

Del Norte Healthcare District  
Board of Directors Meeting

Agendized  
Board Packet

Tuesday December 23, 2025

**December**  
**11/20/2025 – 12/17/2025**

**4A**

<u>DATE</u>	<u>NAME</u>	<u>DESCRIPTION</u>	<u>CK#</u>	<u>AMOU</u>
11/24	Edward Jones	SEP IRA contribution	11039	400.00
11/28	Doris Hendricks	November Payroll	DD	1408.22
11/28	United states Trea.	November Payroll taxes	EFT	314.18
11/24	Dwayne Reichlin	1 <sup>st</sup> qrt. Medicare reimb.	11040	608.70
11/24	Mike Young	1 <sup>st</sup> qrt. Medicare reimb.	11041	558.70
12/1	Katie Wheeler	Dec. Service	EFT	200.00
12/1	CalPers	December Premium	EFT	3274.57
12/1	Wen-Cor	November service	11042	300.00
12/1	City of CC	Senior swim	11043	3850.00
12/1	City of CC	Swim lessons	11044	1128.00
12/1	City of CC	Public Swim	11045	900.00
12/1	Clarke Moore	D/V/RX reimbursement	11046	273.00
12/1	Doris Hendricks	D/V/RX reimbursement	11047	557.42
12/8	Charter	December	EFT	181.25
12/11	Northridge Elec.	Inv. 21925	11048	202.31
12/11	HI-Tech Security	Inv. 25-11431	11049	503.64
12/12	Tri Counties Bank	Credit Card	11050	109.19
		Microsoft 43.20		
		Avast 65.99		
12/17	Coastal Hostal	Funds awarded	11051	150000.00
12/17	Northridge Elec.	Inv. 21935	11052	949.99
12/17	Blue Star Gas	Inv. 266234	EFT	<u>2589.76</u>
<u>Total</u>				<u>168,308.93</u>

**Del Norte Healthcare District  
Financial Report  
November 30, 2025**

ACCOUNT	November 1, 2025	September 30, 2021	October 31, 2025
	BK./Inv. Acct. Bal.	Note Payable	45,991.00
LAIF (Investment Account)	3,905,083.26		3,905,083.26
Tri Counties- Bus. Cking. Acct.	84,370.34		62,876.03
Tri Counties - Money Mkt. (holding) Acct.	187,616.98		187,618.57
Tri Counties- W.C. USDA Auto Pay	0.00	closed acct.	0.00
<b>TOTAL BK./INV. ACCT BALANCES</b>	<b>4,177,070.58</b>	<b>0.00</b>	<b>4,155,577.86</b>

BUDGET CATEGORY INCOME	Anticipated Income	Income Received To Date	Remaining/(Surplus) Anticipated Income
Interest LAIF & bank Accts	140,000.00	84,061.29	55,938.71
Tax Receipts	765,000.00	108,181.96	656,818.04
Rent (Open Door \$ 10250.00)	123,000.00	51,250.00	71,750.00
DHHS Lease (\$6800.00)	0.00		
Utility Reimbursement 80%	72,000.00	20,847.33	51,152.67
Insurance Reimbursement Pers-D/V/RX	1,000.00	100.00	900.00
Miscellaneous Income	1,000.00	113.11	886.89
<b>Sub-Total</b>	<b>1,102,000.00</b>	<b>264,553.69</b>	<b>837,446.31</b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b>1,102,000.00</b>	<b>264,553.69</b>	<b>837,446.31</b>

EXPENDITURES	Annual Budget	Paid to Date	Budget Amt. Available
<i>Personnel Expenses</i>			
Payroll	24,000.00	7,759.55	16,240.45
General Benefits/SSI/EDD/WC	14,000.00	4,087.74	9,912.26
Cal Pers	45,000.00	17,521.78	27,478.22
Dental, Vision, RX	30,000.00	3,161.80	26,838.20
Past Board Health Benefits	15,000.00	3,570.40	11,429.60
<b>TOTAL PERSONNEL EXPENSES</b>	<b>128,000.00</b>	<b>36,101.27</b>	<b>91,898.73</b>
<i>Operating Expenses</i>			
Pacific Power	42,500.00	19,260.35	23,239.65
Blue Star Gas	32,500.00	4,182.41	28,317.59
Crescent City W & S	21,000.00	2,572.01	18,427.99
Telephone & Internet	6,000.00	1,315.84	4,684.16
Office Supplies and Expenses	4,000.00	1,709.03	2,290.97
Training & Education	3,000.00		3,000.00
Memberships	4,000.00	3,632.00	368.00
<b>TOTAL UTILITIES AND OFFICE EXPENSE</b>	<b>113,000.00</b>	<b>32,671.64</b>	<b>80,328.36</b>
<i>Professional Services Expenses</i>			
Legal	10,000.00		10,000.00
Accounting	20,000.00	3,095.00	16,905.00
Election Expense			
Insurance	28,000.00	27,839.18	160.82
Other Professional	5,000.00	1,028.70	3,971.30
<b>TOTAL PROFESSIONAL EXPENSE</b>	<b>63,000.00</b>	<b>31,962.88</b>	<b>31,037.12</b>

