

HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY
Kingman Regional Medical Center
Mohave A and B Conference Rooms
3269 Stockton Hill Road Kingman, Arizona 86409
AGENDA July 9, 2024

Pursuant to A.R.S. § 38- 431.02, notice is hereby given to the members of the Hospital District Number One of Mohave County Board Members, and to the general public, that the Hospital District Number One of Mohave County Board will hold a meeting, open to the public, on Tuesday, July 9, 2024 at 4:00pm. The meeting will be held at Kingman Regional Medical Center, **Mohave Conference Rooms A and B**, 3269 Stockton Hill Road, Kingman Arizona. Board members or other participants may attend by telephonic conference. As indicated in the following agenda, the Governing Board may vote to go into executive session, which will not be open to the public, to discuss certain matters. The agenda for the meeting is as follows:

- I. **CALL TO ORDER** – Board Chair Holden
- II. **ROLL CALL OF THE HOSPITAL DISTRICT BOARD MEMBERS** – Board Chair Holden
- III. **SUMMARY OF CURRENT EVENTS BY HOSPITAL LEADERSHIP**
(INFORMATION ONLY. IF ACTION IS REQUIRED MUST BE PLACED ON A SUBSEQUENT AGENDA)
 - A. Presentation by Heath Evans, KRMC CEO
- IV. **FINANCIAL MATTERS AND REPORTS**
 - A. **Oral report** of the monthly Hospital District Financial Statements for February through May 2024 and the County’s Fund Balance Reports for February through May 2024. (Barry Moore) **Pages 1-16**
 - B. **Discussion and Possible Action** to approve the MossAdams Audit Letter of Engagement with the Hospital District Board. Approval and utilization of MossAdams to conduct the legally required annual audit was achieved at the Board’s April 24, 2024 Special Session meeting. (Chair Holden) **Pages 17-27**

PLEASE NOTE: The Letter of Engagement between MossAdams and the District Board has been signed. This is a retroactive approval based upon Article VI, Section 3 of the current Bylaws of the Hospital District Number One of Mohave County, which specifically states “He may sign and execute all authorized contracts, agreements, documents or other instruments or applications in the name of the District.”
 - C. **Oral report** regarding Audit Updates (Barry Moore/Board Chair Holden)

- D. **Discussion and Possible Action** regarding approval to continue the District Board/KRMC joint partnership for the AHCCS 2024 GME Maximum. (Kevin Keener)

PLEASE NOTE: As part of the District Board's Fiscal Year Budget ending June 30, 2025, one million dollars was approved on March 12, 2024 for the joint GME partnership. To date, state/federal information and/or cost have not been released. Therefore, should the District Board's dollar amount exceed the approved one million dollars, a special meeting will be called to discuss and take possible action for approval if there is a monetary funding increase to the already budgeted amount.

- E. **Discussion and Possible Action** regarding approval to send the AHCCS 2024 GME contract to the attorney for review once documents have been received. (Board Chair Holden)

V. NEW BUSINESS

- A. **Oral report** regarding 2024 Election requirements and preparations. (Board Chair Holden)
- B. **Discussion and Possible Action** to approve utilization of a Consent Agenda for items not needing lengthy discussion at meetings. Subsequent approval of Consent Agenda items would be as a whole rather than a single agenda item. Any item on the Consent Agenda may be pulled by any Board member for further discussion as deemed necessary; however, Board members would be required to clearly explain the reason for pulling an agenda item from the Consent Agenda. (Board Chair Holden)

VI. UNFINISHED BUSINESS

- A. **Discussion and possible action** regarding approval of the following Board minutes:
1. February 8, 2024 Budget Committee Minutes **Page 28**
 2. March 12, 2024 Regular Session Minutes **Page 29-46**
 3. April 4, 2024 Budget Committee Minutes **Pages 47-48**
 4. April 24, 2024 Special Session Minutes **Pages 49-59**
- B. **Oral report** regarding payment of attorney invoices. Since attorney fees are associated with a legally binding contract, payment for legal services rendered is due upon receipt of an invoice. Therefore, the Board's chair was advised by previous legal counsel that Board approval is not required for payment of services rendered. As referenced in the January 9, 2024 Regular Session Board

minutes, an invoice from GustRosenfeld (428354; \$467.50) was not approved at that meeting as no final vote was achieved. However, the invoice was paid on February 8, 2024 given the fact that it was due upon receipt and no actual Board approval was deemed necessary as per the aforementioned conversation between the then Board's attorney, Mr. Joseph Williams, and the Board's chair. As such, the minutes from the January 9, 2024 meeting will be amended accordingly.

PLEASE NOTE: All GustRosenfeld invoices for legal services incurred by the District Board, as a whole, have been paid. All past unapproved individual Board member contact with Mr. Joseph Williams from GustRosenfeld is not and will not be the responsibility of the District Board. The District Board will bear no responsibility for such insubordination by any Board member. Attorney representation between GustRosenfeld and the District Board has ceased as of March 2024 and considered to be null and void.

Going forward, unless a District Board member is requested to contact legal Counsel on behalf of the Board, only the District Board's chair and/or the District Board's vice chair shall be the contact between the District Board and its legal counsel. (Chair Holden)

- C. **Discussion and Possible Action** to approve the actual Legal Letter of Engagement/ Contract between the District Board and Kingman attorney Tom Price. At the Board's March 12, 2024 meeting, approval was achieved to change legal counsel representation from GustRosenfeld to Kingman attorney Mr. Price. (Chair Holden)
Pages 60-61

PLEASE NOTE: The Letter of Engagement/Contract between the District Board and Kingman Attorney Tom Price has been signed. This is a retroactive approval based upon Article IV, Section 3 of the current Bylaws of Hospital District Number One of Mohave County, which specifically states "He may sign and execute all authorized contracts, agreements, documents or other instruments or applications in the name of the District."

- D. **Discussion and Possible Action** to approve the actual District Board's Insurance Policy underwritten by Atlantic Specialty Insurance. At the Board's April 24, 2024 Special Session Board Meeting approval was achieved to purchase said insurance. (Chair Holden)

PLEASE NOTE: Payment for the Board insurance was completed post Board approval of the premium amount. This is a retroactive approval of the actual policy based upon Article IV, Section 3 of the current Bylaws of Hospital District Number One of Mohave County, which specifically states "He may sign and execute all authorized contracts, agreements, documents or other instruments or applications in the name of the District."

VII. CALL TO THE PUBLIC

Consideration and discussion of comments from the public. Those wishing to address the District Board need not request permission in advance. The District Board is not permitted to discuss or take action on any item raised in the call to the public. However, individual Board members may be permitted to respond to criticism directed to them. Otherwise, the Board may direct that staff review the matter or that the matter be placed on a future agenda. The District Board cannot discuss or take legal action on any issue raised during the Call to the Public due to restrictions of the Open Meeting Law.

Individuals wishing to speak during Call to the Public will have 3 minutes to address the District Board. Prior to speaking, please state your name, city and state.

VIII. ADJOURNMENT

Notice: Persons with a disability may request a reasonable accommodation by contacting the Hospital District at 928.757.0602.

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the attached notice will be duly sent to the Mohave County Board of Supervisors on July 8, 2024, for posting on their public information board. Also, notice will be posted at 3269 Stockton Hill Road (Main Entrance to KRMC) in Kingman, Arizona on July 8, 2024 and on the District's Webpage: azkrmc.com/about-krmc/hospital-district-number-one-mohave-county in accordance with the statement filed by the Hospital District Number One of Mohave County.

July 8, 2024

Penny Holden
Chairman

Catherine Furtado
Recording Secretary/Custodian of Records

**Hospital District 1 of Mohave County
Balance Sheet Summary
For Period End 2/29/2024**

	Prior Fiscal Year Begin Balance	1/31/2024 Balance to Date	2/29/2024 Balance to Date	Fiscal Year Net Change	Last Year Year to Date
CURRENT ASSETS					
CASH	1,254,749	2,855,042	2,076,802	822,053	641,173
SHORT TERM INVESTMENTS	0	0	0	0	0
ALLOWANCE ON TREAS INVESTMENTS	0	0	0	0	8
PREPAID EXPENSES	0	0	0	0	0
PREPAID RENT	0	0	0	0	0
OTHER CURRENT ASSETS	0	0	0	0	0
TOTAL CURRENT ASSETS	1,254,749	2,855,042	2,076,802	822,053	641,181
PROPERTY PLANT AND EQUIPMENT					
LAND	49,348	49,348	49,348	0	0
LAND IMPROVEMENTS	755,360	755,360	755,360	0	0
BUILDINGS	0	0	0	0	0
BUILDING IMPROVEMENTS	8,393,327	8,393,327	8,393,327	0	0
EQUIPMENT	8,456,239	8,456,239	8,456,239	0	0
CONSTRUCTION IN PROGRESS	0	0	0	0	0
LESS: ACCUM DEPRECIATION	(16,763,194)	(16,839,422)	(16,849,277)	(86,081)	(95,018)
PP&E NET	891,080	814,852	804,997	(86,081)	(95,018)
OTHER ASSETS					
RENT RECEIVABLE-KRMC	200,440	158	1,836	(198,604)	0
LEASE RECEIVABLES	12,409,438	11,291,385	11,124,492	(1,284,946)	(1,325,725)
TOTAL OTHER ASSETS	12,609,878	11,291,543	11,126,328	(1,483,550)	(1,325,725)
TOTAL ASSETS	14,755,707	14,961,437	14,008,127	(747,578)	(779,562)
LIABILITIES AND FUND BALANCE					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	976,562	976,786	1,902	(974,660)	(958,827)
CURR PORTION DEFERRED INCOME	0	0	0	0	0
DEFERRED INFLOW OF RESOURCES	14,767,317	13,649,264	13,482,371	(1,284,946)	(1,325,725)
TOTAL CURRENT LIABILITIES	15,743,879	14,626,050	13,484,273	(2,259,606)	(2,284,552)
OTHER LIABILITIES AND FUND BALANCE					
DEFERRED RENTAL INCOME	0	0	0	0	0
CONTRIBUTED CAPITAL	208,613	208,613	208,613	0	0
CHANGE IN NET ASSETS	0	(1,323,559)	(1,512,028)	(1,512,028)	(1,504,990)
RETAINED EARNINGS	(1,196,785)	(1,196,785)	(1,196,785)	0	0
TOTAL LIABILITIES AND FUND BALANCE	14,755,707	14,961,437	14,008,129	(747,578)	(779,562)

**Hospital District 1 of Mohave County
Statement of Revenue and Expenses
AS OF PERIOD END 2/29/2024**

	2/29/2024 CURR MONTH	1/31/2024 PRIOR MONTH	CHANGE	CURRENT YEAR YTD	PRIOR YEAR YTD	YEAR TO DATE CHANGE
INCOME						
LEASE INCOME	166,893	166,395	498	1,284,946	1,325,725	(40,780)
MISCELLANEOUS INCOME	0	0	0	0	0	0
TOTAL INCOME	166,893	166,395	498	1,284,946	1,325,725	(40,780)
EXPENSES						
FEES-SECRETARY	0	0	0	500	0	500
FEES-LEGAL	1,678	0	1,678	6,297	3,284	3,013
FEES-AUDIT	0	0	0	0	0	0
ELECTIONS	0	0	0	0	0	0
OTHER PROFESSIONAL SERVICES	0	0	0	0	0	0
DEPRECIATION	9,854	10,890	(1,036)	86,081	95,018	(8,936)
COMMUNITY DONATIONS	0	0	0	0	0	0
OFFICE SUPPLIES	0	0	0	364	0	364
WEBSITE EXPENSES	0	0	0	0	0	0
TOTAL EXPENSES	11,532	10,890	642	93,242	98,302	(5,059)
OTHER INCOME						
LEASE INTEREST INCOME	33,107	33,605	(498)	315,054	274,275	40,780
INTEREST INCOME-INVESTMENT	0	0	0	0	0	0
EXPENSE REIMBURSEMENT-KRMC	0	0	0	5,259	3,284	1,975
GAIN/LOSS ON SALE OF ASSET	0	0	0	0	0	0
TOTAL OTHER INCOME	33,107	33,605	(498)	320,313	277,559	42,755
REALIZED GAIN/LOSS ON INVESTMENT	0	0	0	11	0	11
UNREALIZED GN/LS ON INVESTMENT	0	0	0	0	8	(8)
NET INCOME	188,468	189,110	(642)	1,512,028	1,504,990	7,037

Trial Balance
February 29, 2024

<u>All</u>	<u>This Year</u>	<u>Last Year</u>	<u>Change</u>
1011 Cash	2,076,802.11	693,898.73	(1,382,903.38)
1089 Allowance On Lehman Brothers	0.00	(38,728.12)	(38,728.12)
1095 Cash Clearing System	0.00	0.00	0.00
1099 EFT Clearing	0.00	0.00	0.00
1200 Accounts Receivable	0.00	0.00	0.00
1222 Lease Receivable Current Portion	0.00	0.00	0.00
1225 Lease Receivable	11,124,492.21	12,480,046.64	1,355,554.43
1230 Rent Receivable-KRMC	1,835.78	0.00	(1,835.78)
1231 Receivable Other	0.00	0.00	0.00
1235 Prepaid Expenses	0.00	0.00	0.00
1705 Land	49,347.61	49,347.61	0.00
1711 Land Improvements	755,360.34	755,360.34	0.00
1712 Buildings	0.00	0.00	0.00
1713 Building Improvements	8,393,326.66	8,393,326.66	0.00
1715 Fixed Equipment	8,456,239.29	8,456,239.29	0.00
1718 Major Moveable Equipment	0.00	0.00	0.00
1751 Accum Depr - Land Improv	(754,233.64)	(752,773.90)	1,459.74
1752 Accum Depr - Buildings	(6,860,762.75)	(6,774,904.92)	85,857.83
1753 Accum Depr - Building Improv	(8,327,424.08)	(8,285,101.16)	42,322.92
1755 Accum Depr - Fixed Equipment	(906,855.69)	(906,855.69)	0.00
1758 Accum Depr - Major Moveable Equip	0.00	0.00	0.00
2101 Accounts Payable Other	(1,901.52)	(0.02)	1,901.50
2310 Deferred Inflow of Resource	(13,482,371.21)	(14,426,408.64)	(944,037.43)
2393 Deferred Rental Income	0.00	0.00	0.00
2900 Donated Property	(208,613.01)	(208,613.01)	0.00
2950 Retained Earnings (inactive account)	0.00	0.00	0.00
3000 Net Assets	1,196,785.28	2,070,155.66	873,370.38
4000 Lease Income	(1,284,945.79)	(1,325,725.36)	(40,779.57)
4030 Expense Reimbursement	(5,259.16)	(3,284.00)	1,975.16
5110 Lease Interest Income	(315,054.21)	(274,274.64)	40,779.57
5200 Realized Gain/Loss on Investment	(10.59)	0.00	10.59
5300 Unrealized Gain/Loss on Investment	0.00	(7.54)	(7.54)
5400 Gain/Loss on Sale of Assets	0.00	0.00	0.00
7401 Office Supplies	364.16	0.00	(364.16)
7403 Website Expenses	0.00	0.00	0.00
7680 Community Donations	0.00	0.00	0.00
8001 Fees - Secretary	500.00	0.00	(500.00)
8003 Fees - Legal	6,296.50	3,284.00	(3,012.50)
8005 Fees - Audit	0.00	0.00	0.00
8010 Fees - Other Professional Services	0.00	0.00	0.00
8040 Fees - Election	0.00	0.00	0.00
8071 Depreciation Exp Land Improvemnt	973.16	973.16	0.00
8072 Depreciation Exp Buildings	56,893.27	65,829.63	8,936.36
8073 Depreciation Exp Build Improvmnt	28,215.28	28,215.28	0.00
8075 Depreciation Exp Fixed Equipment	0.00	0.00	0.00
8078 Depreciation Exp Major Moveable	0.00	0.00	0.00
Total	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

