



1016 Laurel Street
San Carlos, CA 94070-3919

A G E N D A

**SEQUOIA HEALTHCARE DISTRICT
REGULAR BOARD OF DIRECTORS MEETING**

12:00 PM, Wednesday, May 6, 2026

San Mateo County Dental Society

939 Laurel Street, Suite #C, San Carlos, CA 94070

This meeting will be held in person at 939 Laurel Street with access available via Zoom teleconference. To join the meeting from your cellphone dial [\(669\) 900-9128](tel:6699009128) and enter meeting ID: [837 5452 9528](https://us02web.zoom.us/j/83754529528) or join from a computer to <https://us02web.zoom.us/j/83754529528>. Additional information regarding the meeting can be located at our website: www.seqhd.org

- 1. Call To Order And Roll Call 12:00-12:05
- 2. Public Comment On Non-Agenda Items*
- 3. New Business
 - a. Presentation By Ravenswood On Antinipated Revenue And Policy Threats Affecting Clinic Operations And Clients; with Discussion of a Requested Amendment to the Dental Clinic Contract - Graylyn Jaques 2:05-12:25
 - ACTION b. Consider Bid From Zone 4 General Contractor To Provide Tenant Improvements At 1016 Laurel Street - Ms. Kurtzman 12:25-12:40
 - c. Update On Oral Health Learning Collaborative (OHAPAA) Pilot Outcomes - Dr. Carolyn Brown 12:40-1:00
 - ACTION d. Consider Adoption Of Resolution 2026-02 Regarding Board Director Compensation 1:00-1:30
 - e. Public Hearing On Vacant Positions Per Government Code Section 3502.3 1:30-1:40
 - f. Finance Report: Review Of Draft Internal Controls Policy And Update On Proposed FY2026-2027 Budget - Stuart Mar 1:40-1:50

10 MIN BREAK

- 4. Old Business
 - ACTION a. Board Study Session - Strategic Plan Funding Areas And Policy Discussion 2:00-4:00
 - ACTION b. Director Requests For Future Agenda Items Per Board Policy 8.3 - President Martinez
- ACTION 5. Adjourn 4:00
 The Next Regular Meeting Of The Board Of Directors Of Sequoia Healthcare District is Scheduled For 12:00pm, Wednesday, June 3, 2026, San Mateo Dental Society, 939 Laurel Street, Suite #C, San Carlos, CA 94070

Ivan Martinez - Board President

*Public comment will be taken for each agenda item prior to the board’s consideration on that item.

Any writings or documents provided to a majority of the Board of Directors regarding any item on this agenda will be made available for public inspection at the District office, 1016 Laurel Street, San Carlos, CA, during normal business hours. Please telephone 650-421-2155 ext 201 to arrange an appointment.

If you are an individual with a disability and need accommodation to participate in this meeting, please contact Sequoia Healthcare District at least 48-hours in advance at 650-421-2155 ext 201.

BOARD MEMORANDUM

To: Sequoia Healthcare District Board of Directors

From: Pamela Kurtzman, CEO

Date: May 6, 2026

Subject: Informational Update and Discussion Regarding Ravenswood Family Health Network Request for Lease Amendment – 525 Veterans Boulevard Dental Clinic (No Action Requested)

Recommendation

This item is presented for **information and Board discussion only**. No action is requested at this time. Staff anticipate returning to the Board at the June meeting with a proposed amendment or other option for consideration and possible action.

Background

Sequoia Healthcare District (District) and Ravenswood Family Health Network (RFHN) entered into a lease agreement for the District-owned property at 525 Veterans Boulevard, Redwood City, for development and operation of a community dental clinic intended to expand access to oral health services for low-income residents.

At the time the lease was executed, California had extended Medi-Cal/Denti-Cal coverage to all low-income Californians regardless of immigration status. Based on those policies and RFHN's Prospective Payment System (PPS) reimbursement rate as a Federally Qualified Health Center (FQHC), RFHN projected a revenue surplus over operating expenses for the future clinic. As a result, RFHN agreed to lease terms that included rent of **\$2.50 per square foot** beginning on the lease commencement date, along with provisions for future rent increases that could ultimately approach market rates.

Since execution of the lease, however, significant federal and state policy changes affecting Medi-Cal reimbursement have materially altered the financial assumptions underlying the project.

Policy and Financial Changes Impacting Clinic Operations

RFHN has advised the District that recent changes are expected to significantly reduce reimbursement revenue and impact the sustainability of the Redwood City dental clinic, including:

- **Reduced federal support for Medi-Cal expansion populations**, resulting in state actions limiting coverage for adults with Undocumented Immigrant Status (UIS), including discontinuation of enrollment for new UIS adults beginning January 2026 and loss of coverage for individuals who lapse enrollment.

- **Effective July 1, 2026**, UIS Medi-Cal patients will revert to Fee-for-Service (FFS) reimbursement at FQHCs, reducing reimbursement for Ravenswood from **\$535.05 to approximately \$77 per visit** for this population—an estimated **85% reduction in revenue** per visit.
- Patients not enrolled in Medi-Cal may only be served under a federal sliding fee schedule, generating as little as **\$40 per dental visit** for patients below 100% of the Federal Poverty Level.
- **Adult UIS patients (excluding pregnant women)** will be limited to urgent dental services only and will no longer be eligible for restorative, preventive, prosthodontic, or periodontal care under coverage.

Based on these changes, RFHN projects an approximately **\$800,000 revenue shortfall** in the first 12 months of the **Redwood City dental clinic** and **systemwide revenue reductions** exceeding **\$10 million** in FY 2026–27.

Proposed Lease Amendment Request (For Discussion)

In response, RFHN is requesting that the District consider amending the lease to reduce rent to **\$1.00 per year for the initial five years of the lease**, citing changed financial conditions and the need to sustain access to care.

Additional Considerations

RFHN has indicated the proposed rent structure also has accounting and audit implications. Specifically, RFHN advises that eliminating rent and recognizing the foregone rental value as an **in-kind contribution** may be preferable to paying rent and seeking grant support to offset the expense, as the latter could adversely affect financial ratios and liquidity measures.

This request is being evaluated against District needs and fiscal Impact by District staff

Next Steps

RFHN representatives will provide additional detail at the May 6 Board meeting, including budget assumptions and the anticipated operational impacts of these policy changes.

Following Board discussion and direction, staff anticipates returning in June with:

- A proposed lease amendment OR grant option for Board consideration;
- Fiscal impact analysis for the District;
- Review and recommendations from District legal counsel; and
- Any additional supporting documentation requested by the Board.

No action requested. For discussion only.