**DEL NORTE HEALTHCARE DISTRICT**  
**MONTHLY FINANCIAL REPORT PAGE 2**  
**30-Nov-25**

Budget Category		Paid to Date		Budget Amt. Available
<b>Building Maintenance</b>				
Materials & Supplies		10,000.00		10,000.00
Grounds Keeping		15,000.00	5,100.00	9,900.00
Maintenance Services		25,000.00	5,857.23	19,142.77
<b>TOTAL BUILDING MAINTENANCE</b>		<b>50,000.00</b>	<b>10,957.23</b>	<b>39,042.77</b>
<b>Contributions</b>				
High School Scholarship (\$500.00 x 4)		2,000.00		2,000.00
Childcare Scholarship		5,000.00		5,000.00
CR Nursing Scholarship		10,000.00	10,000.00	0.00
Grad Night Safety Program		500.00		500.00
Sharps Containers		500.00	150.00	350.00
Food Hub Operations		24,000.00		24,000.00
Non-Emergency Transport		10,000.00		10,000.00
Gateway Education		51,000.00		51,000.00
Swim Lessons		41,000.00	4,595.00	36,405.00
Senior Swim Passes		48,000.00	16,400.00	31,600.00
Public Swim Project		13,000.00	3,825.00	9,175.00
Coastal Hospice		150,000.00		150,000.00
Emergency Food Project		32,000.00		0.00
CR development		59,000.00		59,000.00
<b>TOTAL CONTRIBUTIONS</b>		<b>446,000.00</b>	<b>66,970.00</b>	<b>379,030.00</b>
<b>Projects</b>				
Beachfront Exercise Loop Stations		50,000.00	48,150.50	1,849.50
Kids Town hard surface		50,000.00		50,000.00
Local Medical Transportation		10,000.00		10,000.00
Recruitment & Retention		50,000.00		50,000.00
Swim Club Equipment		51,000.00		51,000.00
Blueberry Legacy		5,000.00		5,000.00
<b>TOTAL PROJECTS</b>		<b>216,000.00</b>	<b>48,150.50</b>	<b>167,849.50</b>
<b>Building Repairs</b>				
510 E. Washington		35,000.00	6,159.34	28,840.66
510 Roof		60,000.00	650.00	59,350.00
Open Door		40,000.00		40,000.00
<b>TOTAL REPAIRS</b>		<b>135,000.00</b>	<b>6,809.34</b>	<b>128,190.66</b>
<b>TOTAL OPERATING EXPENSES</b>		<b>1,151,000.00</b>	<b>233,622.86</b>	<b>917,377.14</b>
<b>CAPITAL EXPENSES</b>				
Fixed Assets		0.00		0.00
<b>TOTAL CAPITAL EXPENSES</b>		<b>0.00</b>		<b>0.00</b>
<b>TOTAL OPERATING &amp; CAPITAL EXPENSES</b>		<b>1,151,000.00</b>	<b>233,622.86</b>	<b>917,377.14</b>
CONTINGENCY FUND		0.00		0.00
<b>TOTAL OPERATING EXPENDITURES</b>		<b>1,151,000.00</b>	<b>233,622.86</b>	<b>917,377.14</b>
<b>TOTAL ANTICIPATED INCOME</b>				
		1,102,000.00		1,102,000.00
<b>MINUS OPERATING EXPENDITURES</b>		<b>1,151,000.00</b>		<b>1,151,000.00</b>
<b>SURPLUS</b>		<b>-49,000.00</b>		

**Minutes of the Regular Board Meeting  
Del Norte Healthcare District  
November 25, 2025 @ 5:30 p.m.**

**Regular Meeting**

1. **CALL TO ORDER:** Meeting called to order at 5:31 p.m.
2. **ROLL CALL:** Directors Caldwell, Mason, Young and Chair Pearcey present.  
Absent: Director Babich excused.
3. **PUBLIC COMMENT:** None
4. **CONSENT CALENDAR:**
  - a. Ratification of invoices paid from 10/23/2025 – 11/19/2025.
  - b. Approval of financial report for October 2025.

Director Mason made a motion to approve the consent calendar. Director Caldwell seconded the motion.  
Motion passed 4 – 0.
5. **REVIEW/POSSIBLE REVISION AND APPROVAL OF THE MINUTES FROM THE OCTOBER 28, 2025, MEETING.**

Director Caldwell made a motion to approve the October minutes as written. Director Mason seconded the motion.  
Motion passed 4 – 0.
6. **COMMUNICATIONS:**

Open Door: Hilda Contreras announced that she would be retiring from Open Door Clinic on January 8, 2026 and that Annabell Dominguez will be taking over.
7. **COMMITTEE REPORTS:**
  - A. **BUDGET/FINANCE COMMITTEE:** (Directors Young & Caldwell)

1. Discussion/Approval of the budget transfer of \$32,000 from the surplus to the Emergency Food Project to cover these unexpected items. They will be disbursed as \$12,000 to DNUUSD Nutrition Services and \$20,000 to the FRC Food Bank.

Director Mason made a motion to approve the budget transfers as stated. Director Caldwell seconded the motion.  
Motion passed 4 – 0.

**B. COMMUNITY OUTREACH COMMITTEE: (Chair Pearcey & Director Babich)**

Nothing to report.

**C. HEALTHCARE EXPANSION:**

1. Community Food Council: (Directors Caldwell and Babich)

This cold storage has arrived and is being wired.