**Hospital District 1 of Mohave County
Balance Sheet Summary
For Period End 3/31/2024**

	Prior Fiscal Year Begin Balance	2/29/2024 Balance to Date	3/31/2024 Balance to Date	Fiscal Year Net Change	Last Year Year to Date
CURRENT ASSETS					
CASH	1,254,749	2,076,802	2,274,572	1,019,823	840,973
SHORT TERM INVESTMENTS	0	0	0	0	0
ALLOWANCE ON TREAS INVESTMENTS	0	0	0	0	8
PREPAID EXPENSES	0	0	0	0	0
PREPAID RENT	0	0	0	0	0
OTHER CURRENT ASSETS	0	0	0	0	0
TOTAL CURRENT ASSETS	1,254,749	2,076,802	2,274,572	1,019,823	840,981
PROPERTY PLANT AND EQUIPMENT					
LAND	49,348	49,348	49,348	0	0
LAND IMPROVEMENTS	755,360	755,360	755,360	0	0
BUILDINGS	0	0	0	0	0
BUILDING IMPROVEMENTS	8,393,327	8,393,327	8,393,327	0	0
EQUIPMENT	8,456,239	8,456,239	8,456,239	0	0
CONSTRUCTION IN PROGRESS	0	0	0	0	0
LESS: ACCUM DEPRECIATION	(16,763,194)	(16,849,277)	(16,859,130)	(95,936)	(105,908)
PP&E NET	891,080	804,997	795,144	(95,936)	(105,908)
OTHER ASSETS					
RENT RECEIVABLE-KRMC	200,440	1,836	4,066	(196,374)	200
LEASE RECEIVABLES	12,409,438	11,124,492	10,957,100	(1,452,338)	(1,491,441)
TOTAL OTHER ASSETS	12,609,878	11,126,328	10,961,166	(1,648,712)	(1,491,241)
TOTAL ASSETS	14,755,707	14,008,127	14,030,882	(724,825)	(756,168)
LIABILITIES AND FUND BALANCE					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	976,562	1,902	4,132	(972,430)	(958,827)
CURR PORTION DEFERRED INCOME	0	0	0	0	0
DEFERRED INFLOW OF RESOURCES	14,767,317	13,482,371	13,314,979	(1,452,338)	(1,491,441)
TOTAL CURRENT LIABILITIES	15,743,879	13,484,273	13,319,111	(2,424,768)	(2,450,268)
OTHER LIABILITIES AND FUND BALANCE					
DEFERRED RENTAL INCOME	0	0	0	0	0
CONTRIBUTED CAPITAL	208,613	208,613	208,613	0	0
CHANGE IN NET ASSETS	0	(1,512,028)	(1,699,943)	(1,699,943)	(1,694,100)
RETAINED EARNINGS	(1,196,785)	(1,196,785)	(1,196,785)	0	0
TOTAL LIABILITIES AND FUND BALANCE	14,755,707	14,008,129	14,030,882	(724,825)	(756,168)

**Hospital District 1 of Mohave County
Statement of Revenue and Expenses
AS OF PERIOD END 3/31/2024**

	3/31/2024 CURR MONTH	2/29/2024 PRIOR MONTH	CHANGE	CURRENT YEAR YTD	PRIOR YEAR YTD	YEAR TO DATE CHANGE
INCOME						
LEASE INCOME	167,392	166,893	499	1,452,338	1,491,441	(39,103)
MISCELLANEOUS INCOME	0	0	0	0	0	0
TOTAL INCOME	167,392	166,893	499	1,452,338	1,491,441	(39,103)
EXPENSES						
FEEES-SECRETARY	0	0	0	500	0	500
FEEES-LEGAL	2,230	1,678	553	8,527	3,884	4,643
FEEES-AUDIT	0	0	0	0	0	0
ELECTIONS	0	0	0	0	0	0
OTHER PROFESSIONAL SERVICES	0	0	0	0	0	0
DEPRECIATION	9,854	9,854	0	95,936	105,908	(9,972)
COMMUNITY DONATIONS	0	0	0	0	0	0
OFFICE SUPPLIES	0	0	0	364	0	364
WEBSITE EXPENSES	0	0	0	0	0	0
TOTAL EXPENSES	12,084	11,532	553	105,327	109,792	(4,465)
OTHER INCOME						
LEASE INTEREST INCOME	32,608	33,107	(499)	347,662	308,559	39,103
INTEREST INCOME-INVESTMENT	0	0	0	0	0	0
EXPENSE REIMBURSEMENT-KRMC	0	0	0	5,259	3,884	1,375
GAIN/LOSS ON SALE OF ASSET	0	0	0	0	0	0
TOTAL OTHER INCOME	32,608	33,107	(499)	352,921	312,443	40,478
REALIZED GAIN/LOSS ON INVESTMENT	0	0	0	11	0	11
UNREALIZED GN/LS ON INVESTMENT	0	0	0	0	8	(8)
NET INCOME	187,916	188,468	(553)	1,699,943	1,694,100	5,843

Trial Balance
March 31, 2024

<u>All</u>	<u>This Year</u>	<u>Last Year</u>	<u>Change</u>
1011 Cash	2,274,572.11	893,698.73	(1,380,873.38)
1089 Allowance On Lehman Brothers	0.00	(38,728.12)	(38,728.12)
1095 Cash Clearing System	0.00	0.00	0.00
1099 EFT Clearing	0.00	0.00	0.00
1200 Accounts Receivable	0.00	0.00	0.00
1222 Lease Receivable Current Portion	0.00	0.00	0.00
1225 Lease Receivable	10,957,100.08	12,314,330.97	1,357,230.89
1230 Rent Receivable-KRMC	4,065.78	200.00	(3,865.78)
1231 Receivable Other	0.00	0.00	0.00
1235 Prepaid Expenses	0.00	0.00	0.00
1705 Land	49,347.61	49,347.61	0.00
1711 Land Improvements	755,360.34	755,360.34	0.00
1712 Buildings	0.00	0.00	0.00
1713 Building Improvements	8,393,326.66	8,393,326.66	0.00
1715 Fixed Equipment	8,456,239.29	8,456,239.29	0.00
1718 Major Moveable Equipment	0.00	0.00	0.00
1751 Accum Depr - Land Improv	(754,355.28)	(752,895.54)	1,459.74
1752 Accum Depr - Buildings	(6,866,968.06)	(6,782,146.05)	84,822.01
1753 Accum Depr - Building Improv	(8,330,950.99)	(8,288,628.07)	42,322.92
1755 Accum Depr - Fixed Equipment	(906,855.69)	(906,855.69)	0.00
1758 Accum Depr - Major Moveable Equip	0.00	0.00	0.00
2101 Accounts Payable Other	(4,131.52)	(0.02)	4,131.50
2310 Deferred Inflow of Resource	(13,314,979.08)	(14,260,692.97)	(945,713.89)
2393 Deferred Rental Income	0.00	0.00	0.00
2900 Donated Property	(208,613.01)	(208,613.01)	0.00
2950 Retained Earnings (inactive account)	0.00	0.00	0.00
3000 Net Assets	1,196,785.28	2,070,155.66	873,370.38
4000 Lease Income	(1,452,337.92)	(1,491,441.03)	(39,103.11)
4030 Expense Reimbursement	(5,259.16)	(3,884.00)	1,375.16
5110 Lease Interest Income	(347,662.08)	(308,558.97)	39,103.11
5200 Realized Gain/Loss on Investment	(10.59)	0.00	10.59
5300 Unrealized Gain/Loss on Investment	0.00	(7.54)	(7.54)
5400 Gain/Loss on Sale of Assets	0.00	0.00	0.00
7401 Office Supplies	364.16	0.00	(364.16)
7403 Website Expenses	0.00	0.00	0.00
7680 Community Donations	0.00	0.00	0.00
8001 Fees - Secretary	500.00	0.00	(500.00)
8003 Fees - Legal	8,526.50	3,884.00	(4,642.50)
8005 Fees - Audit	0.00	0.00	0.00
8010 Fees - Other Professional Services	0.00	0.00	0.00
8040 Fees - Election	0.00	0.00	0.00
8071 Depreciation Exp Land Improvemnt	1,094.80	1,094.80	0.00
8072 Depreciation Exp Buildings	63,098.58	73,070.76	9,972.18
8073 Depreciation Exp Build Improvmnt	31,742.19	31,742.19	0.00
8075 Depreciation Exp Fixed Equipment	0.00	0.00	0.00
8078 Depreciation Exp Major Moveable	0.00	0.00	0.00
Total	0.00	0.00	0.00

**Hospital District 1 of Mohave County
Balance Sheet Summary
For Period End 4/30/2024**

	Prior Fiscal Year Begin Balance	3/31/2024 Balance to Date	4/30/2024 Balance to Date	Fiscal Year Net Change	Last Year Year to Date
CURRENT ASSETS					
CASH	1,254,749	2,274,572	2,476,138	1,221,389	1,040,973
SHORT TERM INVESTMENTS	0	0	0	0	0
ALLOWANCE ON TREAS INVESTMENTS	0	0	0	0	8
PREPAID EXPENSES	0	0	0	0	0
PREPAID RENT	0	0	0	0	0
OTHER CURRENT ASSETS	0	0	0	0	0
TOTAL CURRENT ASSETS	1,254,749	2,274,572	2,476,138	1,221,389	1,040,981
PROPERTY PLANT AND EQUIPMENT					
LAND	49,348	49,348	49,348	0	0
LAND IMPROVEMENTS	755,360	755,360	755,360	0	0
BUILDINGS	0	0	0	0	0
BUILDING IMPROVEMENTS	8,393,327	8,393,327	8,393,327	0	0
EQUIPMENT	8,456,239	8,456,239	8,456,239	0	0
CONSTRUCTION IN PROGRESS	0	0	0	0	0
LESS: ACCUM DEPRECIATION	(16,763,194)	(16,859,130)	(16,868,984)	(105,789)	(116,797)
PP&E NET	891,080	795,144	785,290	(105,789)	(116,797)
OTHER ASSETS					
RENT RECEIVABLE-KRMC	200,440	4,066	2,500	(197,940)	200
LEASE RECEIVABLES	12,409,438	10,957,100	10,789,207	(1,620,231)	(1,666,286)
TOTAL OTHER ASSETS	12,609,878	10,961,166	10,791,707	(1,818,171)	(1,666,086)
TOTAL ASSETS	14,755,707	14,030,882	14,053,135	(702,571)	(741,902)
LIABILITIES AND FUND BALANCE					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	976,562	4,132	4,402	(972,160)	(958,827)
CURR PORTION DEFERRED INCOME	0	0	0	0	0
DEFERRED INFLOW OF RESOURCES	14,767,317	13,314,979	13,147,086	(1,620,231)	(1,666,286)
TOTAL CURRENT LIABILITIES	15,743,879	13,319,111	13,151,488	(2,592,391)	(2,625,113)
OTHER LIABILITIES AND FUND BALANCE					
DEFERRED RENTAL INCOME	0	0	0	0	0
CONTRIBUTED CAPITAL	208,613	208,613	208,613	0	0
CHANGE IN NET ASSETS	0	(1,699,943)	(1,889,820)	(1,889,820)	(1,883,211)
RETAINED EARNINGS	(1,196,785)	(1,196,785)	(1,196,785)	0	0
TOTAL LIABILITIES AND FUND BALANCE	14,755,707	14,030,882	14,053,136	(702,571)	(741,902)

Hospital District 1 of Mohave County
Statement of Revenue and Expenses
AS OF PERIOD END 4/30/2024

	4/30/2024	3/31/2024	CHANGE	CURRENT YEAR	PRIOR YEAR	YEAR TO DATE
	CURR MONTH	PRIOR MONTH	CHANGE	YTD	YTD	CHANGE
INCOME						
LEASE INCOME	167,893	167,392	501	1,620,231	1,666,286	(46,055)
MISCELLANEOUS INCOME	0	0	0	0	0	0
TOTAL INCOME	167,893	167,392	501	1,620,231	1,666,286	(46,055)
EXPENSES						
FEES-SECRETARY	0	0	0	500	0	500
FEES-LEGAL	270	2,230	(1,960)	8,797	3,884	4,913
FEES-AUDIT	0	0	0	0	0	0
ELECTIONS	0	0	0	0	0	0
OTHER PROFESSIONAL SERVICES	0	0	0	0	0	0
DEPRECIATION	9,854	9,854	0	105,789	116,797	(11,008)
COMMUNITY DONATIONS	0	0	0	0	0	0
OFFICE SUPPLIES	0	0	0	364	0	364
WEBSITE EXPENSES	0	0	0	0	0	0
TOTAL EXPENSES	10,124	12,084	(1,960)	115,450	120,681	(5,231)
OTHER INCOME						
LEASE INTEREST INCOME	32,107	32,608	(501)	379,769	333,714	46,055
INTEREST INCOME-INVESTMENT	0	0	0	0	0	0
EXPENSE REIMBURSEMENT-KRMC	0	0	0	5,259	3,884	1,375
GAIN/LOSS ON SALE OF ASSET	0	0	0	0	0	0
TOTAL OTHER INCOME	32,107	32,608	(501)	385,028	337,598	47,430
REALIZED GAIN/LOSS ON INVESTMENT	0	0	0	11	0	11
UNREALIZED GN/LS ON INVESTMENT	0	0	0	0	8	(8)
NET INCOME	189,876	187,916	1,960	1,889,820	1,883,211	6,609

Trial Balance
April 30, 2024

<u>All</u>	<u>This Year</u>	<u>Last Year</u>	<u>Change</u>
1011 Cash	2,476,137.89	1,093,698.73	(1,382,439.16)
1089 Allowance On Lehman Brothers	0.00	(38,728.12)	(38,728.12)
1095 Cash Clearing System	0.00	0.00	0.00
1099 EFT Clearing	0.00	0.00	0.00
1200 Accounts Receivable	0.00	0.00	0.00
1222 Lease Receivable Current Portion	0.00	0.00	0.00
1225 Lease Receivable	10,789,207.03	12,139,486.35	1,350,279.32
1230 Rent Receivable-KRMC	2,500.00	200.00	(2,300.00)
1231 Receivable Other	0.00	0.00	0.00
1235 Prepaid Expenses	0.00	0.00	0.00
1705 Land	49,347.61	49,347.61	0.00
1711 Land Improvements	755,360.34	755,360.34	0.00
1712 Buildings	0.00	0.00	0.00
1713 Building Improvements	8,393,326.66	8,393,326.66	0.00
1715 Fixed Equipment	8,456,239.29	8,456,239.29	0.00
1718 Major Moveable Equipment	0.00	0.00	0.00
1751 Accum Depr - Land Improv	(754,476.93)	(753,017.19)	1,459.74
1752 Accum Depr - Buildings	(6,873,173.37)	(6,789,387.20)	83,786.17
1753 Accum Depr - Building Improv	(8,334,477.90)	(8,292,154.98)	42,322.92
1755 Accum Depr - Fixed Equipment	(906,855.69)	(906,855.69)	0.00
1758 Accum Depr - Major Moveable Equip	0.00	0.00	0.00
2101 Accounts Payable Other	(4,401.52)	(0.02)	4,401.50
2310 Deferred Inflow of Resource	(13,147,086.03)	(14,085,848.35)	(938,762.32)
2393 Deferred Rental Income	0.00	0.00	0.00
2900 Donated Property	(208,613.01)	(208,613.01)	0.00
2950 Retained Earnings (inactive account)	0.00	0.00	0.00
3000 Net Assets	1,196,785.28	2,070,155.66	873,370.38
4000 Lease Income	(1,620,230.97)	(1,666,285.65)	(46,054.68)
4030 Expense Reimbursement	(5,259.16)	(3,884.00)	1,375.16
5110 Lease Interest Income	(379,769.03)	(333,714.35)	46,054.68
5200 Realized Gain/Loss on Investment	(10.59)	0.00	10.59
5300 Unrealized Gain/Loss on Investment	0.00	(7.54)	(7.54)
5400 Gain/Loss on Sale of Assets	0.00	0.00	0.00
7401 Office Supplies	364.16	0.00	(364.16)
7403 Website Expenses	0.00	0.00	0.00
7680 Community Donations	0.00	0.00	0.00
8001 Fees - Secretary	500.00	0.00	(500.00)
8003 Fees - Legal	8,796.50	3,884.00	(4,912.50)
8005 Fees - Audit	0.00	0.00	0.00
8010 Fees - Other Professional Services	0.00	0.00	0.00
8040 Fees - Election	0.00	0.00	0.00
8071 Depreciation Exp Land Improvemnt	1,216.45	1,216.45	0.00
8072 Depreciation Exp Buildings	69,303.89	80,311.91	11,008.02
8073 Depreciation Exp Build Improvmnt	35,269.10	35,269.10	0.00
8075 Depreciation Exp Fixed Equipment	0.00	0.00	0.00
8078 Depreciation Exp Major Moveable	0.00	0.00	0.00
Total	0.00	0.00	0.00