1885 Bay Road
East Palo Alto, CA 94303

**Ravenswood Family Health Network
Board of Directors**

Fred Mondragon, Chair
Siteri Maravou, Vice Chair
Adrian Amaral, Treasurer
VJ Periyakoil, MD, Secretary
Melieni Falemaka Talakai, Parliamentarian
Genesis Cerna
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Advisory Council

Patricia Bresee, Chair, Commissioner, Superior Court of San Mateo County (ret.)
Maya Altman, Executive Director, Health Plan of San Mateo (ret.)
Greg Avis, Managing Partner, Bangtail Partners
Caretha Coleman, Principal, Coleman Consulting
Greg Gallo, Partner, DLA Piper
Lily Hurlimann, Health Systems Consultant
Rose Jacobs Gibson, founder, President/CEO, Hagar Services Coalition
Ross Jaffe, MD, Managing Director, Versant Ventures
Jim Koshland, Partner, DLA Piper
Richard Levy, CEO, Varian Medical Systems (ret.)
John A. Sobrato, Founder & Principal, Sobrato Organization
Dr. Fred St. Goar, Cardiologist, Director, Fogarty Institute for Innovation
Jane Williams, CEO, Sand Hill Advisors

Executive Team

Gralyn Jacques, MBA, Chief Executive Officer
Jaime Chavarria, MD, Chief Medical Officer
Yogita Butani Thakur, DDS, MS, Chief Dental Officer
Amirhamzeh Shaftee, M.Sc., CPA, Chief Financial Officer
Luisa Buada, RN, MPH, Director of Capital Projects
Wilma Balmonte, MBA, Controller
Sonia Cardenas, MS-HCA, Director of Staff Development
Jeremiah Davis, MD, MPH, Associate Medical Director, Pediatrics
Sandra Escobar, PhD, Director of Integrated Behavioral Health Services and Social Services Department
Varsha Gadgil, RPH, PIC, Pharmacy Director
LaRae Garrigan, CPC, NCP, Director of the Billing Cycle
Thuy Loan-Phan, OD, Optometry Director
Kim Rufus, Director of Decision Support, IT/AV and HIMs
Sonia Santana, MD, OB/GYN, Associate Medical Director, Women's Health
Christy Silva, MBA, Quality & Project Management Officer
Trinidad Thompson, Human Resources Director
Julia Tse, MD, Associate Medical Director, Family Practice
Sheila Valdivia, RN, Director of Nursing Services
Jessica Yee, MURP, MPH, Development, Planning & Evaluation Director

April 29, 2026

Pamela Kurtzman
Chief Executive Officer
Sequoia Healthcare District
1016 Laurel Street
San Carlos, CA 94070

Re: Request for a Lease Amendment in relation to 525 Veterans, Blvd. in Redwood City

At the time RFHN signed the lease agreement for 525 Veterans Blvd. in Redwood City with Sequoia Healthcare District in April of 2024, California had extended Medi-Cal/Denti-Cal coverage to all low-income Californians regardless of immigration status. In RFHN's projections for income based on our organization's Prospective Payment System (PPS) reimbursement rate as a Federally Qualified Health Center (FQHC), it was anticipated to produce a surplus of revenue over expenses for the future dental clinic. PPS pays approximately 70% of the cost of care. As part of the lease negotiations, with the anticipation of a revenue surplus, RFHN agreed to pay rent \$2.50 per square foot, beginning with the lease Commencement Date. The lease also has language regarding how future leases would be increased and revised up to potentially Market rate in the future.

In June of 2025, the Trump Administration passed their "Big Beautiful Bill" cutting federal subsidies to states for Medi-Cal patients who were added under the Affordable Care Act (ACA), from 90% federal share to 50% federal share. These are the changes RFHN is now facing with Medi-Cal reimbursement cuts:

- The State of California, in response to federal cuts, stopped adding new adults with Undocumented Immigrant Status (UIS) on January of 2026 and will no longer cover UIS adults who lapse coverage.
- On July 1, 2026, all UIS Medi-Cal patients, regardless of age, (pediatric, pregnant women, and adults) will revert to Fee-for-Service (FFS) reimbursement at all FQHCs, including county health system FQHCs. For Ravenswood, the difference is an 85% less revenue per visit for the UIS population (\$77 instead of \$535.05 per visit).
- For those patients who decide not to sign up at all for Medi-Cal, Ravenswood gets paid a nominal fee in dental of \$40.00 a visit under the federal sliding fee scale for those under 100% of the Federal Poverty Level (FPL). For over 101% of FPL, there is a scale that goes up by percentages of the cost up to 200% of FPL.
- Furthermore, Starting July 1, 2026, UIS Adult Medi-Cal patients (excluding pregnant women) will only be able to receive **Urgent** dental services and not eligible for restorative, preventative, prosthodontic or periodontics care. These would have to be paid by the patient on a sliding fee schedule.

Consequently, RFHN is now looking at a <\$800,000> revenue shortfall in the first 12 months of the RWC dental clinic (see attached budget revise). RFHN system wide, in its six (6) clinical locations, is anticipating an organizational revenue reduction of over <\$10 Million> for FY 26-27.

For these reasons, RFHN is requesting that Sequoia Healthcare District amend the lease to reduce the rent to \$1.00 per year for the initial 5 years of the lease. Here are proposed language for the lease that takes into account the addition of the lease Commencement Date and the rent revision.



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- Amendment #1 - On Page 1 of the lease, Section 2 **Term** – 2.1 – Confirming the **Commencement Date of the lease to be April 6, 2026** – Note: The lease was expected to be amended once the clinic opened for business.
- Amendment #2 – on Page 2 of the lease, Section 4 **Rent** – 4.2 – (proposed language change) “Pursuant to changes in reimbursement for Denti-Cal covered lives in the State of California and anticipated increases in uninsured and underinsured low-income dental clients, SHD proposes to waive monthly rent until such conditions of reimbursement improve. Tenant Agrees to pay Landlord a nominal, one dollar per year (\$1.00) beginning on the Commencement Date.” Delete annual 3% increase language.
- Leave all other references to rent payments in the lease for the time being unless the SHD attorney thinks otherwise.

Note: Reasons to remove the rent are critical considerations for Ravenswood’s Audit and Financial Statements. For RFHN to pay rent and then get a grant to cover the rent impacts our financial ratios and liquidity. It is better for RFHN to book the market value of the rent as an in-kind contribution.

Thank you in advance for consideration of our request.

Sincerely,

A handwritten signature in black ink, appearing to read "Gralyn Jacques", written in a cursive style.