2. Recruitment and Retention: (Director Caldwell)

Nothing to report.

3. Mental/Public Health Updates: (Janel Obenchain)

CHIP meetings are in progress.

**D. HEALTH PROMOTION:**

1. Swimming Programs: (Director Young).

Nothing to report.

2. Non-emergency Transport: (Director Young)

- a. Report from Vice-Chair/Treasurer Young.

Local Non-Emergency Transportation will begin in January 2026. It will be a dial a ride system with a 48 hour notice. Prices will be \$6.00 for ADA and \$8.00 for the general public. They are expecting to do approximately 800-1500 trips.

**8. REPORT OF THE EXECUTIVE SECRETARY:** See attached report.

**9. UNFINISHED BUSINESS:**

- a. Update from Ron Cole with Gateway Education.

Ron Cole from Gateway Education gave an update on the programs that Gateway Education have completed since July 2025.

**10. NEW BUSINESS:**

- a. Discussion/Approval of the Board of Directors positions nominations. Positions are Chairman of the Board, Vice-Chair/Treasurer and Secretary of the Board.

Nominations were as follows:

Chairman of the Board – Kevin Caldwell

Vice-Chair/Treasurer – Shellie Babich

Secretary of the Board – Dave Mason

Director - Tonya Pearcey

Director - Mike Young

Vote to take place at the December 23, 2025 meeting.

- b. Discussion/Possible approval of the request from College of the Redwoods for \$59,000 to help support rapid content development for Surgical, Radiology and Respiratory Technician Programs.

Director Caldwell made a motion to approve the request for funds of \$59,000 to College of the Redwoods for rapid content development. Director Mason seconded the motion.

Motion passed 4 – 0.

- c. Discussion/Possible approval of the request by Sutter Coast Hospital for the DNHCD to consider implementing a Physician and Advanced Practice Clinician Recruitment Incentive Program. The program would offer financial incentives to attract and retain healthcare providers to the community.

The Board will form a subcommittee of Chair Pearcey and Director Babich to work with the parties involved to discuss implementing a recruitment and incentive program.

- d. Discussion/Possible approval of the Local Non-Emergency Medical Transportation.

Director Young made a motion to approve the Local Non-Emergency Medical Transportation program. Director Caldwell seconded the motion.

Motion passed 4 – 0.

- 11. **INDIVIDUAL DIRECTORS REPORT OF ACTIVITIES:** Nothing at this time.
- 12. **PUBLIC COMMENT FOR ANY CLOSED SESSION ITEMS:** Nothing at this time.
- 13. **ADJOURNMENT TO CLOSED SESSION:**
- 14. **RETURN TO OPEN SESSION AND REPORT OF ANY ACTION:**
- 15. **ADJOURNMENT:** The meeting adjourned at 6:25 p.m.

Minutes prepared and submitted by:

Minutes approved by:

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Doris Hendricks, Executive Secretary

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Dave Mason, Board Secretary



**TEK Terry E Krieg CPA**  
**Certified Public Accountant**

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December 1, 2025

Ms. Tonya Pearcey  
Board of Directors  
Del Norte Healthcare District  
550 E. Washington Blvd. Suite 100  
Crescent City, California 95531

Dear Ms. Pearcey:

You have requested that I prepare the Del Norte Healthcare District's Special District Financial Transaction Report to the State Controller as of and for the year ended June 30, 2025 using the regulatory basis of accounting prescribed by the State Controller of the State of California and perform a compilation with respect to the Report. The Report shall not include all the notes to the financial statements as required by U.S. generally accepted accounting principles. I am pleased to confirm my acceptance and understanding of this compilation engagement by means of this letter.

**My Responsibilities**

The objective of my engagement is to prepare the Electronic Version of the financial transactions report available at the State Controller's Office website in accordance with the prescribed regulatory basis and apply accounting and financial reporting expertise to assist you in the presentation of the financial transactions report without undertaking to obtain or provide assurance that there are no material modifications that should be made to the report for the report to be in accordance with the prescribed regulatory basis.

I will conduct my compilation in accordance with Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, competence, and due care.

I am not required to and will not verify the accuracy or completeness of the information you will provide to me for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, I will not be expressing an opinion, a conclusion, nor provide any assurance on the financial transactions report. I will, however, use the district's draft June 30, 2024, unaudited Quick Books trial balance as the source for the preparation of the report.

My engagement cannot be relied upon to identify, or disclose any misstatements, including those caused by fraud or error, or to identify or disclose and wrongdoing within the district or noncompliance with laws or regulations.

Ms. Tonya Pearcey

December 1, 2025

Page 2

### Your Responsibilities

The engagement to be performed is conducted on the basis that you acknowledge and understand that my role is to prepare the report in accordance with the regulatory basis of accounting as prescribed in the "Special Districts Financial Transaction Report" Instructions. You have the following overall responsibilities that are fundamental to my undertaking of the engagement in accordance with SSARs:

- a. The selection of the regulatory basis of accounting as the report's financial reporting framework
- b. The unaudited balance sheets and statements of revenues, expenditure and changes in fund balances were used to compile the report.
- c. Informative disclosures provided resulting from the report's software edit system and additional disclosures considered appropriate.
- d. The design and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- e. The prevention and detection of fraud
- f. To ensure the district complies with laws and regulations applicable to their activities.
- g. The accuracy and completeness of the records, documents, explanations, and other information including significant judgments you provide to me for the compilation engagement.
- h. To provide me with (1) access to all information of which you are aware is relevant to the preparation and fair presentation of the report (2) additional information that I may request from you for the purpose of this compilation engagement, and (3) unrestricted access to persons within the district of whom I determine it necessary to make inquiries.