**Hospital District 1 of Mohave County
Balance Sheet Summary
For Period End 5/31/2024**

	Prior Fiscal Year Begin Balance	4/30/2024 Balance to Date	5/31/2024 Balance to Date	Fiscal Year Net Change	Last Year Year to Date
CURRENT ASSETS					
CASH	1,254,749	2,476,138	2,656,782	1,402,033	1,240,733
SHORT TERM INVESTMENTS	0	0	0	0	0
ALLOWANCE ON TREAS INVESTMENTS	0	0	0	0	26
PREPAID EXPENSES	0	0	0	0	0
PREPAID RENT	0	0	0	0	0
OTHER CURRENT ASSETS	0	0	0	0	0
TOTAL CURRENT ASSETS	1,254,749	2,476,138	2,656,782	1,402,033	1,240,759
PROPERTY PLANT AND EQUIPMENT					
LAND	49,348	49,348	49,348	0	0
LAND IMPROVEMENTS	755,360	755,360	755,360	0	0
BUILDINGS	0	0	0	0	0
BUILDING IMPROVEMENTS	8,393,327	8,393,327	8,393,327	0	0
EQUIPMENT	8,456,239	8,456,239	8,456,239	0	0
CONSTRUCTION IN PROGRESS	0	0	0	0	0
LESS: ACCUM DEPRECIATION	(16,763,194)	(16,868,984)	(16,878,839)	(115,643)	(127,687)
PP&E NET	891,080	785,290	775,435	(115,643)	(127,687)
OTHER ASSETS					
RENT RECEIVABLE-KRMC	200,440	2,500	820	(199,620)	440
LEASE RECEIVABLES	12,409,438	10,789,207	10,620,812	(1,788,626)	(1,841,130)
TOTAL OTHER ASSETS	12,609,878	10,791,707	10,621,632	(1,988,246)	(1,840,690)
TOTAL ASSETS	14,755,707	14,053,135	14,053,849	(701,856)	(727,618)
LIABILITIES AND FUND BALANCE					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	976,562	4,402	4,952	(971,610)	(958,827)
CURR PORTION DEFERRED INCOME	0	0	0	0	0
DEFERRED INFLOW OF RESOURCES	14,767,317	13,147,086	12,978,691	(1,788,626)	(1,841,130)
TOTAL CURRENT LIABILITIES	15,743,879	13,151,488	12,983,643	(2,760,236)	(2,799,957)
OTHER LIABILITIES AND FUND BALANCE					
DEFERRED RENTAL INCOME	0	0	0	0	0
CONTRIBUTED CAPITAL	208,613	208,613	208,613	0	0
CHANGE IN NET ASSETS	0	(1,889,820)	(2,058,380)	(2,058,380)	(2,072,339)
RETAINED EARNINGS	(1,196,785)	(1,196,785)	(1,196,785)	0	0
TOTAL LIABILITIES AND FUND BALANCE	14,755,707	14,053,136	14,053,851	(701,856)	(727,618)

**Hospital District 1 of Mohave County
Statement of Revenue and Expenses
AS OF PERIOD END 5/31/2024**

	5/31/2024 CURR MONTH	4/30/2024 PRIOR MONTH	CHANGE	CURRENT YEAR YTD	PRIOR YEAR YTD	YEAR TO DATE CHANGE
INCOME						
LEASE INCOME	168,395	167,893	502	1,788,626	1,841,130	(52,504)
MISCELLANEOUS INCOME	0	0	0	0	0	0
TOTAL INCOME	168,395	167,893	502	1,788,626	1,841,130	(52,504)
EXPENSES						
FEES-SECRETARY	0	0	0	500	0	500
FEES-LEGAL	550	270	280	9,347	4,009	5,338
FEES-AUDIT	0	0	0	0	0	0
ELECTIONS	0	0	0	0	115	(115)
OTHER PROFESSIONAL SERVICES	21,110	0	21,110	21,110	0	21,110
DEPRECIATION	9,854	9,854	0	115,643	127,687	(12,044)
COMMUNITY DONATIONS	0	0	0	0	0	0
OFFICE SUPPLIES	0	0	0	364	0	364
WEBSITE EXPENSES	0	0	0	0	0	0
TOTAL EXPENSES	31,514	10,124	21,390	146,964	131,811	15,153
OTHER INCOME						
LEASE INTEREST INCOME	31,605	32,107	(502)	411,374	358,870	52,504
INTEREST INCOME-INVESTMENT	0	0	0	0	0	0
EXPENSE REIMBURSEMENT-KRMC	0	0	0	5,259	4,124	1,135
GAIN/LOSS ON SALE OF ASSET	0	0	0	0	0	0
TOTAL OTHER INCOME	31,605	32,107	(502)	416,633	362,994	53,639
REALIZED GAIN/LOSS ON INVESTMENT	75	0	75	85	0	85
UNREALIZED GN/Ls ON INVESTMENT	0	0	0	0	26	(26)
NET INCOME	168,561	189,876	(21,315)	2,058,380	2,072,339	(13,959)

Trial Balance
May 31, 2024

<u>All</u>	<u>This Year</u>	<u>Last Year</u>	<u>Change</u>
1011 Cash	2,656,782.40	1,293,458.73	(1,363,323.67)
1089 Allowance On Lehman Brothers	0.00	(38,709.45)	(38,709.45)
1095 Cash Clearing System	0.00	0.00	0.00
1099 EFT Clearing	0.00	0.00	0.00
1200 Accounts Receivable	0.00	0.00	0.00
1222 Lease Receivable Current Portion	0.00	0.00	0.00
1225 Lease Receivable	10,620,811.56	11,964,641.73	1,343,830.17
1230 Rent Receivable-KRMC	820.00	440.00	(380.00)
1231 Receivable Other	0.00	0.00	0.00
1235 Prepaid Expenses	0.00	0.00	0.00
1705 Land	49,347.61	49,347.61	0.00
1711 Land Improvements	755,360.34	755,360.34	0.00
1712 Buildings	0.00	0.00	0.00
1713 Building Improvements	8,393,326.66	8,393,326.66	0.00
1715 Fixed Equipment	8,456,239.29	8,456,239.29	0.00
1718 Major Moveable Equipment	0.00	0.00	0.00
1751 Accum Depr - Land Improv	(754,598.57)	(753,138.83)	1,459.74
1752 Accum Depr - Buildings	(6,879,378.68)	(6,796,628.33)	82,750.35
1753 Accum Depr - Building Improv	(8,338,004.81)	(8,295,681.89)	42,322.92
1755 Accum Depr - Fixed Equipment	(906,855.69)	(906,855.69)	0.00
1758 Accum Depr - Major Moveable Equip	0.00	0.00	0.00
2101 Accounts Payable Other	(4,951.52)	(0.02)	4,951.50
2310 Deferred Inflow of Resource	(12,978,690.56)	(13,911,003.73)	(932,313.17)
2393 Deferred Rental Income	0.00	0.00	0.00
2900 Donated Property	(208,613.01)	(208,613.01)	0.00
2950 Retained Earnings (inactive account)	0.00	0.00	0.00
3000 Net Assets	1,196,785.28	2,070,155.66	873,370.38
4000 Lease Income	(1,788,626.44)	(1,841,130.27)	(52,503.83)
4030 Expense Reimbursement	(5,259.16)	(4,124.00)	1,135.16
5110 Lease Interest Income	(411,373.56)	(358,869.73)	52,503.83
5200 Realized Gain/Loss on Investment	(85.10)	0.00	85.10
5300 Unrealized Gain/Loss on Investment	0.00	(26.21)	(26.21)
5400 Gain/Loss on Sale of Assets	0.00	0.00	0.00
7401 Office Supplies	364.16	0.00	(364.16)
7403 Website Expenses	0.00	0.00	0.00
7680 Community Donations	0.00	0.00	0.00
8001 Fees - Secretary	500.00	0.00	(500.00)
8003 Fees - Legal	9,346.50	4,009.00	(5,337.50)
8005 Fees - Audit	0.00	0.00	0.00
8010 Fees - Other Professional Services	21,110.00	0.00	(21,110.00)
8040 Fees - Election	0.00	115.00	115.00
8071 Depreciation Exp Land Improvemnt	1,338.09	1,338.09	0.00
8072 Depreciation Exp Buildings	75,509.20	87,553.04	12,043.84
8073 Depreciation Exp Build Improvmnt	38,796.01	38,796.01	0.00
8075 Depreciation Exp Fixed Equipment	0.00	0.00	0.00
8078 Depreciation Exp Major Moveable	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Balance Report

Starting 2/1/24 Ending 2/29/24
 Funds 6357667

Account Date	Reference	Description	Debits	Credits	Balance
Fund 6357667 Hospital District #1					
6357667-11001	Cash w/Treas	Beginning Balance			\$2,855,041.59
2/6/24	JE 12042 / Hospital #1 AHCCCS / witrj			(\$976,561.98)	\$1,878,479.61
2/12/24	HOSPITAL DISTRICT #1		\$200,000.00		\$2,078,479.61
2/16/24	JE 12083 / Warrants / witrj			(\$467.50)	\$2,078,012.11
2/21/24	JE 12093 / Warrants / morenj			(\$1,210.00)	\$2,076,802.11
		Ending Balance	\$200,000.00	(\$978,239.48)	\$2,076,802.11
6357667-21001	Fund Balance	Balance Forward			(\$1,254,749.28)
6357667-33001	Interest on Treasurer's Invest	Balance Forward			(\$10.59)
6357667-36050	Misc County Rects & Reimb	Balance Forward			\$0.00
6357667-36085	"Rent ,sales & Misc. Receipts"	Beginning Balance			(\$1,605,764.88)
2/12/24	HOSPITAL DISTRICT #1			(\$200,000.00)	(\$1,805,764.88)
		Ending Balance	\$0.00	(\$200,000.00)	(\$1,805,764.88)
6357667-41002	Warrant Redeemed	Beginning Balance			\$5,483.16
2/16/24	JE 12083 / Warrants / witrj		\$467.50		\$5,950.66
2/21/24	JE 12093 / Warrants / morenj		\$1,210.00		\$7,160.66
		Ending Balance	\$1,677.50	\$0.00	\$7,160.66
6357667-42002	Misc Disbursements	Beginning Balance			\$0.00
2/6/24	JE 12042 / Hospital #1 AHCCCS / witrj		\$976,561.98		\$976,561.98
		Ending Balance	\$976,561.98	\$0.00	\$976,561.98
6357667-51001	Rev Trans	Balance Forward			\$0.00
6357667-52001	Exp Trans	Balance Forward			\$0.00
	Hospital District #1	Starting Balance			\$0.00
		Ending Balance			\$0.00

Fund Balance Report

Starting 3/1/24 Ending 3/31/24
 Funds 6357667

Account Date	Reference	Description	Debits	Credits	Balance
Fund 6357667 Hospital District #1					
6357667-11001	Cash w/Treas	Beginning Balance			\$2,076,802.11
3/15/24	HOSPITAL DISTRICT #1		\$200,000.00		\$2,276,802.11
3/25/24	JE 12191 / Warrants / morenj			(\$250.00)	\$2,276,552.11
3/27/24	JE 12198 / Warrants / morenj			(\$1,980.00)	\$2,274,572.11
		Ending Balance	\$200,000.00	(\$2,230.00)	\$2,274,572.11
6357667-21001	Fund Balance	Balance Forward			(\$1,254,749.28)
6357667-33001	Interest on Treasurer's Invest	Balance Forward			(\$10.59)
6357667-36050	Misc County Rects & Reimb	Balance Forward			\$0.00
6357667-36085	"Rent ,sales & Misc. Receipts"	Beginning Balance			(\$1,805,764.88)
3/15/24	HOSPITAL DISTRICT #1			(\$200,000.00)	(\$2,005,764.88)
		Ending Balance	\$0.00	(\$200,000.00)	(\$2,005,764.88)
6357667-41002	Warrant Redeemed	Beginning Balance			\$7,160.66
3/25/24	JE 12191 / Warrants / morenj		\$250.00		\$7,410.66
3/27/24	JE 12198 / Warrants / morenj		\$1,980.00		\$9,390.66
		Ending Balance	\$2,230.00	\$0.00	\$9,390.66
6357667-42002	Misc Disbursements	Balance Forward			\$976,561.98
6357667-51001	Rev Trans	Balance Forward			\$0.00
6357667-52001	Exp Trans	Balance Forward			\$0.00
	Hospital District #1	Starting Balance			\$0.00
		Ending Balance			\$0.00

Fund Balance Report

Starting 4/1/24 Ending 4/30/24
 Funds 6357667

Account Date	Reference	Description	Debits	Credits	Balance
Fund 6357667 Hospital District #1					
6357667-11001	Cash w/Treas	Beginning Balance			\$2,274,572.11
4/5/24	HOSPITAL DISTRICT #1		\$201,835.78		\$2,476,407.89
4/10/24	JE 12252 / Warrants / morenj			(\$270.00)	\$2,476,137.89
		Ending Balance	\$201,835.78	(\$270.00)	\$2,476,137.89
6357667-21001	Fund Balance	Balance Forward			(\$1,254,749.28)
6357667-33001	Interest on Treasurer's Invest	Balance Forward			(\$10.59)
6357667-36050	Misc County Rects & Reimb	Balance Forward			\$0.00
6357667-36085	"Rent ,sales & Misc. Receipts"	Beginning Balance			(\$2,005,764.88)
4/5/24	HOSPITAL DISTRICT #1			(\$201,835.78)	(\$2,207,600.66)
		Ending Balance	\$0.00	(\$201,835.78)	(\$2,207,600.66)
6357667-41002	Warrant Redeemed	Beginning Balance			\$9,390.66
4/10/24	JE 12252 / Warrants / morenj		\$270.00		\$9,660.66
		Ending Balance	\$270.00	\$0.00	\$9,660.66
6357667-42002	Misc Disbursements	Balance Forward			\$976,561.98
6357667-51001	Rev Trans	Balance Forward			\$0.00
6357667-52001	Exp Trans	Balance Forward			\$0.00
	Hospital District #1	Starting Balance			\$0.00
		Ending Balance			\$0.00

Fund Balance Report

Starting 5/1/24 Ending 5/31/24
Funds 6357667

Account	Description	Debits	Credits	Balance
Date	Reference			
Fund 6357667 Hospital District #1				
6357667-11001	Cash w/Treas			
	Beginning Balance			\$2,476,137.89
5/1/24	JE 12325 / Warrants / morenj		(\$550.00)	\$2,475,587.89
5/10/24	HOSPITAL DISTRICT #1	\$202,230.00		\$2,677,817.89
5/21/24	JE 12385 / Lehman Custody Recovery APR 2024 / witrj	\$74.51		\$2,677,892.40
5/23/24	JE 12393 / Warrants / morenj		(\$21,110.00)	\$2,656,782.40
	Ending Balance	\$202,304.51	(\$21,660.00)	\$2,656,782.40
6357667-21001	Fund Balance			
	Balance Forward			(\$1,254,749.28)
6357667-33001	Interest on Treasurer's Invest			
	Beginning Balance			(\$10.59)
5/21/24	JE 12385 / Lehman Custody Recovery APR 2024 / witrj		(\$74.51)	(\$85.10)
	Ending Balance	\$0.00	(\$74.51)	(\$85.10)
6357667-36050	Misc County Rects & Reimb			
	Balance Forward			\$0.00
6357667-36085	"Rent ,sales & Misc. Receipts"			
	Beginning Balance			(\$2,207,600.66)
5/10/24	HOSPITAL DISTRICT #1		(\$202,230.00)	(\$2,409,830.66)
	Ending Balance	\$0.00	(\$202,230.00)	(\$2,409,830.66)
6357667-41002	Warrant Redeemed			
	Beginning Balance			\$9,660.66
5/1/24	JE 12325 / Warrants / morenj	\$550.00		\$10,210.66
5/23/24	JE 12393 / Warrants / morenj	\$21,110.00		\$31,320.66
	Ending Balance	\$21,660.00	\$0.00	\$31,320.66
6357667-42002	Misc Disbursements			
	Balance Forward			\$976,561.98
6357667-51001	Rev Trans			
	Balance Forward			\$0.00
6357667-52001	Exp Trans			
	Balance Forward			\$0.00
	Hospital District #1			
	Starting Balance			\$0.00
	Ending Balance			\$0.00



T (480) 444-3424
F (480) 444-3423

5415 E. High Street
Suite 350
Phoenix, AZ 85054

May 14, 2024

Penny Holden, Chairperson, Board of Directors
Hospital District Number One of Mohave County
3269 Stockton Hill Road
Kingman, AZ 86409

Re: Audit and Nonattest Services

Dear Ms. Holden:

Thank you for the opportunity to provide services to Hospital District Number One of Mohave County. This engagement letter ("Engagement Letter") and the attached Professional Services Agreement, which is incorporated by this reference, confirm our acceptance and understanding of the terms and objectives of our engagement, and limitations of the services that Moss Adams LLP ("Moss Adams," "we," "us," and "our") will provide to Hospital District Number One of Mohave County ("you," "your," and "District").

