair	13 12-1:30p MBasin Community Coalition, ReachOut YV	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31	1	2	3	4	5

<p style="text-align: center;"><b>July 2026</b></p> <table border="1"> <thead> <tr> <th>S</th> <th>M</th> <th>T</th> <th>W</th> <th>T</th> <th>F</th> <th>S</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td></td> </tr> <tr> <td>5</td> <td>6</td> <td>7</td> <td>8</td> <td>9</td> <td>10</td> <td>11</td> </tr> <tr> <td>12</td> <td>13</td> <td>14</td> <td>15</td> <td>16</td> <td>17</td> <td>18</td> </tr> <tr> <td>19</td> <td>20</td> <td>21</td> <td>22</td> <td>23</td> <td>24</td> <td>25</td> </tr> <tr> <td>26</td> <td>27</td> <td>28</td> <td>29</td> <td>30</td> <td>31</td> <td></td> </tr> </tbody> </table>							S	M	T	W	T	F	S			1	2	3	4		5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31		<p><b>Notes:</b></p>			<p style="text-align: center;"><b>September 2026</b></p> <table border="1"> <thead> <tr> <th>S</th> <th>M</th> <th>T</th> <th>W</th> <th>T</th> <th>F</th> <th>S</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td>6</td> <td>7</td> <td>8</td> <td>9</td> <td>10</td> <td>11</td> <td>12</td> </tr> <tr> <td>13</td> <td>14</td> <td>15</td> <td>16</td> <td>17</td> <td>18</td> <td>19</td> </tr> <tr> <td>20</td> <td>21</td> <td>22</td> <td>23</td> <td>24</td> <td>25</td> <td>26</td> </tr> <tr> <td>27</td> <td>28</td> <td>29</td> <td>30</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>							S	M	T	W	T	F	S			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30			
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