You are also responsible for all management decisions and responsibilities and designating an individual with suitable skills, knowledge, and experience to oversee my compilation of the report. You are responsible for evaluating the adequacy and results of my services performed and accepting responsibility for such services.

### My Report

As part of my engagement, I will include in the report (In the Comments Tab) my report that will state that I did not audit or review the report and that accordingly I do not express an opinion, a conclusion, or any assurance on the report. My report will disclose that the report was prepared in accordance with the requirements of the State Controller which is a basis other than accounting principles generally accepted in the United States of America (the reports omit all disclosures required by generally accepted accounting principles).

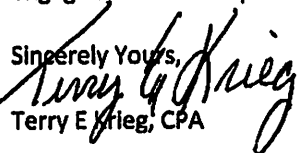
Ms. Tonya Pearcey  
December 1, 2025  
Page 3

Fees and Report Submission

The fee for this service shall be \$800.

I shall submit the electronic version of the reports for you and provide you with a PDF copy of the report. You will be required to sign the Cover Pages and submit it before February 1, 2026, to the California State Controller. You may be required to electronically submit the completed report.

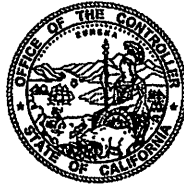
Please sign and return a copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for my engagement to prepare the report described herein and perform a compilation engagement with respect to the same report and our respective responsibilities.

Sincerely Yours,  
  
Terry E. Krieg, CPA

Acknowledged and agreed to on behalf of the Del Norte Healthcare District by:

Signed: \_\_\_\_\_  
Ms. Tonya Pearcey, Chair of the Board of Directors.

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



NOV 25 2025

MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

November 21, 2025

District Fiscal Officer  
Del Norte Healthcare District  
P.O. Box 2034  
Crescent City, CA 95531

**SUBJECT: 2024-25 Special District Financial Transactions Report**

Dear District Fiscal Officer:

This letter provides information regarding the 2024-25 Special District Financial Transactions Report (FTR). Government Code (GC) section 53891 requires that the financial transactions of each local agency be submitted to the State Controller's Office (SCO) within seven months after the close of the fiscal year or within the time prescribed by the Controller, whichever is later. The report must contain underlying data from audited financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP), if this data is available.

The FTR is due to SCO by February 2, 2026. Reporting instructions, including COVID-19 reporting guidance, top reporting issues, and information for the 2024-25 Special District FTR are available on the SCO website at [https://www.sco.ca.gov/ard\\_locinstr\\_districts\\_forms.html](https://www.sco.ca.gov/ard_locinstr_districts_forms.html).

To file your FTR, visit Local Government Reporting System Online (LGRS Online) at <https://lgrsonline.sco.ca.gov>. The entity type, username, and password for the web-based reporting program are:

Entity Type: Special Districts  
Username: Del Norte Healthcare District  
Password: Ab#12140801300

The 2024-25 FTR cover page can be signed electronically on LGRS Online.

Blended component units (BCUs), although legally separate entities, are, in substance, part of the primary special district operations. According to GAAP, the financial data from BCUs should be integrated into the appropriate primary special district funds for reporting purposes. The financial data of BCUs must be included in the primary Special District FTR.

District Fiscal Officer

November 21, 2025

Page 2 of 2

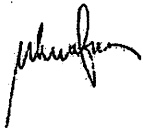
BCUs that meet the requirements to be a Special District, as defined in GC section 12463(d)(2), must separately prepare and submit the Special District FTR to SCO.

Please note that in accordance with GC section 12464, if the reports are not made in the time, form, and manner required — or there is reason to believe that a report is false, incomplete, or incorrect — SCO is authorized to conduct an investigation to obtain the required information. Any costs incurred by SCO as a result of such an investigation shall be borne by the district.

GC section 26909 requires an audit to be completed and filed with our office within 12 months after the close of the fiscal year(s) under examination. Please email an electronic copy to [SDsupport@sco.ca.gov](mailto:SDsupport@sco.ca.gov).

If you have any questions, please contact the Special District Reporting Unit at [SDsupport@sco.ca.gov](mailto:SDsupport@sco.ca.gov) or (916) 327-1017. Thank you.