Gralyn Jacques
Chief Executive Officer

Operational Budget April 1 2026 to March 31, 2027
Sequoia Healthcare District
Redwood City Dental Office

PERSONNEL Position Title	FTE	YEAR 1		Patients	Visits
		Pay Rate	Annual Total		
Chief Dental Officer	0.20	348,738	\$ 69,748	176	582
General Dentist (4 yrs experience)	1.20	\$ 275,000	\$ 330,000	637	2,165
Pediatric Dentist	0.15	\$ 294,596	\$ 44,189	176	582
Registered Dental Hygienist	0.20	\$ 124,800	\$ 24,960	129	397
Dental Operations Manager	0.25	\$ 130,000	\$ 32,500		
Dental Office Supervisor	1.00	\$ 87,360	\$ 87,360		
Registered Dental Assistants II	0.75	\$ 35	\$ 54,600		
Dental Assistants I	2.00	\$ 26	\$ 108,160		
Dental Receptionist I	2.00	\$ 27	\$ 112,320		
Sterilization Technician	1.25	\$ 24	\$ 62,400		
Eligibility & Enrollment Technician II	1.00	\$ 29	\$ 60,320		
Sub-Total	10.00		\$ 986,557		
Fringe Benefits @ 25%			\$ 246,639		
TOTAL PERSONNEL			\$ 1,233,196	1,118	3,726

OPERATIONAL EXPENSES	
Epic Monthly Charges	\$ 30,434
Employee Uniforms	\$ 4,200
After Hours Care	\$ 1,200
Auto Expense	\$ 258
Biohazardous Waste	\$ 696
Equipment Maintenance, Contract/Repair	\$ 11,048
IT Tech Support	\$ 24,594
IT Software License Support	\$ 16,024
Dental Lab Fees	\$ 36,146
Security Alarm Services	\$ 3,162
Utilities	\$ 54,000
Telephone	\$ 25,447
Postage & Shipping	\$ 828
Outside Printing	\$ 703
License & Permits	\$ 1,246
Provider License/Memberships	\$ 4,917
Dues & Memberships	\$ 749
Payroll Service	\$ 8,951
Publications & Subscriptions	\$ 722
Staff Meeting	\$ 907

Operational Budget Apr 2026 to June 2026
Sequoia Healthcare District
Redwood City Dental Office
 April 1, 2026 - 3 months start up

PERSONNEL Position Title	FTE	3 Months		Patients	Visits
		Pay Rate	Annual Total		
Chief Dental Officer	0.05	\$ 348,738.00	\$ 17,437	44	146
General Dentist	0.30	\$ 275,000.00	\$ 82,500	159	541
Pediatric Dentist		\$ 294,596.00	\$ -		
Registered Dental Hygienist	0.05	\$ 124,800.00	\$ 6,240	32	99
Dental Operations Manager	0.06	\$ 130,000.00	\$ 8,125		
Dental Office Supervisor	0.25	\$ 87,360.00	\$ 21,840		
Registered Dental Assistants		\$ 35.00	\$ -		
Dental Assistants	0.50	\$ 26.00	\$ 27,040		
Dental Receptionist	0.50	\$ 27.00	\$ 28,080		
Sterilization Technician	0.31	\$ 24.00	\$ 15,600		
Eligibility & Enrollment Technician	0.25	\$ 29.00	\$ 15,080		
Dental Assistant Trainer	0.25	\$ 87,360.00	\$ 21,840		
Sub-Total	2.28		\$ 243,782		
Fringe Benefits @ 25%			\$ 60,945		
TOTAL PERSONNEL			\$ 304,727	192	641

Start up Supplies

OPERATIONAL EXPENSES - 3 months	
Epic New Site Implementation + monthly charges	\$ 9,858
Employee Uniforms	\$ 1,050
After Hours Care	\$ 300
Auto Expense	\$ 64
Biohazardous Waste	\$ 174
Equipment Maintenance, Contract/Repair	\$ 2,762
IT Tech Support	\$ 6,149
IT Software License Support	\$ 4,006
Dental Lab Fees	\$ 9,037
Security Alarm Services	\$ 790
Utilities	\$ 13,500
Telephone	\$ 6,362
Postage & Shipping	\$ 207
Outside Printing	\$ 176
License & Permits	\$ 311
Provider License/Memberships	\$ 1,229
Dues & Memberships	\$ 187
Payroll Service	\$ 2,238
Publications & Subscriptions	\$ 181
Staff Meeting	\$ 227

Office Supplies	\$	4,907
Dental Supplies		
	\$	70,728
Medical Supplies	\$	461
Janitorial Supplies	\$	283
Building Maintenance	\$	3,851
Equipment Rental, O2, NO2	\$	1,200
Travel	\$	317
Staff Development -Training	\$	2,702
Association Meetings	\$	2,509
Recruitment	\$	1,299
CME Providers	\$	3,750
Internet/Metro E/Fiber Services	\$	15,600
Insurance	\$	60,144
Sub-Total Operational Expenses	\$	393,983

Administrative Overhead Allocation @ 28%
\$ 455,610.24

GRAND TOTAL EXPENSES \$ 2,082,790

REVENUE April to June 2026		Rate/Visit	Percent of Visits		
Payor					
County	114.67	1%	\$ 1,068	9	
Private	167.00	3%	\$ 4,667	28	
Medi-Cal PPS (Full-Scope SIS Only)	535.05	90%	\$ 448,611	838	
Medi-Cal FFS (UIS Children only)	77.00				
Self Pay	54.00	6%	\$ 3,018	56	

REVENUE July to March 2027		Rate/Visit	Percent of Visits		
Payor					
County	114.67	6%	\$ 19,229	168	
Private	167.00	3%	\$ 14,002	84	
Medi-Cal PPS (Full-Scope SIS Only)	535.05	47%	\$ 702,823	1,314	
Medi-Cal FFS (UIS Children only)	77.00	24%	\$ 51,648	671	
Self Pay	54.00	20%	\$ 30,184	559	

Total Revenue \$ 1,275,251

Net Income/(Loss) \$ (807,538)

Office Supplies	\$	1,227
Dental Supplies (includes initial start-up quantities of \$137,706.73)		
	\$	137,707
Medical Supplies	\$	115
Janitorial Supplies	\$	71
Building Maintenance	\$	963
Equipment Rental, O2, NO2	\$	300
Travel	\$	79
Staff Development -Training	\$	676
Association Meetings	\$	627
Recruitment	\$	325
CME Providers	\$	938
Internet/Metro E/Fiber Services	\$	3,900
Sub-Total Operational Expenses	\$	205,735

Administrative Overhead Allocation @ 28%
\$ 142,929

GRAND TOTAL EXPENSES \$ 653,391

REVENUE April to June 2026		Rate/Visit	Percent of Visits		
Payor					
County	114.67	1%	\$ 734	6	
Private	167.00	3%	\$ 3,209	19	
Medi-Cal PPS (Full-Scope SIS Only)	535.05	90%	\$ 308,430	576	
Medi-Cal FFS (UIS Children only)	77.00	0%			
Self Pay	54.00	6%	\$ 2,075	38	

Total Revenue \$ 314,448

Net Income/Loss \$ (338,943)

MEMO

To: Sequoia Healthcare District Board of Directors

From: Pamela Kurtzman, CEO

Date: May 6, 2026

Re: Consideration of Lowest Qualified Bidder Proposal – Zone 4 Construction, Inc. for Tenant Improvements at 1016 Laurel Street, San Carlos

Recommendation

Staff recommends the Board consider approving the proposal from Zone 4 Construction, Inc., as the lowest qualified bidder, in an amount not to exceed **\$811,706**, and authorize the CEO to execute a construction agreement subject to legal review.

Background

As part of the District's office relocation and facility improvement project, staff solicited bids for tenant improvements (TI) at 1016 Laurel Street.

Following the initial bid process, only one proposal was received, and that was from Zone 4 Construction, Inc. The Board did not accept that bid and directed staff to reopen the process due to concerns that:

- The bid exceeded original cost expectations; and
- There were no comparable bids for evaluation.