Scope of Services – Audit

You have requested that we audit the District's financial statements, which comprise the statement of net position (deficit) as of June 30, 2024, and the related statements of revenue, expenses and changes in net position (deficit) and cash flows for the year then ended, and the related notes to the financial statements.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information ("RSI"), such as management's discussion and analysis, to supplement the 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 auditing standards generally accepted in the United States of America. We will not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance. The following RSI will be subjected to certain limited procedures, but will not be audited:

- 1) Management's discussion and analysis

Scope of Services and Limitations – Nonattest

We will provide the District with the following nonattest services:

- 1) Assist you in drafting the financial statements and related footnotes as of and for the year ended June 30, 2024.



Our professional standards require that we remain independent with respect to our attest clients, including those situations where we also provide nonattest services such as those identified in the preceding paragraphs. As a result, District management must accept the responsibilities set forth below related to this engagement:

- Assume all management responsibilities.
- Oversee the service, by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to oversee our nonattest services. The individual is not required to possess the expertise to perform or reperform the services.
- Evaluate the adequacy and results of the nonattest services performed.
- Accept responsibility for the results of the nonattest services performed.

It is our understanding that you have been designated by the District to oversee the nonattest services and that in the opinion of the District you are qualified to oversee our nonattest services as outlined above. If any issues or concerns in this area arise during the course of our engagement, we will discuss them with you prior to continuing with the engagement.

Timing

Kristen Olko is responsible for supervising the engagement and authorizing the signing of the report.

Our scheduling depends on your completion of the year-end closing and adjusting process prior to our arrival to begin the fieldwork. We may experience delays in completing our services due to your staff's unavailability or delays in your closing and adjusting process. You understand our fees are subject to adjustment if we experience these delays in completing our services.

Fees

We estimate that our fees for the services will be \$19,500. You will also be billed for expenses.

In addition to fees, we will charge you for expenses. Our invoices include a flat expense charge, calculated as five percent (5%) of fees, to cover expenses such as copying costs, postage, administrative billable time, report processing fees, filing fees, and technology expenses. Travel expenses and client meals/entertainment expenses will be billed separately and are not included in the 5% charge.

We have agreed to the following payment schedule for the services:

Month Due	Amount
June 2024	\$5,250
July 2024	\$5,250
August 2024	\$5,250
September 2024	\$4,725
At issuance	Any remaining amounts due



Penny Holden, Chairperson Board of Directors
Hospital District Number One of Mohave County
May 14, 2024
Page 3 of 4

Our ability to provide services in accordance with our estimated fees depends on the quality, timeliness, and accuracy of the District's records, and, for example, the number of general ledger adjustments required as a result of our work. To assist you in this process, we will provide you with a Client Audit Preparation Schedule that identifies the key work you will need to perform in preparation for the audit. We will also need your accounting staff to be readily available during the engagement to respond in a timely manner to our requests. Lack of preparation, poor records, general ledger adjustments, and/or untimely assistance will result in an increase of our fees.

Reporting

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the Board of Directors of the District. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. Our services will be concluded upon delivery to you of our report on your financial statements for the year ended June 30, 2024.

We appreciate the opportunity to be of service to you. If you agree with the terms of our engagement as set forth in the Agreement, please sign the enclosed copy of this letter and return it to us with the Professional Services Agreement.

Very truly yours,

Dustin Beeker, Partner, for
Moss Adams LLP

Enclosures



Penny Holden, Chairperson Board of Directors
Hospital District Number One of Mohave County
May 14, 2024
Page 4 of 4

Accepted and Agreed:

This Engagement Letter and the attached Professional Services Agreement set forth the entire understanding of Hospital District Number One of Mohave County with respect to this engagement and the services to be provided by Moss Adams LLP:

Signature: Penny Holden
Print Name: PENNY Holden
Title: Chairman Hospital District 1 board
Date: 5/24/24

Client: #904174
v. 04/06/2024

PROFESSIONAL SERVICES AGREEMENT

Audit and Nonattest Services - Government Auditing Standards Version (no compliance audit)

This Professional Services Agreement (the "PSA") together with the Engagement Letter, which is hereby incorporated by reference, represents the entire agreement (the "Agreement") relating to services that Moss Adams will provide to the District. Any undefined terms in this PSA shall have the same meaning as set forth in the Engagement Letter.

Objectives of the Audit

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) will always detect a material misstatement when it exists. Misstatements 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 judgment made by a reasonable user based on the financial statements.

The objectives also include reporting on the following:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards.

The report on internal control and compliance will include a statement that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance, that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance, and, accordingly, it is not suitable for any other purpose.

The objectives of our audit are also to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Auditor's Responsibility

We will conduct our audit in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.. As part of an audit conducted in accordance with U.S. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control or to identify deficiencies in the design or operation of internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time

The supplementary information will be subject to 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.

If our opinion on the financial statements 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 an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Procedures and Limitations

Our procedures may include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of certain receivables and certain other assets, liabilities and

transaction details by correspondence with selected customers, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and supplementary information and related matters. Management's failure to provide representations to our satisfaction will preclude us from issuing our report.

An audit includes examining evidence, on a test basis, supporting the amounts and disclosures in the financial statements. Therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Material misstatements may include errors, fraudulent financial reporting, misappropriation of assets, or noncompliance with the provisions of laws, regulations, contracts, and grant agreements that are attributable to the entity or to acts by management or employees acting on behalf of the entity that may have a direct financial statement impact. Pursuant to *Government Auditing Standards*, we will not provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements and noncompliance may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards*. An audit is not designed to detect immaterial misstatements or noncompliance with the provisions of laws, regulations, contracts, and grant agreements that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors, fraudulent financial reporting, misappropriation of assets, and noncompliance with the provisions of laws, regulations, contracts and grant agreements that come to our attention, unless clearly inconsequential. We will also inform you of any other conditions or other matters involving internal control, if any, as required by *Government Auditing Standards*. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any time period for which we are not engaged as auditors.

We may assist management in the preparation of the District's financial statements and supplementary information. Regardless of any assistance we may render, all information included in the financial statements and supplementary information remains the representation of management. We may issue a preliminary draft of the financial statements and supplementary information to you for your review. Any preliminary draft financial statements and supplementary information should not be relied upon, reproduced or otherwise distributed without the written permission of Moss Adams.

Management's Responsibility

As a condition of our engagement, management acknowledges and understands that management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. We may advise management about appropriate accounting principles and their application and may assist in the preparation of your financial statements, but management remains responsible for the financial statements. Management also acknowledges and understands that management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. This responsibility includes the maintenance of adequate records, the selection and application of accounting principles, and the safeguarding of assets. You are responsible for informing us about all known or suspected fraud affecting the District involving: (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. You are responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, regulators or others.

Management is responsible for adjusting the financial statements to correct material misstatements and for 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.

Management is responsible for establishing and maintaining internal control over compliance with the provisions of laws, regulations, contracts, and grant agreements, and for identifying and ensuring that you comply with such provisions. Management is also responsible for addressing the audit findings and recommendations, establishing and maintaining a process to track the status of such findings and recommendations, and taking timely and appropriate steps to remedy any fraud and noncompliance with the provisions of laws, regulations, contracts, and grant agreements or abuse that we may report.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management agrees that as a condition of our engagement, management will provide us with:

- access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, whether obtained from within or outside of the general and subsidiary ledgers (including all

information relevant to the preparation and fair presentation of disclosures), such as records, documentation, and other matters;

- additional information that we may request from management for the purpose of the audit; and
- unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence.

Management's Responsibility to Notify Us of Affiliates

Our professional standards require that we remain independent of the District as well as any "affiliate" of the District. Professional standards define an affiliate as follows:

- a fund, component unit, fiduciary activity or entity that the District is required to include or disclose, and is included or disclosed in its basic financial statements, in accordance with generally accepted accounting principles (U.S. GAAP);
- a fund, component unit, fiduciary activity or entity that the District is required to include or disclosed in its basic financial statements in accordance with U.S. GAAP, which is material to the District but which the District has elected to exclude, and for which the District has more than minimal influence over the entity's accounting or financial reporting process;
- an investment in an investee held by the District or an affiliate of the District, where the District or affiliate controls the investee, excluding equity interests in entities whose sole purpose is to directly enhance the District's ability to provide government services;
- an investment in an investee held by the District or an affiliate of the District, where the District or affiliate has significant influence over the investee and for which the investment is material to the District's financial statements, excluding equity interests in entities whose sole purpose is to directly enhance the District's ability to provide government services

In order to fulfill our mutual responsibility to maintain auditor independence, you agree to notify Moss Adams of any known affiliate relationships, to the best of your knowledge and belief. Additionally, you agree to inform Moss Adams of any known services provided or relationships between affiliates of the District and Moss Adams or any of its employees or personnel.

Management's Responsibility for Supplementary Information

Management is responsible for the preparation of the supplementary information in accordance with the applicable criteria. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information. Management is responsible to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon. For purposes of this Agreement, audited financial statements are deemed to be readily available if a third party user can obtain the audited financial statements without any further action by management. For example, financial statements on your Web site may be considered readily available, but being available upon request is not considered readily available.

Other Information Included in an Annual Report

When financial or nonfinancial information, other than financial statements and the auditor's report thereon, is included in an entity's annual report, management is responsible for that other information. Management is also responsible for providing the document(s) that comprise the annual report to us as soon as it is available.

Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. Our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the audited financial statements. If we identify that a material inconsistency or misstatement of the other information exists, we will discuss it with you; if it is not resolved U.S. GAAS requires us to take appropriate action.

Key Audit Matters

U.S. GAAS does not require the communication of key audit matters in the audit report unless engaged to do so. You have not engaged us to report on key audit matters, and the Agreement does not contemplate Moss Adams providing any such services. You agree we are under no obligation to communicate key audit matters in the auditor's report.

If you request to engage Moss Adams to communicate key audit matters in the auditor's report, before accepting the engagement we would discuss with you the additional fees to provide any such services, and the impact to the timeline for completing the audit.

Dissemination of Financial Statements

Our report on the financial statements must be associated only with the financial statements that were the subject of our engagement. You may make copies of our report, but only if the entire financial statements (including related footnotes and supplementary information, as appropriate) are reproduced and distributed with our report. You agree not to reproduce or associate our report with any other financial statements, or portions thereof, that are not the subject of this engagement.

Offering of Securities

This Agreement does not contemplate Moss Adams providing any services in connection with the offering of securities, whether registered or exempt from registration, and Moss Adams will charge additional fees to provide any such services. You agree not to incorporate or reference our report in a private placement or other offering of your equity or debt securities without our express written permission. You further agree we are under no obligation to reissue our report or provide written permission for the use of our report at a later date in connection with an offering of securities, the issuance of debt instruments, or for any other circumstance. We will determine, at our sole discretion, whether we will reissue our report or provide written permission for the use of our report only after we have conducted any procedures we deem necessary in the circumstances. You agree to provide us with adequate time to review documents where (a) our report is requested to be reissued, (b) our report is included in the offering document or referred to therein, or (c) reference to our firm is expected to be made. If we decide to reissue our report or provide written permission to the use of our report, you agree that Moss Adams will be included on each distribution of draft offering materials and we will receive a complete set of final documents. If we decide not to reissue our report or withhold our written permission to use our report, you may be required to engage another firm to audit periods covered by our audit reports, and that firm will likely bill you for its services. While the successor auditor may request access to our engagement documentation for those periods, we are under no obligation to permit such access.

Changes in Professional or Accounting Standards

To the extent that future federal, state, or professional rule-making activities require modification of our audit approach, procedures, scope of work, etc., we will advise you of such changes and the impact on our fee estimate. If we are unable to agree on the additional fees, if any, that may be required to implement any new accounting and auditing standards that are required to be adopted and applied as part of our engagement, we may terminate this Agreement as provided herein, regardless of the stage of completion.

Representations of Management

During the course of our engagement, we may request information and explanations from management regarding, among other matters, the District's operations, internal control, future plans, specific transactions, and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide us with a written representation letter confirming some or all of the representations made during the engagement. The procedures that we will perform in our engagement will be heavily influenced by the representations that we receive from management. Accordingly, false representations could cause us to expend unnecessary efforts or could cause a material error or fraud to go undetected by our procedures. In view of the foregoing, you agree that we will not be responsible for any misstatements in the District's financial statements and supplementary information that we fail to detect as a result of false or misleading representations, whether oral or written, that are made to us by the District's management. While we may assist management in the preparation of the representation letter, it is management's responsibility to carefully review and understand the representations made therein.

In addition, because our failure to detect material misstatements could cause others relying upon our audit report to incur damages, the District further agrees to indemnify and hold us harmless from any liability and all costs (including legal fees) that we may incur in connection with claims based upon our failure to detect material misstatements in the District's financial statements and supplementary information resulting in whole or in part from knowingly false or misleading representations made to us by any member of the District's management.

Fees and Expenses

The District acknowledges that the following circumstances will result in an increase of our fees:

- Failure to prepare for the audit as evidenced by accounts and records that have not been subject to normal year-end closing and reconciliation procedures;
- Failure to complete the audit preparation work by the applicable due dates;
- Significant unanticipated transactions, audit issues, or other such circumstances;

- Delays causing scheduling changes or disruption of fieldwork;
- After audit or post fieldwork circumstances requiring revisions to work previously completed or delays in resolution of issues that extend the period of time necessary to complete the audit;
- Issues with the prior audit firm, prior year account balances or report disclosures that impact the current year engagement; and
- An excessive number of audit adjustments.

We will endeavor to advise you in the event these circumstances occur, however we may be unable to determine the impact on the estimated fee until the conclusion of the engagement. We will bill any additional amounts based on the experience of the individuals involved and the amount of work performed.

Billings are due upon presentation and become delinquent if not paid within 30 days of the invoice date. Any past due fee under this Agreement shall bear interest at the highest rate allowed by law on any unpaid balance. In addition to fees, you may be billed for expenses and any applicable sales and gross receipts tax. Direct expenses may be charged based on out-of-pocket expenditures, per diem allotments, and mileage reimbursements, depending on the nature of the expense. Indirect expenses, such as processing time and technology expenses, may be passed through at our estimated cost and may be billed as a flat charge or a percentage of fees. If we elect to suspend our engagement for nonpayment, we may not resume our work until the account is paid in full. If we elect to terminate our services for nonpayment, or as otherwise provided in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our work. You will be obligated to compensate us for fees earned for services rendered and to reimburse us for expenses. You acknowledge and agree that in the event we stop work or terminate this Agreement as a result of your failure to pay on a timely basis for services rendered by Moss Adams as provided in this Agreement, or if we terminate this Agreement for any other reason, we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

Limitation on Liability

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.

Subpoena or Other Release of Documents

As a result of our services to you, we may be required or requested to provide information or documents to you or a third-party in connection with governmental regulations or activities, or a legal, arbitration or administrative proceeding (including a grand jury investigation), in which we are not a party. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action within the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we will construe your inaction or failure as consent to comply with the request. Our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to additional compensation for our time and reimbursement for our out-of-pocket expenditures (including legal fees) in complying with such request or demand.

Pursuant to authority given by law or regulation, we may be requested to make certain engagement documentation available to an applicable entity with oversight responsibilities 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 engagement documentation will be provided under the supervision of Moss Adams personnel. Furthermore, upon request, we may provide photocopies of selected engagement documentation to the aforementioned parties. These parties may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

Document Retention Policy

At the conclusion of this engagement, we will return to you all original records you supplied to us. Your District records are the primary records for your operations and comprise the backup and support for the results of this engagement. Our records and files, including our engagement documentation whether kept on paper or electronic media, are our property and are not a substitute for your own records. Our firm policy calls for us to destroy our engagement files and all pertinent engagement documentation after a retention period of seven years (or longer, if required by law or regulation), after which time these items will no longer be available. We are under no obligation to notify you regarding the destruction of our records. We reserve the right to modify the retention period without notifying you. Catastrophic events or physical deterioration may result in our firm's records being unavailable before the expiration of the above retention period.

Except as set forth above, you agree that Moss Adams may destroy paper originals and copies of any documents, including, without limitation, correspondence, agreements, and representation letters, and retain only digital images thereof.

Use of Electronic Communication

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential. We employ measures in the use of electronic communications designed to provide reasonable assurance that data security is maintained. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept we have no control over the unauthorized interception of these communications once they have been sent. Unless you issue specific instructions to do otherwise, we will assume you consent to our use of electronic communications to your representatives and other use of these electronic devices during the term of this Agreement as we deem appropriate.

Enforceability

In the event that any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this Agreement.

Entire Agreement

This Professional Services Agreement and Engagement Letter constitute the entire agreement and understanding between Moss Adams and the District. The District agrees that in entering into this Agreement it is not relying and has not relied upon any oral or other representations, promise or statement made by anyone which is not set forth herein.

In the event the parties fail to enter into a new Agreement for each subsequent calendar year in which Moss Adams provides services to the District, the terms and conditions of this PSA shall continue in force until such time as the parties execute a new written Agreement or terminate their relationship, whichever occurs first.

