



COUNTY OF HUMBOLDT

For the meeting of: 3/2/2021

File #: 21-263

To: Board of Supervisors

From: Auditor-Controller

Agenda Section: Time Certain Matter

SUBJECT:

1:30 p.m. - Presentation of Fiscal Year 2018-2019 Audit Reports

RECOMMENDATION(S):

That the Board of Supervisors:

1. Receive and file the audit reports prepared by CliftonLarsonAllen LLP, regarding the financial statements of the County of Humboldt for the fiscal year ended June 30, 2019;
2. Receive and file the Corrective Action Plan on behalf of the County of Humboldt as a response to the findings identified in the Single Audit report for the fiscal year ended June 30, 2019; and
3. Approve and authorize the Chair of the Board, the Auditor-Controller, and the Aviation Director to execute the engagement letters regarding the provision of external audit services for fiscal year 2019-20.

SOURCE OF FUNDING:

General Fund

DISCUSSION:

Regarding Recommendations #1 and #2: CliftonLarsonAllen LLP completed its audit of the financial statements of the County of Humboldt for the year ended June 30, 2019 and issued its reports dated September 25, 2020. Those reports were published by our auditors on October 1, 2020 and include the "Financial Statements", the "Single Audit and Passenger Facility Charge Report", the "Governance Communication Letter", and the "Management Report". The reports were provided to your Board and were published for the public's review on the County's website on October 2, 2020. Copies of the "Financial Statements" and the "Single Audit and Passenger Facility Charge Report" have already been distributed to the appropriate state and federal agencies in compliance with the Federal Single Audit Act and the California (CA) State Controller's Office mandates.

The audit firm's principal auditor, Rich Gonzalez, Certified Public Accountant (CPA), has been invited to attend this meeting to present these reports to your Board and answer any potential questions your Board may have of him. The Auditor-Controller will review these

reports with your Board as well as the County's Corrective Action Plan and will respond to any questions and provide additional information as requested by your Board. The financial statements and reports are provided as attachments to this agenda item and can also be viewed and downloaded on the County's website at <http://humboldt.gov/Archive.aspx?AMID=42>.

Regarding Recommendation #3: Section 25250 of the California Government Code requires that the board of supervisors of each county within the State of California audit the financial accounts and records of all officers having responsibility for the care, management, collection, or disbursement of money belonging to the county or money received or disbursed under the authority of law. Pursuant to Section 25250, a board of supervisors may employ the services of an independent certified public accountant or licensed public accountant to perform an examination of the county's financial statements in accordance with generally accepted accounting standards.

Each year, the county contracts with a certified public accounting firm to conduct an audit of the county's finances and to prepare the associated financial statements, reports and schedules required by federal agencies and the single audit. CliftonLarsonAllen LLP (CLA) performed the annual audit of the county's finances for fiscal year 2018-19. The principal auditors of CLA that county staff have historically worked with continue to be available to provide these accounting services.

Accordingly, the Auditor-Controller recommends that the Board approve and authorize the Chair of the Board, the Auditor-Controller, and the Aviation Director to execute the engagement letters regarding the provision of external audit services for fiscal year 2019-20;

FINANCIAL IMPACT:

Receiving and filing the annual audit report and the corrective action plan will have no significant financial impact as the related costs of finalizing the audit have already been incurred and expended.

Approving the engagement letters with CliftonLarsonAllen LLP would incur an additional expenditure up to \$89,150. This cost includes an audit of the County's financial statements, the Single Audit, the Passenger Facility Charges (PFC) audit, and a potential \$5,000 for travel.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by fostering transparent, accessible, welcoming and user friendly services providing community-appropriate levels of service, and enforcing laws and regulations to protect residents.

OTHER AGENCY INVOLVEMENT:

State Agencies: CA State Auditor, CA Department of Finance, CA State Controller's Office, CA Employment Development Department, and other state agencies.

Federal Agencies: Federal Aviation Administration, and the Office of Management and Budget.

County: All County departments and agencies who hold funds in the county's treasury.

All special districts governed by the Humboldt County Board of Supervisors: Fortuna Fire Protection District, Loleta Fire Protection District, Whitethorn Fire Protection District, Garberville Lighting District, Hydesville Lighting District, Loleta Lighting District, Rohnerville Lighting District, Weott Maintenance & Lighting District, Redcrest Street Lighting Maintenance District, Myers Flat Street Lighting Maintenance District, Pacific Manor Street Lighting Maintenance District, Humboldt County Flood Control District, Subzone 1-1, Janes Creek Storm Drain Maintenance District.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion.

ATTACHMENTS:

2019 Humboldt County Audited Financial Statements - Signed
2019 Humboldt County Single Audit - Signed
2019 Humboldt County Governance Letter - Signed
2019 Humboldt County Management Letter - Signed
HumCo CAP 9-30-20
20 Humboldt County Engagement Letter
20 Humboldt PFC Engagement Letter

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A
Meeting of: N/A
File No.: N/A