Staff subsequently extended the bidding period by 30 days and re-advertised through the *Daily Journal*, the District website, and the Builders Exchange Network. The second solicitation generated four bids, including a resubmittal at a lower bid from Zone 4 Construction.

Bids received were as follows:

1. **Zone 4 Construction, Inc.** — \$811,706
2. **JPB Designs, Inc.** — \$817,000
3. **A CST Group, Inc. dba Dynasel USA** — \$821,000
4. **CWS Construction Group, Inc.** — \$1,249,000

Zone 4 Construction is the lowest qualified bidder.

The proposed scope includes demolition, interior build-out, mechanical and electrical improvements, and related modifications necessary to prepare the space for District operations.

Fiscal Impact

Approval would authorize a project cost of up to **\$811,706**. This amount exceeds the capital improvement budget originally contemplated and would require use of District reserves.

Considerations

Approval would allow staff to proceed with construction and maintain the project timeline, balancing cost, project readiness, operational needs, and prudent stewardship of public resources.

Rejection would likely result in significant delays, additional architectural and administrative costs, possible re-bidding or renegotiation, and could require a reduced project scope.

In considering whether to approve the proposal from Zone 4 Construction, Inc., the Board may reasonably find that acceptance of the bid is in the District's best interests based on the following:

- 1. Competitive Re-Bid Process Conducted.**

Following the Board's direction to reopen bidding, staff conducted a second competitive solicitation, including expanded advertising and outreach, which produced four bids. The resulting bids were clustered within a narrow range (excluding the highest outlier), providing market validation that the project cost is consistent with prevailing conditions.

- 2. Reasonableness of Price.**

Although the bid exceeds earlier preliminary estimates, the Board finds the revised bid amount reasonable in light of the competitive results received, current construction market conditions, and the scope of improvements required.

- 3. Protection of District Interests.**

Approval of the contract supports timely completion of improvements necessary for District operations and avoids additional delay, escalation in construction costs, increased professional fees, and other costs associated with rebidding or materially redesigning the project.

Requested Action: Approve the proposal from Zone 4 Construction, Inc. in an amount not to exceed \$811,706.

Agenda Item 3c – Update On Oral Health Learning Collaborative (OHAPAA) Pilot Outcomes

Materials for this agenda item will be provided separately in advance of the meeting.

RESOLUTION NO. 2026-02

**A RESOLUTION AUTHORIZING THE PAYMENT OF A PER-MEETING STIPEND
TO DIRECTORS OF SEQUOIA HEALTHCARE DISTRICT**

WHEREAS, Sequoia Healthcare District (the “District”) is engaged in a wide range of activities and programs for the benefit of residents of the District; and,

WHEREAS, the elected Directors of the District provide oversight of the District’s affairs and Chief Executive Officer; and,

WHEREAS, the Directors are required to attend multiple meetings, including regular and special meetings of the Board of Directors, meetings of standing committees, and meetings of ad hoc committees; and,

WHEREAS, the District relies on the expertise, experience, and judgment of the Directors to properly conduct its business; and,

WHEREAS, Health and Safety Code Section 32103 authorizes a healthcare district to compensate elected Directors with a stipend not to exceed \$100.00 for each meeting attended, not to exceed five meetings per month; and,

WHEREAS, it is in the best interest of the District to provide such compensation to its Directors in recognition of the time and effort they devote to District affairs; and,

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SEQUOIA HEALTHCARE DISTRICT DOES HEREBY FIND AND RESOLVE:

Section 1. Recitals. The above recitals are true and correct.

Section 2. Director Compensation. Each Director of Sequoia Healthcare District shall be entitled to receive \$100.00 as a stipend for each eligible meeting, as defined below, attended by the Director, not to exceed \$500.00 for each calendar month.

Section 3. Eligible Meetings. The meetings eligible for the stipend authorized by this Resolution shall be the regular and special meetings of the Board of Directors, meetings of each standing committee of the Board, and meetings of ad hoc or special committees that include at least one appointed Board member. A closed session of the Board of Directors held in connection with a regular or special meeting of the Board shall not be treated as a separate meeting. A closed session held as a stand-alone special meeting shall be treated as a separate meeting eligible for compensation. Meetings of the Grants Committee, the Pension Plan Committee, and the Finance Committee are meetings eligible for compensation. Attending community events and meetings with staff, members of the public, or similar meetings shall not be eligible for compensation under this policy.

Section 4. Process for Compensation. Each Director may request compensation on a form developed by staff and submitted to the Chief Financial Officer within 60 days of the end of the month for which the claim is made. The Chief Financial Officer may request such further

information as deemed necessary to ensure that proper claims are submitted and paid. Directors may decline the stipend.

Section 5. Expenses. In addition to the stipend, Directors shall continue to be entitled to reimbursement of travel and other expenses incurred in connection with District business, as provided in Section 32103(b), the Government Code, and District policies and procedures.

Section 6. Effective Date of Resolution. This Resolution shall take effect on December 1, 2026.

PASSED AND ADOPTED by the Board of Directors of Sequoia Healthcare District at the regular meeting on _____, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Item 3e. Public Hearing On Vacant Positions Per Government Code Section 3502.3

Summary: Assembly Bill AB 2561, which became effective January 1, 2025, codifies Section 3502.3 of the California Government Code. The new law requires public agencies to hold at least one public hearing per fiscal year, prior to budget adoption, to discuss vacancies and current recruitment and retention efforts.

If the public agency has unionized employees, additional detail is required for each bargaining unit when certain criteria (20% vacancies in the unit) are present. Because Sequoia Healthcare District does not have any bargaining units, these provisions do not apply.

As of April 29, 2026, the District had the following vacancies:

- Director of Operations and Administration
- Executive Assistant and Clerk of the Board

Information regarding recruitment efforts for these positions will be presented at the public hearing.

Prepared by:

Pamela Kurtzman, CEO

4/29/2026

Finance Report

May 6, 2026

Stuart Mar,
CFO

- ▶ Draft Internal Control Document
- ▶ FY'27 Budget **Update**
- ▶ Appendix
 - ▶ FY'27 Draft Budget Details (with and w/out Pension Effect)

Draft Internal Control Document

Internal Control Document (included in board packet) drafted in response to Grand Jury 2023- 2024 Internal Controls in San Mateo County Agencies and School Districts Report

- Identified Internal control areas commensurate with the District's size, complexity and risk profile
- Formatted document by identified key control areas
- Considered alignment with the GAO Green Book (identified by the San Mateo County Civil Grand Jury Report)

FY '27 Draft Budget Summary (Update)

General Assumptions and Highlights (without Pension)

- ▶ Bottoms/Up approach
- ▶ GAAP treatment
- ▶ Net Income/(Loss) target is \$5M Loss

- ▶ Revenue - \$22.8M in FY'27 vs. \$22.5M in FY'26
- ▶ Grant Expense - \$24.0M in FY'27 vs. \$20.5M in FY'26
- ▶ Operating Expense - \$3.8M in FY'27 vs. \$2.6M in FY '26 as a result of increased community engagement, communications and resources
- ▶ Capital Expenditure spend estimated at **\$890k** subject to board approval