Sincerely,



Edward Serafica  
Supervisor  
Special District Reporting Unit

Enclosure

## **Top Ten Reporting Issues for Special District Financial Transactions Report**

1. A Special District that has no financial transactions during the year must file the Cover Page form and the General Information form of the Special District Financial Transactions Report (FTR), stating "No Activity" on the Cover Page form. A Special District that has no financial transactions but has outstanding debt taken out in the Special District's name must report the debt and any debt payments on the appropriate Debt and Statement of Revenues, Expenditures, and Changes in Fund Balances forms.
2. The activity type must reflect the services the Special District provides. Select the type of governmental/enterprise activity for which this report is being prepared.
3. Major variances require footnotes. If there is an overall reporting change, add an explanation in the Comments form. Access the footnote panel by double-clicking on the field in which the balance was reported. Invalid footnotes will be questioned by staff upon review of the FTR. Simply noting "Correct," "Confirmed OK," or "increase/decrease" is not acceptable. Please indicate what caused the variance (e.g., New Assembly Bill 1234 law enforcement grant).
4. The Other fields on the revenue and expenditure forms are for items that do not apply to a hard-coded field elsewhere on the form. Please review all of the fields on the forms before reporting an item as Other. A footnote is required for those entries.
5. Include a footnote to explain the reason for a prior period adjustment exceeding 20% of the Fund Balance/Net Position, Beginning of Period.
6. Report residual equity transfers and transfers of capital assets as Transfer In and Transfer Out. Include a footnote to explain why and where a transfer was made.
7. The Appropriations Limit Information form must be completed by all special districts that receive property taxes and are subject to the provisions of California Constitutional Article XIII B. Refer to California Constitutional Article XIII B for specific information on this requirement. If the Special District is exempt from having an appropriation, note that in the General Comment form. Failure to report your Appropriations Limit might affect your mandated cost reimbursement.

## **Top Ten Reporting Issues for Special District Financial Transactions Report**

9. Improvement District, Special Assessment, Mello-Roos, and Marks-Roos Bonds
  - Improvement District (1911 Act, 1913 Act, and 1915 Act), Other Special Assessment, Mello-Roos, and Marks-Roos bonds and Other Nonagency debts are liabilities of property owners to bondholders and not primary liabilities of the local agency. Any transactions and balances relating to these bonds should not be reported elsewhere in the FTR, but on the Long-Term Debt form only. Unless the debt is backed fully by the faith and credit of the government or fully or partly backed by some other type of the general government commitment.
10. We cannot grant extensions to submit reports. If you are unable to submit your report, please contact the Special District Reporting Unit at [SDsupport@sco.ca.gov](mailto:SDsupport@sco.ca.gov) or (916) 327-1017. Audited financial statements can also be submitted electronically to the same email address. You must submit the signed Cover Page.

December 1, 2025

Ms. Tonya Pearcey  
Board of Directors  
Del Norte Healthcare District  
550 E. Washington Blvd, Suite 100  
Crescent City, California 95531

Dear Ms. Pearcey:

I am pleased to confirm my understanding of the services I am to provide to the Del Norte Healthcare District for the fiscal year ending June 30, 2025.

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

I will audit the financial statements of the governmental activities, the general fund and the disclosures which collectively comprise the basic financial statements of the Del Norte Healthcare District as of and for the fiscal year ended June 30, 2025. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A) to supplement Del Norte Healthcare District's basic financial statements. Such information, although not 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 my engagement, I will apply certain limited procedures to Del Norte Healthcare District's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I will not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedule – General Fund

#### **AUDIT OBJECTIVES**

The objectives of my 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; issue an auditor's report that includes my opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP. 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 (GAAS) and Government Auditing Standards (GAGAS) will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.



The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

I will conduct the audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records of Del Norte Healthcare District and other procedures I consider necessary to enable me to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, I will exercise professional judgment and maintain professional skepticism throughout the audit.

I will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. I will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. I will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriations of assets or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because I will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by me, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements.

However, I will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to my attention. I will also inform the appropriate level of management of any violations of laws or governmental regulations that come to my attention, unless clearly inconsequential. My responsibility as auditor is limited to the period covered by my audit and does not extend to any later periods for which I am not engaged as auditor.

I will also conclude based on the audit evidence obtained, whether there are conditions or events considered in the aggregate, which raises substantial doubt about the district's ability to continue as a going concern for a reasonable period of time.

My procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. I will also request written representation from your attorneys as part of the engagement.

I have identified the following significant risks of material misstatements as part of my initial audit planning:

- 1) Total other post-employment benefit (OPEB) liabilities have not been subjected to a current actuarial valuation and are therefore not determinable.
- 2) There is a high inherent and control risk that leases receivable and deferred inflows may be misstated because the leases receivable and deferred inflows balance sheet amounts are adjusted once a year by journal entries.

The audit planning process has not yet been concluded for the fiscal 2025 financial statement audit, and modifications to significant risks of material misstatement may be made as the audit progresses. My audit of the financial statements does not relieve you of your responsibilities.

#### **Audit Procedures – Internal Control**

I will obtain an understanding of the district and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatements of the financial statements, whether due to error or fraud, or to design and perform procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for my opinions. Tests of controls may be performed to test the effectiveness of certain controls that I consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting errors resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. My test, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in my report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.

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

#### **Audit Procedures - Compliance**

AS part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I will perform tests of Del Norte Healthcare District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of my audit will not be to provide an opinion on overall compliance, and I will not express such an opinion in my report issued pursuant to *Government Auditing Standards*.

#### **Other Services**

I will also assist in preparing the financial statements and related notes of the Del Norte Healthcare District in conformity with accounting principles generally accepted in the United States of America based upon the information provided by you. These non-audit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. I will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services and report preparation services previously defined. I, in my sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other non-audit services I provide. You will be required to acknowledge in management representation letter my assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further you agree to oversee the non-audit services by designating an individual, preferably from senior management, with suitable skill, knowledge, and experience to evaluate the adequacy and results of those services and accept responsibility for them. My understanding is that the district has designated Director Young and Executive Secretary Doris Hendricks as the people responsible for overseeing such non-audit services.