Use of Moss Adams' Name

The District may not use any of Moss Adams' name, trademarks, service marks or logo in connection with the services contemplated by this Agreement or otherwise without the prior written permission of Moss Adams, which permission may be withheld for any or no reason and may be subject to certain conditions.

Use of Nonlicensed Personnel

Certain engagement personnel who are not licensed as certified public accountants may provide services during this engagement.

Use of Subcontractor and Affiliate

We may retain subcontractors and/or our affiliate, Moss Adams (India) LLP, to assist us in providing our services to you. These entities may collect, use, transfer, store, or otherwise process information provided by you or on your behalf ("Client information") in the domestic and foreign jurisdictions in which they operate. All of these entities are required to protect the confidentiality of any Client information to which they have access in the course of their work. We will be responsible for their performance in accordance with the terms of this Agreement.

Dispute Resolution Procedure, Venue and Limitation Period

This Agreement shall be governed by the laws of the state of Washington, without giving effect to any conflicts of laws principles. If a dispute arises out of or relates to the engagement described herein, and if the dispute cannot be settled through negotiations, the parties agree first to try in good faith to settle the dispute by mediation using an agreed upon mediator. If the parties are unable to agree on a mediator, the parties shall petition the state court that would have jurisdiction over this matter if litigation were to ensue and request the appointment of a mediator, and such appointment shall be binding on the parties. Each party shall be responsible for its own mediation expenses, and shall share equally in the mediator's fees and expenses.

Each party hereby irrevocably (a) consents to the exclusive jurisdiction and venue of the appropriate state or federal court located in King County, state of Washington, in connection with any dispute hereunder or the enforcement of any right or obligation hereunder, and (b) WAIVES ITS RIGHT TO A JURY TRIAL. EACH PARTY FURTHER AGREES THAT ANY SUIT ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE FILED WITHIN ONE (1) YEAR AFTER THE CAUSE OF ACTION ARISES.

Termination

This Agreement may be terminated by either party, with or without cause, upon ten (10) days' written notice. In such event, we will stop providing services hereunder except on work, mutually agreed upon in writing, necessary to carry out such termination. In the event of termination: (a) you shall pay us for services provided and expenses incurred through the effective date of termination, (b) we will provide you with all finished reports that we have prepared pursuant to this

Agreement, (c) neither party shall be liable to the other for any damages that occur as a result of our ceasing to render services, and (d) we will require any new accounting firm that you may retain to execute access letters satisfactory to Moss Adams prior to reviewing our files.

Hiring of Employees

Any offer of employment to members of the audit team prior to issuance of our report may impair our independence, and as a result, may result in our inability to complete the engagement and issue a report.

**HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY
AT KINGMAN REGIONAL MEDICAL CENTER
H.I. JOHNSON BOARD ROOM
3269 STOCKTON HILL ROAD KINGMAN, ARIZONA 86409**

BUDGET COMMITTEE MINUTES - FEBRUARY 8, 2024

CALL TO ORDER - The meeting was called to order by Chair Penny Holden at 1:00p.m.

ROLL CALL - Committee Members present: Board Members French, Mathiesen and Holden; KRMC Controller Barry Moore; Hospital District Recording Secretary Catherine Furtado

FINANCIAL MATTERS AND REPORTS

Discussion and Possible Recommended Action to the full Hospital District Board regarding a proposed Hospital District budget including, but not limited to, deletions and/or additions of line items for fiscal year 2024-2025 expenditures and/or income.

Mr. Barry Moore presented the proposed budget to committee members. Due to 2024 being an election year and three board positions expiring, committee members unanimously agreed there should be a separate line item in the amount of \$50,000.00 for election costs.

ACTION: MR. MOORE TO AMMEND PROPOSED BUDGET BY ADDING A LINE ITEM OF \$50,000.00 FOR ELECTIONS.

ACTION: MOTION MADE BY BOARD MEMBER FRENCH AND SECONDED BY BOARD MEMBER MATHIESEN TO RECOMMEND APPROVAL, TO THE FULL HOSPITAL DISTRICT BOARD, THE PROPOSED AND AMENDED BUDGET FOR FISCAL YEAR 2024-2025. MOTION CARRIED 3/0 WITH BOARD MEMBER FRENCH VOTING YES; BOARD MEMBER MATHIESEN VOTING YES; BOARD MEMBER HOLDEN VOTING YES.

FOLLOW-UP: FORWARD PROPOSED BUDGET TO FULL HOSPITAL DISTRICT BOARD FOR THE MARCH 12, 2024 REGULAR SESSION MEETING

CALL THE PUBLIC – Public attendees present: John Holden, Katie Tacheron, Carol Pearson, Becky Foster. No statements made by the public attendees.

ADJOURNMENT – With no further business to discuss, the meeting was adjourned at 1:15p.m.

HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY BUDGET COMMITTEE

Dave French, Libby Mathiesen, Penny Holden

ATTEST:

Catherine Furtado, Recording Secretary/Custodian of Records

**HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY
REGULAR SESSION BOARD MEETING – MARCH 12, 2024**

The Hospital District Number One of Mohave County met in Regular Session this 12th day of March 2024 at 4:05 p.m. at Kingman Regional Medical Center, 3269 Stockton Hill Road, Kingman, Arizona 86409 in the Mohave Conference Rooms A and B. In attendance were Penny Holden, Chair, Board Member Dave French, Board Member Libby Mathiesen, Board Member Carol Newmyer and Board Member Dan Valentine.

The following KRMC Executive Team Members in attendance were Heath Evans, Chief Executive Officer, Barry Moore, Controller, Joshua Hoffman, Chief Financial Officer, Jim Baker, KHI Vice Chair, David Schott, Chief Administrative Officer, Cheryl Porter, Chief Quality Officer.

I. CALL TO ORDER – Chairperson Holden stated: Okay, welcome everybody to our meeting today. I appreciate everybody coming. We're going to do a roll call.

II. ROLL CALL OF THE HOSPITAL DISTRICT BOARD MEMBERS. Chairperson Holden stated Mr. French – here; Mrs. Mathiesen – here; Mr. Valentine – here; Dr. Newmyer – here; Penny Holden - here. All Board members were in attendance and a quorum was identified.

Chairperson Holden stated: since the meeting is being recorded and the recording will become the minutes, please refrain from speaking until you have been recognized by the chair so that we don't have any overtalk during the meeting.

III. SUMMARY OF CURRENT EVENTS BY HOSPITAL LEADERSHIP (INFORMATION ONLY. IF ACTION IS REQUIRED MUST BE PLACED ON A SUBSEQUENT AGENDA)

Chairperson Holden stated: At this time, I'm pleased to introduce the CEO of KRMC, Mr. Heath Evans.

Mr. Evans stated: Chairperson Holden, I appreciate the opportunity to come to talk a little bit about. KRMC, some of things are going on, our relationship with the district board and hopefully you'll find this Informative.

So first off, I'm going to disclose. I am not an attorney. Please, don't take this as attorney information. Anything you see in here is simply my interpretation of any of our legal documents. We are the lessee of the organization but please I have not received any legal counsel on this at all.

So, who we are, KHI (Kingman Healthcare Incorporated) doing business as, KRMC (Kingman Regional Medical Center). On top of our lease and this entity, we are a private not for profit Arizona based organization with a purpose of operating as a healthcare organization and a hospital located here in Kingman. KHI is a locally governed, private company registered IRS, 501c 3. KHI owns and operates many healthcare related locations in Mohave County in addition to the properties subject to lease agreements.

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Just wanted to clarify because there's obviously some confusion out there between the district and KHI. Hospital District Number One of Mohave County falls under a special district created under title 48 Arizona revised statutes You can look this up. It's a pretty simple read. It's actually a very short section. Essentially says that the board of directors shall lease the hospital to an Arizona base not for profit with the purpose running a healthcare organization until they have relieved any indebtedness they have, so if they took bonds out to build the facility and are paid, then it says, you may then lease this hospital to any entity that you deem is beneficial for the organization. And then the rights of it is yours and you can buy and sell items related to the operation of the hospital. With the exception of aircraft. So, you will not be buying a helicopter. Just to make sure on that one to clarify it other than the buildings under the lease. So, our relationship, you know, the district is the lessor and we are the Lessee.

For the property highlighting this map below.

So, this is the childcare center. Wellness Center and medical office building, main hospital. Here. So that's the property that we talk about when we talk about the lease. As I said earlier, KHI owns many other properties.

KHI has an obligation, according to our lease, that we pay the lease timely and we have to maintain these facilities, we have to operate the hospital. The term of the lease is for 10 years and it is renewed every month for another ten-year period.

And if you read those statutes, you'll actually see why it's set up that way.

We're both governed by independent boards. So, you have a board here. That's the district board that is the lessor and the owner of the property. And Jim Baker here is our Vice Chair of our Board, but we have an independent board that governs KHI as well. Both of the boards work together just like this today here presenting with the District Board; we can meet on occasion when we need to. It's typically between the chairs or the vice chairs of the board level with myself typically being the person in the middle all of it.

A little bit more about KHI. So locally owned, not for profit private corporation. All its assets are of varying degrees of varying types that are meant to provide for a long-term viable future for our locally owned not-for-profit healthcare organization. Nearly all the operations that we have are local. We do have some employees that work outside or live outside of the area. Some come to Kingman to do their work. Some work remotely. And we actually do have some contracted companies, but most of them, by far, compared to our peers in the health care world we are locally owned and operated. Our food services are local, our housekeeping is local, that's pretty rare anymore. Obviously the decisions, big governance decisions are made by the board, but local day-to-day operations are run by myself and a team of leaders here at the hospital.

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We are 100% focused on keeping local high quality health care that is locally owned. On top of that, we are the largest employer in Mojave County.

So, some of the notable recent capital investments aside from paying our lease include:

\$3.5 million dollars was spent on the heart center; the recent past expansion of the emergency department to the tune of \$18 million; recently bought a \$700,000 nuclear camera; The newest robot, the Da Vinci, is about a \$2 million dollar expense; and an ION lung navigation system a \$700,000 expense, one of a handful in Arizona available, that was put in the service about a month ago. Additional investments that we make include subsidizing primary care. When I say primary care, that is your pediatricians, your family practice, internal medicine, or urgent care. That's the type access there. We subsidize programs in the community at 4 million dollars a year. Other specialists in the community subsidize the expense of those practices to the tune of over 30 million dollars a year.

Just this year we increased nursing pay by 2.5 million dollars. And the other departments have received 1.5 million dollars in pay raises. On top of that, our entire payroll is in the neighborhood of 140 million dollars a year. That gets paid out and supports the local economy.

What is our focus for the future is safe care for those that live and visit Mojave County. We want to establish a culture of accountability for those who live in Mohave County and seek care at KRMC or affiliated places of care. Safe care where you need it, when you need it, that's of the highest quality. To do that, we must reduce waste in the organization so that we can spin those funds on the appropriate things that lead us down the right path. And of course, we want to recruit and retain the highest talent in our community.

So, with that, I am happy to take questions if you want to allow it. I'm happy to answer questions from the board and questions from the audience.

Chairperson Holden stated: does anybody have any questions?

Public Attendee Mr. Franzen stated: Do you have any cardiac surgeons in the hospital still?

KRMC CEO Mr. Evans stated: We do not have cardiac surgery. We have a thoracic surgeon that serves the community. The cardiac surgery program closed down some years ago.

Public Attendee Mr. Franzen stated: Where did they go to Prescott?

KRMC CEO Mr. Evans stated: They'll go to the patient's choice, but some go to Prescott, some go to Vegas or Phoenix. It's good to always let it be the patient's choice if they're in a condition to make that choice and if the facility is able to receive them.

Public Attendee Shawn Meisner stated: Is there any possible way to get rattlesnake anti-venom that we keep here?

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KRMC CEO Mr. Evans stated: I'd have to check it out. I'd be shocked if we didn't keep it here in our pharmacy. We probably keep some around.

Public Attendee Shawn Meisner stated: I was told we have to go to Vegas for it. Okay good.

KRMC CEO Mr. Evans stated: I'm not going to comment 100% on that on that answer. I don't know specifically, know but I would be surprised if we didn't have.

Public Attendee Jennifer Esposito stated: What's the percentage of regular staff nurses to traveling nurses because there's such a great disparity in the pay rates for those 2 positions? I know people that do both. So, I was just curious, you know, what percentage of travel?

KRMC CEO Mr. Evans stated: I'm going to answer you with a little longer winded answer than just a percentage because I don't know the exact percentage. Josh is our CFO. I can tell you this, the 3.5 million, what 3, 4 million dollars with pay raises, 2.5 million went to nurses. We've had extreme success this year of converting nurses over to locally employed and moving the travelers out and that's how we were able to pay for the raises was by converting. So, we're actually I'd say a handful. Med-surg still has some travel nurses on it, but I think our ICU is free of travel nurses at this point. Companies made big strides this year. So, it's been a dynamic change. I don't know the exact percentage. It's a much lower number this year than last year.

Board Member Newmyer stated: Could you give a rundown of the specialties that are adequately staffed by physicians to take care of problems that come up? Or which ones you think might need more staff to be recruited.

KRMC CEO Mr. Evans stated: So, primary care has a shortage and it's a shortage in every community in America. So that would be your, family practice, internal medicine, pediatrics. We have a big need for pediatrics. We have one pediatrician that's employed and we have another long-term pediatrician that serves the community. We have several nurse practitioners that work in that space to fill the gap. Trying to fill that gap, but we're looking for pediatricians. We're blessed to have what is really close to being the only gastroenterologist left in the community in the whole county. He's young, he's a pretty awesome doc, but he is full. His practice produces a lot of numbers. He's produces in about the 90 ninth percentile of his peer group. I don't know if you can find people busier than he is. We are bringing in a partner for him part-time, right now. But I was told by the CEO down in Bullhead that they've looked for a GI Doc for 11 years and haven't had a candidate. So that just gives you some examples of how hard it is to find some of these specialists. Cardiology, we're working on some innovative changes to try to provide for the hospital. We still have; we have 4 in the community right now that are employed by us. We're adding that with some folks that cover the hospital. We just did the same thing with general surgery. And so, we have 2 local general surgeons that work here full time and their practice will make great strides over availability in their office over the past 2 months.

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Brought in a group of 4 surgeons out of Henderson that now rotate through our community and cover the hospital and we've seen better access through that as well. Neurology is short, we could use neurology, obviously cancer care. They're all working really hard. So, urology, we're actually, we're working right here under the wire on signing a deal with a group to do kind of like the surgeons are doing an outside group that will send somebody here so that we can have 24/7, urology coverage in the community. So, anything you have in mind

Carol Board Member Newmyer stated: Urology.

KRMC CEO Mr. Evans stated: So, Urology is actually the shortest specialty in the country. There are 84 positions last time I looked for every urologist that comes out of school. So, our chances of getting one because of the call burden in Kingman is pretty slim. Did that?

Board Member Newmyer stated: Well, the only other thing is, like now I've had complaints of somebody being sent from KRMC to Las Vegas to have essentially an appendectomy. Do you have general surgery coverage every day in the Emergency Room?

KRMC CEO Mr. Evans stated: We have general surgery coverage 24/7. I think since the end of January when we made a change if they went to Vegas during that time frame then there was a bigger reason that they needed to go.

Public Attendee Becky Foster stated: Is there a plan with KHI or KRMC with doctors and medical providers that are currently employed by KRMC to move them out of KRMC to a separate organization?

KRMC CEO Mr. Evans stated: So, some. You may be referring to a hospitalist. Our hospitalists that are employed here in the hospital and see the inpatients, we are working with a company who does nothing but hospitalist medicine. So, they have technology that goes towards that, they have expertise in running a hospitalist program. We have contracted with a hospitalist company to come in and run our hospitalist program. The intent of that is not that there's like a group of hospitalists waiting over here to come take the place of the doctors; the intent is it's the same physicians, same environment that they work in just a company that's better at doing that, then we have the expertise.

Public Attendee Becky Foster stated: So, would they not have benefits then as they currently do and then they go to this other organization, they wouldn't have benefits?

KRMC CEO Mr. Evans stated: Some changes would take place. Because every company has different benefits that they offer.

Public Attendee Becky Foster stated: Okay, so, you have hospitalists on call on your staff right now?

KRMC CEO Mr. Evans stated: We do employ hospitalists.

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Public Attendee Becky Foster stated: How many?

KRMC CEO Mr. Evans stated: The amount we need is about 18. Some of those are provided through local. Some are provided through independent contractors and some are provided through employment. I couldn't tell you the exact number.

Public Attendee Becky Foster stated: The hospitalists are the only ones you're moving to that other company. And that's just the hospitalists.

KRMC CEO Mr. Evans stated: Yes

Public Attendee Becky Foster stated: Okay, thank you.