Sequoia Healthcare District
DRAFT Profit & Loss Budget (With Pension)

FYE June 30, 2027

Unaudited for Management Discussion Purposes Only

	2026 Forecast	2027 Budget	2026 to 2027 Change Better / (Worse)	Narrative
Income				
Rental Income	\$ 84,431	\$ 84,432	\$ 1	
Tax Revenue	\$ 19,269,363	\$ 20,706,131	\$ 1,436,768	Est based upon 3.83% historical rate of increase
Gain(Loss) on Investments	\$ 1,011,334	\$ 640,000	\$ (371,334)	Est 2.81% historical annual Return
Int/Div Income	\$ 1,406,501	\$ 628,800	\$ (777,701)	Est 2.81% historical annual Return
Dignity Agreement	\$ 718,286	\$ 714,000	\$ (4,286)	
Total Income (Less Pension)	\$ 22,489,914	\$ 22,773,363	\$ 283,449	
Pension Contribution	\$ 3,600,000	\$ 2,573,948	\$ (1,026,052)	Lower actuary contribution rate
Pension Income	\$ 7,725,010	\$ 3,277,500	\$ (4,447,510)	Estimated lower investment returns
Total Income	\$ 33,814,924	\$ 28,624,811	\$ (5,190,113)	
Expenses				
Payroll and Related	\$ 1,525,854	\$ 1,948,925	\$ (423,070)	Increased HC and COLA
Administration	\$ 103,045	\$ 197,400	\$ (94,355)	Increased community engagement/involvement
Board Related Costs	\$ 33,904	\$ 66,310	\$ (32,406)	Increased primarily due to meeting stipend
Investment/Banking Fees	\$ 167,774	\$ 221,500	\$ (53,726)	Increased fees as a result of increased avg balances YOY
Office Expenses	\$ 10,950	\$ 12,000	\$ (1,050)	
Professional Fees	\$ 290,375	\$ 240,645	\$ 49,730	Decreased by strategic plan consultants in prior year
Communications	\$ 59,094	\$ 243,200	\$ (184,106)	Increased for higher communication activity and resource
Facilities	\$ 405,213	\$ 594,400	\$ (189,187)	Increase primarily due to 525/1016 TI depreciation
Insurance	\$ 46,804	\$ 51,000	\$ (4,196)	
Election Costs	\$ -	\$ 260,000	\$ (260,000)	Election costs in current year (Election every 2 years)
Other Expenses	\$ 854	\$ 840	\$ 14	
Total Operating Expenses	\$ 2,643,866	\$ 3,836,220	\$ (1,192,354)	
Pension Expenses	\$ 251,194	\$ 210,000	\$ 41,194	Estimated pension admin expense
Pension Benefit Payments	\$ 7,487,094	\$ 7,200,000	\$ 287,094	Estimated pension beneficiary payments
Grant Expenses	\$ 20,477,307	\$ 23,937,144	\$ (3,459,838)	Increased with \$5M investment from reserves
Total Expenses	\$ 30,859,461	\$ 35,183,364	\$ (4,323,902)	
Net Income (Loss)	\$ 2,955,463	\$ (6,558,552)	\$ (9,514,015)	
Capital Expenditures	\$ 3,455,376	\$ 890,000	\$ 2,565,376	Decrease in TI expenditures

Sequoia Healthcare District
DRAFT Profit & Loss Budget (Without Pension)
FYE June 30, 2027

Unaudited for Management Discussion Purposes Only

	2026 Forecast	2027 Budget	2026 to 2027 Change Better / (Worse)	Narrative
Income				
Rental Income	\$ 84,431	\$ 84,432	\$ 1	
Tax Revenue	\$ 19,269,363	\$ 20,706,131	\$ 1,436,768	Est based upon 3.83% historical rate of increase
Gain(Loss) on Investments	\$ 1,011,334	\$ 640,000	\$ (371,334)	Est 2.81% historical annual Return
Int/Div Income	\$ 1,406,501	\$ 628,800	\$ (777,701)	Est 2.81% historical annual Return
Dignity Agreement	\$ 718,286	\$ 714,000	\$ (4,286)	
Total Income	\$ 22,489,914	\$ 22,773,363	\$ 283,449	
Expenses				
Payroll and Related	\$ 1,525,854	\$ 1,948,925	\$ (423,070)	Increased HC and COLA
Administration	\$ 103,045	\$ 197,400	\$ (94,355)	Increased community engagement/involvement
Board Related Costs	\$ 33,904	\$ 66,310	\$ (32,406)	Increased primarily due to meeting stipend
Investment/Banking Fees	\$ 167,774	\$ 221,500	\$ (53,726)	Increased fees as a result of increased avg balances YOY
Office Expenses	\$ 10,950	\$ 12,000	\$ (1,050)	
Professional Fees	\$ 290,375	\$ 240,645	\$ 49,730	Decreased by strategic plan consultants in prior year
Communications	\$ 59,094	\$ 243,200	\$ (184,106)	Increased for higher communication activity and resource
Facilities	\$ 405,213	\$ 594,400	\$ (189,187)	Increase primarily due to 525/1016 TI depreciation
Insurance	\$ 46,804	\$ 51,000	\$ (4,196)	
Election Costs	\$ -	\$ 260,000	\$ (260,000)	Election costs in current year (Election every 2 years)
Other Expenses	\$ 854	\$ 840	\$ 14	
Total Operating Expenses	\$ 2,643,866	\$ 3,836,220	\$ (1,192,354)	
Grant Expenses	\$ 20,477,307	\$ 23,937,144	\$ (3,459,838)	Increased with \$5M investment from reserves
Total Expenses	\$ 23,121,172	\$ 27,773,364	\$ (4,652,191)	
Net Income (Loss)	\$ (631,258)	\$ (5,000,000)	\$ (4,368,742)	
Capital Expenditures	\$ 3,455,376	\$ 890,000	\$ 2,565,376	Decrease in TI expenditures

Sequoia Healthcare District
DRAFT Profit & Loss Pension Budget
FYE June 30, 2027

Unaudited for Management Discussion Purposes Only

	2026 Forecast	2027 Budget	2026 to 2027 Change Better / (Worse)	Narrative
Income				
Pension Contribution	\$ 3,600,000	\$ 2,573,948	\$ (1,026,052)	Lower actuary contribution rate
Pension Income	\$ 7,725,010	\$ 3,277,500	\$ (4,447,510)	Estimated lower investment returns
Total Income	\$ 11,325,010	\$ 5,851,448	\$ (5,473,562)	
Expenses				
Pension Expenses	\$ 251,194	\$ 210,000	\$ 41,194	Estimated pension admin expense
Pension Benefit Payments	\$ 7,487,094	\$ 7,200,000	\$ 287,094	Estimated pension beneficiary payments
Total Expenses	\$ 7,738,289	\$ 7,410,000	\$ 328,289	
Net Income (Loss)	\$ 3,586,721	\$ (1,558,552)	\$ (5,145,273)	