#### **Responsibilities of Management for the Financial Statements**

My audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations, and ensuring that management and financial information is reliable and properly reported.

Management is also responsible for implementing systems designed to achieve compliance with laws, regulations, contracts and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statement, all financial records and related information available to me and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing me with (1) access to all information of which you aware that is relevant to the preparation and fair presentation of the financial statements ,such as records, documentation, identification of all related parties and related- party relationships and transactions, and other matters; (2) additional information that I may request from management for the purpose of the audit; and; and (3) unrestricted access to persons within the district from whom I determine it necessary to obtain audit evidence. At the conclusion of the audit, I will require certain written representations from you about your responsibilities for the financial statement, compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

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

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing me about all known or suspected fraud affecting the district involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing me of your knowledge of allegations of fraud or suspected fraud affecting the district received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring the district complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

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

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

I understand that your employees will prepare all cash, investment, accounts receivable, or other confirmations I request and will locate any documents selected by me for testing. I will provide copies of my reports to the district, however, the district management is responsible for distribution of the reports and financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of my reports are to be made available for public inspection.

In connection with this engagement, I shall communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, *or may not be delivered to each of the parties to whom they were directed and only to such parties*, I cannot guarantee or warrant that those emails from me will be properly delivered and read by only the addressee. Therefore, I specifically disclaim and wave any liability or responsibility whatsoever for the interception or unintentional disclosure of emails transmitted by me in connection with the performance of this engagement. In that regard, you agree that I shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions.

To the maximum extent possible, the financial statement audit shall be conducted and performed on a remote electronic basis via the internet. Electronic files, PDF copies, zoom conferencing, cell phone communications including text messages, and document sharing shall be used to conduct the audit process. On-site visits shall not be required due primarily to the risk factors associated with the Covid-19 Pandemic and developing variants. Hard copies of documents deemed sensitive by the district or documents of significant volume may be transmitted via FEDX services in lieu of internet transmission. On-site attendance at the district's office can be arranged with sufficient advance notice and arrangements.

The audit documentation for this engagement is the property of Terry E Krieg, CPA and constitutes confidential information. The audit documentation for this engagement shall be retained for a minimum of five years after the report release date. However, subject to laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to such parties as you may authorize. I will notify you of requests from any State or Federal Regulators requesting access to audit documentation. If requested, access to such audit documentation will be provided under my supervision. Furthermore, upon request, I may provide copies of selected audit documentation to such an authorized regulator or third party. The regulator or third party may decide to distribute copies or information contained therein to others, including other governmental agencies.

I expect to commence the audit any time after the signing and acceptance of this engagement letter. The initial audit work shall take the form of the district transmitting to Terry E Krieg CPA the documents it has customarily transmitted to its audit firm prior to scheduled final audit work including documents such as trial balances, bank reconciliations, minutes, resolutions and other supporting documents (A list of the requested documents to be provided for interim audit work is included with this letter).

I expect to issue my final reports not later than April 30, 2026. If this delivery date cannot be met because of reasons beyond my control, I will make arrangements with you for a revised delivery date. My invoices for such work will be rendered each month as the work progresses and are payable upon presentation. In accordance with standard practice, work may be suspended if your account becomes two weeks or more past due and may not be resumed until your account is paid in full. My fee for these audit services shall be \$11,000 which reflects CPI increase over fiscal 2024.

The above fee is based upon anticipated cooperation from your personnel, the assumption that unexpected circumstances will not be encountered during the audit, and the assumption that this will be a normal governmental audit. If significant additional time is required because of extraordinary circumstances not anticipated by us or by the district, we will discuss it with you and will not perform any such additional work until we have obtained the district's written approval to perform such additional work. If it is determined that a Federal Single Audit is required in any one fiscal year, then a revised engagement letter containing provision for such work and containing any related additional fees shall be negotiated between the district and our firm. This would only be required if the district in 2024 expends \$750,000 or more in federal financial assistance such as grants or federal loans.

#### Reporting

I will issue a written report upon completion of my audit of the Del Norte Healthcare District's financial statements. My report on the financial statements will be addressed to the Board of Directors of the Del Norte Healthcare District. Circumstances may arise in which my report may differ from its expected form and content based on the results of my audit. Depending on the nature of those circumstances, it may be necessary for me to modify my opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to my auditor's report, or if necessary, withdraw from the engagement. If my opinions are other than unmodified, I will discuss the reasons with you in advance. If for any reason, I am unable to complete the audit or unable to form an opinion or have not formed opinions, I may decline to express opinions or issue reports, or I may withdraw from the engagement. My opinions on the district's government wide statement of net position and activities will be modified because the district has not obtained a current actuarial valuation and related disclosures for the district's OPEB Plan.

I will also provide a report (that does not include an opinion) on 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 by *Government Auditing Standards*.

The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of the testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. The report will also state that the report is not suitable for any purpose.

Del Norte Healthcare District

Page 8

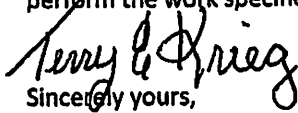
December 1, 2025

If during my audit I become aware that the district is subject to an audit requirement that is not encompassed in the terms of this engagement, I will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

I will also issue a written communication to those charged with governance and a management letter upon completion of my audit.