Chairperson Holden stated: Any more questions. Thank you. That takes us to the Financial Matters and Reports.

Board Member Newmyer stated: Point of order here, please. We change the order of our typical order for the agenda. And you also put some items on the agenda under wrong headings, unfinished business when it's not. When it's new business and things that are not necessarily new business. Thank you very much.

Chairperson Holden stated: Which ones are you referring to?

Board Member Valentine stated: Why are the minutes under Unfinished Business for December 5th and January 9th, should be reviewing the minutes straight up that's the way we used to do it?

Chairperson Holden stated: It's unfinished business because December minutes didn't pass in January. So, we put them together, so we were voting on them together.

Board Member Valentine stated: So just, the discussion and possible option to remove Mrs. Holden as the chairperson. That is unfinished business? That is new business.

Chairperson Holden stated: I put it as the last thing on the agenda. That's why it's under unfinished business. It's the last thing since we

Board Member Valentine stated: It's not unfinished business it's new business. It's what we need to discuss under new business

Chairperson Holden stated: It's the last thing since we're going through the meeting and then we'll deal with it. I didn't put it under a special heading. That's why I just put it there.

Board Member Newmyer stated: You have it under a special heading of unfinished business.

Chairperson Holden stated: Like I said, I put it as the last thing on the agenda to deal with because I wasn't going to put it as a special heading at the bottom. We're going to get through the meeting and then we'll deal with it.

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Board Member French stated: The important thing is that it is on here.

IV. FINANCIAL MATTERS AND REPORTS

- A. Chairperson Holden stated: that takes us to the oral report for the monthly hospital district financial statements for December, 2023 and January, 2024 and the county's fund balance report for December, 2023 and January, 2024 and will be presented by Mr. Barry Moore.

KRMC Controller Mr. Moore stated: So, we have 2 months of reports for December and January since the last meeting. So, looking at the December financials, cash increased by \$204,708. The cash balance was \$2,655,042 on December 31, 2023. From rent \$200,000 plus reimbursement by KRMC prior months approved expenses totaling \$4,931.19. October minus invoice paid in the current month \$224.00. Total accounts payable equaled \$976,562 for the IGA for GME was accrued and paid in February 2024. Lease income equaled \$165,898 – Lease interest income equaled \$34,102. Other Income total expenses equaled \$11,114 net income for December 2023 was \$188,886 and Fiscal Year to Date, July through December, is \$1,134,449. So, for January, cash increased by \$200,000 and the cash balance was \$2,855,042 on January 31, 2024. Total accounts payable equaled \$976,562; the IGA for the GME is accrued for \$976,562 to be paid in February 2024. Lease income equaled \$166,395 with lease interest income equaled \$33,605. Total expenses equaled \$10,890. Net income for January was \$189,110 and Fiscal Year to Date, July through January, is \$1,323,559.

KRMC Controller Mr. Moore stated: Anybody have any questions?

- B. Chairperson Holden stated: Okay. That brings us to **discussion and possible action regarding the approval of our district proposed budget for fiscal year ending June 30, 2025** presented by Barry Moore.

KRMC Controller Mr. Moore stated: So, the board has a budget committee. For revenue for the year, would be, well, there's a component that is a lease income and then lease interest income and together those will be the lease amount of \$200,000 a month times 12. Legal fees budget for 10,000. Audit for 13,000. I don't know if I need to list all these but another thing is the board has been contributing with the intergovernmental agreement with access and that's budgeted at one million. So, total expenses are 1,196 million and excess revenue or net income is 870,464. So, any questions about that?

Board Member Newmyer stated: Why is the budget for the expenses so much more than what the actual expenses were during the year after \$10,000. Why is that?

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KRMC Controller Mr. Moore stated: Projecting the legal expenses to be based on what's happened so far this year, \$9,600 so \$10,000.

Board Member Newmyer stated: So, At least in my opinion, legal expenses that we became so high this year, so I would object to such a large amount being budgeted; I think it's unnecessary.

KRMC Controller Mr. Moore stated: Well, this is an estimate. You don't have to approve it, it's up to you guys.

Chairperson Holden stated: Thank you Barry. So do I have a motion on the floor to approve the hospital's budget for the fiscal June 30 of 2025.

MOTION MADE BY BOARD MEMBER MATHIESEN AND SECONDED BY BOARD MEMBER FRENCH TO APPROVE THE HOSPITAL DISTRICT'S PROPOSED BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2025. ROLL CALL VOTE: BOARD MEMBER FRENCH VOTING YES; BOARD MEMBER MATHIESEN VOTING YES; BOARD MEMBER HOLDEN VOTING YES; BOARD MEMBER NEWMYER VOTING NO; BOARD MEMBER VALENTINE VOTING NO. MOTION CARRIED 3-2.

V. NEW BUSINESS

- A. Chairperson Holden stated: **Discussion and possible action regarding moving the remainder of the 2024 hospital district board meetings to quarterly.** Our next meeting would be July ninth and then the last meeting of the year would be November the twelfth.

Board Member Newmyer stated: Why?

Chairperson Holden stated: We have to take a motion on the floor and a second Ms. Newmyer before we can discuss it.

Board Member Newmyer stated: It's Dr. Newmyer please.

Chairperson Holden stated: Do I have a motion on the floor to move the remainder of the 2024 Hospital District board meetings to quarterly.

MOTION MADE BY BOARD MEMBER FRENCH TO MOVE THE REMAINDER OF THE 2024 HOSPITAL DISTRICT BOARD MEETINGS TO QUARTERLY.

Chairperson Holden stated: So is there a second

MOTION SECONDED BY BOARD MEMBER MATHIESEN TO MOVE THE REMAINDER OF THE 2024 HOSPITAL DISTRICT BOARD MEETINGS TO QUARTERLY.

Chairperson Holden stated: Any discussion?

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Board Member Newmyer stated: Yeah, reasoning?

Chairperson Holden stated: because all the board business has been taken care of, we are actually ahead of schedule this year and there's nothing else that we have to do until July.

MOTION APPROVED TO MOVE THE HOSPITAL DISTRICT BOARD MEETINGS TO QUARTERLY. ROLL CALL VOTE: BOARD MEMBER FRENCH VOTING YES; BOARD MEMBER HOLDEN VOTING YES; BOARD MEMBER MATHIESEN VOTING YES; BOARD MEMBER NEWMYER VOTING NO; BOARD MEMBER VALENTINE VOTING NO. MOTION CARRIED 3-2.

- B. Chairperson Holden stated: **Discussion and possible action regarding the Gust Rosenfeld Confidential Attorney-Client Privileged Communication (email) dated February 2024.**

Board Member Newmyer stated: This is a point of order because this is confidential information. We need to go into executive session to have this discussion.

Chairperson Holden stated: The discussion does not meet the nine reasons for going into executive session per Open Meeting Laws.

Chairperson Holden stated: We're not getting legal advice. He sent a letter to each one of the board members but the email was not included in the agenda packet.

Board Member Newmyer stated: This is privileged information. We're going to be discussing it. How can we talk about it without talking about the actual letter?

Chairperson Holden stated: Why did the letter come; why did he bring the letter? The reason why he sent the letter is because there is one person on the board that is the contact person for the attorney. That is the chair. That's customary on every board and we voted on that when I first became chair. And you Board Member Newmyer and you Board Member Valentine took it upon yourself without prior approval or acknowledgement to talked to the attorney. You've made phone calls to the attorney, you've sent packets to the attorney, you've left voice mails to the attorney and the attorney is confused over who the contact person is.

Board Member Newmyer stated: The reason for that is your repeated going against Open Meeting Laws and the things that you have been doing with the attorney without anybody. Your trying to attack another board member. Someone has to reign that in.

Chairperson Holden stated: What Opening Meeting Law are you claiming that I am, or anybody else has violated?

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Board Member Newmyer stated: Someone not allowed respond to a criticism in an open call of a public meeting, according to Open Meeting Laws, that is illegal.

Chairperson Holden stated: And he responded by having a member of the public read a letter.

Board Member Newmyer stated: He was not allowed to respond because you adjourned the meeting.

Chairperson Holden stated: There is a letter in here that he had a member from the public read at the meeting. It was 4 pages and we all listened to it. So, he did respond.

Chairperson Holden stated: Why was your behavior disruptive.

Board Member Newmyer stated: His behavior is not disruptive.

Board Member Valentine stated: Why is it online.

Chairperson Holden stated: It was read during Call to the Public and it is a legal document.

Board Member Valentine stated: That's past practice. Now you got a 34-page document up there. Bringing in a medical issue that I had with KHI to the world.

Chairperson Holden stated: There is no medical issues of yours on there.

Recording Secretary Furtado stated: I want to clarify the Open Meeting Law ARS 38-431.01, section (I). A public body may make an open call to the public during a public meeting, subject to reasonable time, place, and manner restrictions, to allow individuals to address the public body on any issue within the jurisdiction of the public body. At the conclusion of an open call to the public, individual members of the public body may respond to criticism made by those who have addressed the public body. The key word here is may. The law does not state shall or must so it is not a requirement.

Board Member Newmyer stated: They may be allowed and he was not allowed.

Board Member Valentine stated: I have a right to respond at a later date if I have to.

Recording Secretary Furtado stated: Correct

Chairperson Holden stated: But you have responded. You had a person from the public respond. Let's move on.

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- C. Chairperson Holden stated: **Discussion and possible action regarding changing attorney firms from Gust Rosenfeld (located in Tucson, AZ) to Tom Price (located in Kingman, AZ).**

Chairperson Holden stated: Is there a motion on the floor to change attorneys?

MOTION MADE BY BOARD MEMBER FRENCH TO CHANGE ATTORNEY FIRMS FROM GUST ROSENFELD TO TOM PRICE.

Chairperson Holden stated: So. Is there a second?

MOTION SECONDED BY BOARD MEMBER MATHIESEN TO CHANGE ATTORNEY FIRMS FROM GUST ROSENFELD TO TOM PRICE.

Chairperson Holden stated: Is there any discussion?

Board Member Newmyer stated: Why do you want to change?

Chairperson Holden stated: Because it would be more cost-effective if we have an attorney from Kingman that specializes in Open Meeting Laws, that he can attend the meetings and we're not going to be paying 6 h in travel time at \$300 an hour just for him to travel here. Mr. Price is in town. He's willing to do this and it will be cost effective.

Board Member Newmyer stated: Have you talked with him already?

Chairperson Holden stated: No, I have not.

Board Member Newmyer stated: How do you know he's willing to do it then?

Board Member Valentine stated: Do we have permission to do this?

Board Member French stated: Yes. We haven't even done it yet. All I want to know is if he would be willing to do it if we needed him.

Board Member Newmyer stated: The whole board decides that.

Board Member French stated: All I'm going to tell you the guy we've got doesn't know crap about Open Meeting Laws.

Chairperson Holden stated: There's a motion on the floor and a second to change.

Board Member Newmyer stated: I'd like to know if you or Catherine personally know Mr. Price.

Chairperson Holden stated: No, I have no idea who he is.

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Recording Secretary Furtado stated: No

Board Member French stated: I do because he used to be one of the attorneys for the hospital and he knows the ropes and the district and he's right here and it won't cost \$150 bucks rather than motel rooms, mileage, and all that stuff.

Board Member Mathiesen stated: I do because of this board. And we pay mileage for him to come her and mileage for him to go home, plus we pay for his fee, plus we pay for his motel if he has to come here for the attorney we have now. But Mr. Price is right here.

Board Member Valentine stated: Like when Zavala came up from Prescott.

Board Member Mathiesen stated: Yes

Chairperson Holden stated: Yes, there's a second. Let's take it to a vote.

MOTION APPROVED TO CHANGE ATTORNEYS FROM GUST ROSENFELD TO TOM PRICE. ROLL CALL VOTE: BOARD MEMBER FRENCH VOTING YES; BOARD MEMBER HOLDEN VOTING YES; BOARD MEMBER MATHIESEN VOTING YES; BOARD MEMBER NEWMYER VOTING NO; BOARD MEMBER VALENTINE VOTING NO. MOTION CARRIED 3-2

IV. UNFINISHED BUSINESS

- A. Chairperson Holden stated: Okay. This takes us to unfinished business. **Discussion and possible action regarding the official transcripts of the minutes and the appointment of the Recording Secretary of the Board.** So, I'm proposing to have the recording secretary's transcripts of the board meetings to be the official transcripts of the board. Do I have a motion on the floor to have the recording secretary's minutes be the official transcripts of the board minutes. You can still request changes, but that's why we are recording now because it's being recorded as spoken.

MOTION MADE BY BOARD MEMBER MATHIESEN TO MAKE THE RECORDING SECRETARY'S TRANSCRIBED AUDIO RECORDING THE OFFICIAL TRANSCRIPT OF THE MINUTES OF BOARD MEETINGS

Chairperson Holden stated: Is there a second?

MOTION SECONDED BY BOARD MEMBER FRENCH TO MAKE THE RECORDING SECRETARY'S TRANSCRIBED AUDIO RECORDING THE OFFICIAL TRANSCRIPT OF THE MINUTES OF BOARD MEETINGS

Chairperson Holden stated: Any discussion?

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Board Member Valentine stated: Now we're going to use artificial intelligence and some kind of software to convert it to text.

Chairperson Holden stated: No. It will be, yeah, it will be done like that and then she'll proof it.

Chairperson Holden stated: Let's take it to a vote.

MOTION APPROVED TO MAKE THE RECORDING SECRETARY'S TRANSCRIBED AUDIO RECORDING THE OFFICIAL TRANSCRIPT OF THE MINUTES OF BOARD MEETINGS. ROLL CALL VOTE: BOARD MEMBER FRENCH VOTING YES; BOARD MEMBER HOLDEN VOTING YES; BOARD MEMBER MATHIESEN VOTING YES; BOARD MEMBER NEWMYER VOTING YES; BOARD MEMBER VALENTINE VOTING YES. MOTION CARRIED 5-0

A.1. Chairperson Holden stated: **Discussion of function and agreement of the board has with the Recording Secretary of the board.** This one's for discussion only. There is no contract. And I know that Board Member Valentine, the Board Member Newmyer have an issue with this. Both of them requested this to be on here. There is no contract. The board's bylaws state that we are only responsible to set her wage. If you look and read the proposed budget and the budget that was from last year. There's no set amount. She's not incurred any charges. If you would just read the documents that are given to you, you would see that there's no expense coming from the board to do that.

Board Member Newmyer stated: So, who is she being paid by?

Chairperson Holden stated: If there's no expense on the budget sheet, she's obviously not getting paid is she?

Board Member Valentine Stated: She's doing it for free?

Chairperson Holden stated: Absolutely.

Board Member Valentine stated: I was under the impression that KHI was going to pick up the tab until the first of the year.

Chairperson Holden stated: No. Yes, Let Catherine explain her situation.

Recording Secretary Furtado stated: KHI did agree to fund my salary for the last 3 months of 2023. I have submitted no invoices for that time period. In addition, whatever contract I have is between me and the holder of that contract. The only thing that the board is required to do is set the wage. Whomever agrees to pay me whether it's a corporation or individual, is

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between me and that individual or business based upon the wage the board set.

Board Member Newmyer stated: So, who's paying you?

Recording Secretary Furtado stated: If you remember per the attorney there was no need for a contract. I have not submitted any invoices for wages to anybody. The only thing I've submitted to this board is reimbursement for ink. I buy my own paper.

Board Member Newmyer stated: So further on the discussion as far as the request for documents in January is was a problem at least 2 people

Chairperson Holden stated: Wait, we haven't reached the documents yet.

- A.2. Chairperson Holden stated: **Discussion and possible action to establish a policy that the recording secretary is to follow on the distribution of requests for documents. A policy needs to be established and followed.** Both Newmyer and Valentine requested this also on the agenda.

Board Member Newmyer stated: Because there was 2 requests for records, it's supposed to be according to open meeting within 72 hours of the meeting that at least a draft of the minutes is available and was over 2 months before anybody I don't think that that's actually received either one of the minutes. December or January.

Recording Secretary Furtado stated: That according to Open Meeting Laws an Action Agenda may be posted on the website. All legal actions taken by the board. That was done within hours of the meeting.

Chairperson Holden stated: And you voted on that.

Board Member Newmyer stated: Action Agenda

Board Member French stated: It tells you what action was taken by the board.

Recording Secretary Furtado stated: And by law that is all that is required to be reported.

Chairperson Holden stated: That is all that takes the place of draft minutes. You voted for that at the last meeting and it was approved by everybody on the board. So, you guys should know that the Action Agenda took the place of the draft minutes and only the approved minutes would be posted.

Recording Secretary Furtado stated: Using an Action Agenda was voted into law in 2006.

**HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY
REGULAR SESSION BOARD MEETING – MARCH 12, 2024**

- B. Chairperson Holden stated: Any other discussion? That brings us to the next one. **Discussion and possible action regarding the approval of the Regular Session Board minutes for December 5th, 2023.** Do I have a motion on the floor to approve the December 5th, 2023 minutes as read?

MOTION MADE BY BOARD MEMBER FRENCH AND SECONDED BY BOARD MEMBER MATHIESEN TO APPROVE THE DECEMBER 5TH 2023 MINUTES AS READ.

Chairperson Holden stated: Is there any discussion?

Board Member Newmyer stated: These minutes contains a letter in the Call to the Public that invades the privacy of another and should have been held in an executive session. Approving these minutes is not okay and reading that letter during Open Call to the Public.

Chairperson Holden stated: According to the attorney, I was on the phone for a while with the attorney and we went through every step of the way of open meeting laws and I sent him the problems we were having on the board and he put the letter together. He sent it and he asked me to read it during the call to the public. I've followed the instructions of the attorney exactly the way he said. They will stay in the minutes as documented in the transcripts. It will be legal records.

Board Member Newmyer stated: Why is this letter not written on his letterhead if he wrote it?

Chair Holden stated: He emailed it to me. Like I said, I have a motion on the floor and I have a second. Can we bring it to vote to accept the December fifth minutes as approved.

MOTION APPROVED TO APPROVE THE DECEMBER 5, 2023 MINUTES AS READ. ROLL CALL VOTE: BOARD MEMBER FRENCH VOTING YES; BOARD MEMBER HOLDEN VOTING YES; BOARD MEMBER MATHIESEN VOTING YES; BOARD MEMBER NEWMYER VOTING NO; BOARD MEMBER VALENTINE VOTING NO. MOTION CARRIED 3-2.

- C. Chairperson Holden stated: **Discussion and possible action regarding the approval of the Regular Session Board minutes for January 9th.** Do I have a motion on the floor to accept January 9, 2024 minutes as approved as read?

MOTION MADE BY BOARD MEMBER MATHIESEN AND SECONDED BY BOARD MEMBER FRENCH TO APPROVE THE JANUARY 9, 2024 MINUTES AS READ. ROLL CALL VOTE: BOARD MEMBER FRENCH VOTING YES; BOARD MEMBER HOLDEN VOTING YES; BOARD MEMBER MATHIESEN VOTING YES; BOARD MEMBER NEWMYER VOTING NO; BOARD MEMBER VALENTINE VOTING NO. MOTION CARRIED 3-2.

**HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY
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- D. Chairperson Holden stated: This brings us to **discussion and possible action to remove this Mrs. Holden from the chairperson position.** This was brought up by Board Member Newmyer and Board Member Valentine. Do I have a motion on the floor. Is there a motion on the floor to remove Mrs. Holden as the chair?

MOTION MADE BY BOARD MEMBER VALENTINE AND SECONDED BY BOARD MEMBER NEWMYER TO REMOVE MRS. HOLDEN AS CHAIR OF THE BOARD.

Chairperson Holden stated: Any discussion?

Board Member Newmyer stated: Yes. I believe you know, that your actions regarding the letter and then not allowing him to rebut the criticism at the time of the letter being read is not acceptable. You're abusing the client privilege to call the attorney and talk to him about what you consider to be disruptive by somebody which actually isn't, it's just a matter of disagreeing with you on the processes of how you do run this board. You spent from the time of January meeting, you didn't answer any emails, neither did the secretary. But she doesn't work for you, she actually works for the board, the entire board, and she should be responding to emails from the board. She didn't. And you didn't either. And that's for like 2 months. Also, requested information that is by law required to get to them.

Chairperson Holden stated: Okay. The reason why I don't answer your emails is because of what we call daisy chain. Because Board Member Newmyer and Board Member Valentine you meet outside this board and you discuss voting issues. And then the reason why I know you do it is because it's been recorded and each one of you send me the same emails and the minute that I answer it is called a daisy chain and we have a quorum of 1 2 and 3 so I cannot answer your emails and I was advised by our attorney to not answer your emails. So that's why it's not as far as the public getting records done. I did come down here during the holidays and copied 556 pages and gave them to the person in the public and then 2 weeks later he claimed he didn't get part of them so I contacted the attorney. By Open Meeting Laws, I can because some of our minutes are not electronically available, and according to Open Meeting Laws, I am allowed to charge per page. I gave him 556 pages for free. So, when he requested 136 pages more, I contacted the attorney who sent him a letter that he will be charged for those pages. And by law, I can do that. And if you read the Open Meeting Laws, you would know this.

Board Member Newmyer stated: I'm not questioning that because he was never given them.

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Chairperson Holden stated: He was given them. I have a signed statement that he signed for them.

Board Member Newmyer stated: Talking about those documents.

Chairperson Holden stated: What documents are you talking about?

Board Member Newmyer stated: I'm talking about the minutes from January.

Chairperson Holden stated: Because it's an Action Agenda. He got the Action Agenda. You voted on an action agenda to take the place of the draft minutes. So that's what he got. It's online. He can print it himself. I'd like to ask you too, Mr. Valentine and Board Member Newmyer, what is the job of this board? What are the 3 legal things that this board is responsible to do every year? Do you even know? Let me educate you. The budget, the audit, and the contracts. And let me ask you, which one have either one of you participated in to make that happen on this board? Can you give me one example? Okay, I'll help you. Mr. Valentine, you voted against the contract to do the audit on August first. That's required by law and that's Title 48.

You voted against the budget for 2024 on August first and that's required by law by Title 48, you voted against the creation of the web page on November the seventh. You even voted against me putting an ad in the paper advertising the 3 positions that are open in November and that's Title 16 from the election laws that you opposed. So, I think that you have abused your oath of office because I don't see anything that you're bringing positive to the board other than the opposing everything that the board is required by law to do. So now we have a motion and we have a second on the floor to remove me as chair, so, let's take it to a vote.

MOTION DENIED REMOVING MRS HOLDEN AS CHAIR OF THE HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY BOARD. ROLL CALL VOTE: BOARD MEMBER FRENCH VOTING NO; BOARD MEMBER HOLDEN VOTING NO; BOARD MEMBER MATHIESEN VOTING NO; BOARD MEMBER NEWMYER VOTING YES; BOARD MEMBER VALENTINE VOTING YES. MOTION CARRIED 3-2

VII. CALL TO THE PUBLIC

Chairperson Holden stated: That brings us to call to the public. Anyone who wishes to speak, go to the podium. You give your name and your address and you have 3 min.

Public Attendee Jennifer Esposito stated: Jennifer Esposito, Kingman. I would just like to make a brief point for the clarification of the board and everyone who is here. That the allegation of an Open Meeting Law violation is a serious one, but that determination could only be made by one person or one organization and that would be the open meeting law enforcement team at the Arizona Attorney General's office. Person on this board thinks that any other person on this board has actually violated Arizona Open Meeting Law the

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appropriate way to handle that would be to file a written Open Meeting Law Complaint with what they call OMLET, Open Meeting Law Enforcement Team. The OMLET Board will investigate. They will review the minutes. They will review the video and they will make a written determination. So only at that point at which you have a written determination from OMLET. Should the statement be made that someone has or has not violated Arizona Open meeting law. I'm pretty familiar with that. I filed a complaint or two in my day. So, I just wanted to clarify for everybody here and everybody who may watch this online that that is the appropriate way to handle allegations of violations of Open Meeting Law and get a finding of fact one way or another from the only authority that's, I believe, is capable of issuing that finding of fact. Thank you.

Chairperson Holden stated: Anyone of this?

Public Attendee Becky Foster stated: I don't have a call to the public matter. I just have a question. I was a little bit confused about the secretary. She's just not paying at all.

Chairperson Holden stated: No

Public Attendee Becky Foster stated: She works for free.

Chairperson Holden stated: Yes

Public Member Becky Foster stated: Okay, thank you.

VIII. ADJOURNMENT

There being no further business to come before the Hospital District Number One of Mohave County Board this 12th day of March 2024, Chairperson Holden adjourned the meeting at 4:55 p.m.

Hospital District Number One of Mohave County Board

Penny Holden, Chairperson

ATTEST:

Catherine Furtado, Recording Secretary

**HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY
AT KINGMAN REGIONAL MEDICAL CENTER
CHOLLA CONFERENCE ROOM
3269 STOCKTON HILL ROAD KINGMAN, ARIZONA 86409**

BUDGET COMMITTEE MINUTES – APRIL 4, 2024

CALL TO ORDER - The meeting was called to order by Chair Penny Holden at 2:30 p.m.

ROLL CALL - Committee Members present: Board Members French, Mathiesen and Holden; KRMC Controller Barry Moore; Hospital District Recording Secretary Catherine Furtado. A quorum was identified.

FINANCIAL MATTERS AND REPORTS

Discussion and Possible Recommended Action to the full Hospital District Board regarding a proposed revision to the Hospital District budget including, but not limited to, deletions and/or additions of line items for fiscal year 2024-2025 expenditures and/or income.

Mrs. Holden stated that the line item under Expenses, Subcategory “Other Professional Services” needs to be increased from \$5,000.00 to \$21,000.00.

Mr. Moore stated re-calculations are needed for the “Final Budget Fiscal Year 2025” as follows:

- (1) Under Other Income, Subcategory “Other (reimburse admin costs from KRMC)” should be changed from \$10,000 to \$94,000 as that line item should tie in with fees.
- (2) Under Excess Revenues Other Expenses, the total final should be \$1,275,622 rather than \$870,464.

ACTION: MOTION MADE BY BOARD MEMBER FRENCH AND SECONDED BY BOARD MEMBER MATHIESEN TO RECOMMEND APPROVAL, TO THE FULL BOARD, A REVISED BUDGET AS FOLLOWS: UNDER EXPENSES, SUBCATEGORY “OTHER PROFESSIONAL SERVICES,” INCREASE LINE ITEM FROM \$5,000.00 TO \$21,000.00 FOR FISCAL YEAR 2024-2025. MOTION CARRIED 3/0 WITH BOARD MEMBER FRENCH VOTING YES; BOARD MEMBER MATHIESEN VOTING YES; BOARD MEMBER HOLDEN VOTING YES.

Hospital District Number One of Mohave County
April 4, 2024; Page 2

FOLLOW-UP: FORWARD AMENDED BUDGET TO FULL HOSPITAL DISTRICT BOARD FOR APPROVAL AT THEIR APRIL 24, 2024 MEETING.

FOLLOW-UP: MR. MOORE TO MAKE RE-CALCULATED CHANGES AS DESCRIBED ABOVE TO THE BUDGET

CALL THE PUBLIC – NONE

ADJOURNMENT – With no further business to discuss, the meeting was adjourned at 2:36 p.m.

HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY BUDGET COMMITTEE

Dave French, Libby Mathiesen, Penny Holden

ATTEST:

Catherine Furtado, Recording Secretary/Custodian of Records

**HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY
SPECIAL SESSION BOARD MEETING – APRIL 24, 2024**

The Hospital District Number One of Mohave County met in Special Session this 24th day of April 2024 at 4:01 p.m. at Kingman Regional Medical Center, 3269 Stockton Hill Road, Kingman, Arizona 86409 in the H.I. Johnson Board Room. In attendance were Penny Holden, Chair, Board Member Dave French, Board Member Libby Mathiesen, Board Member Carol Newmyer. Board Member Dan Valentine was absent.

The following KRMC Executive Team Members in attendance were Heath Evans, Chief Executive Officer, Barry Moore, Controller, Joshua Hoffman, Chief Financial Officer, Kevin Keener, Director of Finance and Krystal Burge, KHI Board Chair.

- I. **CALL TO ORDER** – Chairperson Holden stated: Okay, it’s 4:00 and we’re going to go ahead and call the meeting to order.
- II. **ROLL CALL OF THE HOSPITAL DISTRICT BOARD MEMBERS:** Chairperson Holden stated: Let’s do roll call for the board. Mr. French – here; Mrs. Mathiesen – here; Mrs. Penny Holden – here; Dr. Carol Newmyer – yeah; Mr. Dan Valentine – per Board Member Newmyer he’s in Washington, DC.

Chair Holden stated: Okay, then I want to introduce the other members that are not part of the board. If you can introduce yourself and let us know who you are.

Barry Moore, KRMC Controller
Josh Hoffman, KRMC Chief Finance Officer
Kevin Keener, KRMC Director of Finance

III. **FINANCIAL MATTERS AND REPORTS**

- A. **Discussion and Possible Action regarding purchase of Board Insurance for all Board Members and the Recording Secretary.**

Chair Holden stated: This topic has come up several times since I became chairman and I’ve been working with Cheryl Porter in order to get prices for board insurance for everybody and so, we, she sent it out to a broker and we have a company called Atlantic Specialty Insurance Company; the cost of this insurance is \$21,000 a year and it covers us from May 1, 2024 to May 1, 2025. Is there a motion on the floor to approve the purchase of board insurance from Atlantic Specialty Insurance.

Board Member French stated: I think that’s ridiculous. We’re going to do it but I think it’s ridiculous.

Chair Holden stated: we need a 1st and second before discussion.

**Hospital District Number One of Mohave County
Special Session Board Meeting – April 24, 2024**

Board Member French stated: It's a ridiculous amount; Don't think they know what they're insuring.

Board Member Newmyer stated: Is this insurance that we've never had before?

Chair Holden stated: Yes.

Board Member Newmyer stated: And what's the reason. Yeah, I'm surprised. I mean, they talk about, know, that we're indemnified in the bylaws and understand I don't really understand, what is the insurance needed for.

Chair Holden stated: You're indemnified through the hospital's insurance if the hospital is sued and the Hospital District Board is named in the suit then the board is covered. If the District Board is sued without the hospital then we are not covered under their indemnification. So, this insurance covers us for lawsuits. If you don't have this insurance, your personal assets are on the line.

Board Member Newmyer stated: Okay, so why haven't they had it? Why was there a gap in?

Board Member French stated: No, I just remember, I don't know 1,000 years ago that we had it and it's the same stuff for the hospital.

Board Member Newmyer stated: Right. And I assume that the broker that this is the best deal that they have because it sound like a lot of money for what is an unlikely event.

Chair Holden stated: You have to ask yourself; you want to be on the board and your personal assets are on the line. Or do you want to have insurance just like you have for your home insurance and your car insurance; you want to self-insure.

Board Member Newmyer stated: I was just curious as to why, you know, cause it seems like something that would have been ongoing and not allowed to lapse.

Board Member Mathiesen stated: Since I have been on the Board, which we have had different people in charge it was never brought up. Never. I've never heard it brought up before this.

Board Member Newmyer stated: Or, never worried about this. Is this the specific item that you told me in the email that was going to be on the agenda?

Chair Holden stated: I said financial.

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Board Member Newmyer stated: No, you told me there was specific topic.

Chair Holden stated: Yeah, this is, it's all to do with finances. The revision of the budget needed to be done because that has to be turned into the county. Okay, do I have a first and a second?

MOTION MADE BY BOARD MEMBER FRENCH AND SECONDED BY BOARD MEMBER MATHIESEN TO APPROVE THE PURCHASE OF BOARD INSURANCE FOR ALL BOARD MEMBERS AND THE RECORDING SECRETARY. MOTION CARRIED 4-0

B. Discussion and Possible Action regarding Approval of the Hospital District's Revised Proposed Budget for Fiscal year ending June 30, 2025.

Chair Holden stated: Okay the second topic of discussion and possible action is regarding approval of the Hospital District's proposed revised budget for fiscal year ending June 30, 2025.

Mr. Moore stated: Since the last meeting, there were revisions since then and one was just talked about – adding board insurance up to \$21,000.00 and the next item will be auditing fees, which will change. So, do you want to talk about audit fees before the budget or no or just approve the budget?

Chair Holden stated: No, we're going to approve the revisions that were already done then we'll approve the changes after the audit. Is there a motion on the floor for the revised version to include the \$21,000 for board insurance?

Board Member French stated: You can approve both together.

Chair Holden stated: Yeah, but this one he already changed and put \$21,000.00. The audit company has not been put in there. We have to do the changes a second time. Is there a motion on the floor for the revised version to include the \$21,000.00 for board insurance?

Board Member Newmyer stated: Has he given the presentation?

Chair Holden stated: Pardon me?

Board Member Newmyer stated: I didn't really understand.

Mr. Hoffman stated: This is only for the Board Insurance of \$21,000.00, which was added.

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Mr. Moore stated: The only thing I haven't talked about; you guys all have this in your packet. The totals. Total expenses estimated will be 1.2 million and the Excess Revenues Over Expenses are estimated at almost 1.3 million for the fiscal year. And so, that pretty much summarizes it.