Appendix

FY '27 Draft Budget Details

(with and without Pension)

Sequoia Healthcare District
DRAFT Profit & Loss Budget Details (with Pension)
FYE June 30, 2027
Unaudited for Management Discussion Purposes Only

	Summary Account Classification	Draft FY 2027 Budget
Income		
40400-1 · Tax Revenue	Tax Revenue	\$ 20,706,131
40500-1 · Gain/(Loss) on Investments	Gain(Loss) on Investments	\$ 640,000
40600-1 · Int/Div Income	Int/Div Income	\$ 480,000
40600-3 · Int/Div Income - Pension	Pension Income	\$ 548,000
40530-3 · Gain/(Loss) on Investments -Pen	Pension Income	\$ 2,729,500
40800-5 · Dignity Collab Revenue	Dignity Agreement	\$ 510,000
40610-1 · Interest - 525 Veterans Lease	Int/Div Income	\$ 148,800
41110-1 · 525 Veterans Lease Revenue	Rental Income	\$ 84,432
40620-1 · DH Settlement Interest	Dignity Agreement	\$ 204,000
41000-3 · Employer Trust Contributions	Pension Contribution	\$ 2,573,948
Total Income		28,624,811
Expense		
60100.1 · Prof. Development	Administration	\$ 62,500
60100-1 · Admin. Expense - Other	Administration	\$ 70,000
60101-1 · Administration Payroll	Payroll and Related	\$ 1,505,035
60109-3 · Pension Benefit Payments	Pension Benefit Payments	\$ 7,200,000
60130-3 · Pension Admin Expenses	Pension Expenses	\$ 210,000
60199-4 · PTO Payroll Expense	Payroll and Related	\$ 81,206
60300-1 · Board Health Insurance	Board Related Costs	\$ 17,010
60310-1 · Employee Health Benefits	Payroll and Related	\$ 307,377
60350-1 · Employee Retirement Benefit	Payroll and Related	\$ 55,307
60400-1 · Investment Fees	Investment/Banking Fees	\$ 220,000
60500-1 · Office Supplies/Equip Maint	Office Expenses	\$ 12,000
60600-1 · Consulting Services	Professional Fees	\$ 127,200
60610-1 · Accounting fees	Professional Fees	\$ 33,445
60700-1 · Board Expense	Board Related Costs	\$ 49,300
60710-1 · Association/Membership Dues	Administration	\$ 44,800
60715-1 Conference/Seminars	Administration	\$ 2,600
60725-1 · Communications	Communications	\$ 243,200
60750-1 · Software-Hardware-IT	Facilities	\$ 114,593
60800-1 · Insurance	Insurance	\$ 51,000
60805-1 · Election Fees	Election Costs	\$ 260,000
60806-1 · LAFCO fees	Administration	\$ 17,500
60810-1 · Legal Fees	Professional Fees	\$ 80,000
60815-1 · Bank Fees	Investment/Banking Fees	\$ 1,500
Total 65100-1 · 1016 Laurel Occupancy Costs	Facilities	\$ 108,700
65500-4 · Depreciation Expense - GW	Facilities	\$ 363,999
65510-4 · Amortization Expense - GW	Facilities	\$ 7,108
65610-1 · Capital Outlay - General	Facilities	\$ 890,000
65610-4 · Capital Outlay - GW Offset	Facilities	\$ (890,000)
69010-4 · Interest Expense - GW	Other Expenses	\$ 840
Non -Grant Expenses		\$ 11,246,220
70200-1 · Grant Admin Expenses	Grant Expenses	\$ 57,054
70310-5 · Collab grant - Custodial Fund	Grant Expenses	\$ 510,000
70350-1 · Samaritan House	Grant Expenses	\$ 1,934,054
70560-1 · Ravenswood Family Health Center	Grant Expenses	\$ 1,000,000
70568-1 · Sonrisas	Grant Expenses	\$ 350,000
70569-1 · First 5 SMC	Grant Expenses	\$ 690,900
70594-1 · Future Impact Funds	Grant Expenses	\$ 5,000,000
70603-1 · Community Grants	Grant Expenses	\$ 8,545,136
70705-1 · Sequoia Smart	Grant Expenses	\$ 350,000
70706-1 · Sequoia Safe (+HeartSafe)	Grant Expenses	\$ 100,000
70707-1 · Sequoia Strong	Grant Expenses	\$ 1,000,000
70802-1 · School Health Grants	Grant Expenses	\$ 4,400,000
Grant Expenses		\$ 23,937,144
Total Expense		\$ 35,183,364
Net Ordinary Income		
Net Income		\$ (6,558,552)

Sequoia Healthcare District
DRAFT Profit & Loss Budget Details (without Pension)
FYE June 30, 2027
Unaudited for Management Discussion Purposes Only

	Summary Account Classification	Draft FY 2027 Budget
Income		
40400-1 · Tax Revenue	Tax Revenue	\$ 20,706,131
40500-1 · Gain/(Loss) on Investments	Gain(Loss) on Investments	\$ 640,000
40600-1 · Int/Div Income	Int/Div Income	\$ 480,000
40600-3 · Int/Div Income - Pension	Pension Income	\$ -
40530-3 · Gain/(Loss) on Investments -Pen	Pension Income	\$ -
40800-5 · Dignity Collab Revenue	Dignity Agreement	\$ 510,000
40610-1 · Interest - 525 Veterans Lease	Int/Div Income	\$ 148,800
41110-1 · 525 Veterans Lease Revenue	Rental Income	\$ 84,432
40620-1 · DH Settlement Interest	Dignity Agreement	\$ 204,000
41000-3 · Employer Trust Contributions	Pension Contribution	\$ -
Total Income		22,773,363
Expense		
60100.1 · Prof. Development	Administration	\$ 62,500
60100-1 · Admin. Expense - Other	Administration	\$ 70,000
60101-1 · Administration Payroll	Payroll and Related	\$ 1,505,035
60109-3 · Pension Benefit Payments	Pension Benefit Payments	\$ -
60130-3 · Pension Admin Expenses	Pension Expenses	\$ -
60199-4 · PTO Payroll Expense	Payroll and Related	\$ 81,206
60300-1 · Board Health Insurance	Board Related Costs	\$ 17,010
60310-1 · Employee Health Benefits	Payroll and Related	\$ 307,377
60350-1 · Employee Retirement Benefit	Payroll and Related	\$ 55,307
60400-1 · Investment Fees	Investment/Banking Fees	\$ 220,000
60500-1 · Office Supplies/Equip Maint	Office Expenses	\$ 12,000
60600-1 · Consulting Services	Professional Fees	\$ 127,200
60610-1 · Accounting fees	Professional Fees	\$ 33,445
60700-1 · Board Expense	Board Related Costs	\$ 49,300
60710-1 · Association/Membership Dues	Administration	\$ 44,800
60715-1 Conference/Seminars	Administration	\$ 2,600
60725-1 · Communications	Communications	\$ 243,200
60750-1 · Software-Hardware-IT	Facilities	\$ 114,593
60800-1 · Insurance	Insurance	\$ 51,000
60805-1 · Election Fees	Election Costs	\$ 260,000
60806-1 · LAFCO fees	Administration	\$ 17,500
60810-1 · Legal Fees	Professional Fees	\$ 80,000
60815-1 · Bank Fees	Investment/Banking Fees	\$ 1,500
Total 65100-1 · 1016 Laurel Occupancy Costs	Facilities	\$ 108,700
65500-4 · Depreciation Expense - GW	Facilities	\$ 363,999
65510-4 · Amoritzation Expense - GW	Facilities	\$ 7,108
65610-1 · Capital Outlay - General	Facilities	\$ 890,000
65610-4 · Capital Outlay - GW Offset	Facilities	\$ (890,000)
69010-4 · Interest Expense - GW	Other Expenses	\$ 840
Non -Grant Expenses		\$ 3,836,220
70200-1 · Grant Admin Expenses	Grant Expenses	\$ 57,054
70310-5 · Collab grant - Custodial Fund	Grant Expenses	\$ 510,000
70350-1 · Samaritan House	Grant Expenses	\$ 1,934,054
70560-1 · Ravenswood Family Health Center	Grant Expenses	\$ 1,000,000
70568-1 · Sonrisas	Grant Expenses	\$ 350,000
70569-1 · First 5 SMC	Grant Expenses	\$ 690,900
70594-1 · Future Impact Funds	Grant Expenses	\$ 5,000,000
70603-1 · Community Grants	Grant Expenses	\$ 8,545,136
70705-1 · Sequoia Smart	Grant Expenses	\$ 350,000
70706-1 · Sequoia Safe (+HeartSafe)	Grant Expenses	\$ 100,000
70707-1 · Sequoia Strong	Grant Expenses	\$ 1,000,000
70802-1 · School Health Grants	Grant Expenses	\$ 4,400,000
Grant Expenses		\$ 23,937,144
Total Expense		\$ 27,773,364
Net Ordinary Income		
Net Income		\$ (5,000,000)