As a guide to the type of information to be requested of the district during the audit, the attached addendum "Listing of Requested Essential Documentation" outlines some of the minimum documentation requirements.

I appreciate this opportunity to serve the Del Norte Healthcare District and believe that this letter accurately summarizes the significant terms of the audit engagement. If you have any questions, please call me on my cell phone (707) 888-1052. If you agree with the terms of this engagement as described in this letter, please sign in the space provided below and return a signed copy to me as authorization to perform the work specified herein.



Sincerely yours,  
Terry E. Krieg, CPA

Attachment: Listing of Requested Essential Documentation for Audit

RESPONSE:

This letter correctly sets forth the understanding of the Del Norte Healthcare District.

Accepted By: \_\_\_\_\_

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

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

**Del Norte Healthcare District**

**Addendum to Audit Services Proposal Letter – Listing of Requested Essential Documentation for the district's June 30, 2025, financial statement audit.**

**Page 1 of 2**

**Minimum Audit Documentation to be Provided to Audit Firm by Del Norte Healthcare District**

Commencing no later than January 4, 2025, audit firm shall coordinate with the District's Administrative Assistant the process of gaining an understanding of the financial and operational aspects of the district. This will include an assessment of how and by whom financial transactions are authorized, processed and recorded in the financial management system. District shall provide audit firm with the following documentation:

- Copies of any changes to its written policies concerning its investment policy, asset capitalization and depreciation policies, fund balance (GASB 54) commitments and assignment policies, vacation and sick leave policies, employee compensation and benefit policies and related MOUs, PERS plan agreements and Other Post Employment Benefit (OPEB) retiree medical plan agreements
- Copy of June 30, 2025, trial balance all funds and account groups.
- PDF hard copies of the district's Quick Books detail account transaction histories for all accounts covering the period from **July 1, 2024**, through **June 30, 2025**.
- PDF copies of the district's Quick Books balance sheet and revenue and expense report as of **June 30, 2025**, and **December 31, 2025**.
- Copy of the district's Quick Books budget to actual comparison report for the fiscal year ended June 30, 2025.
- Minutes of the meetings of the Board of Directors from June 1, 2024, through December 31, 2025 including the monthly financial reports and listings of checks paid that accompany the Board Packets
- Copies of vendor invoices paid by the district for checks selected on a judgmental basis by audit firm for testing documents supporting transactions.
- Federal payroll tax returns (Forms 941) for all four quarters of the fiscal year 2025
- Standard bank confirmation forms to be completed for Tri-Counties business checking, money market, and USDA auto-pay bank accounts & mailed to Krieg office.
- Confirmation letters to be mailed to Del Norte County Auditor (property taxes), and insurance carriers for workers compensation, property & liability insurance coverages.
- Copies of any amendments made to rental agreement (Open Door) during FY 2025
- Copies of any amendments made DHHS Lease agreement (\$6,800 month) during FY 2025 and lease amortization schedules.
- Copy of the schedules and computations used to determine the district's leases receivable, deferrals, and adjusting entries used to implement Governmental Accounting Standards Board Statement Number 87 "Leases".



**Del Norte Healthcare District  
Addendum to Audit Services Proposal Letter – Listing of Requested Essential Documentation for  
the district's June 30, 2025, financial statement audit.**

**Page 2 of 2**

- **Copy of liability & property insurance policies effective in FY 2025**
- **Copies of bank statements and reconciliations for all three Tri-Counties bank accounts for each month June 2024 through August 30, 2025**
- **Subsidiary capital asset and depreciation system reports or schedules as of June 30, 2025.**
- **Complete copy entire adopted fiscal 2022 budget and any amendments approved by the Board of Directors**
- **Copies of checks, remittance advice, wire transfers supporting the revenue receipts from the County remittance of property taxes received from July 1, 2024, through September 30, 2025**
- **Copies of any new agreement or contracts entered into by the district in FY 2025.**
- **Copies of any new executed agreements, ordinances, or resolutions with the California Public Employees Retirement System (CalPERS) either for retirement benefits or medical insurance benefits or coverage.**

**Audit Confirmation Letters to Third Parties (Same as those used in FY 2024 but up-dated as to June 30, 2025))**

- 1. Letter to confirm insurance coverage and matters.**
- 2. Letter to confirm property tax revenues with County auditor.**
- 3. Letter to confirm DHHS lease agreement.**
- 4. Letter to confirm Open Door rental agreement (may actually be a lease)**
- 5. Letter to district general counsel regarding legal matters (DO NOT SEND UNTIL AUDIT COMPLETE)**
- 6. Standard Bank Confirmation form to confirm accounts at Tri Counties Bank**

7 D1



## BILLING REQUEST

City of Crescent City  
Finance Department  
377 J Street, Crescent City, CA 95531

<b>Customer Name:</b>	<b>Revenue Account:</b>	<b>Amount:</b>
Del Norte Healthcare District	001 -480 -3716 -00000	\$900.00
<b>Customer Billing Address:</b>	- - -	\$
	- - -	\$
	<i>Total Invoice: \$ 900.00</i>	
<b>Billing Description:</b>		
<p>4 Saturday Swims with the slide @ \$150/hr for 6 hrs = \$900 10/4 (60), 10/11 (59), 10/18 (31), 10/25 (71)</p> <p>221 total attendance</p>		
<b>Additional Notes:</b>		
Attendance: 221		

Requesting Department:

Admin

Department Head Signature: \_\_\_\_\_

APPROVED  
kfeola , 11/4/2025, 5:20:54 PM

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

\*Please attach all supporting documents to this form and submit to the Account Clerk III to process your request.  
All invoices will be sent direct to the customer, once processed, unless otherwise noted.