Board Member Newmyer stated: But what were you asking us to approve; is this what was thought to be only or budgeted originally for only \$5,000.00 is now going up to \$21,000.00 and that's all because of this insurance. We're talking about that we approved again.

Mr. Moore stated: Yeah, that was the quote.

Board Member Newmyer stated: And that's why it's under other professional services?

Mr. Moore stated: That is correct. And that's the change.

Board Member Newmyer stated: And this vote we're taking does not include the change from \$3,000.00 to \$9,000.00 something we're just approving other professional services increasing from \$5,000.00 to \$21,000.00?

Chair Holden stated: What's the \$3,000.00?

Board member Newmyer stated: That's the current year, the budget. We're already over budget apparently on legal services. Somebody's changed it to \$9,238.00.

Mr. Moore stated: So, the column on the far right is the budget we're talking about for fiscal year 2025. This is July 1, 2024 through June 30, 2025.

Mr. Hoffman stated: So, the only figure that changed was the \$21,000.00. So, the \$10,000.00 for legal fees was already approved the last time the budget was approved.

Mr. Moore stated: Correct.

Board Member Newmyer stated: So, the \$3,000.00 in the budget for 2024 is going to be over this June. Is that what that was for? I'm just confused. Three thousand listed under the budget for 2024 it says fees, legal fees of \$3,000.00 and then if you look at actual it's \$4,619.00 and then projected was basically the \$10,000.00. So, \$3,000.00 was what was originally budgeted for this coming year and not the year that ends now.

**Hospital District Number One of Mohave County
Special Session Board Meeting – April 24, 2024**

Mr. Moore stated: Current year end in June and you are over budget for legal fees estimated.

Mr. Hoffman stated: So, for this current year it's over expenses for what was budgeted if that's what you're asking?

Board Member Newmyer stated: Yes.

Board Member French stated: We can't cover it because we're too late.

Chair Holden stated: Okay is there a motion on the floor to approve the revised budget for fiscal year ending June 30, 2025 with the \$21,000.00 change.

MOTION MADE BY BOARD MEMBER MATHIESEN AND SECONDED BY BOARD MEMBER FRENCH TO APPROVE THE ADDITION OF BOARD INSURANCE AT A COST OF \$21,000.00. ROLL CALL VOTE: BOARD MEMBER FRENCH VOTING YES; BOARD MEMBER HOLDEN VOTING YES; BOARD MEMBER MATHIESEN VOTING YES; BOARD MEMBER NEWMYER VOTING YES. MOTION CARRIED 4-0.

C. Per federal regulations, a rotation of financial audit companies must occur every five years. Therefore, Discussion and Possible Action is needed as follows:

- (1) Approval of the Hospital District Board's utilization of the same financial audit company as KHI, dba KRMC. Such is more cost-effective and less counter-productive than using a different audit company to conduct the mandated §Title 48 annual audit. As has been previously discussed, the financial audits for both KHI, dba KRMC, and the Hospital District need to be performed by an audit company rather than by a general Certified Public Accountant due to specific complexities of the audit process.**

Chair Holden stated: In the packet there is a statement where I attended a meeting on 4/18/2024 with everyone and we actually had three companies come and do presentations. So, the District Board had a say, after the meeting we sat here and discussed the questions asked to each one of the auditing companies. Based upon the presentations that each one gave and their interaction and professionalism, Moss-Adams was the chosen company to go with because they're local, in Phoenix and Southern California. So, we have reduced travel expenses. They have healthcare expertise, they perform all audits for Yuma Hospital, which is set up exactly like this hospital so they know how to handle because I didn't

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quite understand it and I've talked to Barry today and got it straightened out. We have a lease agreement here so that puts a whole other spin on our audit. And also, we had references from the CFO from Yuma and I believe Miss Burge has dealt with Moss-Adams herself in business transactions. So, for that reason, I want to put a vote on the floor that we utilize the same audit company as KHI for the sole purpose of it being more cost-effective and less work for the financial department because they're here we're only paying a small portion because they're already here doing the hospital's audit.

Board Member French stated: Right. As far as I know, it's been that way ever since the beginning. It doesn't make any sense to do it apart because they charge you for motels and meals and stuff for two people and this way you get it done for a lot less expense and it's very common to have one auditor audit.

Board Member Newmyer stated: I wouldn't think that there would be a problem, I don't think. The same company.

Board Member Mathiesen stated: I don't either.

Chair Holden stated: Okay, is there a motion on the floor to approve utilizing the same financial audit company as KHI, which is Moss-Adams.

**MOTION MADE BY BOARD MEMBER FRENCH AND
SECONDED BY BOARD MEMBER NEWMYER TO APPROVE
UTILIZING THE SAME AUDIT FIRM AS KHI, DBA KRMC,
WHICH WILL BE MOSS-ADAMS. ROLL CALL VOTE: BOARD
MEMBER FRENCH VOTING YES; BOARD MEMBER HOLDEN
VOTING YES; BOARD MEMBER MATHIESEN VOTING YES;
BOARD MEMBER NEWMYER VOTING YES. MOTION
CARRIED 4-0.**

(2) Approval of an additional revision to the Hospital District's Budget for Fiscal Year ending June 30, 2025 for the financial audit cost.

Chair Holden stated: Now we have to do a revision with changes to the budget because we only budgeted \$13,000.00 for the audit. Their proposal came in at \$19,500.00, but once they come in and see, you know, the details of our audit we're not expecting it to be quite that high. According to Mr. Moore they may come in a little bit lower. Is that true?

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Board Member French stated: They made their submission based on they might have to come here alone and do this one so that has to come into play and there might be a savings.

Chair Holden stated: So, we're going to budget it for \$19,500.00 cause this budget is only an estimate. So, less is better. So, is there a motion on the floor to approve the revised budget ending June 30, 2025 with changes?

Board Member Mathiesen stated: I make a motion to approve the changes for 2025.

Board Member Newmyer stated: And the changes are increase audit fees from \$13,000.00 to \$19,500.

Chair Holden stated: Yeah, is there a second?

Board Member Newmyer stated: I'll second.

Chair Holden stated: Any discussion? Let's take it to a vote. All in favor. Alright, thank you.

**MOTION MADE BY BOARD MEMBER MATHIESEN AND
SECONDED BY BOARD MEMBER NEWMYER TO APPROVE
REVISING BUDGET TO INCREASE AUDIT FEES FROM
\$13,000.00 TO \$19,500.00 FOR FISCAL YEAR ENDING JUNE 30,
2025. ROLL CALL VOTE: BOARD MEMBER FRENCH VOTING
YES; BOARD MEMBER HOLDEN VOTING YES; BOARD
MEMBER MATHIESEN VOTING YES; BOARD MEMBER
NEWMYER VOTING YES. MOTION CARRIED 4-0.**

IV. UNFINISHED FINANCIAL BUSINESS

A. Discussion Only: Clearing the balance owed to the Law Office of GustRosenfeld.

Chair Holden stated: Now on to unfinished financial business of clearing the balance with the attorney's office. I just received additional bills from Mr. Williams. One of these bills that took care of the Attorney General's complaint we're paying and writing a check today. There's another bill for \$302.50 that was generated by Board Members Newmyer and Valentine. The Board is not going to pay for that because you were not authorized to call, you were not authorized to email.

**Hospital District Number One of Mohave County
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Board Member Newmyer stated: I don't think you should have to be authorized to call about irregularities that are going on.

Chair Holden stated: Read your bylaws. Your bylaws state.

Board Member Newmyer stated: The bylaws does not state that.

Chair Holden stated: Yes it does.

Board Member French stated: If you have a problem with your board you can't go to your attorney and ask him to discuss a claim against him and you.

Board Member Newmyer stated: It wasn't about that. It was just a discussion about that actually. It was just information given to him and he gave me no advice. And he did not say he was going to charge me. He also told me that he could not accept money from me personally because his contract is with the board.

Chair Holden stated: Well, I've been on the phone for two days with the accounting department. And they're actually going to bill you guys. One of you sent a fax. There was a fax sent to him on 3/11/2024 with the agenda about the March 12th meeting. It was a fax sent to him with it highlighted about changing attorneys and everything and he's going to get me the number that it was faxed from because it was billed under my name and I didn't send it.

Board Member Newmyer stated: No, I know, Dan Valentine sent it; I didn't send it.

Chair Holden stated: Okay, so with that said, you bill with. So, you didn't do the fax? So, your total bill is \$302.50 and Dan's bill is \$110.00

Board Member Newmyer stated: Now what about the information you've already given me and the bill to me was supposedly \$110.00.

Chair Holden stated: That was for a phone call that you made on January 26. Well, on here there was a telephone conference that he billed for 3/11. And I will give you it. Here's your bill and I've highlighted your section of the bill. And the emails that it generated and stuff because on February 19th I have it in writing that I put the legal account on hold. We were not to generate any more bills with the attorney until we could have our March 12th meeting. On February 21st he sent a letter out and he addressed each one of the board members. Everyone got a copy of it that he was confused on

**Hospital District Number One of Mohave County
Special Session Board Meeting – April 24, 2024**

who the contact person was and wanted the board to provide him with the name of who the contact person was to be. We were going to deal with that on March the 12th but you and Dan continued to contact him prior to March 12th and you accumulated this bill when the account was on hold. So, because you did it, if you have a problem you need to bring it to the board and get authorization from the board. There's one person that is the contact person for any contracts and that's the chairperson: it's in your bylaws. It's in the attorney's contract that there's one person who's your authorized contact. In August, there was a vote and I was the only person. There was a vote and if you pull the minutes from August it was a vote that you guys voted that I was the contact person and you took it upon yourself to do it and the board's not going to pay it. I've told you that. I told you that after the January 26 conversation that it was discontinued, you're going to pay the bill. We're not going to pay it. So, you guys continued to do it and you continue to fax it. So, that's a bill that you're responsible for. And they will bill you. Okay. That's up to you and Mr. Joseph according to the supervisor.

Board Member Newmyer stated: I never received a bill.

Chair Holden stated: I believe they did send you a bill for \$110.00. Well, it's listed. It's in the packet. It was emailed to you on April the 5th.

Board Member Newmyer stated: That's not my address. They send the bill to my address where I live.

Chair Holden stated: Then you need to furnish your address but I know it was emailed to you by Josh in the billing department on April 5th. But that's the bill between you and the attorney because the board's just not going to pay these bills. You guys can't just willingly pick up the phone and call and stuff. That's not how it's done. And you need to read your bylaws and you need to read Open Meeting Laws.

B. Discussion only: The complaint filed with the Attorney General's Office by Mr. Bill Franzen and the outcome of the complaint.

Chair Holden stated: So, the next item on here is discussion only about the complaint, filed by Mr. Bill Franzen, and follow-up with the Attorney General's office of the outcome of his complaint. Mr. Franzen requested packets and minutes for the years of 2021, 2022, and 2023 on December 18, 2023. I gave him 556 pages that cost this board \$194.60 but I gave them to him for free. I have a signed document. I sat there twenty minutes while he went through the pages and he signed a document that he received all documents included. Then on December 25th he claimed he didn't receive January, March and May minutes or packets for 2021 in an

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email. I responded to him and asked him to check the documents again. I know I gave him everything and that he signed for it. Catherine and I came down here and we copied those documents; we checked them and he got them. I reached out to the attorney as Mr. Franzen continued to send me emails that he didn't receive them and I had the attorney send him itemized instructions if he wants those documents; it was another 136 pages that he would have to pay 35cents a page and how he could get it once that was paid and sent to the attorney. The attorney would notify me then I'd make copies and he could have them. It never happened. Mr. Franzen instead took the letter from the attorney and made a note on it and he sent it to Board Members French and Mathiesen to their home addresses in which their home addresses were never provided on our webpage nor were they given to him. Then he continued to send me requests after request after request and for the attorney's advice I was told not to respond that the attorney would respond. So then even though Mr. Franzen was sent the letter from the attorney with the complete instructions how he could get his copies on February 28. The letter explained everything in detail. He filed a grievance with the Attorney General's Office against the Hospital District Board as well as myself in which he named me specifically that I refused to give him the documents; that was not true. He claimed he was only provided with half of the documents. He also stated that he requested January 9th 2024 draft minutes and I, the chairman, refused to provide them to him as well, which was not true. We don't do draft minutes. We voted in January to do an Action Agenda so that again was amiss. So, in our packet, there is a letter from Melissa Henry from the Attorney General's Office and a letter in there that Catherine wrote asking her for a copy of the complaint along with her response and she sent us both and I was not in violation of anything. We are allowed to charge him for copies as our documents are not electronically saved. So, anything that I have to make copies for, we have a right to charge 35 cents a page. And that was told numerous times to everybody. But I'm just letting you know that a complaint was filed and it was taken care of and the Board was not, nor was I, at fault for anything. In this case, we abided by public records law not Open Meeting Laws. So, the complaint was incorrectly filed and under false pretense. This brings us to the Call to the Public.

V. CALL TO THE PUBLIC - NONE

If there is anybody at the Call to the Public that would like to speak, you can speak now. You have three minutes to stand, give your name and address. So, anybody. Okay, with that said, the meeting is adjourned.

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VI. ADJOURNMENT

There being no further business to come before the Hospital District Number One of Mohave County Board this 24th day of April 2024, Chairperson Holden adjourned the meeting at 4:27 p.m.

HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY

Penny Holden, Chairperson

ATTEST:

Catherine Furtado, Recording Secretary

AGREEMENT FOR LEGAL SERVICES

READ THIS DOCUMENT CAREFULLY AND ASK FOR AN EXPLANATION OF ANYTHING YOU DO NOT UNDERSTAND BEFORE SIGNING THIS AGREEMENT.

Law Office of Thomas E. Price, P.C. (hereinafter "Attorney") agrees to provide legal services to Hospital District Number One of Mohave County, (hereinafter Client) in the matter of providing legal advice on miscellaneous matters.

Client may discharge Attorney and terminate this Agreement for Legal Services, or obtain the substitution of another attorney or attorneys, before Attorney has completed the services for which Attorney has agreed to provide legal services. In the event Client decides to terminate this Agreement for Legal Services, Client shall give Attorney 30 days written notice. Client agrees to cooperate with Attorney, and sign any and all documents necessary for Attorney to withdraw as the attorney of record in any matter which Attorney has agreed to provide legal services to Client, or sign any substitution of attorney document, or any other document to terminate the purpose of the Agreement for Legal Services and terminate the attorney/client relationship between Attorney and Client. Attorney shall be entitled to attorney's full fees in accordance with this Agreement for Legal Services, for all time spent providing legal services to Client, notwithstanding Client terminating the Agreement for Legal Services or obtaining the substitution of another attorney or attorneys before Attorney has completed the services for which Attorney agreed to provide legal services to Client.

It is agreed that Client will pay for Attorney's services at the current rate of \$350.00 per hour. Examples of types of services which may be billed to Client at the hourly rate include, but are not limited to, the following: preparing pleadings and other documents; reviewing records; researching the law; preparing motions and briefs; preparing for oral arguments, hearings, and trials; preparing correspondence; telephone calls; travel time; and conferences with Attorney's staff regarding Client's matters.

All costs and expenses of prosecution of this matter, including, but not limited to, filing fees, fees for service of process, fees for expert witnesses and investigators, expenses of discovery proceedings, jury fees, and other direct costs and expenses in this matter, are the sole responsibility of client.

Attorney agrees to provide Client with a periodic billing statement. Client agrees to pay all billing statements within 30 days of the statement date. All amounts not paid within thirty days will bear interest at 1 1/2% per month.

Client agrees that all legal work of a non-emergency nature will be stopped without further notice on accounts owing longer than 45 days. If payment has not been received within 60 days of the original billing statement date, Attorney will withdraw from representation on all pending matters, and the account will be turned over for collection. Client agrees that in the event the account is turned over for collection, client will pay interest on the unpaid balance at the rate of 18% per annum, together with reasonable attorney's fees. By signing this Agreement Client acknowledges that Client is aware that any debt may be increased by collection fees if Client fails to remit payment on monies owed. Should this account be referred to an agency for collection, Client shall pay the collection expenses involved in such a collection.

Unless previously terminated Attorney's representation will terminate upon sending Client a final statement for services rendered. After the representation concludes and Client's account is satisfied, Attorney will return any of Client's original documents and property (if not already done) to Client and return the remaining retainer to Client, if any. Any non-public information Client provided to Attorney will be retained by Attorney and kept confidential in accordance with the rules of professional conduct. Attorney's files in this matter, including work product, will be retained by Attorney subject to Attorney's document retention policy.

This Agreement is performable in Mohave County, Arizona.

Each of the undersigned have read the above Agreement and agree to each of the terms and conditions.

Dated: April 1, 2024

Hospital District Number One
of Mohave County

by Penny Holden, Chairperson
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Hosp Dist No 1 Hourly Retainer 040124.tep