AGENDA ITEM 3f - COVER MEMORANDUM

May 6, 2026

To: SHD Board of Directors

From: Stuart Mar, CFO

Subject: Discussion Draft – Internal Controls over Financial Assets, Transactions and Reporting (No Action Requested)

Background and Purpose

Attached for Board discussion is a draft Internal Controls Policy intended to formalize and strengthen the District's financial control framework, clarify roles and responsibilities, and align District practices with recognized internal control principles, including the California State Controller's Internal Control Guidelines for Local Agencies.

While the District has long maintained internal control practices through established procedures, financial oversight, independent audits, and Board review of financial reports, this draft policy consolidates those practices into a formal Board policy for greater clarity, transparency, and governance oversight.

The draft policy also responds to the Board's interest in codifying expectations for periodic review of internal controls and reflects ongoing efforts to strengthen internal governance and risk management.

Discussion Focus

This item is presented for discussion only at the May 6 meeting. The purpose of this discussion is to:

- Receive Board input and identify any desired revisions
- Discuss whether the policy appropriately reflects District Board oversight expectations
- Inform preparation of a final draft for Board consideration in June

No Action Requested

No Board action is requested at this time. Staff is not seeking approval of the policy at the May 6 meeting. Following Board discussion and incorporation of feedback, a revised policy is expected to return for possible adoption at the June Board meeting.

Internal Controls over Financial Assets, Transactions and Reporting

DRAFT

TO: SHCD Board

FROM: Stuart Mar, CFO

SUBJECT: Draft Internal Controls over Financial Assets, Transactions and Reporting

Date: TBD

PURPOSE

- The purpose of this document is to establish internal controls that ensure accurate financial reporting, safeguard District assets, and promote compliance with best accounting standards and regulatory requirements. Best accounting standards include the following 6 Principles: 1) Segregation of Duties, 2) Financial Reporting, 3) Authorization and Approvals, 4) Asset Management, 5) Cash and Bank Controls, 6) Compliance and Monitoring.

INTERNAL CONTROL GOVERNANCE AND RISK ASSESSMENT

Management, under oversight of the Board of Directors, is responsible for establishing and maintaining effective internal control. These activities are performed at a level commensurate with the District's size, complexity, and risk profile. This includes:

- Periodic identification and assessment of risks, including fraud risk, that may impact financial reporting, operations, or compliance
- Evaluation of changes in personnel, systems, or operations that may affect internal control
- Establishment of accountability of internal control responsibilities across all roles
- Maintenance of standards of conduct and expectation for ethical behavior
- Consideration of potential for fraud in assessing risks and designing control activities, including risks related to unauthorized disbursements and financial reporting override

CASH DISBURSEMENTS

Risk:

- *Unauthorized Disbursements*
- *Errors in Recording Transactions*

Controls

Physical Checks

- Check stock ordered by Executive Assistant/Accounting Clerk (EA/AC) with supervision and approval of CFO
- EA/AC stores blank checks in a locked cabinet. Cabinet can be accessed by CFO.
- No other staff/Board members have access to checks.

Invoice Approval

- EA/AC will match invoices with supporting documentation and indicate General Ledger (GL) Coding (e.g. purchase orders and packing slips, credit card bill with receipts, operations approval, etc.).
- CFO or CEO reviews invoices and approves for payment and GL Coding.

Check/Wire /ACH Processing

- EA/AC process checks/wires/ACH payments from approved invoices or other documentation for payment and attaches check receipt to supporting documentation.
- EA/AC routes all checks/wire/ACH requests to CEO with supporting documentation for final review and approval. CEO signs checks or wire/ACH requests and returns to EA/AC.
- Second approval/signature is required for check/wire/ACH over \$24,999.
- EA/AC files check receipt and original supporting documents.
- All voided checks are maintained separately for sequence verification.
- EA/AC uploads date, check number, payee and amount to the Positive Pay System on the online banking platform.
- EA/AC mails check to vendors.
- EA/AC initiates wire/ACH payments on the online banking platform. (*note: the EA/AC has administrative access to initiate wire/ACH payments and review accounts online only. EA/AC does not have signing authority to approve payments for processing.*)
- CEO approves wire transfer/ACH payments on the banking platform. Authorized individuals include the Board Chair, Vice Chair and CEO.
- If banking fraud is discovered in any payment process, the fraud must be reported to the CEO and Board immediately.

***note:** *The Board Chair and another authorized signer can carry out the authorization and signature procedures above should a disbursement be required, and the CEO is unavailable.*

Bank Reconciliation

- EA/AC receives all bank statements.
- EA/AC prepares the bank reconciliation and researches outstanding checks greater than 60 days.
- All bank reconciliations are stored in the Financial binder.

Other Internal Review

- Cash Disbursements, Cash Receipts and Check Register reports from QuickBooks are provided to the Board and CEO monthly.
- CFO reviews and approves the bank reconciliations monthly.