## BILLING REQUEST

City of Crescent City

Finance Department

377 J Street, Crescent City, CA 95531

<b>Customer Name:</b>	<b>Revenue Account:</b>	<b>Amount:</b>
Del Norte Healthcare District	001 -480 -3735 -00000	\$1,128.00
<b>Customer Billing Address:</b>	- - -	\$
	- - -	\$
	<i>Total Invoice: \$ 1,128.00</i>	
<b>Billing Description:</b>		
Starbabies 6 @ \$35.00= \$210 PreSwim 6 @ \$48.00= \$288.00 Swim/Stroke 14 @ \$45.00= \$630.00 Total = \$1128.00		
<b>Additional Notes:</b>		
October 2025		

**Requesting Department:**

Admin

Department Head Signature:



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

\*Please attach all supporting documents to this form and submit to the Account Clerk III to process your request.  
All invoices will be sent direct to the customer, once processed, unless otherwise noted.



## BILLING REQUEST

City of Crescent City

Finance Department

377 J Street, Crescent City, CA 95531

<b>Customer Name:</b>	<b>Revenue Account:</b>	<b>Amount:</b>
Del Norte Healthcare District	001 -480 -3735 -00000	\$3,850.00
<b>Customer Billing Address:</b>	- - -	\$
	- - -	\$
	<i>Total Invoice: \$ 3,850.00</i>	
<b>Billing Description:</b>		
77 Senior monthly passes @ \$50.00 per pass = \$3,850.00		
<b>Additional Notes:</b>		
October 2025		

Requesting Department: Admin

Department Head Signature: \_\_\_\_\_

APPROVED  
kfeola , 11/4/2025, 5:19:43 PM

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

\*Please attach all supporting documents to this form and submit to the Account Clerk III to process your request.  
All invoices will be sent direct to the customer, once processed, unless otherwise noted.

**Secretary Report**

**8**  
**December 2025**

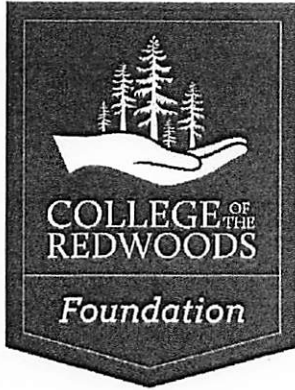
I have enclosed a thank you letter from College of the Redwoods for the contribution to the rapid content development.

Enclosed is a Thank you card from the Gateway Education camp.

I am still waiting for the police report so that we can file a claim for the large window breakage in the shared space. The small windows on the north side of the building have been repaired.

I am still waiting for the quote from Local Mow Man for the fence repair I had to send some additional pictures on the Shelter Island side where the fence has been cut again.

510 Location: Otis Elevator has been there to work on the elevator but there seems to be some problem that they need to come back for. First service plumbing has serviced the HVAC system. Northridge electric has replaced three lights on the north side of the building facing the garden and the back door above the stairs. Hi-Tech security is working on the update of the cameras.



December 5, 2025

Board of Directors  
Del Norte Healthcare District  
PO Box 2034  
Crescent City, CA 95531

**To the Del Norte Healthcare District Board of Directors,**

On behalf of College of the Redwoods and the College of the Redwoods Foundation, we extend our sincere gratitude for your generous contribution of \$59,000 to support rapid content development for our Surgical, Radiologic, and Respiratory Technician programs.

Your investment in this community initiative demonstrates a strong commitment to strengthening healthcare across the North Coast, expanding meaningful educational pathways for future healthcare professionals, and increasing access to well-paying, sustainable careers within our region.

We deeply value our ongoing partnership with the Del Norte Healthcare District and truly appreciate your continued support of College of the Redwoods' healthcare programs.

Sincerely,

Marty Coelho  
Executive Director of College Advancement  
& the CR Foundation  
[marty-coelho@redwoods.edu](mailto:marty-coelho@redwoods.edu) / 707-476-4325

The camp is such a  
positive experience.  
Thank you. Z

zala HJ!

THANK YOU!

# BEST CAMP EVER

Thank you  
so much for  
Sponsoring!  
-Max



Simi thank  
you

THANK YOU SO

I love this camp! MUCH!!

Thank you for donating!

this camp is the  
best! thank you  
sooo much for  
donating!  
-merina

THANKS FOR SUPPORTING  
ACCESS TO NATURE  
& COMMUNITY -DAR

we appreciate you!  
-Dorian  
? Remember

Thank you  
for taking care  
of us!!

thank you  
so much you  
make this  
possible

Thank you  
so much

Dec 23  
agenda

9:00

Board of Directors Positions Nominations:

Chairman of the Board Dr. Caldwell

Vice-Chairman and Treasurer Shellie Babich

Secretary of the Board Dave Mason

Director Tonya

Director Mike