

PALM DESERT RECREATIONAL FACILITIES CORPORATION BOARD
STAFF REPORT

MEETING DATE: June 9, 2025

PREPARED BY: Austin Yapple, Accounting Manager
Veronica Chavez, Chief Financial Officer

SUBJECT: RECEIVE AND FILE THE ANNUAL FINANCIAL REPORT FOR FISCAL
YEAR END JUNE 30, 2024

RECOMMENDATION:

Receive and file the Annual Financial Report for fiscal year ended June 30, 2024.

BACKGROUND/ANALYSIS:

Lance, Soll & Lunghard, LLP performed and completed the annual independent audit for the fiscal year ended June 30, 2024. In the auditor's opinion, the basic financial statements present fairly, in all material respects, the financial position of the Palm Desert Recreational Facilities Corporation (PDRFC) as of June 30, 2024, and the results of its operations of the year then ended are in accordance with accounting principles generally accepted in the United States of America. In conducting the audit, the auditors are also required to test the PDRFC's internal controls. Attached is the annual financial report, accompanied by the report issued by the auditors for the year ended June 30, 2024.

PDRFC represents the food and beverage operations at Desert Willow Golf Resort Clubhouse. In FY 2023–24, an inter-entity transfer of \$1,305,037 from the Desert Willow Enterprise Fund was made to eliminate the accumulated fund balance deficit, bringing PDRFC's net position to zero as of year-end. The deficit, which totaled \$1,063,311 at the beginning of the fiscal year, had accrued over several years due to structural accounting requirements, such as the annual rent charges necessary to maintain the legal separation between the food and beverage operations and the golf course. While PDRFC remains a legally distinct entity for licensing and regulatory purposes, its financial performance is inherently linked to the broader Desert Willow operations.

FINANCIAL IMPACT:

There is no direct financial impact associated with this action. Looking ahead, transfers from the Enterprise Fund will continue to offset PDRFC's annual structural deficit. However, future transfers are expected to be significantly less, as they will reflect only a single year's activity rather than the accumulation of multiple years' losses. Staff will continue to work with the auditors to monitor and manage any potential tax implications.

ATTACHMENTS:

1. Palm Desert Recreational Facilities Corporation Annual Financial Report for Fiscal Year ended June 30, 2024.