CASH RECEIPTS

Risk:

- *Misappropriation*
- *Errors in Recording Transactions*

Controls:

Receipt and Deposit of Checks

- EA/AC receives checks by mail or dropped off in-person
 - EA/AC endorses the back of each check using a bank stamp with the account information for deposit.
 - CFO deposits check(s) remotely through the Bank's Remote deposit app.
 - Approved remote deposit receipt with attached check is provided to EA/AC and filed in the receipts binder.
 - EA/AC records deposits in QuickBooks

**Note: Checks held overnight are kept in a locked file drawer with limited access.*

Deposits received directly to bank:

- AE/AC provides supporting documentation and GL Coding for deposits made directly to bank via wire transfer/ACH/etc. CFO reviews and approves the transaction.
- AE/AC records deposits in QuickBooks
- All support documentation is filed in the Receipts binder.

Other Internal Review

- Cash Disbursements, Cash Receipts and Check Register reports from QuickBooks are provided to the Board and CEO monthly.

PAYROLL

Risk:

- *Unauthorized Disbursements*
- *Errors in Recording*

Controls:

Hiring

- Board approves employee positions and benefits through the budget process.
- Board approves any out-of-budget staff additions or reductions.
- CEO hires staff, determines salary (based on comparable market studies)
- Human Resources (HR) receives approved new hire and/or employee status/salary/benefit changes form from CEO.
- HR confirms employee submission of forms W4 and I9 and supporting documents from new employees and files supporting documentation in the employee file.
- HR processes new hire changes in the Paychex Platform according to the approved Salary/Benefit Change form.
- HR files the Salary/Benefit Change form in employee file.

Preparation of Payroll

- Payroll is processed by HR via the Paychex Platform every other week. Pay date is every other Tuesday.
- HR processes any approved Salary/Benefit Changes, PTO or leave requests received from CEO.
- Pay checks are issued via direct deposit. Paychex prepares and submits all government required deposits and reports.

Approval of Payroll

- CEO reviews and approves preliminary payroll reports received from HR
- CFO maintains all payroll information in payroll binder.
- EA/AC distributes individual employee checks in sealed envelope, if applicable.

Recording of Payroll in Financials

- EA/AC records payroll transactions via payroll journal entry in QuickBooks
- CFO approves payroll journal entry.

JOURNAL ENTRIES

Risk:

- *Unauthorized Entries to Financial Statements*
- *Override of Internal Controls*

- *Errors in Recording*

Controls:

- EA/AC enters approved journal entries as directed by CFO.
- EA/AC files journal entry documentation in journal entry binder.

FIXED ASSETS

Risk:

- *Disposals of Assets without Notification to District*
- *Errors in recording transactions*

Controls:

- CFO prepares and maintains the Fixed Asset Listing and depreciation schedule.
- Asset disposals are approved by CEO.
- The EA/AC records all approved additions, deletions and depreciation via journal entry prepared by CFO in QuickBooks.

FINANCIAL STATEMENTS

Risk:

- *Errors in Recording Transactions*

Controls:

Financial Statement Preparation:

- All approved journal entries by CFO are accompanied by supporting documentation and entered into financial system by EA/AC.
- Financial reports are prepared by the CFO and presented to the Board periodically
- For fiscal year end Audited Statements, the CFO reviews all GL accounts and prepares reconciliations for balance sheet accounts.
- Draft Fiscal Year-End Audited Financial Statements are reviewed and approved by CFO in conjunction with year-end independent auditor engagement. Independent Auditors present the Draft Fiscal Year-End Audited Financial Statements to the Board for approval.

Other Internal Review

- All transactions are accompanied by CFO approved supporting documentation.
- CFO reviews transactions during monthly close process and prepares monthly financial reports including budget versus actuals analysis and balance sheet account reconciliations
- CFO distributes the Cash Disbursements, Cash Receipts, and Check register reports to the Board monthly.

- CFO prepares Sources and Uses, Cash Position, YTD Profit and Loss and Budget vs. Actuals reports and presents at bi-monthly Board meetings.
- The bi-monthly board meeting Consent Calendar includes prior period financial statements that are reviewed and approved by Board vote.
- Management ensures that relevant and reliable financial information is communicated to the Board in a timely manner to support oversight responsibilities and decision-making.
- Board of Directors approve final Audited Financial Statements

INFORMATION SYSTEMS AND ACCESS CONTROLS

The District utilizes financial and payroll systems (e.g., Quickbooks, Paychex and online banking platforms) with role-based access controls. Access to systems is limited based on job responsibilities, and authorization is required for all transaction processing and approvals. Management periodically reviews user access and permissions and removes access timely upon role changes or termination.

FINANCIAL AUDITS

The above procedures represent the District's system of internal controls. The District requires an annual audit by an independent Certified Public Accountant. The audit is not relied upon as a substitute for the District's internal controls. In addition to external audit procedures that may identify control deficiencies, management monitors internal control performance and communicates any identified material deficiencies to the CEO and Board. Corrective actions are implemented and tracked to resolution.

Original Draft Policy reviewed by Board (April 2026).

ADDENDUM: Alignment with GAO Green Book (May 2025) – 17 Principles of Internal Control

The Sequoia Healthcare District (the “District”) affirms that its system of internal control, as documented in this policy, is designed in alignment with the 17 Principles of internal control outlined in the *GAO Green Book (May 2025)*. These principles are organized under five components, each of which is addressed as follows:

Control Environment (Principles 1–5)

The District demonstrates a commitment to integrity and ethical values through established governance practices and Board oversight. Roles and responsibilities are defined across management and staff, with appropriate segregation of duties. Management establishes expectations for competence and holds personnel accountable for internal control responsibilities through defined approval authorities and review processes.

Risk Assessment (Principles 6–9)

Management identifies and analyzes risks related to financial reporting, operations, and compliance, including the risk of fraud. Risks are considered in the design of control activities, and management evaluates the potential impact of changes in operations, personnel, or systems on the internal control framework.

Control Activities (Principles 10–12)

The District has implemented control activities, including approvals, reconciliations, segregation of duties, and supervisory reviews, to mitigate identified risks. These controls are embedded within key financial processes such as cash disbursements, receipts, payroll, journal entries, and financial reporting. Technology-dependent processes (e.g., banking platforms, accounting systems, payroll systems) incorporate appropriate access and authorization controls.

Information and Communication (Principles 13–15)

Relevant financial and operational information is identified, captured, and communicated in a timely manner to support internal control responsibilities. Management provides regular financial reports to the Board, and communication channels exist for reporting issues, including potential fraud or control deficiencies.

Monitoring Activities (Principles 16–17)

The District conducts ongoing monitoring through routine management reviews, reconciliations, and Board reporting. Any identified control deficiencies are communicated to appropriate parties, including executive management and the Board, and corrective actions are taken as necessary. The Board of Directors provide oversight of internal control through review of financial reporting, audit results, and related policies.

Conclusion

Management has determined that the District’s internal control system is suitably designed to provide reasonable assurance that objectives related to financial reporting, compliance, and operations are achieved in accordance with the GAO Green Book framework. Management will periodically review and update controls to address evolving risks and operational changes.

Agenda Item 4a – Board Study Session

A study session agenda and other materials will be provided separately in advance of the meeting.